



MEMORANDUM

TO: Environmental Concerns Committee

THROUGH: Carl Goldsmith, Director of Public Works

FROM: David Gorman, Assistant Director of Public Works

SUBJECT: **FY12B & FY13 Budget Discussion**

DATE: January 10, 2012

The draft budgets for the Community Recycling Fund for FY12B (the 7 months of 6/1/12-12/31/12) and FY13 (1/1/13-12/31/13) are currently projected for deficits. This is due to two factors:

- 1) The number of paid refuse accounts is down due to the economy (e.g. foreclosures and non-payments) by about 10% from FY11, when the Village Service Fees were discussed.
- 2) The Fund includes staff compensation and overhead costs that continue to increase due to inflation, compared with revenues that are not adjusted.

This Fund is intended to be self-funding. The Board of Trustees has requested that the Committee provide a recommendation on how to adjust revenues and/or expenses to achieve a balanced budget for FY12B and FY13. Costs to maintain current level of services are \$84,000 and \$142,600, respectively. Revenues are projected to be \$70,200 and \$120,400, respectively. Therefore, the differences to make up are \$13,800 and \$22,200, respectively. Note that the costs for FY12B are greater than 7/12 of FY13 due to the timing of the curbside brush pickup and the Recycling Extravaganza. Staff offers the following three options for discussion.

Option 1: Increase the Service Fee:

The Service Fee for residential accounts was increased from \$0.35/month to \$0.59/month when the new 5-yr contract began last April. This was chosen as the minimum increase needed to meet the immediate budget needs but it did not include any contingency for inflation or other costs. The alternative of \$0.71 that was discussed at the time would have resulted in another \$9,300 in FY12B and \$16,000 in FY13, which would still fall short by \$4,500 and \$6,200, respectively, due to reduction in paid refuse accounts. The Service Fee for commercial accounts of \$3.00/month was not increased.

Option 2: Reduce Funding for Grants:

Eliminating the grant costs of \$11,500 and \$23,000, respectively, would reduce the deficit over both years to \$1,500. This remaining shortfall should be mitigated by the revenue expected by hosting the monthly electronics collections, which has not been included in the revenue projections. Therefore, an elimination or moratorium of the grant programs should be entirely sufficient by itself to balance the budgets.

Option 3: Reduce Funding for Brush Pickup:

The “free” curbside brush pickup will cost the Village \$44,700 and \$77,900 in each respective fiscal year. Although this service is part of the contract, the Village could negotiate with Waste Management to reduce the costs, such as by vastly reducing the time period that it is available. (It currently runs from the first full week in April through the second full week in December.) This could balance the budgets and avoid the need to increase the Village Service Fees for at least the length of the current contract, which will expire on 4/1/16.

Recommendation:

Staff recommends reducing costs in the Community Recycling Fund instead of increasing the Service Fee at this time.

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attachments: Draft FY12B & FY13 Budget and Surcharge Spreadsheet

Cc: David A. Hulseberg, Village Manager
Tim Sexton, Finance Director
Jamie Cunningham, Asst. Finance Director