

SALT LAKE CITY COUNCIL STAFF REPORT

BUDGET ANALYSIS – CALENDAR YEAR 2010

DATE: July 6, 2010

BUDGET FOR: 2010 Mid-Year Budget Adjustment - Salt Lake Valley Solid Waste Management Facility

STAFF REPORT BY: Lehua Weaver

cc: Cindy Gust-Jenson, Jennifer Bruno, David Everitt, Rick Graham, Gina Chamness, Kevin Bergstrom, Greg Davis, Nancy Sanders, Linda Hamilton, Phil Bernal, John Ioannou, and Larry Hansen

The City Council received a briefing on proposed mid-year adjustments to the 2010 Solid Waste Management Facility (“Landfill”) budget on June 15. Since that briefing, the County Council has reviewed and approved the proposed amendment. So that the Landfill management can implement the proposed fee changes, and begin work on the project, the City Council may wish to take a vote on July 6 following the Public Hearing.

Potential Motion: {I move that the Council} Close the hearing and adopt an ordinance amending the Solid Waste Management Facility budget, as prepared and submitted by the Salt Lake Valley Solid Waste Management Council for the Calendar Year 2010.

BRIEFING INFORMATION:

The following information was provided for the June 15th briefing.

Overview:

There are various proposed rate increases and capital and expense needs as well. The bottom line is that less will be transferred to the Landfill Fund Balance this year than originally anticipated. The proposed rate increases will be used this year to fund some necessary capital projects. It is planned that the additional revenue in the future would be used to increase the transfer to Fund Balance.

Due to the timing for implementing the rate changes, the June 15 briefing was added to the agenda. However, depending on questions raised, the Council may wish to hold a follow-up briefing on July 6 prior to the Public Hearing.

Key Elements:

The proposed mid-year adjustments include:

1. Revenues - Changes to tipping fees. In general, tipping fees are charged by type of load (truck / commercial / etc.) and by type of material (household waste, green waste, construction waste, etc.)
 - a. INCREASES to tipping fees – these increases would be applied across the board to the different categories for drop-off at the Landfill - pick-up truck, single axle trailers, double axle trailers, commercial, transfer station. It should be noted that these increases are not expected to affect the amount of waste brought to the Landfill or Transfer Station, because TransJordan also raised their rates this year. The increases are for:
 - \$0.75 as discussed in January relating to the increased Health Department assessment.

\$1.25 to generate funds to construct an additional module at the Landfill, move and expand of the Citizen Unloading Facility, and an additional transfer to the Closure / Post-Closure account. (Based on recent calculations, reduced interest rates and inflation have impacted the projected balance of the Closure / Post-Closure account. In order to meet the accounting requirements in "GASB 18", the Landfill will need to increase the transfer to the Closure / Post-Closure account.)

➤ *The Council may wish to ask whether these changes would be necessary if the \$14 million were not withdrawn from the Closure / Post-Closure account.*

b. DECREASE to tipping fees – the charge for dumping “clean fill” is proposed to decrease from \$12.35 per ton to \$5.00 per ton, because the clean fill is used to shore up the area for leachate pond construction.

2. Expenses

a. Additional transfer to the Closure / Post-Closure account

b. DEQ Assessment - an anticipated change to the assessment by DEQ was not adopted by the State Legislature, therefore the Landfill Council propose that the \$66,000 be used toward fleet maintenance.

c. Increase of \$117,000 toward early retirements

d. Capital Projects: \$319,000

i. Chute safety barrier at the Citizen Unloading Facility and Transfer Station shredders

ii. Widen the 3300 South intersection

iii. Major rebuild of various large pieces of equipment – delayed maintenance has caused the need to do a major rebuild on a compactor, bulldozer, and track hoe.

Current market conditions and 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 1978 and updated in 2000 and 2009. 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 Landfill Council reviewed and approved the proposed budget amendment and has forwarded this for review and approval by the City and County councils. According to the agreement both the City Council and the County Council must approve a budget for the landfill.

The amount of waste brought to the Landfill affects the estimated 2052 closure date, and when the Closure / Post-Closure account balance will be needed.

A direct relationship exists between the Landfill and the City’s Refuse Fund – as the City is successful in efforts to divert recyclable items and yard waste from the general garbage collection, tipping fee revenue at the Landfill will decrease. In turn, the annual dividend paid to the City will also decrease. Previously, this annual dividend was used to offset the recycling service provided to City residents at no-charge. However, in the 2009-10 budget, the dividend revenue was moved to the newly formed Environmental and Energy Fund for sustainability projects, which will be approved in advance by the City Council.

RECEIVED JUN 16 2010

SALT LAKE CITY ORDINANCE

No. _____ of 2010

(Adopting the Amendments to the Solid Waste
Management Facility budget for calendar year 2010)

An ordinance adopting the amendments to the Solid Waste Management Facility budget, as prepared and submitted by the Salt Lake Valley Solid Waste Management Council for the Calendar Year 2010.

PREAMBLE

On October 7, 2009, Salt Lake City (the "City") and Salt Lake County (the "County") entered into an Interlocal Cooperation Agreement (the "Agreement"), pursuant to Title 11, Chapter 13 of the Utah Code Annotated, regarding the joint management and operation of a Solid Waste Management Facility. The Agreement established the Salt Lake Valley Solid Waste Management Council (the "Management Council") and provided it with authority and responsibility relating to the operation and management of the Solid Waste Management Facility.

Pursuant to the Agreement, all actions by the Management Council constitute recommendations to the City and the County and the City and the County have the power to review, ratify, modify, or veto any action of the Management Council.

The City Council has previously approved and adopted the Solid Waste Management Facility budget for calendar year 2010, and the Management Council has prepared the attached amendments to the Solid Waste Management Facility budget for calendar year 2010 (the "Amendments") and has submitted the Amendments to the City Council for its approval. The City Council has authority relating to budgets and appropriation of funds and, therefore, must approve, on behalf of the City, the

Amendments. The Amendments have been available for public inspection in the Office of the City Recorder for at least 10 days.

The City Council fixed the time and place for a public hearing to be held on July 6, 2010 to consider the adoption of the Amendments and ordered notice thereof be published at least seven days before the hearing. Notice of said public hearing was duly published as required herein. A public hearing to consider adoption of the Amendments was held on July 6, 2010, in accordance with said notice, at which hearing all interested persons were heard for and against the revenues and expenditures in the Amendments.

The City Council wants to adopt the Amendments submitted by the Management Council.

Be it ordained by the City Council of Salt Lake City, Utah:

SECTION 1. PURPOSE. The purpose of this Ordinance is to adopt the Amendments, prepared and submitted by the Management Council.

SECTION 2. ADOPTION OF BUDGET. The Amendments are hereby adopted, subject to similar approval by the County.

SECTION 3. RESERVE THE RIGHT TO AMEND. The City reserves the right to amend the Amendments and the 2010 Budget of the Solid Waste Management Facility at any time, consistent with the Agreement.

SECTION 4. PUBLIC INSPECTION. Copies of the Amendments shall be available for public inspection during regular business hours in the Office of the City Recorder.

SECTION 5. EFFECTIVE DATE. This Ordinance shall take effect on its first publication.

Passed by the City Council of Salt Lake City, Utah, this ____ day of _____,
2010.

CHAIRPERSON

ATTEST:

CITY RECORDER

Transmitted to the Mayor on _____.

Mayor's Action: ____ Approved. ____ Vetoed.

MAYOR

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 6-15-10
By Boyd Ferguson

ATTEST:

CITY RECORDER

(SEAL)

Bill No. _____ of 2010.
Published: _____.

ATTACHMENT 1

(Attach copy of amendments to 2010 Budget)

SALT LAKE CITY COUNCIL STAFF REPORT
BUDGET ANALYSIS - CALENDAR YEAR 2010

DATE: June 15, 2010
BUDGET FOR: 2010 Mid-Year Budget Adjustment - Salt Lake Valley Solid Waste Management Facility
STAFF REPORT BY: Lehua Weaver
cc: Cindy Gust-Jenson, Jennifer Bruno, David Everitt, Rick Graham, Gina Chamness, Kevin Bergstrom, Greg Davis, Nancy Sanders, Linda Hamilton, Phil Bernal, John Ioannou, and Larry Hansen

The Solid Waste Management Council has forwarded the proposed mid-year adjustments to the 2010 Solid Waste Management Facility ("Landfill") budget for the City Council's review. (As a reminder, the Landfill budget is prepared for the calendar year rather than a July - June fiscal year.) A representative of the Solid Waste Management Facility will be present at the June 15th briefing to respond to inquiries from the City Council. The public hearing is scheduled for July 6, 2010.

OVERVIEW:

There are various proposed rate increases and capital and expense needs as well. The bottom line is that less will be transferred to the Landfill Fund Balance this year than originally anticipated. The proposed rate increases will be used this year to fund some necessary capital projects. It is planned that the additional revenue in the future would be used to increase the transfer to Fund Balance.

Due to the timing for implementing the rate changes, the June 15 briefing was added to the agenda. However, depending on questions raised, the Council may wish to hold a follow-up briefing on July 6 prior to the Public Hearing.

KEY ELEMENTS:

The proposed mid-year adjustments include:

1. Revenues - Changes to tipping fees. In general, tipping fees are charged by type of load (truck / commercial / etc.) and by type of material (household waste, green waste, construction waste, etc.)
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 - \$0.75 as discussed in January relating to the increased Health Department assessment.
 - \$1.25 to generate funds to construct an additional module at the Landfill, move and expand of the Citizen Unloading Facility, and an additional transfer to the Closure / Post-Closure account. (Based on recent calculations, reduced interest rates and inflation have impacted the projected balance

of the Closure / Post-Closure account. In order to meet the accounting requirements in "GASB 18", the Landfill will need to increase the transfer to the Closure / Post-Closure account.)

➤ *The Council may wish to ask whether these changes would be necessary if the \$14 million were not withdrawn from the Closure / Post-Closure account.*

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The Landfill Council reviewed and approved the proposed budget amendment and has forwarded this for review and approval by the City and County councils. According to the agreement both the City Council and the County Council must approve a budget for the landfill.

The amount of waste brought to the Landfill affects the estimated 2052 closure date, and when the Closure / Post-Closure account balance will be needed.

A direct relationship exists between the Landfill and the City's Refuse Fund - as the City is successful in efforts to divert recyclable items and yard waste from the general garbage collection, tipping fee revenue at the Landfill will decrease. In turn, the annual dividend paid to the City will also decrease. Previously, this annual dividend was used to offset the recycling service provided to City residents at no-charge. However, in the 2009-10 budget, the dividend revenue was moved to the newly formed Environmental and Energy Fund for sustainability projects, which will be approved in advance by the City Council.

RICHARD GRAHAM
PUBLIC SERVICES DIRECTOR

SALT LAKE CITY CORPORATION

DEPARTMENT OF PUBLIC SERVICES
DIRECTORS OFFICE

RECEIVED JUN 15 2010

SCANNED TO: Mayor/Pave/H
SCANNED BY: JT
DATE: 6/15

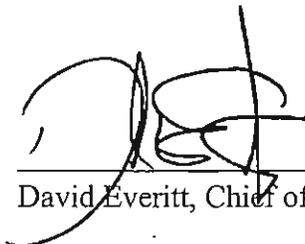
RALPH BECKER

RECEIVED

JUN 15 2010

CITY COUNCIL TRANSMITTAL

Salt Lake City Mayor



David Everitt, Chief of Staff

Date Received: 06/15/2010
Date Sent to Council: 06/15/2010

TO: JT Martin, Chair
Salt Lake City Council

DATE: June 15, 2010

FROM: Rick Graham, Director 
Public Services Department

SUBJECT: Salt Lake Valley Landfill Mid-Year Budget Adjustments to 2010 Budget

STAFF CONTACT: Greg Davis
Salt Lake City Department of Public Services
801.535.6123

Larry Hansen
Salt Lake County Landfill
801.974.6909

DOCUMENT TYPE: Budget

RECOMMENDATIONS: That the City Council adopt the proposed mid-year adjustments to revenue and expense.

BUDGET IMPACT: Increases user fees collected and managed by Salt Lake County. Expense budget is also proposed to increase.

BACKGROUND/DISCUSSION: The fee increases reflect the need to cover the costs associated with the ongoing Landfill operation. The proposed fee increases were reviewed and approved the Salt Lake Valley Landfill Council on Friday March 12, 2010. It is anticipated that the Salt Lake County Council will hold its public hearing and to adopt this fee schedule before June 17, 2010.

LOCATION: 451 SOUTH STATE STREET, ROOM 138 SALT LAKE CITY, UTAH 84111-3104

MAILING ADDRESS: PO BOX 145469, SALT LAKE CITY, UTAH 84114-5469

TELEPHONE: 801-535-7775 FAX: 801-535-7963

WWW.SLDGOV.COM



The County Council has also been apprised of the need to increase the expense budget. A hearing for the expense budget changes has yet to be scheduled.

PUBLIC PROCESS: Public Hearing

Initiative Name:

SLVSWMF Landfill Fee Mid-Year Budget Amendment

Initiative Number:

Blank

Initiative Type:

Type of Initiative

Initiative Discussion:

Revenue

It is proposed that several of the SLVSWMF (Landfill) tipping fees increase by \$2.00/ton. When the Landfill budget was adopted by the City Council, a fee increase of \$.75/ton for the doubling of the Salt Lake Valley Health Dept assessment was approved. This fee increase was not implemented at the Landfill. It is now proposed that an additional fee increase of \$1.25/ton be added. The total tipping fee increase will be \$2.00/ton. The implementation date is 01 July 2010.

The last general fee increase at the Landfill occurred in 1997. The \$.75/ton increase will cover the increased Health Dept assessment. The \$1.25/ton fee increase will help generate the funds needed to construct an additional module at the Landfill, the move and expansion of the Citizen Unloading Facility and the inflationary component of GASB 18.

The tipping fee for clean-fill is also proposed to change. The fee will decrease from \$12.35/ton to \$5.00/ton. Additional clean-fill is needed to shore up an area within the Landfill for leachate pond construction. If the needed quantity of clean-fill is not received at the Landfill based on reducing the tipping fee to \$5.00/ton, the clean-fill tipping fee will be dropped to zero/ton. It is anticipated that this flexible pricing will be in effect from 14 March 2010 - 17 November 2010.

Expense

Employee service reserve rates are increasing to accommodate one time increase for early retirements. This is a change of \$116,868 to the adopted budget. The rates for the 2011 budget will not include this one time increase.

The calculations associated with GASB 18 and the balance required in the Closure/Post Fund have recently been reassessed. It has been determined that the impact of inflation on the required balance needs to be increased. Hence the expense for Closure/Post Closure is being increased by \$480,000.

The Health Department assessment increase of \$.75 was approved in the 2010 budget. It was not implemented on 01 January 2010. Rather it will be implemented on 01 July 2010. Therefore the Health Department assessment budget will be reduced by \$172,500.

The State Department of Environmental Quality assessment increase wasn't approved by the state legislature. Therefore the incremental expense of \$66,000 approved in the 2010 Landfill budget is being removed. Fleet maintenance continues to be a challenge because needed preventative maintenance was missed. Corrective action was taken. Fleet is being increased by \$66,000.

Interdepartmental transfers are increasing by \$7,978. This is driven by changes in useage patterns.

Several capital requests are being made. They relate to safety concerns. Adding safety chutes at the Transfer Station will provide additional protection for SLCounty employees who are moving materials into and around the Transfer Station shredder. The cost will be \$55,000. Additional safety chutes at the Citizen Unloading Facility will provide added protection to prevent equipment from falling into the shredder. The cost will be \$55,000. The 33rd South intersection, leading into the Transfer Station, is congested with hauler equipment as well as cement support equipment used by Quickrete, an adjacent business. The proposed modification to the 33rd South intersection will provide better ingress and egress to the Transfer Station. The cost is expected to be \$100,000.

Three pieces of equipment purchased between 2003 and 2006, will be rebuilt in 2010. The rebuild will increase the useful life of the equipment by two to three years. Therefore, the cost of the equipment rebuild should be capitalized. The cost to rebuild the compactor is \$109,000. The cost to rebuild the dozer is \$101,000. The cost to rebuild the track hoe is \$34,650.

**SLVSWMF Landfill Fee Mid-Year
Budget Amendment**

Initiative Name

Blank

Initiative Number

Public Services

Department

Greg Davis

Prepared By

2009-10

Fiscal Year

Type of Initiative

Type of Initiative

801.535.6123

Telephone Contact

(Negative)

Positive

**General Fund - Fund Balance-
Impact**

Revenue Impact By Fund:

**Fiscal Year
Impact Amount**

**Annual
Impact Amount**

General Fund

Total

\$0

\$0

Internal Service Fund

Total

\$0

\$0

Enterprise Fund

SLVSWMF

\$320,000

\$680,000

Total

\$320,000

\$680,000

Other Fund

Total

\$0

\$0

Staffing Impact:

Requested Number of

0

0

Position Title:

| SLVSWMF | | | | | | | | | | |
|---|----------------------------|----------|-----------------------------------|-----------|-----------------------------------|-----------|----------------------|-----------|----------------------------|----------|
| Fee Comparison | | | | | | | | | | |
| 2009 and approved 2010 | | | | | | | | | | |
| ASSUMES: | | | | | | | | | | |
| PASS-THRU OF AN ADDITIONAL \$.75 FOR SALT LAKE COUNTY HEALTH DEPARTMENT + \$1.25 GENERAL FEE INCREASE | | | | | | | | | | |
| DISTRIBUTION IN 2010 OF \$14M FROM LANDFILL CASH BALANCES HAS BEEN INCLUDED IN BUDGET. IMPACT INCLUDED IN PROPOSED 2010 RATE STRUCTURE. | | | | | | | | | | |
| BASED ON 13 APRIL 2010 CONVERSATION WITH LARRY HANSEN | | | | | | | | | | |
| Per Ton Fee Increase | Pick-Up Truck Flat Rate | | Single Axle Trailers Flat Rate | | Double Axle Trailers Flat Rate | | Commercial By Ton | | Transfer Station By Ton | |
| | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| 2010 fee increments: | | | | | | | | | | |
| general price increase | | \$ 1.25 | | \$ 1.25 | | \$ 1.25 | | \$ 1.25 | | \$ 1.25 |
| sl county health department...approved | | \$ 0.75 | | \$ 0.75 | | \$ 0.75 | | \$ 0.75 | | \$ 0.75 |
| utah deq...not approved | | \$ - | | \$ - | | \$ - | | \$ - | | \$ - |
| total price increase | | \$ 2.00 | | \$ 2.00 | | \$ 2.00 | | \$ 2.00 | | \$ 2.00 |
| household trash | \$ 8.00 | \$ 10.00 | n/a | \$ 10.00 | n/a | \$ 30.00 | \$ 22.00 | \$ 24.00 | \$ 24.00 | \$ 26.00 |
| household trash, SLCity and SLCounty | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | \$ 22.00 | \$ 24.00 |
| clean green waste | \$ 5.00 | \$ 5.00 | n/a | \$ 5.00 | n/a | \$ 15.00 | \$ 16.00 | \$ 16.00 | n/a | n/a |
| construction debris | \$ 8.00 | \$ 10.00 | n/a | \$ 10.00 | n/a | \$ 30.00 | \$ 22.00 | \$ 24.00 | \$ 22.00 | \$ 24.00 |
| clean soil n clean sod | \$ 5.00 | \$ 5.00 | n/a | \$ 5.00 | n/a | \$ 15.00 | \$ 12.35 | \$ 5.00 | n/a | n/a |
| clean asphalt n concrete | \$ 8.00 | \$ 5.00 | n/a | \$ 5.00 | n/a | \$ 15.00 | \$ 12.35 | \$ 5.00 | n/a | n/a |
| leaves, debagged | | | | | | | \$ 3.00 | \$ 3.00 | | |
| deceased animals | n/a | n/a | \$100/ton | \$ 102.00 | \$100/ton | \$ 102.00 | \$100/ton | \$ 102.00 | n/a | n/a |
| special/medical waste | n/a | n/a | \$65/ton | \$ 67.00 | \$65/ton | \$ 67.00 | \$65/ton | \$ 67.00 | n/a | n/a |
| asbestos ~ friable | n/a | n/a | \$500/ton | \$ 502.00 | \$500/ton | \$ 502.00 | \$500/ton | \$ 502.00 | n/a | n/a |
| asbestos ~ non-friable | n/a | n/a | \$100/ton | \$ 102.00 | \$100/ton | \$ 102.00 | \$100/ton | \$ 102.00 | n/a | n/a |
| household hazardous waste | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| compost sale - per scoop (green waste ground to mulch like product) | \$ 30.00 | \$ 30.00 | n/a | \$ 30.00 | n/a | \$ 30.00 | n/a | n/a | n/a | n/a |