

**WEST VALLEY
SOLID WASTE MANAGEMENT
AUTHORITY**

AGENDA REPORT

Date: May 7, 2020

To: West Valley Solid Waste Management Authority Board

From: Executive Director

Subject: **FY 2020-21 Budget**

RECOMMENDED ACTION

Approve Resolution 2020-01 adopting the FY 2020-20 budget.

DISCUSSION

Background

Article 5 of the Joint Powers Agreement defines how the Authority's activities are to be funded. Paragraph B states that the Authority must adopt a budget for each fiscal year beginning on July 1 and ending on June 30 of the following calendar year. Paragraph A specifies that the requisite funds are to be allocated among the Member Agencies in amounts equal to each Member Agency's percentage share of the total population of all Member Agencies. The budget is being presented now so that the Member Agencies have time to incorporate the assessment amounts into their Agency budgets. In 2012, the Agencies elected to include their respective assessed amounts in the collection rates.

FY 2020-21 Proposed Budget

The attached budget shows the actual results for the previous five years by major expenditure category, the approved FY 2019-20 budget, and the proposed FY 2020-21 budget. In total, the proposed FY 2020-21 budgeted expenditures are \$344,793 net of the WVC&R Annual Payment expenditure of \$450,000. Excess reserves of \$47,524 from FY2018-19 have been added to Budgeted Revenues. The Board's Fund Balance policy is

to maintain an operating reserve of \$100,000 and a rate stabilization reserve of \$100,000. Therefore, we have set the budgeted revenues to equal the budgeted expenditures.

Below is a summary of the FY 2020-21 proposed budget.

FY 2020-2021 Proposed Budget Summary

Personnel (Contract Services)			
Executive Director			
	General Services	\$	110,620
	SB1383 Planning & Implementation		99,430
	Disposal Contract Negotiations		66,235
			<u>276,285</u>
		\$	276,285
Professional Services			
	Legal		22,597
	Accounting & Audit		15,536
	Other		5,000
			<u>43,133</u>
			43,133
Other Expenses			
			<u>25,375</u>
			25,375
Total Authority Projected Expenditures before WVC&R Contract Payment			
			344,793
WVC&R Contract Payment			
			<u>450,000</u>
			450,000
Total Authority Budgeted FY 2020-2021 Expenditures			
		\$	<u>794,793</u>
Revenue from Member Agencies			
		\$	297,269
Payment of Annual Fee from WVC&R			
			450,000
Excess Fund Balance from FY2018-2019 Budget			
			<u>47,524</u>
			47,524
Total Authority FY2020-2021 Budgeted Revenues			
		\$	<u>794,793</u>

Executive Director - This expenditure is for services provided by HF&H Consultants, LLC including management of the Authority's refuse, recycling, yard waste, and disposal contracts; management of the Authority's efforts to achieve its AB 939 targets; SB 1383 and AB 1826 compliance; preparation for and facilitation of the Authority Board

meetings; and, other administrative tasks assigned by the Board. The FY 2020-21 budgeted amount of \$276,285 is based on the following:

- General services: \$110,620, an increase of \$1,190 from the FY 2019-20 budget.
- SB 1383 Planning: \$99,430, unbudgeted in FY 2019-20. Develop a comprehensive plan for implementing and monitoring compliance with SB 1383 legislation that will take effect in January of 2022. HF&H will assist each member agency in the development of items, such as:
 - CalRecycle Implementation Plan
 - Mandatory ordinances;
 - Procurement policies;
 - Contamination monitoring protocol; and,
 - Recordkeeping to meet CalRecycle requirements.
- Disposal Negotiation: \$66,235, to continue negotiations with Guadalupe Landfill or begin a RFP process to secure disposal services with another operator.

Section 8.4 of the Agreement requires WVC&R to submit a rate adjustment application that includes its forecasted compensation requirement for Rate Year 16. \$80,000 has been included to perform an in depth review of the application in FY 2021-22.

The forecasted budgets in FY 2021-22 and FY 2022-23 each include an estimated \$50,000 to perform a RFP and collections contract procurement. Consistent with past practice, it is anticipated the selected contractor will reimburse the Authority for the consulting and legal fees associated with the procurement process.

Legal Services – This expenditure is for the services of Logan and Powell, LLP to provide advice on Authority legal matters, including the conduct of meetings in accordance with the provisions of the Brown Act; to perform legal research as needed; to prepare legal notices as needed; and, to assist with other legal matters as directed by the Board. The FY 2020-21 budgeted amount of \$22,597 is based on the following:

- General services: \$10,597, an increase of \$253 from the FY 2019-20 budget.
- Disposal Negotiation: \$7000, no change from the FY 2019-20 budget to provide legal advice to continue negotiations with Guadalupe Landfill or secure disposal services with another operator.
- SB 1383 Planning: \$5,000, unbudgeted in FY 2019-20 to provide legal advice related to SB 1383 planning and implementation.

Public Education and Outreach – This expenditure is for outreach related to the upcoming implementation of SB1383. It was funded from liquidated damages received from WVC&R in prior years.

WVC&R Annual Payment - As part of the franchise agreement with WVC&R that began March 1, 2014, the Authority receives a payment of \$450,000 annually (\$4,500,000 over the term of the agreement). Consistent with FY 2019-20, the payment will be disbursed to each Member Agency proportionally based on population.

Accounting and Bookkeeping - This expenditure is for the services of the City of Campbell's Finance Department staff for accounting and bookkeeping support. The budgeted amount has been increased by CPI of 2.45% for FY 2020-21 compared to FY 2019-20.

Liability Insurance - This expenditure is for general liability and public officials' errors and omissions insurance. This amount reflects an increase by CPI of 2.45% in the premium for FY 2020-21 compared to FY 2019-20.

Consumable Supplies and Postage - This expenditure is for office supplies and postage needs to conduct Authority business. The budgeted amount is the same as prior years' budgets

Countywide Program Support - This expenditure is to provide program funding for County or regional activities that meet the Authority's objectives. The budgeted amount is the same as prior years' budgets.

Mileage and Meeting Expense - This expenditure is for Board Member attendance at relevant industry conferences during the year. The budgeted amount is to be used to provide for increased attendance by Board Members to allow them to become more familiar with solid waste issues as the end of the WVC&R contract term approaches. The budgeted amount is the same as prior years' budgets.

Website Administration - This expenditure is for maintaining the Authority's website (www.wvswma.org). The budget includes registration fees as well as other services required to maintain the website. The budgeted amount was increased by CPI of 2.45% for FY 2020-21 compared to FY 2019-20.

Professional Services - This expenditure is for other professional services or studies (e.g., engineering consulting services and/or litigation services) authorized by the Board. The budgeted amount is the same as prior years' budgets.

Audit Services - This expenditure is for audit services required by Article 5.B of the Joint Powers Agreement. The budgeted amount was increased by CPI of 2.45% for FY 2020-21 compared to FY 2019-20.

Projected Member Agency Assessments

The following table shows the Member Agencies' projected five-year assessments under various scenarios related to the extension of the current agreement:

Fund Balance

The current policy is the Board established is to maintain in its fund balance an operating reserve of \$100,000 and a rate stabilization reserve of \$100,000.

The following tables show the Member Agencies' projected five-year assessments. It should be noted FY 2019-20 had approximately \$100,000 of excess reserves applied to the annual budget.

Table 1-A: Projected Five- Year Assessment by Member Agency

Agency	Proposed Fiscal Year 2019-20	Proposed Fiscal Year 2020-21	Proposed Fiscal Year 2021-22	Proposed Fiscal Year 2022-23	Proposed Fiscal Year 2023-24	Proposed Fiscal Year 2024-25
Campbell	\$ 42,681	\$ 117,487	\$ 127,593	\$ 98,228	\$ 96,978	\$ 98,952
Los Gatos	\$ 30,590	\$ 84,178	\$ 91,419	\$ 70,379	\$ 69,484	\$ 70,920
Monte Sereno	\$ 3,629	\$ 10,287	\$ 11,172	\$ 8,601	\$ 8,492	\$ 8,413
Saratoga	\$ 31,424	\$ 85,316	\$ 92,655	\$ 71,330	\$ 70,423	\$ 72,853

DOCUMENTS ATTACHED

Resolution 2020-21
FY 2020-21 Proposed Budget

FISCAL IMPACT

The attached FY 2020-21 proposed budget shows the expected assessment for each Member Agency resulting from the proposed budget.

Marva M. Sheehan
Executive Director

RESOLUTION NO. 2020-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE WEST VALLEY SOLID
WASTE MANAGEMENT AUTHORITY APPROVING THE BUDGET FOR FISCAL
YEAR 2020-21

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WEST VALLEY SOLID WASTE MANAGEMENT AUTHORITY that the document entitled "Fiscal Year 2020-21 Budget" a copy of which is attached hereto and incorporated herein by reference is hereby approved.

This resolution was passed and adopted by the Board of Directors of the West Valley Solid Waste Management Authority at a regularly scheduled meeting on the 7th day of May 2020, by the following vote:

AYES:

NOES:

ABSENT:

Approved: _____
Paul Resnikoff, Chairperson

Attest: _____
Marva M. Sheehan, Executive Director

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