

## OMB Granicus Review

<b>Granicus Title</b>	Resolution authorizing a loan from the Solid Waste Revenue and Operating Fund to the Lealman Solid Waste Collection and Disposal Fund.				
<b>Granicus ID#</b>	24-0667A	<b>Reference #</b>		<b>Date</b>	7/11/2024

**Mark all Applicable Boxes:**

Type of Review									
<b>CIP</b>		<b>Grant</b>		<b>Other</b>	<b>X</b>	<b>Revenue</b>	<b>X</b>	<b>Project</b>	

**Fiscal Information:**

<b>New Contract (Y/N)</b>	N	<b>Original Amount</b>	\$0.00
<b>Fund(s)</b>	1093, 4021	<b>Amount of Change (+/-)</b>	\$300,000.00
<b>Cost Center(s)</b>	100200, 432910, 432936	<b>Total Amount</b>	\$300,000.00
<b>Program(s)</b>	1009, 2224	<b>Amount Available</b>	\$252,298,360.00
<b>Account(s)</b>	3811093, 3814-21, 5911093, 5914021	<b>Included in Applicable Budget? (Y/N)</b>	Y - Pending Amendment by Board resolution
<b>Fiscal Year(s)</b>	FY24-FY30		

**Description & Comments**

(What is it, any issues found, is there a financial impact to current/next FY, does this contract vary from previous FY, etc.)

Resolution 24-XX, if approved, authorizes a loan from the Solid Waste Revenue & Operating Fund (Solid Waste Operating) to the Lealman Solid Waste Collection & Disposal Fund (Lealman Solid Waste) to maintain fund solvency and adequate operating expense reserves.

Background

Since FY21, Lealman Solid Waste reserves have been used to offset differences between Lealman Municipal Service Benefit Unit (MBSU) non-ad valorem special assessment (Assessment) revenue and increasing operating costs. Factors contributing to diminishing reserves and increasing costs include:

- Addition of 700+ units to the service contract ahead of schedule in FY23.
- Escalation of Consumer Price Index (CPI) contract costs due to inflation.
- Increased customer service and contract monitoring costs resulting from transition to a new collection and disposal contractor, Coastal Waste and Recycling.
- Lealman MBSU Assessment was unchanged from 2016-2023.
- Maintaining a minimum of two month's operating expenses in Reserves.

In 2023, the Solid Waste Department (SWD) engaged third-party rate study consultant Rafetelis to determine Assessment increase options, including use of a loan, to stabilize cash flows and reserves. The option approved by the Board of County Commissioners (Board) for FY24 consists of the first of three \$24.00 per household/year Assessment increases planned for FY24-FY26 and a non-recurring \$300,000.00 loan from Solid Waste Operating to Lealman Solid Waste.

The initial FY24 Budget change request for the loan and first payment were submitted by SWD and promoted to OMB Management Review in July 2023.

Analysis

OMB analysis determined Lealman Solid Waste will fail funds in September 2024 without the additional \$300,000.00 provided by the loan from Solid Waste Operating. The loan will also stabilize cash flows until Assessment revenue is collected in the first quarter of FY25.

Description	\$ Available JUL 2024	\$ Available AUG 2024	\$ Available SEP 2024
Operating Actuals	\$165,333.90	\$16,811.92	\$(131,710.06)

Fiscal Impact

Solid Waste Operating

- Fiscal impacts of the loan transfer and repayment are negligible.
- A loan transfer of \$300,000.00 from Solid Waste Operating to Lealman Solid Waste is included in the FY24 Adopted Budget pending Board approval of amendment by resolution in the fourth quarter of FY24.
- Revenue of \$30,000.00, as a loan repayment from Lealman Solid Waste, is included in the FY25 Proposed Budget.

Lealman Solid Waste

- Revenue of \$300,000.00, as a transfer from Solid Waste Operating is included in the FY24 Adopted Budget pending Board approval of amendment by resolution in the fourth quarter of FY24.
- A loan payment of \$30,000.00 is included in the FY25 Proposed Budget.

Loan Terms

Upon adoption of this resolution, a non-recurring loan in the amount of \$300,000.00 will be transferred from Solid Waste Operating (reserves) to Lealman Solid Waste for a term of six (6) fiscal years with the final balance to be paid by September 30, 2030.

Simple interest, charged annually, will be calculated by Clerk Finance as the Blended Composite Rate (BCR) of short-term and long-term investment yields from the 12 months prior to February 28 of the fiscal year in which the payment is due. Interest for partial year loan balances may be prorated on a (calendar) monthly basis. The FY24 BCR annual percentage rate is 3.85%.

Total FY25-FY30 loan payments are projected to be \$350,447.00 of which \$50,447.00 is the total interest paid.

Payment Number	Payment Date	Scheduled Payment
1	9/30/2025	\$30,000.00
2	9/30/2026	\$30,000.00
3	9/30/2027	\$30,000.00
4	9/30/2028	\$90,000.00
5	9/30/2029	\$90,000.00
6	9/30/2030	Final Balance

Analyst: **Jon Waggoner**

Ok to Sign: