

2011 - 2012 Seattle City Council Green Sheet

Ready for Notebook

Tab	Action	Option	Version
7	1	A	1

**Budget Action Title:** Amend and pass as amended C.B. 116927 -- the 2011-2012 solid waste rate ordinance, and revise the proposed 2011-2012 SPU budget accordingly; and reduce GSF revenues to reflect reduced tax revenues.

**Councilmembers:** Conlin; Harrell; O'Brien

**Staff Analyst:** Meg Moorehead

**Council Bill or Resolution:** C.B. 116927, gray tab 39

Date		Total	SB	BH	SC	TR	JG	NL	RC	TB	MO
	Yes										
	No										
	Abstain										
	Absent										

**Summary of Dollar Effect**

See the following pages for detailed technical information

	2011 Increase (Decrease)	2012 Increase (Decrease)
<b>General Subfund</b>		
<b>General Subfund Revenues</b>	(\$141,000)	(\$180,000)
<b>General Subfund Expenditures</b>	\$0	\$0
<b>Net Balance Effect</b>	(\$141,000)	(\$180,000)
<b>Other Funds</b>		
<b>Solid Waste Fund</b>		
<b>Revenues</b>	(\$815,000)	(\$1,437,000)
<b>Expenditures</b>	(\$661,000)	(\$1,257,000)
<b>Net Balance Effect</b>	(\$154,000)	(\$180,000)
<b>Total Other Funds</b>	(\$154,000)	(\$180,000)
<b>Total Budget Balance Effect</b>	(\$295,000)	(\$360,000)

**Budget Action description:**

This green sheet would amend and recommend passage as amended of C.B. 116927 (tab 39 in the gray budget legislation notebook), the 2011-2012 solid waste rate ordinance. Seattle Public Utilities (SPU) currently is revising the legislation to reflect Seattle Public Utilities and Neighborhoods (SPUN) Committee-recommended changes. The revised Council Bill will be attached to a new version of this green sheet before the Round 2 Budget Committee vote.

The Seattle Public Utilities (SPU)-proposed rate ordinance was re-referred to the Budget Committee together with Seattle Public Utilities and Neighborhoods (SPUN) Committee recommendations for

<i>Tab</i>	<i>Action</i>	<i>Option</i>	<i>Version</i>
7	1	A	1

changes in the rates and associated budget expenditures. SPUN recommendations reduce rates and budget expenditures compared to the SPU-proposed rates and budget.

**Rate reduction.** The SPUN Committee recommended the following changes that result in a net rate reduction (5.9% average 2011 system increase instead of 7.0%) compared to the SPU-proposed rate ordinance. Changes that affect rates include:

- Mandatory multi-family organics. Add mandatory organics service for multi-family customers.
- Every-other-week (EOW) garbage pilot. Add a pilot project for EOW garbage service.
- Yellow pages opt-out. Replace up to \$350,000/year of rate revenue with fee revenue authorized under Ordinance 123427 and increase spending authority for an opt-out list.
- Work force efficiency. Reduce overtime due to expected efficiencies from actions such as shift changes.
- Net income. Reduce proposed net income by one-half.
- Can replacement. Include funding to replace 8% (instead of 10%) of containers per year.
- Organics processing contract. Include no new funding for contract changes that are not yet needed.
- Recycling processing cost. Assume lower contract payments due to a favorable market price share from resale of recyclables.
- Lower term debt. Assume 30-year (instead of 25-year) bonds.
- Late-breaking cost reductions. SPUN-recommended rates include late-breaking cost reductions identified during budget preparation but after rate submittal. These late-breaking reductions are the net result of cost increases (such as increased overtime and more staff hours for operations and maintenance activities instead of capital projects) and cost reductions such as reduced inflation and lower cost-of-living adjustments. Because the late-breaking cost decreases were not in the original rates proposal, SPUN recommendations to approve the late-breaking reductions will decrease SPU-proposed rates.
- Waste reduction grants. During its 2011-2012 budget issue identification, the Budget Committee expressed interest in increasing grant funding available to the community for waste reduction, especially food composting in schools.

**Budget reduction.** This green sheet includes changes in the proposed budget that correspond to the above-listed SPUN rate recommendations.

Unlike the other changes recommended by the SPUN Committee, the late-breaking cost reductions (including the Coalition agreement to remove the 2% floor for cost-of-living increases) are shown in the proposed budget expenditures. These reductions, however, are not reflected in the budget's General Subfund (GSF) utility tax revenue forecasts. This green sheet would reduce GSF utility tax revenues to reflect the lower rates recommended by the SPUN Committee, including the revenue reductions associated with the late-breaking cost reductions.

Tab	Action	Option	Version
7	1	A	1

### Budget Action Transactions

**Budget Action Title:** Amend and pass as amended C.B. 116927 -- the 2011-2012 solid waste rate ordinance, and revise the proposed 2011-2012 SPU budget accordingly; and reduce GSF revenues to reflect reduced tax revenues.

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
1	Add mandatory organics service for multi-family customers				SPU	Other Operating	N400B-SW	45010	2011		\$250,000
2	Add mandatory organics service for multi-family customers				SPU	Other Operating	N400B-SW	45010	2012		\$250,000
3	Add a pilot project for every-other week garbage service				SPU	Other Operating	N400B-SW	45010	2011		\$295,000
4	Add a pilot project for every-other week garbage service				SPU	Other Operating	N400B-SW	45010	2012		\$55,000
5	Add yellow pages opt-out service				SPU	Other Operating	N400B-SW	45010	2011		\$425,000
6	Add yellow pages opt-out service				SPU	Other Operating	N400B-SW	45010	2012		\$225,000
7	Reduce overtime to reflect work force efficiencies				SPU	Other Operating	N400B-SW	45010	2011		(\$50,000)
8	Reduce overtime to reflect work force efficiencies				SPU	Other Operating	N400B-SW	45010	2012		(\$50,000)
9	Reduce waste container replacement spending				SPU	General Expense	N000B-SW	45010	2011		(\$600,000)
10	Reduce waste container replacement spending				SPU	General Expense	N000B-SW	45010	2012		(\$600,000)

<i>Tab</i>	<i>Action</i>	<i>Option</i>	<i>Version</i>
7	1	A	1

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
11	Eliminate spending for organics processing contract renegotiation				SPU	General Expense	N000B-SW	45010	2011		(\$362,000)
12	Eliminate spending for organics processing contract renegotiation				SPU	General Expense	N000B-SW	45010	2012		(\$373,000)
13	Reduce spending for recycling processing contract payments				SPU	General Expense	N000B-SW	45010	2011		(\$200,000)
14	Reduce spending for recycling processing contract payments				SPU	General Expense	N000B-SW	45010	2012		(\$300,000)
15	Reduce debt service payments to reflect longer-term bonds				SPU	General Expense	N000B-SW	45010	2011		(\$330,000)
16	Reduce debt service payments to reflect longer-term bonds				SPU	General Expense	N000B-SW	45010	2012		(\$330,000)
17	Increase grant funding available to the community for waste reduction				SPU	General Expense	N000B-SW	45010	2011		\$80,000
18	Increase grant funding available to the community for waste reduction				SPU	General Expense	N000B-SW	45010	2012		\$80,000
19	Reduce tax payments (City and state) to reflect lower rates				SPU	General Expense	N000B-SW	45010	2011		(\$169,000)
20	Reduce tax payments (City and state) to reflect lower rates				SPU	General Expense	N000B-SW	45010	2012		(\$214,000)

<i>Tab</i>	<i>Action</i>	<i>Option</i>	<i>Version</i>
7	1	A	1

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
21	Reduce GSF solid waste tax revenue to reflect lower rates				GSF	Utilities Business Tax - Solid Waste (100%)	416450	00100	2011	(\$141,000)	
22	Reduce GSF solid waste tax revenue to reflect lower rates				GSF	Utilities Business Tax - Solid Waste (100%)	416450	00100	2012	(\$180,000)	
23	Include yellow pages recovery fee revenue for opt-out services				SPU	Recovery Fees	SPUSWTBD1	45010	2011	\$765,000	
24	Include yellow pages recovery fee revenue for opt-out services				SPU	Recovery Fees	SPUSWTBD1	45010	2012	\$575,000	
25	Decrease Solid Waste Fund (SWF) residential rate revenues to reflect lower rates				SPU	Residential Services	443710	45010	2011	(\$1,153,000)	
26	Decrease SWF residential revenues to reflect lower rates				SPU	Residential Services	443710	45010	2012	(\$1,469,000)	
27	Decrease SWF commercial rate revenues to reflect lower rates				SPU	Commercial Services	443710	45010	2011	(\$427,000)	
28	Decrease SWF commercial rate revenues to reflect lower rates				SPU	Commercial Services	443710	45010	2012	(\$543,000)	
29	Decrease use of working capital to reflect spending reductions and recovery fee offset				SPU	Decrease (Increase) in Working Capital	379100	45010	2011	(\$154,000)	

<i>Tab</i>	<i>Action</i>	<i>Option</i>	<i>Version</i>
7	1	A	1

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
30	Decrease use of working capital to reflect spending reductions and recovery fee offset				SPU	Decrease (Increase) in Working Capital	379100	45010	2012	(\$180,000)	