



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: January 9, 2009
TO: General Manager
FROM: Finance Manager
SUBJECT: Midyear Review of the 2008/2009 Fiscal Year Budget

Reviewed by Wmm Date 1/9/09
General Manager

DISCUSSION

The District's midyear estimate shows a reduction in net income of \$435,000 from budget. The District's budget has a net income of \$1,142,000 and a reduction in unrestricted cash of \$814,500. Based on activity through midyear, staff now anticipates net income of \$707,000, a reduction in unrestricted cash of \$403,500. The attached tables provide estimates by classification groupings.

REVENUES

Staff estimates operating revenues will be \$618,000 less than budgeted. Staff had projected receiving 232,000 tons of refuse and now projects receiving 215,000 tons, a 7.3% decrease (attached Chart 1). The District has experienced a significant reduction in tonnage from both the franchise haulers and commercial and industrial customers. The value of metal and other recyclable materials has decreased to record lows and revenues are expected to be below budget by \$275,000 in aggregate. The decrease in demand for woodchips and recycled greenwaste is being partially offset by the sale of biomass wood for the production of electricity. Revenues from the recycling of e-waste was strong in the first part of the year, however, the State of California has lowered the price per ton paid for e-waste and the District will receive a reduction in future revenues.

EXPENDITURES

Total expenditures are expected to be below budgeted figures by \$200,000. The District is anticipating reductions in Salaries and Benefits - \$73,000, Fuels and Oil - \$150,000 (attached Chart 2), Office Expenses - \$20,000, Repairs & Maintenance - \$50,000, Safety Equipment/Supplies - \$20,000, Taxes/Surcharges/Permits - \$26,000 and Training/Education/Meetings - \$20,000. These savings will be offset by increases in Power Project R&M - \$65,000, and Recycling Services - \$95,000.

CAPITAL OUTLAY- REDUCTION IN LONG TERM DEBT

Capital outlay is expected to be \$609,000 below budget for a total capital spending of \$1,935,500. Staff has responded to the reduction in refuse tonnage by deferring projects that will not cause significant operational interruptions. Cash payments for debt reduction are projected to be \$227,000 below budget.

Chuck Rees

Attachments

Table 1

MIDYEAR OPERATING & CASH SUMMARY FOR FY 2008-2009			
DESCRIPTION	BUDGET	ESTIMATE	VARIANCE
Operating Revenues	18,195,000	17,577,000	(618,000)
Operating Expenses	(17,013,000)	(16,813,000)	200,000
Non-Operating Revenues/(Expenses)	(40,000)	(57,000)	(17,000)
NET INCOME (LOSS)	\$1,142,000	\$707,000	(\$435,000)
Adjustments to Cash *	2,530,000	2,540,000	10,000
Capital Outlay	(2,544,500)	(1,935,500)	609,000
Debt Reduction	(1,874,000)	(1,647,000)	227,000
Increase in Restricted Reserves	(68,000)	(68,000)	0
CHANGE IN CASH	(\$814,500)	(\$403,500)	\$411,000
* Includes Depreciation/Amortization and Closure/Post Closure Expenses.			
Unrestricted Cash at Start of Fiscal Year (per Audit)		\$7,734,024	
FY 08/09 Change in Cash		(\$403,500)	
Unrestricted Cash at End of Fiscal Year		\$7,330,524	
<i>25 % of Estimated Cash Operating Expenses (Reserve)</i>		<i>3,568,250</i>	

Table 2

MIDYEAR OPERATING REVENUE ESTIMATE FOR FY 2008 - 2009

DESCRIPTION	FISCAL YEAR BUDGET	MIDYEAR BUDGET	MIDYEAR ACTUAL 11/30/2008	VARIANCE AMOUNT	VARIANCE PERCENT	FISCAL YEAR ESTIMATE	FY VARIANCE AMOUNT	FY VARIANCE PERCENT
TIPPING FEES								
Mixed Waste	12,600,000	5,250,000	5,115,769	(134,231)	-2.6%	12,000,000	(600,000)	-4.8%
Sludge	887,500	369,792	386,094	16,302	4.4%	1,050,000	162,500	18.3%
Liquid Waste	0	0	3,369	3,369	NA	5,000	5,000	NA
Greenwaste	750,000	312,500	296,800	(15,700)	-5.0%	715,000	(35,000)	-4.7%
SUBTOTAL	\$14,237,500	\$5,932,292	\$5,802,031	(\$130,261)	-2.2%	\$13,770,000	(\$467,500)	-3.3%
Debt Reduction								
SALES								
Last Chance Resale	540,000	225,000	267,524	42,524	18.9%	620,000	80,000	14.8%
Sand	187,500	78,125	32,474	(45,651)	-58.4%	120,000	(67,500)	-36.0%
Metal	500,000	208,333	170,684	(37,650)	-18.1%	230,000	(270,000)	-54.0%
Mulch/Compost/Topsoil	100,000	41,667	46,799	5,132	12.3%	90,000	(10,000)	-10.0%
Woodchips	150,000	62,500	92,439	29,939	47.9%	220,000	70,000	46.7%
Mixed Containers/Cardboard/Paper	75,000	31,250	52,797	21,547	69.0%	70,000	(5,000)	-6.7%
Other Sales	35,000	14,583	481	(14,103)	-96.7%	5,000	(30,000)	-85.7%
SUBTOTAL	\$1,587,500	\$661,458	\$663,197	\$1,739	0.3%	\$1,355,000	(\$232,500)	-14.6%
POWER PLANT SALES								
Power Sales	2,200,000	916,667	844,335	(72,331)	-7.9%	2,200,000	0	0.0%
Federal/State Power Pymts	0	0	71,697	71,697	NA	72,000	72,000	NA
LFG O&M Reimbursement	0	0	0	0	NA	0	0	NA
SUBTOTAL	\$2,200,000	\$916,667	\$916,033	(\$634)	-0.1%	\$2,272,000	\$72,000	3.3%
MISCELLANEOUS								
Operational Services	20,000	8,333	21,350	13,017	156.2%	30,000	10,000	50.0%
Hazardous Waste Fees	150,000	62,500	76,706	14,206	22.7%	150,000	0	0.0%
SUBTOTAL	\$170,000	\$70,833	\$98,056	\$27,223	38.4%	\$180,000	\$10,000	5.9%
TOTAL OP REVENUE	\$18,195,000	\$7,581,250	\$7,479,317	(\$103,672)	-1.4%	\$17,577,000	(\$618,000)	-3.4%

Table 3

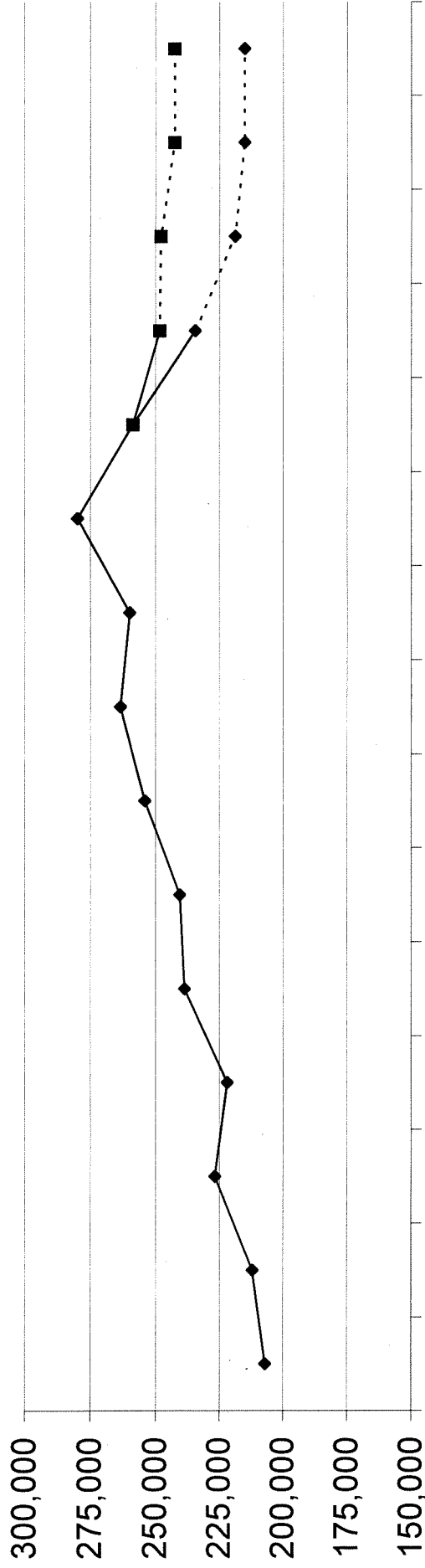
MIDYEAR OPERATING EXPENSE ESTIMATE FOR FY 2008 - 2009										
DESCRIPTION	FISCAL YEAR	MIDYEAR		VARIANCE		FISCAL YEAR	VARIANCE		FY VARIANCE	
	BUDGET	BUDGET	ACTUAL	AMOUNT	PERCENT	ESTIMATE	AMOUNT	PERCENT	AMOUNT	PERCENT
Salaries	6,383,000	2,659,796	2,620,125	(39,671)	-1.5%	6,350,000	(33,000)	-0.5%	(33,000)	-0.5%
Benefits	3,815,000	1,589,711	1,514,600	(75,111)	-4.7%	3,775,000	(40,000)	-1.0%	(40,000)	-1.0%
SUBTOTAL	\$10,198,000	\$4,249,507	\$4,134,725	(\$114,782)	-2.7%	\$10,125,000	(\$73,000)	-0.7%	(\$73,000)	-0.7%
Amortization/Depreciation	2,400,000	1,000,080	1,013,242	13,162	1.3%	2,400,000	0	0.0%	0	0.0%
Closure/Postclosure Costs	130,000	54,171	60,000	5,829	10.8%	140,000	10,000	7.7%	10,000	7.7%
Contractual Services	125,000	52,088	46,736	(5,352)	-10.3%	125,000	0	0.0%	0	0.0%
Director Fees	7,000	2,917	3,350	433	14.8%	8,000	1,000	14.3%	1,000	14.3%
Environmental Services	100,000	41,670	20,711	(20,959)	-50.3%	100,000	0	0.0%	0	0.0%
Fuels and Oil	780,000	325,026	265,875	(59,151)	-18.2%	630,000	(150,000)	-19.2%	(150,000)	-19.2%
Hazardous Waste Disposal	120,000	50,004	40,149	(9,855)	-19.7%	110,000	(10,000)	-8.3%	(10,000)	-8.3%
Insurance	180,000	75,006	76,432	1,426	1.9%	180,000	0	0.0%	0	0.0%
Office Expenses	100,000	41,670	32,681	(8,989)	-21.6%	80,000	(20,000)	-20.0%	(20,000)	-20.0%
Operating Supplies	125,000	52,088	51,107	(980)	-1.9%	125,000	0	0.0%	0	0.0%
Other Expense	20,000	8,334	10,868	2,534	30.4%	20,000	0	0.0%	0	0.0%
Power Project Gas Purchase	0	0	0	0	0	0	0	0	0	0
Power Project R&M	350,000	145,845	234,521	88,676	60.8%	415,000	65,000	18.6%	65,000	18.6%
Professional Services	340,000	141,678	139,592	(2,086)	-1.5%	340,000	0	0.0%	0	0.0%
Public Awareness	150,000	62,505	32,745	(29,760)	-47.6%	150,000	0	0.0%	0	0.0%
Recycling Services	290,000	120,843	199,061	78,218	64.7%	385,000	95,000	32.8%	95,000	32.8%
Repairs & Maintenance	700,000	291,690	160,082	(131,608)	-45.1%	650,000	(50,000)	-7.1%	(50,000)	-7.1%
Safety Equipment/Supplies	120,000	50,004	29,647	(20,357)	-40.7%	100,000	(20,000)	-16.7%	(20,000)	-16.7%
Taxes/Surcharges/Permits	656,000	273,355	312,149	38,794	14.2%	630,000	(26,000)	-4.0%	(26,000)	-4.0%
Training/Education/Meetings	60,000	25,002	18,071	(6,931)	-27.7%	40,000	(20,000)	-33.3%	(20,000)	-33.3%
Utilities	62,000	25,835	17,841	(7,994)	-30.9%	60,000	(2,000)	-3.2%	(2,000)	-3.2%
SUBTOTAL	\$6,815,000	\$2,839,811	\$2,764,859	(\$74,952)	-2.6%	\$6,688,000	(127,000)	-1.9%	(127,000)	-1.9%
TOTAL OP EXPENSES	\$17,013,000	\$7,089,317	\$6,899,583	(\$189,734)	-2.7%	\$16,813,000	(\$200,000)	-1.2%	(\$200,000)	-1.2%
MIDYEAR NON-OPERATING REVENUE/EXPENSE EST FOR FY 2008 - 2009										
DESCRIPTION	FISCAL YEAR	MIDYEAR		VARIANCE		FISCAL YEAR	VARIANCE		FY VARIANCE	
	BUDGET	BUDGET	ACTUAL	AMOUNT	PERCENT	ESTIMATE	AMOUNT	PERCENT	AMOUNT	PERCENT
Interest Income	220,000	91,674	106,717	15,043	16.4%	225,000	5,000	2.3%	5,000	2.3%
Rents & Leases	88,000	36,670	35,916	(754)	-2.1%	65,000	(23,000)	-26.1%	(23,000)	-26.1%
Finance Charges	15,000	6,251	10,007	3,756	60.1%	15,000	0	0.0%	0	0.0%
Other Income	5,000	2,084	2,296	212	10.2%	5,000	0	0.0%	0	0.0%
Equipment Purchase - Interest	(66,000)	(27,502)	(20,152)	7,351	-26.7%	(65,000)	1,000	-1.5%	1,000	-1.5%
Revenue Bonds - Interest	(302,000)	(125,843)	(131,261)	(5,418)	4.3%	(302,000)	0	0.0%	0	0.0%
TOTAL NON- OP REV/EXP	(\$40,000)	(\$16,668)	\$3,522	\$20,190	-121.1%	(\$57,000)	(\$17,000)	42.5%	(\$17,000)	42.5%

Table 4

MIDYEAR CAPITAL OUTLAY ESTIMATE FOR FY 2008-2009			
DESCRIPTION	BUDGET	ESTIMATE	VARIANCE
EQUIPMENT			
Capital Equipment Repair	340,000	200,000	(140,000)
Woodline Upgrade	50,000	50,000	-
Roll-Off Boxes	45,000	45,000	-
Computer Hardware/Software	100,000	100,000	-
Work Station Configuration for Accounting/MRF Supervisors/Safety/Shop)	7,500	7,500	-
"Tink" Bucket Replacement for CAT 744H Loader	35,000	35,000	-
Grapple Claw Replacement for 230 CLC Excavator	-	-	-
Buy Back Center Forklift w/ rotating head	50,000	-	(50,000)
Site Vehicles (3) (replacement)	60,000	60,000	-
Replace Roll-Off Trucks (2) - Hook Truck	340,000	340,000	-
Replace 544H Wheel Loader -MR15	225,000	225,000	-
CARB Compliance Particulate Filters - AB32	220,000	220,000	-
Portable Light Tower Replacements (3) AB32 CARB Compliance	42,000	-	(42,000)
Miscellaneous Equipment	50,000	30,000	(20,000)
TOTAL - EQUIPMENT	1,564,500	1,312,500	(252,000)
FACILITY IMPROVEMENTS			
MRF Capital Repairs	300,000	200,000	(100,000)
Final Cover for Outside Slopes	35,000	77,000	42,000
Site Paving - Maintenance/Equipment Shop Area	25,000	25,000	-
Upgrade Air Handling Unit - MRF	25,000	25,000	-
Emergency Lighting for MRF	10,000	10,000	-
Upgrade/Supplement Camera System on Site	50,000	50,000	-
Carpeting for Administrative Building	15,000	15,000	-
Module 5 Liner - Design	50,000	-	(50,000)
Landfill Gas Collection System Additions	320,000	100,000	(220,000)
Landfill Gas Migration Monitoring Wells	120,000	100,000	(20,000)
Backup Gas Skid for LFG	-	1,000	1,000
Unit 4: 1997 Jenbacher J320 (1 mW) 20,000 Hr w/ main bearings	-	-	-
Miscellaneous Facilities Improvements	30,000	20,000	(10,000)
TOTAL - SITE IMPROVEMENTS	980,000	623,000	(357,000)
TOTAL CAPITAL OUTLAY	\$2,544,500	\$1,935,500	(\$609,000)
REDUCTION OF LONG TERM DEBT: 2008-2009			
PRINCIPAL PAYMENTS	BUDGET	ESTIMATE	VARIANCE
2005 Equipment Purchase (D9 Bulldozer)	155,000	155,000	0
2006 Equipment Purchase (627 Scraper)	230,000	40,000	(190,000)
2007 Equipment Purchase (836 Compactor)	210,000	210,000	0
2008 Jenbacher J420 (1.4 mW)	105,000	68,000	(37,000)
1998 Revenue Bonds	1,174,000	1,174,000	0
TOTAL DEBT REDUCTION	\$1,874,000	\$1,647,000	(\$227,000)

Chart 1

MRWMD Refuse Tonnage 1996 through 2010



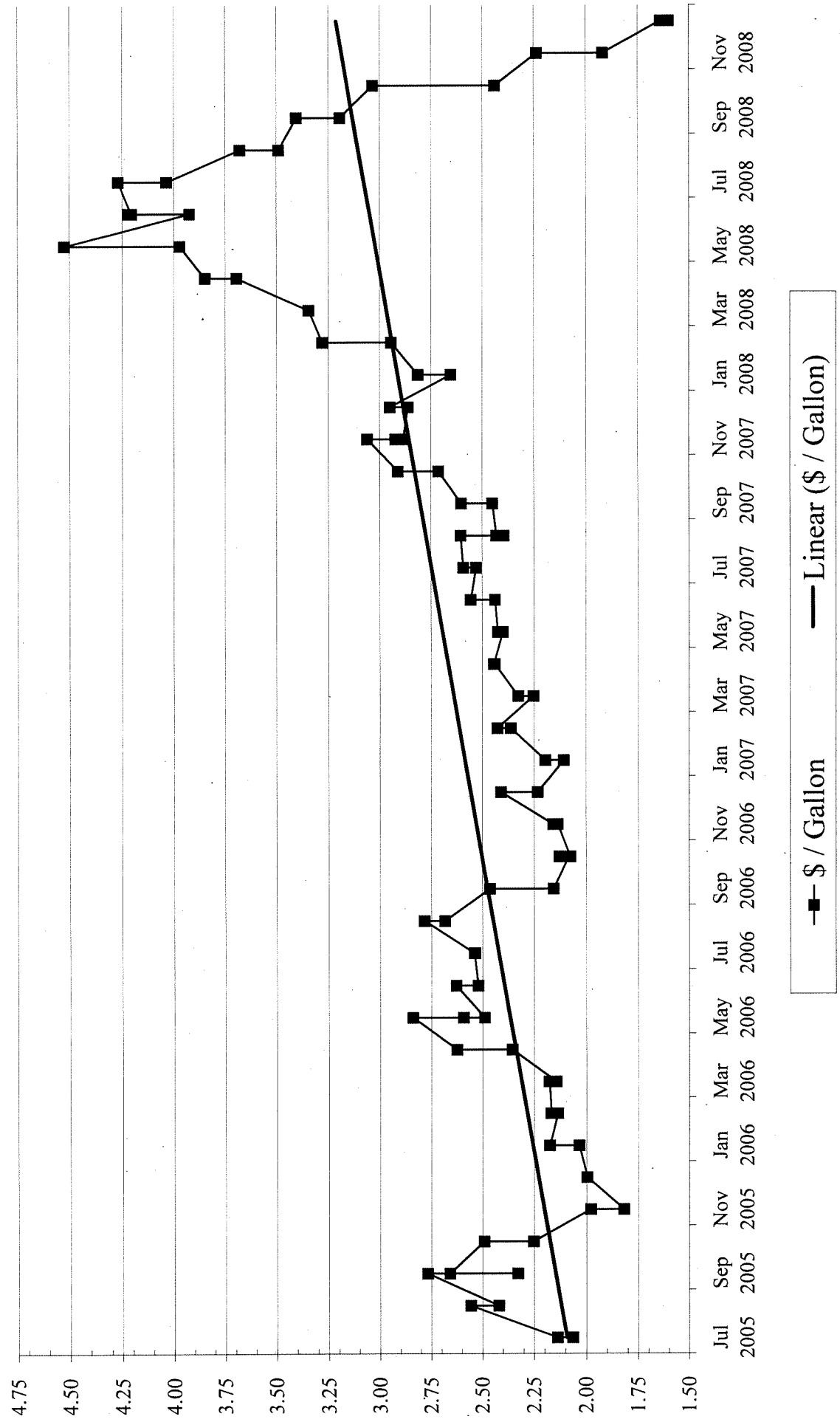
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Refuse Tonnage	207,159	211,961	226,798	221,833	238,598	240,539	253,989	263,415	259,879	279,904	258,564	234,510	218,726	215,000	215,000
Tonnage Change	4,802	14,837	-4,965	16,765	1,941	13,450	9,426	-3,537	20,025	-21,340	-24,054	-15,784	-3,726	0	0
Percent Change		2%	7%	-2%	8%	1%	6%	4%	-1%	8%	-8%	-9%	-7%	-2%	0%

Regional Waste (Santa Cruz County & Watsonville)

	0	13,781	29,005	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500
Total	258,564	248,291	247,731	242,500	242,500	242,500	242,500	242,500	242,500	242,500	242,500	242,500	242,500	242,500	242,500

MRWMD Diesel Fuel \$ per Gallon



—■— \$ / Gallon — Linear (\$ / Gallon)