

---

# FY 20/21 Draft Budget

May 15, 2020

Peter Skinner  
Dir. of Finance & Administration



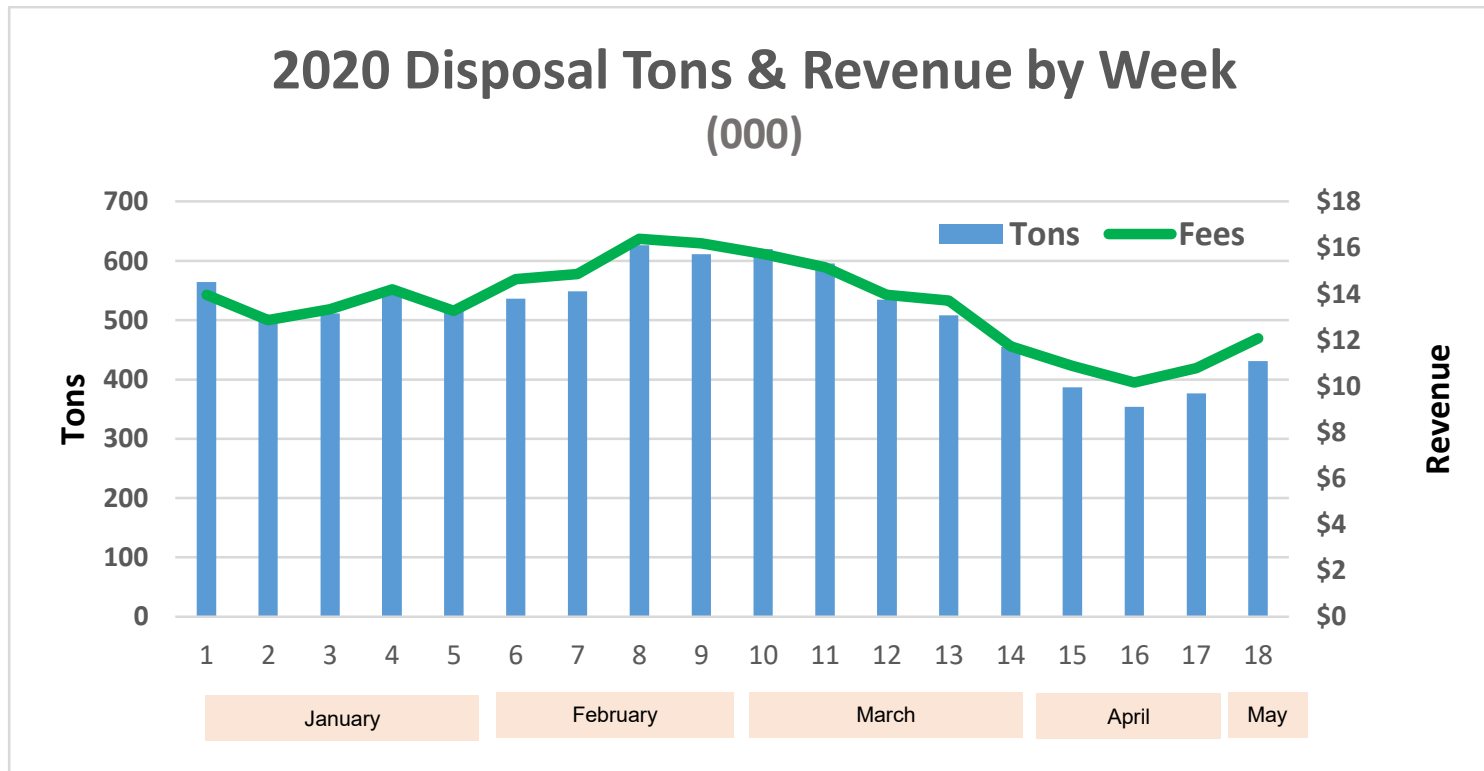
# Summary

---

- April disposal revenues down 22% from first 9 months of year. Budget informed by this and other inputs.
- Compared to the pre-COVID-19 draft (early March):
  - \$5.5M Revenue shortfall
  - \$3.5-4.0M Operating costs reduction need
- Draft assumes multiple cost reduction strategies to lower both personnel and non-personnel operating costs.
- Draft assumes 23% reduction in capital spending.
- Staff will bring Final Budget to Committees and full Board in June for approval.
- Staff proposes re-evaluating budget quarterly.



# Predictions are difficult – April's downturn followed by small May rebound



## Total revenue projected to be 14% below Pre-COVID draft budget

---

- Disposal revenue: based on 20% volume reduction from CY 2019; 14% reduction from Pre-COVID draft
  - Assumes 5% tip fee increase
- MRF revenue: based on 5% volume reduction
  - Assumes \$5/ton increase in processing fee & commencement of fee payment by 7 Franchise jurisdictions
  - Assumes continued softness in commodity prices
- Last Chance Mercantile revenue: 25% reduction from FY 19/20 budget
  - Assumes slow re-opening and operational changes
- Other revenues: no change from FY 19/20 budget



# Revenue detail

<b>FY 20/21 DRAFT BUDGET</b>	<b>Pre-COVID DRAFT</b>	<b>CURRENT DRAFT</b>	<b>\$ VAR</b>	<b>% VAR</b>
<b>REVENUE DETAIL</b>				
<b>Disposal</b>				
Volumes (Tons)	783	671	(111)	(14%)
Revenue	\$28,356	\$23,700	(\$4,656)	(16%)
<b>Material Recovery Facility</b>				
Volumes (Tons)	60	57	(3)	(5%)
Revenue				
SSR Processing	\$2,400	\$2,280	(\$120)	(5%)
Material Sales + CRV	\$3,120	\$2,964	(\$156)	(5%)
Residual Disposal	\$468	\$445	(\$23)	(5%)
<b>Total MRF Revenue</b>	<b>\$6,374</b>	<b>\$5,779</b>	<b>(\$596)</b>	<b>(9%)</b>
<b>Last Chance Mercantile</b>				
Revenue	\$800	\$600	(\$200)	(25%)
<b>Other</b>				
Power Sales	\$1,755	\$1,755	\$0	0.0%
Other Sales + Services	\$1,055	\$1,055	\$0	0.0%
<b>TOTAL REVENUE</b>	<b>\$38,340</b>	<b>\$32,888</b>	<b>(\$5,452)</b>	<b>(14%)</b>

(All Tons and Revenues in thousands)



## Non-personnel operating expenses cut by \$1.2M from Pre-COVID draft budget

---

- Reductions in contracted services and staffing
- Operational changes designed to reduce costs
- Reduced Public Education spending
- Deferral of certain maintenance expenses
- Elimination of other discretionary spending



# Non-personnel operating expense detail

<b>FY 20/21 DRAFT BUDGET</b>	<b>19/20 Budget</b>	<b>19/20 Estimated</b>	<b>Pre-COVID DRAFT</b>	<b>CURRENT DRAFT</b>	<b>\$ VAR from Pre C-19 Budget</b>
<b>NON-SALARY EXPENSES</b>					
(\$000)					
Amortization & Depreciation	4,100	4,100	4,200	4,200	-
Closure/Post Closure Costs	500	360	370	370	-
Contractual Services	1,031	700	672	389	(283)
Environmental Services	265	250	414	369	(45)
Gasoline, Oil & Fuel	1,260	1,200	1,255	1,255	-
Hazardous Waste Disposal	310	390	368	308	(60)
Insurance	430	430	375	570	195
Office Expense	281	280	243	238	(5)
Operating Supplies	1,309	1,030	1,168	1,118	(50)
Professional Services	1,328	790	1,270	1,230	(40)
Public Awareness	165	130	320	151	(170)
Recycling Services	1,877	2,500	1,658	1,658	-
Repairs & Maintenance	2,812	2,170	3,357	2,821	(536)
Safety Equip/Supplies/Training	166	270	260	255	(4)
Taxes & Surcharges	1,438	1,500	1,672	1,437	(235)
Training/Meetings/Education	195	80	223	180	(43)
Utilities	115	100	116	116	-
Other Expense	30	20	21	21	-
<b>SUBTOTAL</b>	<b>17,611</b>	<b>16,300</b>	<b>17,960</b>	<b>16,684</b>	<b>(1,276)</b>



## Personnel cost reductions are under evaluation and negotiation

---

- Staff reductions of approximately 10%
  - Early retirement program; other program adjustments
- Wage increase freezes
- Work time reductions
- Wage reductions and/or lay-offs





# Capital spending reduced by \$2.5M

---

## Mobile Equipment

- Deferral of \$625k equipment spending
- Dozer, tarp machine, other maintenance parts purchases

## Capital Improvement Projects

- Deferrals or revisions reducing \$1.9M in capital project spending
- Revised schedule of Module 7 Construction
- Deferred Module 8 design development
- Deferred non-urgent, lower priority infrastructure improvements



# Draft FY 20/21 budget summary

FY 20/21 BUDGET PLANNING	Pre-COVID DRAFT	CURRENT DRAFT	
<b>REVENUES</b>			
Disposal Revenue	28,356	23,700	
MRF Revenues	6,374	5,779	
Other Revenues	<u>3,610</u>	<u>3,410</u>	
<b>TOTAL REVENUES</b>	<b>38,340</b>	<b>32,888</b>	(5,452) -14%
<b>OPERATING EXPENSES</b>			
Personnel Exp.	17,297	TBD	
Other Operating Exp.	<u>17,960</u>	<u>TBD</u>	
<b>TOTAL OPERATING EXP.</b>	<b>35,257</b>	<b>31,522</b>	(3,735) -11%
Other Rev/Expenses	<u>(1,306)</u>	<u>(1,306)</u>	
<b>NET</b>	<b><u>1,777</u></b>	<b><u>60</u></b>	
<b>CAPITAL SPEND</b>	<b>10,991</b>	<b>8,451</b>	(2,540) -23%
<b>CASH FLOW</b>			
Beginning Cash*	<b>22,850</b>	<b>27,300</b>	
Change in Cash	<u>(7,192)</u>	<u>(6,399)</u>	
<b>Ending Cash</b>	<b><u>15,658</u></b>	<b><u>20,901</u></b>	5,243
<b>DEBT SERVICE COVERAGE</b>	<b>1.63</b>	<b>1.26</b>	
(Minimum Requirement: 1.25)			

\* Includes unrestricted and bond funds

