2013 - 2014 Seattle City Council Green Sheet

Approved

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Budget Action Title: Pass C.B. 117645 - the LUC-recommended solid waste rate ordinance, and revise SPU's 2013-2014 budget accordingly; and increase GSF revenues to reflect increased utility tax revenues

Councilmembers: Bagshaw; Conlin; Godden

Staff Analyst: Meg Moorehead

Council Bill or Resolution: C.B. 117645

Budget Committee Vote:

Date	Result	SB	BH	TR	RC	TB	NL	JG	SC	MO
11/07/2012	**Pass 8- 1-Absent**	**Y**	**Y**	**-**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**

Summary of Dollar Effect

See the following pages for detailed technical information

	2013 Increase (Decrease)	***2014 Increase (Decrease)***
General Subfund		
General Subfund Revenues	*$175,000*	*$383,000*
General Subfund Expenditures	*$0*	*$0*
Net Balance Effect	***$175,000***	***$383,000***
Other Funds		
Solid Waste Fund		
Revenues	*$0*	*$0*
Expenditures	*$2,539,000*	*$5,787,000*
Net Balance Effect	***($2,539,000)***	***($5,787,000)***
Total Budget Balance Effect	***($2,364,000)***	***($5,404,000)***

Budget Action description:

This green sheet recommends passage of C.B. 117645 – the Libraries, Utilities and Center (LUC) Committee-recommended solid waste rate ordinance. It also revises the proposed Seattle Public Utilities (SPU) budget and increases General Subfund (GSF) revenues to reflect increased utility tax revenues from increased rates.

The SPU-proposed rate ordinance was re-referred to the Budget Committee together with Libraries, Utilities and Center (LUC) Committee recommendations for changes to rates and associated budget expenditures. The LUC Committee recommended that the SPU-proposed solid waste rate ordinance not be passed. The Committee did not support the SPU-proposed two-step rate adoption process in which a four-year rate covering most solid waste costs would be adopted with the 2013-2014

budget and further rate changes to cover inflation on solid waste collection, processing and disposal contracts would be made each April through a "pass-through" mechanism. To provide greater transparency and predictability for ratepayers, the Committee instead recommended that a four-year rate be adopted with 3% per year contract inflation assumed. If the 3% inflation assumption is correct, no further rate changes would be needed during the four-year rate period. But to ensure that financial policies are met during a crucial period for issuing bonds to rebuild City transfer stations, the Council would consider a rate increase for 2015 and 2016 mid-way through the rate period if a review finds that financial policies will not be met. If the review finds that financial policies could be met with lower rates, a rate reduction would be considered. A reserve account, called a rate stabilization account, would be used to deposit revenues and cash in excess of the rate assumptions. Use of this account would enhance the Solid Waste Fund's ability to meet financial targets across the longer rate cycle by using revenues and cash set aside in years with strong performance to address shortfalls in years with leaner financial performance.

Because the proposed budget assumed $0 for contract inflation in 2013 and 2014, and $0 GSF utility tax spending or revenue related to that inflation, this green sheet adds SPU spending and GSF revenue to reflect the LUC-recommended 3%/year contract inflation assumption. The LUC Committee also recommended that rates be reduced to reflect $260,000 of solid waste cost efficiencies, with specific reductions to be identified by SPU as part of 2013-2014 budget review. SPU-identified reductions are shown in Table 1.

Table 1: SPU-Identified Solid Waste Cost Efficiencies

	Item	**2013**	**2014**
1	Increased revenue from new transfer station recyclables contract.	($60,000)	($60,000)
2	Reduce claims and emergency response contingency appropriation.	($40,000)	$0
3	Achieve South Transfer Station efficiencies based on lessons learned in first year operation.	$0	($40,000)
4	Reduce One Less Truck participant stipend funding due to more stipends being paid in 2012 than anticipated.	($12,000)	($12,000)
5	Delay construction and demolition (C&D) waste separation pilot project by halving planned spending in 2013 and 2014.	($51,000)	($51,000)
6	Delay C&D processing plant certification program to 2014.	($25,000)	$0
7	Further reduce community waste reduction and recycling grants while preserving school composting grants.	($33,000)	($78,000)
8	Reduce natural soils building program.	($39,000)	($19,000)
	TOTAL	**($260,000)**	**($260,000)**

The Budget Committee further recommends that SPU continue providing SWF funding for WA Green Schools, a non-profit organization that provides web-based resources and certification for schools

that pursue sustainable practices, include recycling and solid waste reduction. The Committee recommends that the WA Green Schools funding be taken from appropriations in the proposed budget, without further increases to LUC-proposed rates. SPU had dropped WA Green Schools funding from its proposed rates and budgets.

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Budget Action Transactions

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#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
1	Increase spending for solid waste contract inflation - solid waste (SW) rates				SPU	General Expense	N000B-SW	45010	2013		$2,523,000
2	Increase spending for solid waste contract inflation - SW rates				SPU	General Expense	N000B-SW	45010	2014		$5,512,000
3	Increase spending for taxes from rate increases for solid waste contract inflation - SW rates				SPU	General Expense	N000B-SW	45010	2013		$216,000
4	Increase spending for taxes from rate increases for solid waste contract inflation - SW rates				SPU	General Expense	N000B-SW	45010	2014		$475,000
5	Reduce claims and emergency response contingency appropriation to achieve cost efficiencies - SW rates				SPU	General Expense	N000B-SW	45010	2013		($40,000)
6	Reduce South Transfer Station operation costs to reflect cost efficiencies - SW rates				SPU	Other Operating	N400B-SW	45010	2014		($40,000)
7	Reduce One Less Truck (OLT) stipend spending to reflect cost efficiencies - SW rates				SPU	Other Operating	N400B-SW	45010	2013		($12,000)

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#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
8	Reduce OLT stipend spending to reflect cost efficiencies - SW rates				SPU	Other Operating	N400B-SW	45010	2014		($12,000)
9	Reduce spending on construction and demolition (C&D) separation pilot project to reflect cost efficiencies - SW rates				SPU	Other Operating	N400B-SW	45010	2013		($51,000)
10	Reduce spending on C&D separation pilot project to achieve cost efficiencies - SW rates				SPU	Other Operating	N400B-SW	45010	2014		($51,000)
11	Reduce spending on C&D processing plant certification program to achieve cost efficiencies - SW rates				SPU	Other Operating	N400B-SW	45010	2013		($25,000)
12	Reduce community waste reduction and recycling grants to achieve cost efficiencies - SW rates				SPU	Customer Service	N300B-SW	45010	2013		($33,000)
13	Reduce community waste reduction and recycling grants to achieve cost efficiencies - SW rates				SPU	Customer Service	N300B-SW	45010	2014		($78,000)
14	Reduce natural soils building program spending to achieve cost efficiencies - SW rates				SPU	Customer Service	N300B-SW	45010	2013		($39,000)

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15	Reduce natural soils building program spending to achieve cost efficiencies - SW rates				SPU	Customer Service	N300B-SW	45010	2014		($19,000)
16	Increase GSF solid waste tax revenues - SW rates				GSF	Utilities Business Tax - Solid Waste (100%)	416450	00100	2013	$175,000	
17	Increase GSF solid waste tax revenues - SW rates				GSF	Utilities Business Tax - Solid Waste (100%)	416450	00100	2014	$383,000	
18	Increase use of working capital to reflect added spending - SW rates				SPU	Decrease (Increase) in Working Capital	379100	45010	2013	$2,539,000	
19	Increase use of working capital to reflect added spending - SW rates				SPU	Decrease (Increase) in Working Capital	379100	45010	2014	$5,787,000	