

MEMORANDUM

TO: Finance Committee
FROM: Sarah Reeves
DATE: May 11, 2020
RE: Budget Cuts Revision

At the request of the Finance Committee, staff has re-examined the preliminary FY2021 budget and made additional cuts from what was presented during the 5/8/20 meeting. Our initial cuts were based on projected revenues from the solid waste management fee (SWMF) decreasing by 26.63% post-COVID impact. In my memo of May 6th I provided details of how we arrived at this estimate. For the past four fiscal years, the SWMF represented 28% of CSWD's overall revenue. Other revenue sources are user fees, sales of materials and grants.

The impact of this 26.63% reduction of the SWMF to the total projected revenue is roughly 7.7% of total District revenues, or \$877,500. Initial budget cuts presented to the Committee on Friday, 5/8/20 were \$414,210 representing 3.7% of overall expenses in the pre-COVID budget. The Committee directed staff to cut an additional 1.3% to total 5% cuts to the proposed budget. Below are the staff suggested budget cuts for a total of \$753,595 or 6.7% of expenses.

The largest additional cuts (in dollars) were made in wages and benefits. The \$323,286 represents three FTEs (two vacant positions not being filled, deferment of one new proposed position), elimination of seasonal temporary staff (Rover and O&C), a freeze on the managers' step and COLA for the first 6 months of FY 2021 and elimination of \$50,000 that had been set aside for wage adjustments pending the results of the Compensation Study currently underway. The capital budget was not reduced further.

Based on our industry knowledge and experience, staff is comfortable with projected estimates. District reserves remain strong and will be used to cover shortfalls should they occur, and prior to deferring capital projects or implementing any increases in user fees. As discussed at the May 8th Finance Committee meeting, the proposed budget does not propose closing any facilities; however, it is understood by staff that this may be a possibility.

We've been considering the impacts to our members every step of the way in developing both the pre- and post-COVID budgets for FY2021. The cuts proposed represent our best attempt to minimize any reduction in services to our members.

PROGRAM EXPENSES	PRE-COVID FY21 BUDGET	AGGRESSIVE CUTS (POST 5/8/20)	PERCENT REDUCTION PRE-COVID BUDGET
Wages & Benefits	\$4,423,266	\$323,286	7.3%
Admin	\$925,049	\$42,650	4.6%
Finance	\$416,665	\$4,450	1.1%
O&C	\$974,742	\$143,246	14.7%
Special Projects	\$136,324	\$45,376	33.3%
Engineering	\$94,112	\$9,410	10.0%
Compliance	\$159,918	\$10,150	6.3%
Environmental Depot	\$730,516	\$5,285	0.7%
Paint	\$227,560	\$6,537	2.9%
DOCs	\$3,070,235	\$90,522	2.9%
Organics	\$844,447	\$61,083	7.2%
MRF	\$3,623,110	\$6,000	0.2%
Property Management	\$71,349		0.0%
Maintenance	Allocated across Programs	\$5,600	
<i>Reductions</i>		\$753,595	6.7%
TOTAL EXPENSES	\$11,274,026	\$10,520,431	

In addition to the wage and benefits, cuts were made to travel and training budgets across all programs, legal services in individual programs were reduced or eliminated, we reduced signage for facilities, subscriptions and dues were curtailed or eliminated, transportation charges were cut, waste reduction grants reduced by 60%, advertising cut by 50%. Subsidies for bins and buckets were eliminated, Green Up Vermont contribution was cut by 50%, consultant fees and projects have been cut across the board, hauler container grants were eliminated, printing costs were reduced by 1/3, and we eliminated the 2020 household survey.