



REQUEST FOR COUNCIL ACTION

To: Members of the Landfill Committee

From: David Barber, Public Works Director

AGENDA DATE REQUESTED: October 19, 2011 (Revised)

ACTION REQUESTED: DISCUSSION OF PROJECTED FIVE YEAR LANDFILL BUDGET

BACKGROUND: At the last meeting Patrick Sloan provided the Committee with a draft budget for 2012. I have reviewed the information he provided and added a few items covering the costs for telephone service and electric service to the gas building. I also checked on what we have spent for legal bills in 2011 and entered this figure for 2011. Provided for your discussion are seven (7) budget sheets. They are as follows:

1. The first sheet is the base budget based on the numbers provided by Patrick Sloan with my adjustments. Revenues are based on the current \$1.50 Host Fee. From this sheet you can see the current year will end with a projected deficit of \$242,338 reducing the cash balance to \$593,612. The 2012 budget also shows a projected deficit of \$467,685 further reducing the cash balance to only \$125,927. In 2013 and beyond the Landfill Fund is out of cash and running a significant deficit.
2. The second sheet is based on the same budget but includes an increase in the Host Fee of \$0.50 (From \$1.50 to \$2.00). The Landfill Fund stays in the black a bit longer but is in a deficit position by 2014.
3. The third sheet is based on the same budget but includes an increase in the Host Fee of \$1.00 (From \$1.50 to \$2.50). The funds remains in the black with a cash balance of about \$300,000 and slightly growing in the future after 2013.
4. The forth sheet includes an \$800,000 dam project assuming a bond issue of \$800,000 to fund the project and debt payment starting 2013 based on a 10-year repayment period and a return rate of 5%. As you can see from this projection the Landfill Fund cannot afford this plan.
5. The fifth sheet also includes the dam improvements at \$800,000 with debt financing and shows what a \$1.00 increase in the Host Fee would do to the bottom line. In this case the \$1.00 fee increase is not enough to maintain a positive balance in the Landfill Fund.
6. The sixth sheet includes the dam improvements at \$400,000 with debt financing and shows what a \$1.00 increase in the Host Fee would do to the bottom line. In this case there is more in the cash balance but the figures are decreasing each year so an additional increase will be necessary to support this option later.
7. This last sheet includes the dam improvements at \$400,000 with debt financing and a \$1.50 increase in the Host Fee. This shows a higher and increasing fund balance.

Based on the attached spreadsheets showing the various options it is clear that with the increased obligations for operating part of the landfill by the Committee the Host Fee will need to be raised to cover these additional obligations.

It would appear from the attached sheets that the option to raise the Host Fee by \$1.00 effective December 1, 2011 (to coincide with the rate increase being implemented by Waste Management) would be the best option to maintain a long term positive balance in the Landfill Fund. This assumption is based on no costs for work on the dam project. Once discussions with Waste Management are completed on what each party will do to address this improvement it will be appropriate reconsider these projections with a final figure for the costs of the improvement to be borne by the Landfill committee.