



REPORT

To: Solid Waste Committee

Report Number: ENV-SWC-033

From: Gerritt Lacey, Solid Waste Manager

Date: January 15, 2021

Subject: **2021 Draft Solid Waste Budget**

RECOMMENDATION #1:

That the Solid Waste Committee recommend that the Regional Board approve the operational Supplemental Item – Solid Waste Seasonal, which allocates \$23,000 for a 4-month project engineer position to conduct capital project inspections, for inclusion in the 2021 Solid Waste Budget.

RECOMMENDATION #2:

That the Solid Waste Committee recommend that the Regional Board approve the 2021 Budget for Function 500 as presented.

BACKGROUND/RATIONALE:

This report has been provided to the Solid Waste Committee (SWC) to outline the Draft Solid Waste Budget for 2021.

Staff presented 4 funding options to the Solid Waste Committee at the December 3, 2020 meeting. The options would help provide financial stability for the next 5 years. From that presentation, the committee chose Option #4, which represented an incremental increase to the funding model over a 3 year period, to build the 2021-2025 draft financial plan (see presentation link in Other Considerations).

The key goals of Option #4 are summarized below:

- Stabilize the Core budget at approximately \$11,700,000.
- Stabilize the Capital budget for new projects at \$3,000,000.
- Increase requisition by approximately \$750,000.
- Increase Tipping Fees by approximately \$250,500 (6%).
- Decrease the use of Surplus.

The total 2021 SW Draft Budget is \$16,961,289 which is a decrease of \$1,700,883 (9%) from 2020.

The 2021 SW Draft Budget is composed of three key parts:

Core Expenses	\$11,600,000
Capital Expenses	\$5,361,289
Funding Sources	-\$16,961,289

Core Expenses

The 2021 SW Core Budget is \$11,600,000; which is a decrease of \$711,950 (5.8%) from 2020.

The operational GL codes have been grouped into 23 categories to help provide an overall picture of the 2021 core operational expenses. A chart summarizing these categories has been provided below:

2021 Core Expenses

Expense	2021 Budget	Change from 2020
Admin Allocation	\$286,013	Increase of \$53,976 (23%)
Banking Fees	\$41,200	Increase of \$3,784 (10%)
Clean-Up	\$287,500	Increase of \$11,500 (4.2%)
Fleet Allocation	\$151,995	Increase of \$41,295 (37%)
Insurances	\$16,120	Increase of \$2,598 (19.2%)
Transfer to Reserves	\$364,088	Increase of \$139,688 (62.2%)
Transfer Station Contractor	\$1,705,700	Increase of \$88,090 (5.4%)
Wages	\$774,815	Increase of \$127,027 (19.6%)
Debt Payment	\$1,177,437	No Change
Agreements	\$41,950	Decrease of \$1,696 (3.8%)
Composting	\$65,000	Decrease of \$5,000 (7.1%)
Consultant	\$100,000	Decrease of \$80,000 (44.4%)
Landfill Contractor	\$2,803,692	Decrease of \$814,608 (22.5%)
Landfill Gas Contractor	\$75,000	Decrease of \$25,000 (25%)
Memberships	\$6,500	Decrease of \$1,683 (21%)
Misc.	\$127,800	Decrease of \$43,000 (25.2%)
Mitigation of Closed Landfills	\$60,000	Decrease of \$40,000 (40%)
Operations	\$476,680	Decrease of \$99,320 (17.6%)
Recycling	\$2,100,000	Decrease of \$3,147 (0.2%)
Supplies	\$45,000	Decrease of \$1,000 (2.2%)
Training	\$25,000	Decrease of \$10,000 (28.6%)
Waste Haulage	\$783,000	Decrease of \$12,220 (1.5%)
Water Monitoring	\$85,510	Decrease of \$43,235 (33.5%)
Totals	\$11,600,000	Decrease of \$711,950 (5.8%)

Notable changes to the 2021 Core Budget include:

- Increased “Transfer to Reserve”
 - To balance the operational budget at \$11,600,000 a transfer to operating reserve totaling \$139,088 was used.

- Increase “Transfer Station Contractor”
 - The 2021 budget accounts for 2% CPI increases that have not been previously accounted for due to the contractor not applying for them, however in 2020 the previous increases were rectified.
- Increased “Wages”
 - The 2021 budget includes 1 FTE position that was not accounted for in the 2020 budget, but was being charged to the budget. The wage increase also includes an additional Seasonal Employee for the solid waste department (Operational Supplemental Request attached).
- Decrease to “Consultants”
 - The budget has been lowered to reflect the completion of the Regional Solid Waste Management Plan in mid-2021.
- Decrease to “Landfill Contractor”
 - The Budget has been lowered to reflect the cost of the new contract rates.
- Decrease to “Operations”
 - The budget has been lowered to reflect completion of one-time expenses and to align with historical trends.

Capital Expenses

At the January 7th SWC meeting, the following Capital projects were approved for inclusion into the draft 2021 Solid Waste Budget:

For 2021 the total Capital Budget is \$5,361,289; which is a decrease of \$988,933 (15.6%).

The projects and associated costs have been provided in the table below:

2021 Capital Expenses

Project	New Capital Costs	Carry Forward Capital Costs
*Charlie Lake Compost Pad (referred to Board Jan 28, 2021)	-	
*Bessborough Compost Pad (referred to Board Jan 28, 2021)	-	
North Peace Regional Landfill Closure	\$70,000	
Chetwynd Landfill Scale Replacement	\$447,556	
Prespatou Scale Replacement	\$60,000	
Bulky Pit Closure	\$155,000	
Bessborough Diversion Pad	\$140,000	
Transfer to Reserve	\$2,295,733	
2019 Bessborough Construction		\$62,000
2019 Chetwynd Landfill Phase Closure		\$442,000
2019 NPRLF Landfill Gas Expansion		\$42,000
2020 BBLF Construction		\$1,591,000
2020 Bulky Waste Tipping Rail		\$21,000
2020 Chetwynd Scale Relocation		\$35,000
Totals	\$3,168,289	\$2,193,000

The organics grant applications were not supported during the January 7th SWC meeting. Therefore, the \$2,000,000 that was allocated for the projects has been added as a transfer to reserves to maintain the \$3,000,000 capital year for 2021. Should the Board decide to pursue the grants, the money will be reallocated back to the two projects.

The total balance for the 2021 capital in the chart above balances at \$3,168,289, this is because the Chetwynd Scale Relocation is using \$168,289 from the capital reserve.

Funding Sources

For 2021 the funding totals -\$16,961,289; which is a decrease of \$1,700,883 (9%) from 2020.

A chart summarizing the funding sources has been provided below:

2021 Funding

Source	2021	Change from 2020
Compost	\$75,000	Increase of \$75,000 (100%)
Fees	\$4,391,725	Increase of \$218,279 (5.2%)
Grants	\$750,000	Increase of \$150,000 (25%)
Misc.	\$38,000	Increase of \$2,500 (7%)
Recycling	\$45,000	Increase of \$2,000 (28.6%)
Requisition	\$8,320,275	Increase of \$784,192(10.4%)
Capital Reserves	\$168,289	Decrease of \$2,693,855 (94%)
Capital Surplus	\$2,193,000	Decrease of \$185,999 (7.8%)
Surplus	\$980,000	Decrease of \$53,000 (5.1%)
Totals	\$16,961,289	Decrease of \$1,700,883 (9%)

The draft 2021 budget as presented accomplished the goals established in option 4:

- The Core budget was stabilized at \$11,600,000.
- The Capital budget for new projects is \$3,000,000.
- Requisition was increased by \$784,192.
- Funds from Tipping Fees increased by \$218,279 (5%).
- Surplus was decreased by \$53,000.

The complete budget report is provided in attachment 1 “2021 Draft Solid Waste Budget.”

ALTERNATIVE OPTIONS:

1. That the Solid Waste Committee provide further direction.

STRATEGIC PLAN RELEVANCE:

- ☒ Not Applicable to Strategic Plan.

FINANCIAL CONSIDERATION(S):

The current balance of the Solid Waste Operational Reserve is \$1,099,566.79. As of December 31, 2020, there was a \$2,700,000 surplus in the operational budget (\$1,000,000 from additional revenues and \$1,700,000 from unspent core expenses). It is anticipated that approximately \$700,000 is yet to be invoiced leaving a surplus of approximately \$2,000,000 by January 15, 2021. With the use of \$980,000 in surplus in the 2021 budget, the remaining \$1,020,000 will be moved into the operating reserve.

The current balance of the Solid Waste Capital Reserve is \$5,671,854 as of October 31, 2020. As of January 5, 2021 there is a total of \$1,733,290 remaining to be transferred from reserve, and \$2,193,000 in carry forward projects leaving approximately \$1,745,564 remaining in the capital reserve by January 15, 2021.

COMMUNICATIONS CONSIDERATION(S):

None.

OTHER CONSIDERATION(S):

None.

Attachments:

1. Supplemental request – Solid Waste Seasonal Tech
2. 2021 Solid Waste Draft Budget

External Links:

1. [December 3, 2020 SWC Meeting “Financial Sustainability For Solid Waste” Presentation](#)