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To: Finance Committee
From: Josh Tyler, Director of Operations
Date: January 18, 2023
RE: Fiscal Year 2024 Operations Budget

Enclosed you will find the Fiscal Year 2024 (FY24) Budget Summary for all Operating Programs; Materials Recovery Facility (MRF), Drop Off Centers (DOC), Environmental Depot, Organics Diversion Facility (ODF), Operating Administration (Formerly Engineering) and Property Management. This provides a detailed overview of the draft budget prepared by CSWD management.

Materials Recovery Facility (MRF)

The Materials Recovery Facility (MRF) manages single stream recycling from Chittenden County and northern Vermont. The MRF sorts the mixed inbound material and produces baled materials for domestic commodity sales. The MRF Operating Agreement is currently in negotiations for an estimated three (3) year extension, while final terms have not been finalized staff have made general assumptions regarding important budgeting factors:

1. 47,000 inbound tons
2. 37,835 tons of sold commodities
3. Average Commodity Revenue (ACR) of \$84.00/ton
4. Estimated Operating Fee of \$74.83/ton
5. Tip fee increase from \$80.00/ton to \$85.00/ton

The MRF budget will be updated upon finalization of contract terms. CSWD is changing vendors for our wintertime Processed Glass Aggregate product to Strategic Materials Inc. (located in Connecticut). The change reduces winter PGA costs from roughly \$135/ton to \$95/ton.

Drop Off Centers (DOC)

Drop-Off Centers (DOCs) provide residents and small businesses with economical options for the management of their trash, recycling, food scraps, leaves, and other compostable yard debris. DOCs also provide the public an outlet for the proper management of special materials such as batteries, bulbs, electronics, scrap metal, tires, appliances, used oil and filters, clean wood, and more. Key highlights for the FY24 DOC budget are as follows:

1. Open expanded DOC in Burlington (BDOC, Pine Street location) Q2 (September 2023)
 - a. Accept Municipal Solid Waste (MSW), Recycling, Organics, Leaf & Yard Waste and Scrap Metal

- b. Negotiations with the City of Burlington are ongoing to bring this concept to fruition, but staff are confident in the process and ultimate outcome.
2. Starting July 1, 2023, shift all DOC schedules to Tuesday – Saturday; 8:00 am to 3:30 pm.
Exceptions:
 - a. Hinesburg to remain Saturday only per Town permit
 - b. Burlington to maintain Thursday and Saturday schedule until expansion completion
3. Add two full time employees to manage new operating days
4. Accept credit cards at all DOC locations
 - a. Service fee of not more than 4% for card usage to apply. Fee will offset upwards of 90% of the cost of accepting credit cards.
5. Increase MSW bag pricing to offset program subsidy and allow modest contribution to capital reserve.
 - a. per gallon rates would be consistent at \$.23-24

Hazardous Waste

The Hazardous Waste program provides an affordable disposal option for Chittenden County residents and small businesses who generate limited quantities of hazardous waste. The Environmental Depot program operates the mobile hazardous waste collection program known as The Rover which puts on six collection events each year in six different communities. The program also includes the Local Color paint recycling program and its retail sales. Key highlights for the FY24 Environmental Depot budget include:

1. A three-year contract for hazardous waste disposal will be signed in FY24 and will stabilize disposal pricing for the next three years. Costs are expected to increase by 18%.
2. Increased cost for personal protective equipment of 25%.

Organics Diversion Facility (ODF)

The Organics Diversion Facility (ODF) department manages organics streams including food waste, yard waste, and wood waste generated in Chittenden County. The ODF processes the organic material and produces compost and value-added soils for wholesale customers. In FY24 the ODF facility will finish three years of a site overhaul and infrastructural upgrades culminating in a safer, more efficient, and productive site. Key highlights for the FY24 ODF budget include:

1. Starting in FY24, ODF will bring a wood waste depot online to replace the wood depot at the McNeil power plant, reducing contract costs by \$65,000. ODF will grind wood inputs onsite, and the chips will be managed as an input into the composting process. This will reduce the need to purchase wood chips and the associated transportation costs.

2. The tip fee will increase by \$5 to \$70/ton for commercial food waste. Finished product prices are increasing to keep up with the increased costs of production and inputs, Resulting estimated 3% increase in compost and compost product revenue.
3. FY24 will mark the first fiscal year where the ODF facility will receive all water needs from the newly extended municipal waterline, thereby significantly decreasing the cost of purchased water by 13% and optimize operating processes.

Operating Administration

The Operations Administration department supports CSWD operations. The program will oversee Drop Off Centers, Materials Recovery Facility, Organics Diversion Facility, Maintenance, Property Management, and Hazardous Waste departments. Additionally, this department will manage capital projects through the lifecycle of feasibility, design, permitting, and construction. A great emphasis of this program is on ensuring permitting and compliance matters to avoid costly expenses, such as violations. Notable changes to the program are as follows:

1. Program name changed from Engineering (formerly part of the Administrative Budget) to Operations Administration
2. All Director of Operations and Associate Director of Operations wages and benefits moved into this program.

Property Management

The Property Management department oversees the residential and commercial rental properties, as well as other CSWD owned property not managed by other departments. The Property Management department is responsible for maintaining the property and protecting CSWD's investment in rental locations by retaining responsible tenants, minimizing damage, vacancies, loss of revenue, and preserve the asset value. Notable changes to the program are as follows:

1. In FY24, the Administrative Building will be vacant and transfer to the Property Management department. The expected expense will be subsidized by the Solid Waste Management Reserve.
2. In FY24, initiating a reduction in owned properties which will ultimately reduce the scope of this department.