

ACTION FORM BRYAN CITY COUNCIL

DATE OF COUNCIL MEETING: September 10, 2013		DATE SUBMITTED: August 27, 2013																					
DEPARTMENT OF ORIGIN: Environmental Svc.		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 approve a resolution approving the appropriations for Fiscal Year 2014, which begins October 1, 2013, and ends September 30, 2014, inclusive for the Brazos Valley Solid Waste Management Agency, Inc. (BVSWMA) as proposed with combined expenditures in the amount of \$7,795,742 and combined revenues of \$6,878,600.																							
SUMMARY STATEMENT: Consider a resolution approving the Brazos Valley Solid Waste Management Agency, Inc. (BVSWMA) Fiscal Year 2014 budget. The Fiscal Year 2014 budget begins October 1, 2013, and ends September 30, 2014. For FY2014, expenditures are appropriated in the amount of \$7,795,742 and revenues in the amount of \$6,878,600. The BVSWMA Board and Technical Advisory Committee (comprised of staff from both Cities) have reviewed and approved the proposed FY2014 budget. Previous adopted budgets including this year's proposed budget are as follows:																							
<table border="1" style="width: 100%; border-collapse: collapse; margin: 10px auto;"> <thead> <tr> <th colspan="4" style="text-align: center;">BVSWMA Inc. (Adopted Budgets)</th> </tr> <tr> <th style="width: 25%;">Year</th> <th style="width: 25%;">Revenue</th> <th style="width: 25%;">Expenses</th> <th style="width: 25%;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">FY2012</td> <td style="text-align: right;">\$6,559,750</td> <td style="text-align: right;">\$11,063,969*</td> <td></td> </tr> <tr> <td style="text-align: center;">FY2013</td> <td style="text-align: right;">\$6,452,625</td> <td style="text-align: right;">\$9,361,160*</td> <td></td> </tr> <tr> <td style="text-align: center;">FY2014 (Proposed)</td> <td style="text-align: right;">\$6,878,600</td> <td style="text-align: right;">\$7,795,742*</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 (Proposed)	\$6,878,600	\$7,795,742*	
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FY2012	\$6,559,750	\$11,063,969*																					
FY2013	\$6,452,625	\$9,361,160*																					
FY2014 (Proposed)	\$6,878,600	\$7,795,742*																					
*Changes in expenses are the result of capital purchases, post-closure costs, closure costs, and other expenditures																							
<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 \$0.91 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; however with the adoption of House Bill 7 the State surcharge was reduced by \$0.31 (from \$1.25 to \$0.91). This reduction in the state fee will not negatively impact the revenue ability of BVSWMA, since this fee was passed through to the State, but it will reduce the overall gate rate for the two cities. 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 \$26.66 per ton. The revenues for FY2014 are projected at \$6,878,600.</p>																							
<p>The expenditures are based on Operational Expenses such as personnel (i.e. salaries and benefits), maintenance & supplies, professional services, host fees, debt services along with Capital Expenses such as equipment replacement, post closure costs and facility improvements. Operational Expenses are projected at \$5,330,742 while Capital Expenses and Debt Services are projected at \$2,465,000 with a total in FY2014 of \$7,795,742. Below is a brief description of the Capital/Debt Service Expense in FY2014:</p>																							

Equipment Replacement (\$1,655,000)

\$30,000- Tire De-Rimmer
\$35,000- 2002 F150 Replacement
\$40,000- 2008 F250 Replacement
\$500,000- 2008 Articulating Dump Trucks Replacement
\$500,000- 2008 Articulating Dump Trucks Replacement
\$550,000- Excavator

Capital Projects (\$365,000)

\$15,000- Paradigm Sequel Server Replacement (Scale Server)
\$150,000- Oil/White Goods Collection Area Expansion/Improvement
\$200,000- Overlay all weather access perimeter road to disposal area

Debt Service (\$445,000)

\$215,000- City of Bryan
\$230,000- City of College Station

Overall for FY2014, total expenditures will exceed revenues by \$917,142. This shortfall will be covered by BVSWMA's planned drawdown of the fund balance (FY2014: ~\$4.7M). This trend seems to fluctuate year to year depending on capital purchases/projects and post closure costs. BVSWMA's long range plan shows a rate increase of ~6.2% in tipping fees for the cities (Bryan and College Station), and ~4% for third parties in FY2020. The operational expenses also 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 that 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 that rate increases are kept to a minimum while maintaining a targeted fund balance consistent with an adopted reserve requirement.

Historically, 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 2014 BVSWMA budget. The BVSWMA Board and Technical Advisory Committee (comprised of staff from both Cities) have reviewed and approved the proposed FY2014 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, the BVSWMA Board should adopt policies that govern the reserve requirement and fund balance requirement for the agency so that future budgets and long-range planning can be 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 during the first three years of this Agreement, the Budget for the prior fiscal years shall be deemed approved...." On August 28, 2012 the City of Bryan approved unanimously the FY2013 budget for BVSWMA. The FY2013 budget had total expenditures in the amount of \$9,361,160 and revenues in the amount of \$6,452,625. In addition, the FY2013 budget had a planned drawdown of reserves in the amount of \$2,908,535. According to the BVSWMA's Bylaws, by not approving, rejecting, or modifying the proposed FY2014 budget, BVSWMA staff would have to adopt the FY2013 budget. The proposed FY2014 BVSWMA budget is less than the adopted FY2013 BVSWMA budget.

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 FY2013 BVSWMA budget being the budget amount for FY2014.
3. Make revision to the budget and authorize the Mayor to sign the revised agreement and adopt the resolution and therefor approve the budget of BVSWMA (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 FY14 budget as presented will go into effect 30 days from August 27, 2013.

ATTACHMENTS:

1. Proposed resolution for the BVSWMA, Inc. Fiscal Year 2013-2014 Budget
2. BVSWMA Budget Packet (pdf)
3. BVSWMA Business Plan (pdf)

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

APPROVALS: Hugh R. Walker, 08/28/2013

APPROVED FOR SUBMITTAL: CITY MANAGER Kean Register, 08-26-2013

APPROVED FOR SUBMITTAL: CITY ATTORNEY Janis K. Hampton, 09-02-2013

Revised 04/2013

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF BRYAN, TEXAS APPROVING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2013, AND ENDING SEPTEMBER 30, 2014, INCLUSIVE, FOR THE BRAZOS VALLEY SOLID WASTE MANAGEMENT AGENCY, INC. WITH TOTAL EXPENDITURES OF \$7,795,742 AND REVENUES IN THE COMBINED TOTAL AMOUNT OF \$6,878,600; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Cities of Bryan and College Station (CITIES) have worked diligently to establish a separate entity know 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, 2013, and ending September 30, 2014, with combined expenditures in the sum of \$7,795,742 and combined revenues in the sum of \$6,878,600 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, 2013.

PRESENTED AND GIVEN on the 10th day of September 2013, at a meeting of the City Council of the City of Bryan, Texas, by a vote of ____ ayes and ____ nays at a regular meeting of the City Council of the City of Bryan, Texas.

ATTEST:

CITY OF BRYAN:

Mary Lynne Stratta, City Secretary

Jason P. Bienski, Mayor

APPROVED AS TO FORM:

Janis K. Hampton, City Attorney