

SALT LAKE CITY COUNCIL STAFF REPORT

BUDGET ANALYSIS - CALENDAR YEAR 2005

DATE: December 10, 2004

BUDGET FOR: Salt Lake Valley Solid Waste Management Facility - Proposed
2005 Calendar Year Budget

STAFF REPORT BY: Sylvia Jones, Budget and Policy Analyst

cc: Cindy Gust-Jenson, Rocky Fluhart, Rick Graham, Steve
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POTENTIAL MOTIONS:

1. ["I move that the Council"] **Adopt an ordinance adopting the calendar year 2005 Solid Waste Management Facility budget as proposed.**
2. ["I move that the Council"] **Not adopt an ordinance adopting the calendar year 2005 Solid Waste Management Facility budget as proposed.**

WORK SESSION SUMMARY:

1. During the November 16th Work Session, the City Council raised the following issues:
 - A. Council Member Christensen inquired regarding the process of expensing funds for vacation accruals. According to Landfill management, accumulated employee vacation leave is expensed and reported as a liability on the financial statements.
 - B. Council Member Saxton inquired about the Landfill's compost program. Management reports that composting is going well. The Landfill sells all that it produces.
 - C. Council Member Christensen inquired as to whether the Landfill is losing its market share to competition. Management reported that City and County representatives meet monthly to monitor and discuss this and other issues. Management is hoping to retain its current market share. If the Landfill sees less waste, then the dividend and funding will decrease.
 - D. Council Member Christensen asked whether landfill costs are fixed or variable. Management stated that some costs are directly related to the amount of tonnage received while other costs are more fixed.
 - E. Council Member Turner asked about recycling facility expansion in District Two. Landfill management responded via email. See attachment.
 - F. Council Member Lambert asked whether the Council would be receiving quarterly reports. The quarterly reports were forwarded from the Administration and distributed to Council Members in November. Additional copies are available in the Council Office.

- G. Council Member Lambert requested that next year's proposed budget disclose the projected costs associated with cost of living increases in the personal services line item.

The following information was provided previously for the November 12, 2004 briefing. It is provided again for your reference.

The Solid Waste Management Council has forwarded the proposed 2005 calendar year Solid Waste Management Facility budget for the City Council's review. Representatives of the Solid Waste Management Facility will be present at the November 16th briefing to respond to inquiries from the City Council.

SALT LAKE VALLEY SOLID WASTE MANAGEMENT FACILITY PROPOSED BUDGET				
	Amended 2004	Proposed 2005	Difference	Percent Change
Revenue & other sources				
Landfill Fees	\$14,000,000	\$14,280,000	\$ 280,000	2.0%
Compost Sales	370,000	400,000	30,000	8.1%
Salvage Sales	220,000	220,000	- 0 -	- 0 -
Interfund Charges	105,000	105,000	- 0 -	- 0 -
Interest	813,000	675,000	(138,000)	(17.0%)
Other Sources	257,000	257,000	- 0 -	- 0 -
Total revenue & other sources	\$15,765,000	\$15,937,000	\$ 172,000	1.1%
Expenditures and uses				
Salaries, Wages and Benefits	\$3,900,850	\$ 3,940,420	\$ 39,570	1.0%
Operating and Maintenance Supply	265,700	261,200	(4,500)	(1.7%)
Charges and Services	9,273,199	9,206,643	(66,556)	(.7%)
Total Operating Expenses	13,439,749	13,408,263	(31,486)	(0.2%)
Capital Outlay	2,241,000	1,149,300	(1,091,700)	(48.7%)
Appropriation to Fund Balance	84,251	1,379,437	1,295,186	1537.3%
Total Expenses	\$15,765,000	15,937,000	\$ 172,000	1.1%

The Salt Lake City Council may wish to hold a public hearing and consider adopting this budget on December 14, 2004. The Salt Lake County Council will hold a public hearing and consider adopting this budget on December 7, 2004.

The Administration's paperwork outlines the proposed changes to the Solid Waste Management Facility's budget. Calendar year 2005 revenues are estimated at \$15,937,000; expenditures are estimated at \$14,557,563. Excess revenues over expenditures of \$1,379,437 are proposed to accumulate in fund balance to be used for future capital costs.

POTENTIAL MATTERS AT ISSUE:

The most significant changes to the budget as compared to the amended 2004 budget are as follows:

1. Operating expenses will be reduced by a total of \$31,486.
2. Salaries and wages will increase by \$39,570, including payroll taxes, insurance, and ESR (Employee Service Retirement) which increased last year.
3. The cost to maintain grounds will increase by \$16,900. Building maintenance costs will increase by \$11,900 and reflect the GASB 34 changes to expense 'major maintenance' projects. Preventative maintenance costs for facilities will increase by \$9,800.
4. Computer software will decrease by \$10,200.
5. Small equipment expenses will increase by \$5,700 to cover the purchase of dewatering pumps and rolloff containers.
6. Office equipment maintenance expenses will decrease by \$5,000.
7. Gasoline, diesel and oil fee expenses are anticipated to increase by \$55,000 and reflect the assessment by the Salt Lake County Fleet Management. Auto maintenance and equipment expenses from Fleet Management are estimated to decrease by \$73,894.
8. Vehicle rental charges will increase by \$8,000 and reflect a change of operation and discontinuance of a van rental to transport a Waste Inspector to the Transfer Station.
9. Other professional fees will increase by \$163,910 and reflect the current needs and increased environmental monitoring costs, including aerial survey \$24,100; environmental monitoring \$500,000; Salt Lake City Engineering support \$178,910; Landfill excavation services \$135,000; Landfill gas collection and flare consultant \$10,000; Compost operation consultant \$5,000; Landscape master plan \$2,500; interlocal agreement \$400.
10. Contract hauling expenses will decrease by \$141,618 and reflect the volume of solid waste to be transported and disposed of at East Carbon Development in Price. Management anticipates about 174,000 tons being shipped to ECDC in 2005. The decrease does not include the fee increase. The decrease is based on the charges from ECDC for rail haul and landfill disposal.
11. Intergovernmental charges will increase by \$9,500 and will include dewatering trench cleaning, asphalt road repair, milling and top coating. The Management Council requests the following: physicals/drug testing \$14,000; security \$10,000; surveying services \$1,000; Highway Department projects \$92,500; Highway Department miscellaneous services \$4,000, for a total increase of \$121,500. Management will be using Salt Lake County Highway for roadwork at the landfill during 2005.
12. Landfill Closure Costs are projected to decrease by \$110,000. The decrease reflects the post closure costs required by GASB and the increased amount required by the State permit.
13. Capital Equipment for 2005 funded from the Equipment Replacement Fund will be \$1,149,300. The following equipment will be replaced (net cost after trade-in or

salvage value): Two heavy duty generators \$22,500 each; DNR dozer \$618,000; tub grinder \$295,000; loader \$140,000; and submersible pumps \$51,300.

14. Capital expenditures estimated for 2005 are approximately one-half of the appropriation for 2004. The amount anticipated to be contributed to fund balance for 2005 is much greater than last year. The amounts contributed to fund balance fluctuate from year to year, depending on what is spent on capital needs.

BACKGROUND:

The Salt Lake City/County Solid Waste Management Facility is jointly owned and operated by Salt Lake City and Salt Lake County. The Solid Waste Management Facility's operation is based on an Interlocal agreement entered into by Salt Lake City and Salt Lake County in 2000. The Interlocal agreement establishes a Salt Lake Valley Solid Waste Management Council. The Management Council appoints the Director of the Solid Waste Management Facility, who supervises and manages the day-to-day activities of the Facility. Information on the facility and its programs has been provided by the Administration.

The Salt Lake Valley Solid Waste Management Council worked with the Facility's Director to develop a proposed 2005 calendar year operating and capital improvement budget for the Facility. The Management Council reviewed and approved the proposed budget on September 17, 2004.

According to the agreement both the City Council and the County Council must approve a budget for Facility. Any changes the City Council makes to the proposed budget will be forwarded to the County Council for consideration.