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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: May 17, 2016

Re: Request to Approve Transfer Station Tipping Fee Allocation Change – FY 17 and FY 18

Introduction and Background:

Budget amendment #2 for the 2015/2016 budget includes a \$211,000 request for the replacement of the track loader at the Transfer Station. There would be a significant cost of repairing the current loader to make it operational and this repair would not significantly extend the useful life of the loader. The requested increase of \$211,000 for the track loader for the Transfer Station will add to the current internal loan for recent equipment purchases at the Transfer Station.

Recommendation:

In order to assist in funding the track loader and to also address the Transfer Station fund deficit, the Chamber Landfill Committee at their May 13, 2016 meeting recommended that the allocation of the \$60 full rate tipping fee be changed from \$40 Landfill/\$20 Transfer Station to \$32 Landfill/\$28 Transfer Station for a two-year period (FY 2016/2017 and 2017/2018). This allocation change will allow for the new track loader to be funded from a separate internal loan and is also expected to eliminate the budget deficit in the Transfer Station fund. Based on an estimated 21,800 of transfer station tonnage at the full \$60 per ton rate, this will result in an expenditure reduction of \$174,400 in the Transfer Station and a revenue reduction of that same amount in the Landfill fund. Based on future year projections, the Landfill fund is still projected to have sufficient funding for development of the next cell, even with this funding reallocation.

The chart below shows in estimated impacts the full rate tipping fee reallocation would have on the fund balances in both the Transfer Station and Landfill funds. As shown, the budget deficits would be eliminated in the Transfer Station fund and the Landfill fund would still have sufficient funding to construct the next cell in the FY 2017/2018 year. The full Landfill Committee report will be presented to City Council at an In Depth meeting after the end of the current fiscal year.

	<u>Transfer Station</u>	<u>Landfill</u>
Actual Ending Balance (Deficit) 6-30-15	\$ (21,449)	\$ 100,576
Revised Estimate Balance (Deficit) 6-30-16	(66,099)	476,565
Original Budget Balance (Deficit) 6-30-17	(110,649)	716,265
FY 17 Budget with new Track Loader Pmt	(152,849)	N/A
Proposed Revised Budget 6-30-17 (With Landfill/Transfer Station Fee Alloc)	21,551	541,865
Prel. Projection 6-30-18 (With Landfill/Transfer Station Fee Alloc)	51,401	90,765
		Landfill FY 18 includes new cell construction - full rate fee reallocation still expected to maintain positive balance in the Landfill Fund

It is recommended that this funding change be approved by City Council at the same time as the 2015/2016 budget amendment #2 and the request to approve the purchase of the new track loader. It is further recommended that this change be authorized at this time to be formally included in the 1st budget amendment for the 2016/2017 budget.

Summary:

Please include this request for a funding allocation change between the Transfer Station and the Landfill on the agenda for the May 19, 2016 Council agenda. Please contact me if you have any questions.