

ACTION FORM BRYAN CITY COUNCIL

DATE OF COUNCIL MEETING: August 25, 2015		DATE SUBMITTED: July 20, 2015																													
DEPARTMENT OF ORIGIN: Solid Waste		SUBMITTED BY: E. Zaragoza																													
MEETING TYPE:	CLASSIFICATION:	ORDINANCE:	STRATEGIC INITIATIVE:																												
<input type="checkbox"/> BCD	<input type="checkbox"/> PUBLIC HEARING	<input type="checkbox"/> 1ST READING	<input type="checkbox"/> PUBLIC SAFETY																												
<input type="checkbox"/> SPECIAL	<input type="checkbox"/> CONSENT	<input type="checkbox"/> 2ND READING	<input checked="" type="checkbox"/> SERVICE																												
<input checked="" type="checkbox"/> REGULAR	<input checked="" type="checkbox"/> STATUTORY		<input type="checkbox"/> ECONOMIC DEVELOP.																												
<input type="checkbox"/> WORKSHOP	<input type="checkbox"/> REGULAR		<input checked="" type="checkbox"/> INFRASTRUCTURE																												
			<input type="checkbox"/> QUALITY OF LIFE																												
AGENDA ITEM DESCRIPTION: Discussion and possible action to adopt a resolution approving the for Fiscal Year 2016 Budget, which begins October 1, 2015, and ends September 30, 2016, for the Brazos Valley Solid Waste Management Agency, Inc. (BVSWMA) as proposed with combined expenditures in the amount of \$8,846,718 and combined revenues of \$7,195,750.																															
SUMMARY STATEMENT: This agenda items is an opportunity for the City Council to consider a resolution approving the Brazos Valley Solid Waste Management Agency, Inc. (BVSWMA) Fiscal Year 2016 budget. The Fiscal Year 2016 budget begins October 1, 2015, and ends September 30, 2016. For FY2016, expenditures are appropriated in the amount of \$8,846,718 and revenues in the amount of \$7,195,750. The BVSWMA Board and Technical Advisory Committee (comprised of staff from both Cities) have reviewed and approved the proposed FY2016 budget. Previous adopted budgets, including this year's proposed budget, are as follows:																															
<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr> <th colspan="4">BVSWMA Inc. (Adopted Budgets)</th> </tr> <tr> <th>Year</th> <th>Revenue</th> <th>Expenses</th> <th></th> </tr> </thead> <tbody> <tr> <td>FY2012</td> <td>\$6,559,750</td> <td>\$11,063,969*</td> <td></td> </tr> <tr> <td>FY2013</td> <td>\$6,452,625</td> <td>\$9,361,160*</td> <td></td> </tr> <tr> <td>FY2014</td> <td>\$6,878,600</td> <td>\$7,795,742*</td> <td></td> </tr> <tr> <td>FY2015</td> <td>\$7,195,750</td> <td>\$8,112,369*</td> <td></td> </tr> <tr> <td>FY2016 (Proposed)</td> <td>\$7,195,750</td> <td>\$8,846,718*</td> <td></td> </tr> </tbody> </table>				BVSWMA Inc. (Adopted Budgets)				Year	Revenue	Expenses		FY2012	\$6,559,750	\$11,063,969*		FY2013	\$6,452,625	\$9,361,160*		FY2014	\$6,878,600	\$7,795,742*		FY2015	\$7,195,750	\$8,112,369*		FY2016 (Proposed)	\$7,195,750	\$8,846,718*	
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<p>*Expenses increase and decrease depending on various factors, including but not limited to equipment purchases and capital projects (i.e. cell construction, closure and post closure costs).</p>																															
<p>Revenues are generated from the Twin Oaks Landfill and the Compost Facility through tipping fees from the Cities of Bryan and College Station along with other outside sources. Tipping fees at the Landfill and Compost Facility are \$20.25 per ton plus an additional TCEQ surcharge of \$0.94 for a total gate rate of \$21.19/ton. Once again, tipping fees for the Cities of Bryan and College Station have remained the same. In comparison to the gate rate (\$21.19/ton) paid by the Cities of Bryan and College Station, third parties (or parties other than the Cities) are paying a posted gate rate of \$26.69 per ton. The revenues for FY2016 are projected at \$7,195,750.</p>																															
<p>The expenditures are based on Operational Expenses such as personnel (i.e. salaries and benefits), maintenance & supplies, professional services, host fees, and debt services along with Capital Expenses such as equipment replacement, post closure costs, and facility improvements. Operational Expenses are projected at \$5,660,718 while Capital Expenses and Debt Services are projected at \$3,186,000 with a total in FY2016 of \$8,846,718. Below is a brief description of the Capital/Debt Service Expense in FY2016:</p>																															

Equipment Replacement (\$1,456,000)

\$55,000- Water Truck
\$40,000- F250 Truck Replacement
\$720,000- D8 Replacement
\$75,000- Radio Replacement
\$250,000- Soil Screener
\$310,000- GPS Replacement
\$6,000- Scarab Cover

Capital Projects (\$1,250,000)

\$750,000- Landfill Development
\$500,000- Twin Oaks Firing Range

Debt Service (\$480,000)

\$230,000- City of Bryan
\$250,000- City of College Station

Overall for FY2016, total expenditures will exceed revenues by \$1,650,968. This shortfall will be covered by BVSWMA's planned drawdown of the fund balance (FY2015: ~\$4.1M). This trend seems to fluctuate year to year depending on capital purchases/projects and post closure costs. BVSWMA's 10 year projection plan shows no rate increase for the two Cities tipping fees. In addition, the operational expenses have projected an increase of 2% from year-to-year over the long-range forecast.

The City of Bryan Technical Advisory Committee (TAC) representatives advised BVSWMA to review future expenditures and to minimize increases so rate increases would not be necessary. BVSWMA Board members representing the City of Bryan should monitor these expenditures and provide direction to BVSWMA staff to manage the operations so rate increases are kept to a minimum while maintaining a targeted fund balance consistent with an adopted reserve requirement.

Over the past few years, BVSWMA has adopted a budget where expenditures have exceeded revenues. This trend has been because of the development of Twin Oaks Landfill and associated costs, along with post closure costs for the Rock Prairie Landfill.

BVSWMA strives to maintain and operate a premier solid waste disposal facility while offering the most cost effective rates and services. The proposed budget will provide the necessary tools to achieve this goal while continuing quality services to the Cities of Bryan and College Station and others in this region.

STAFF ANALYSIS AND RECOMMENDATION: Environmental Services respectfully requests the City Council adopt the resolution approving the Fiscal Year 2016 BVSWMA budget. The BVSWMA Board and Technical Advisory Committee (comprised of staff from both Cities) have reviewed and approved the proposed FY2016 budget. BVSWMA strives to maintain and operate a premier solid waste disposal facility while offering the most cost effective rates and services. The proposed budget will provide the necessary tools to achieve this goal while continuing quality services to the Cities of Bryan and College Station and others in this region. In the near future, BVSWMA Board should adopt policies that govern the reserve requirement and fund balance requirement for the agency so future budgets and long-range planning can be better monitored.

According to BVSWMA's Bylaws (**Section 4.06** Annual Budget):

- "...After approval of the Board, the Budget shall be submitted to each City for approval. Failure of a City to reject the Budget approved by the Board on or before the thirtieth (30th) day after submission to the Cities shall be deemed an approval of the Budget."
- "If the Board fails to approve the Budget, or if the budget is not approved by each City, then the next year's Budget is the greater of: the total amount of the prior year's Budget; or, the average of the annual Budget for the prior three (3) years."

On August 12, 2014, the City of Bryan unanimously approved the FY2015 budget for BVSWMA. The FY2015

budget had total expenditures in the amount of \$8,112,369 and revenues in the amount of \$7,195,750. The average expenditures and revenues for the last three years are \$8,423,090 and \$6,842,325, respectively. According to the BVSWMA's Bylaws, if the Board fails to approve a new budget or if a proposed budget is not approved by each City, then BVSWMA staff must adopt the FY2015 budget or take the average of the last three years, whichever is greater.

Based on information from the City of College Station staff, the City of College Station City Council is to consider the BVSWMA FY16 proposed budget during their August 27, 2015, City Council Meeting.

OPTIONS (In Suggested Order of Staff Preference):

1. Adopt the resolution approving the BVSWMA budget.
2. Do not approve the resolution, which results in the FY2015 BVSWMA budget or the average of the last three years, whichever is greater, being the budget amount for FY2016.
3. Make revision to the budget and authorize the Mayor to sign the revised agreement and adopt the resolution approving a BVSWMA budget in amount different than the proposed budget (such action may require consideration at a future Bryan City Council meeting as well as consideration by the BVSWMA Board and the City of College Station City Council).
4. Take no action: As described above, if no action is taken, the FY16 budget as presented will go into effect 30 days from August 25, 2015.

ATTACHMENTS:

1. Proposed resolution for the BVSWMA, Inc. Fiscal Year 2015-2016 Budget
2. BVSWMA Budget Packet (pdf)

FUNDING SOURCE: Solid waste tipping fees and other sources through tipping fees

APPROVALS: Hugh R. Walker, 08/12/2015

APPROVED FOR SUBMITTAL: CITY MANAGER

APPROVED FOR SUBMITTAL: CITY ATTORNEY Janis K. Hampton, 08/17/2015

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF BRYAN, TEXAS APPROVING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2015, AND ENDING SEPTEMBER 30, 2016, INCLUSIVE, FOR THE BRAZOS VALLEY SOLID WASTE MANAGEMENT AGENCY, INC. WITH TOTAL EXPENDITURES OF \$8,846,718 AND REVENUES IN THE COMBINED TOTAL AMOUNT OF \$7,195,750; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Cities of Bryan and College Station (CITIES) have worked diligently to establish a separate entity known as the Brazos Valley Solid Waste Management Agency, Inc. (BVSWMA); and

WHEREAS, BVSWMA provides waste disposal for the CITIES and the region; and

WHEREAS, the CITIES have obligated themselves to continue to use BVSWMA as their exclusive waste disposal site; and

WHEREAS, the CITIES have the option to approve, deny or take no action, which becomes tacit approval of the BVSWMA budget;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY BRYAN, TEXAS, THAT:

1.

The budget for the fiscal year beginning October 1, 2015, and ending September 30, 2016, with combined expenditures in the sum of \$8,846,718 and combined revenues in the sum of \$7,195,750 are approved as indicated.

2.

Purchase orders, contracts, expenditures, and other similar actions will be approved based on standards for similar actions done by the CITIES. Of the CITIES, the standard from the city with the stricter and more conservative standard will be followed.

3.

This Resolution shall go into effect October 1, 2015.

APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Bryan, Texas, this 25th day of August, 2015.

ATTEST:

CITY OF BRYAN:

Mary Lynne Stratta, City Secretary

Jason P. Bienski, Mayor

APPROVED AS TO FORM:

Janis K. Hampton, City Attorney