

Due to the strong first three quarters of the current fiscal year, and due to continued careful control of operating costs, the District should end the year in a position to meet its bond covenant requirement and in a solid cash position. Estimates of even larger reductions in disposal volumes do not change this conclusion.

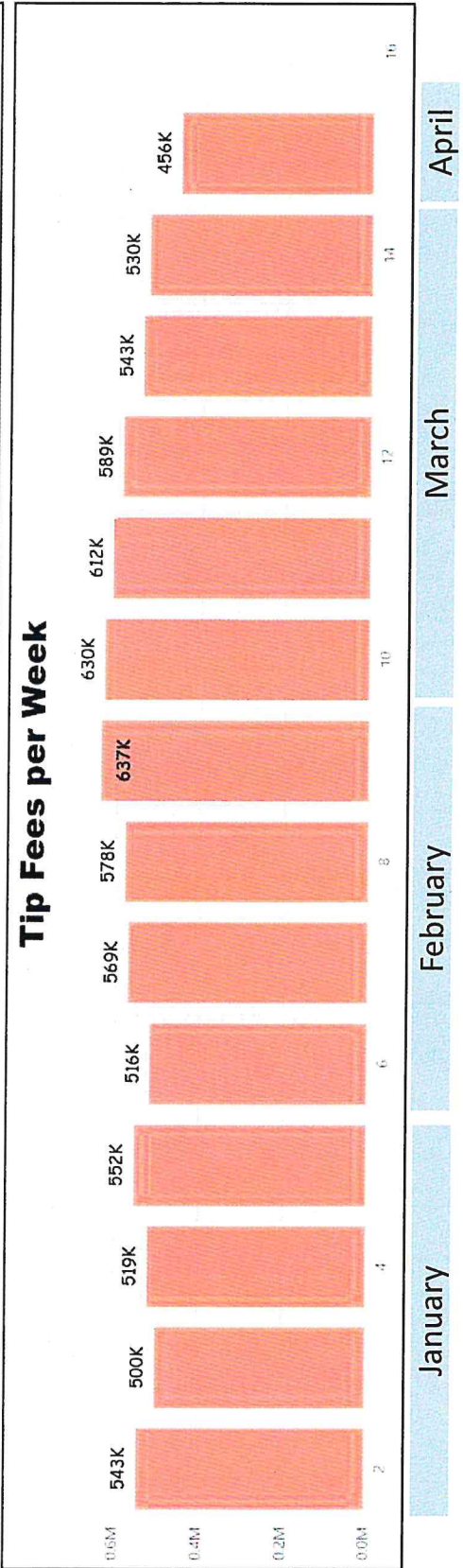
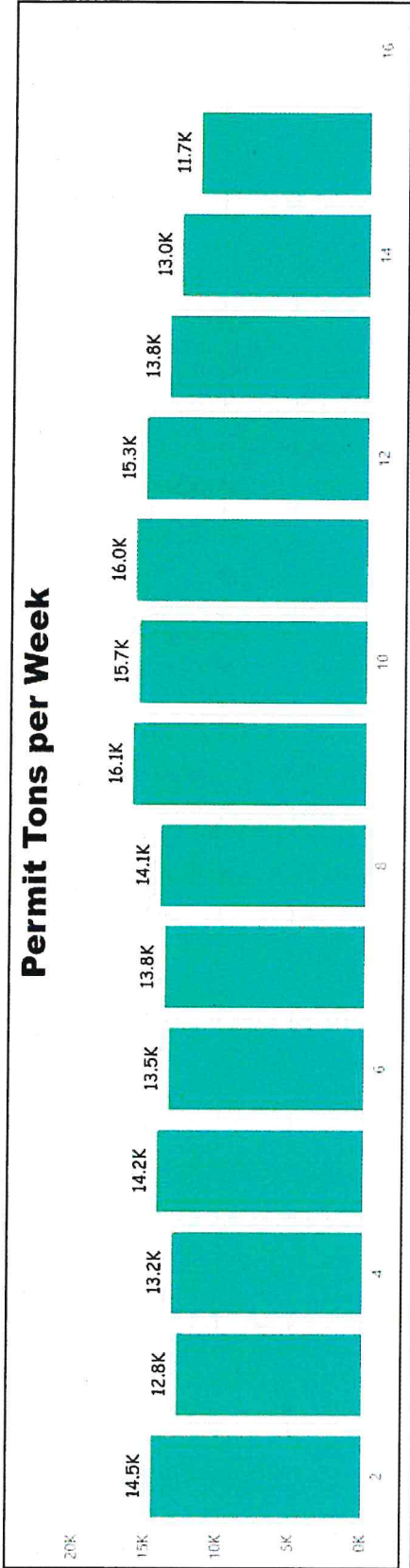
COVID-19 Impact on the FY 20/21 Budget Year: The same cannot be said for the coming fiscal year. While staff cannot estimate at this time how deep next year's downturn will be for the District, we do believe it will have a material impact on the District operations. Staff estimates that we will need to cut operating expenses by anywhere from \$1M to \$5M. Such cuts will have to come from all aspects of operations, including personnel and other operating expenses. Staff also anticipates commensurate reductions in capital spending.

Staff proposes to use the next few months to monitor the progression of the COVID-19 virus and its impact on our business. This will allow staff to monitor and calibrate impacts to the District's business and to examine business strategies to close the expected budget gap currently anticipated for FY 20/21. We will work closely with the Board to evaluate and execute cost reduction alternatives and we will report upon our progress frequently. Should we be unable to finalize a budget before the end of the current fiscal year, staff would propose proceeding with a continuing resolution or provisional budget until the staff and the Board are confident in a projected future.

CONCLUSION

Depending upon the depth of the spending cuts required to meet the revenue shortfall, actions are likely to be aggressive, painful and disruptive. Staff strongly believes that the proposed increase in service fees will represent only a small, but important, part of the overall set of adjustments required by the District to maintain financial viability.





FY 19/20 YTD Weekly Averages through March (9 Months):

- Permit tons: 14,200
- Disposal fees: \$550k