



SOLID WASTE AGENCY OF LAKE COUNTY, IL

MEMORANDUM

To: Glenn Ryback, Chairman, Executive Committee
From: Walter S. Willis, Executive Director *ZSW*
Subject: April 2015 Meeting Notice Information
Date: April 10, 2015

Attached you will find the agenda for this month's meeting, the minutes from the March 2015 meeting, and the referenced consent, action and information items.

Please let Amy Bartemio know if you will be attending. We plan to order pizza so we don't need a lunch order from you.

SOLID WASTE AGENCY OF LAKE COUNTY, IL
EXECUTIVE COMMITTEE
Thursday, April 16, 2015 12:00 Noon
1311 N. Estes Street Gurnee, IL 60031

1. CALL TO ORDER.....Chairman Ryback
2. ROLL CALLSecretary
3. APPROVAL OF MINUTES
March 12, 2014
4. NEW AGENDA ITEMS
5. PUBLIC COMMENT ON AGENDA ITEMS
6. EXECUTIVE COMMITTEE ITEMSChairman Ryback

Consent Item

1. Expenditure Report (*March 2015*)

Action Items

1. RFP Approval for New HCW Labor Contract

Information Items

1. Cash Balance Policy
2. Celebrating Earth Month

7. EXECUTIVE SESSION – IF NEEDED
8. ADJOURNMENT

SOLID WASTE AGENCY OF LAKE COUNTY (SWALCO) EXECUTIVE COMMITTEE

SIGN IN SHEET

March 12, 2015

COMMUNITY	REPRESENTATIVE	TITLE
ELLIS	Mike Ellis	VILLAGE MANAGER
MANDEL	Steve Mandel	LAKE COUNTY BOARD
MUETZ	Pat Muetz	VILLAGE ADMINISTRATOR
NORRIS	John Norris	MAYOR
RYBACK	Gerrit Ryback	MAYOR
SOTO	Sandra Soto	MAYOR
TALBETT	Michael Talbett	VILLAGE ADMINISTRATOR
WAGENER	Mike Wagner	TRUSTEE
WARDA	Theresa Warda	SENIOR PLANNER

MOUNT	Larry T Mount	SWALCO BOD CHAIRMAN
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		SWALCO EXECUTIVE BOARD VOTING RECORD/03.12.15							
REPRESENTATIVE		Consent Expenditures Jan & Feb 2015		Ins. Renewal - Fil - Pollution - Auto - Comm. Propy					
Attendance		A	N	A	N	A	N	A	N
MIKE ELLIS	✓	✓		✓					
STEVEN MANDEL	✓	✓		✓					
PATRICK MUETZ	✓	✓		✓					
JOHN NORRIS	✓	✓		✓					
GLENN RYBACK	✓	✓		✓					
LINDA SOTO	✓ *			✓					
MICHAEL TALBETT	✓	✓		✓					
JOHN WAGENER	✓	✓		✓					
NIMROD WARDA	✓ *								

7

7
Consent8
Consent

* Linda Soto arrived @ 12:07

* Nimrod Warda arrived @ 12:14

PUBLIC SIGN-IN SHEET

(Executive Committee Meeting)

Name

Address

Representing

none

Date: 03/12/15



SOLID WASTE AGENCY OF LAKE COUNTY, IL

MINUTES

SOLID WASTE AGENCY OF LAKE COUNTY, IL EXECUTIVE COMMITTEE

Thursday, March 12, 2015 12:00 NOON
1311 N. ESTES STREET, GURNEE, IL 60031

CALL TO ORDER

Chairman Ryback called the meeting to order at 12:03 pm with 7 members present.
(Linda Soto arrived at 12:07 pm – Nimrod Warda arrived at 12:14 pm)

APPROVAL OF MINUTES

Motion by *John Wagener* seconded by *Pat Muetz* to approve the Executive Meeting minutes of 12/18/2014.

NEW AGENDA ITEMS

PUBLIC COMMENT

None

EXECUTIVE COMMITTEE ITEMS

None

CONSENT ITEM

Expenditure Report (January & February 2015).
Motion by *Steve Mandel*, seconded by *Michael Talbett*.
Motion was approved.

ACTION ITEMS

1. 2015 Insurance Renewals

Steve Nelson SWALCO gave a brief update of the four insurance policies up for renewal. The policies are: general liability insurance, pollution legal liability insurance, business automotive insurance and commercial property insurance. Maintaining these policies is vital to our operation and protection of our Agency. The existing policies expire on March 31, 2015.

Insurance broker Arthur J. Gallagher Risk Management Services (AJ Gallagher) was asked to obtain quotes for renewal of these policies. AJ Gallagher solicited policy quotes only from top rated (class A or better) insurance carriers.

AJ Gallagher looked at the insurance market and negotiated a scenario that provides the greatest coverage, the lowest deductibles and lowest overall cost. This scenario is a “bundled” policy that contains Navigators Specialty Insurance Company (Navigators) providing the general liability, pollution legal liability and automotive insurance and Beazley Lloyds providing the commercial property insurance. AJ Gallagher’s efforts led to an approximate 2% decrease in insurance premiums from last year.

Note: All policies exclude terrorism coverage. The General liability/Pollution legal liability and Commercial property insurance policies include the applicable Illinois Surplus Lines Taxes and Stamping Fees.

Motion by *Michael Talbett*, seconded by *John Norris* to approve these policies and to pay the invoices (\$51,599) immediately upon receipt. *Motion was approved on a roll call vote of 8 to 0*

INFORMATION ITEMS

1. **SWALCO Clothing and Textile Recycling Program 2014**

Merleanne Rampale provided a summary of the 2014 Clothing and Textile program. Our unofficial goal for 2014, the first tier of the program, was to see about ½ dozen to 10 bins placed throughout the community during the first year. At this time, about a year out, we currently have 19 bins in place. We will have 20 bins this spring with the addition of Village of Lake Bluff at their Public Works this spring and hope to place more during 2015. One of the great things about the bin program was that our vendor, CTR, had not had a bin program previously so we were able to develop and build this together with them, with opportunity for a great deal of input on how things would look and work. In addition to the Year-round bin collection program, other tiers were developed as part of a comprehensive program to capture these materials. We have also included clothing and textile collections as part of several special events including our big Recycle-O-Rama we do each Fall in Libertyville as well as other community recycling events we partner with throughout the community. We are also working with church and community rummage sales and events and have scheduled pick-up of numerous materials. We are planning and developing school drives, contests and educational components to work with schools and youth groups. The Village of Riverwoods and the Lake County Health Department were two of the first, along with others, who have held clothing and textile drives via the new program during 2014.

2. **SWALCO Reuse-A-Shoe Program**

Merleanne Rampale gave a summary of the Reuse-A-Shoe program. Many of our groups including corporations, schools, churches, park districts, libraries, and other community groups and organizations, have helped to promote programs like HCW, Electronics, and Compost Bin and Rain Barrel Sales and Education, through their own websites, newsletters and E-blasts and now want to get involved with Clothing and Textile Recycling drives and events. Schools have used it to aid in some of their certifications and efforts. Scouts earn a special SWALCO Reuse-A-Shoe badge. All groups received a special certificate for their efforts and coordinators were given a special luggage tag in the shape of footwear (a flip-flop) and made with recycled materials, to recognize their efforts. The program continues to grow and flourish. We encourage members to offer this program and service to their residents.

3. **Revised HCW Collection Event Schedule – FY 2015**

Steve Nelson presented a revised 2015 HCW Collection Calendar which included all permanent facility drop-off dates and mobile collections. Steve mentioned a few important updates that have occurred since it was last presented (December 2014).

Round Lake Beach has agreed to host a mobile event at their Metra Train Station located at 630 Hook Drive on April 25th. Open to the public from 8:00am to 2:30pm.

Vernon Hills has agreed to host a mobile event at their Metra Train Station located at Rt. 45 and Ranney Road on May 16th. Open to the public from 8:00 to 2:30pm.

The June mobile event will take place in Wauconda this year **not** Lake Zurich as previously presented.

4. **4th Quarter 2014 Recycling and Per Ton Payment Report**

Pete Adrian gave a brief report of tabulations of curbside recyclable material tonnage and recycling, by member community for the 4th quarter of 2014. In 2014, 60,034 tons of recyclables were collected from Lake County communities. Compared to the previous year's 58,621 tons collected, we have realized a 2.3% increase. And when compared to the volume collected in 2012 (58,098 tons), current year volume illustrates a 3.2% increase. This increase is in part due to the Village of Volo joining SWALCO along with Village of Beach Park establishing a single hauler franchise that provided all residents larger recycling carts. Additionally, over the past year, recycling volume increases were realized in the City of Waukegan, City of Zion, Village of Long Grove and Navy Housing. All of these members has recycling cart upgrades occur in late 2013 to early 2014. The Agency also achieved a milestone in the overall volume of recyclables that were directed to WMRA. A total of 45,469.06 tons were directed to WMRA by Agency members. Within the

SWALCO agreement with WMRA, a \$5 per ton bonus would be paid to the Agency for every ton in excess of 40,000 tons for the year. Therefore, the Agency has also received a bonus payment of \$17,345.30 for the additional 5,469.06 tons directed for the year.

Looking ahead to the conclusion of the first quarter 2015, recyclable commodities values have tumbled downward. At this time, the revised index values for January will be \$7.50 and February will be \$4.50. March index values are expected to drop below the \$65 resulting in no payment to the members and the Agency for this month.

5. 4th Quarter 2014 Residential Electronics Collection Program Summary

Pete Adrian gave a brief report of tabulations of residential electronics collections. In summary, a total of 2,430.7 tons (4,861,459 pounds) of electronics have been collected through our network of 41 collection partners. This total represents an increase of over 19% in e-scrap collected compared to the same period of 2013 (3,936,264 pounds). Agency collection partners receive a per pound credit payment following the close of each subsequent quarter. Due to an amendment to our contract, as requested by our vendor, loads that contain prohibited materials (i.e. smoke detectors, pressurized cylinders and liquid waste) are subject to a punitive fine of \$75. The amendment became effective on June 1. Per our agreement with host collection sites, these fines are to be split between the collector and the Agency, resulting in a \$25 reduction in the payment to the host site for each occurrence.

6. Project and Program Updates – *Brief Updates Given by Walter Willis*

Walter Willis provided summaries and updates regarding several projects and programs we are currently working on:

- On February 26th we held the first law enforcement/pharmaceutical collection event at our HCW facility. Several guests attended including State's Attorney Mike Nerheim, Kathy Federico (DEA), Dave Katz (Save a Star Foundation) and Bill Gentes (Lake County Health Department's Drug Free Communities Program). The first two departments to bring us material were Libertyville (400 pounds non-controlled and 6.5 pounds of controlled) and Vernon Hills (190 pounds non-controlled and 3 pounds of controlled). The Lake County Sheriff's office provided the law enforcement oversight (Deputy Sheriff Roman Buchberger) and has pledged to do this for this program, a great service for the local law enforcement departments. In total about 10 pounds of controlled substances were destroyed with a street value of about \$15,000, though street value calculations after the event escalated the value significantly. Bill Gentes and Roman Buchberger are currently developing a formula to use on future collection totals. Steve Nelson will be tracking the hours and costs for this program. We are approximating an additional \$15,000 per year towards labor costs. Walter is checking on grants to cover these costs. Two other events have been scheduled for March 10 and March 26. Amy Bartemio is also playing a key role in keeping the date and working out the collection schedule for the local departments.
- Walter Willis continues to work with Highland Park and Highwood on a joint commercial franchise RFP; Highland Park, Highwood and Deerfield on a joint residential franchise RFP; Vernon Hills on its discussion with Advanced Disposal on a possible extension; and the 5 town consortium of North Barrington, Wauconda, Island Lake, Port Barrington and Tower Lakes. The commercial franchises have been implemented in Grayslake and Libertyville as of Feb. 1. Next up is Deerfield and Bannockburn in May.
- Walter Willis has met twice with the haulers (February 10 and March 2nd) in an attempt to find consensus on the draft commercial franchise/study ordinance presented to the BOD at its meeting on January 22, 2015. The goal is to get a final version done by the end of March and sent out to all SWALCO members (and others in the metro area).
- Walter Willis and Pete Adrian attended the Eco-Nomic Restaurant Workshop hosted in Deerfield and sponsored by Deerfield, Bannockburn, SWALCO, SWANCC, the Green Restaurant Association, Lakeshore Recycling Systems, and the DBR Chamber. Over 30 participants attended and learned about sustainable restaurant practices. The presentations from the Workshop will soon be posted to SWALCO's website.
- Walter Willis has had numerous meetings in Springfield with regards to the e-scrap legislation, HB 1455 (meetings on Feb. 4, Feb. 19 and March 4), and the carpet bill (March 4). More meetings are

scheduled for next week on carpet and e-scrap, not including two other key bills for SWALCO, the paint bill (SB 1261) and the State Resource Plan bill (SB 1434).

NEXT EXECUTIVE COMMITTEE MEETING: Thursday, April 16, 2015 - 12:00 p.m.

NEXT BOARD MEETING: Thursday, April 2, 2015 - 7:00 p.m. Hainesville Village Hall,
100 N. Hainesville Road, Hainesville, IL 60030

ADJOURNMENT (1:19 p.m.): Motion by *Mike Ellis*, seconded by *John Norris* to adjourn.
Motion was approved.

Consent - 1. Expenditure Approval

ISSUE: Approve Expenditures

RECOMMENDATION: I recommend approval

TIMING: Routine

BACKGROUND: The Board of Directors authorized the Executive Director to pay expenditures under \$10,000. The Executive Director submits the monthly expenditures to the Board for approval.

The total for Administration \$27,097.33; Education \$69.98; Household Chemical Waste \$202.04; Recycling \$20,239.90; *Total expenditures for March 2015 - \$47,609.25*

ENCLOSED DOCUMENTS: BOSS Account Analysis Report

STAFF: Walter Willis, Executive Director
Amy Bartemio, Executive Office Manager

SWALCO - March 2015 EXPENDITURE BUDGET

SWALCO \- Solid Waste Prog-SWALCO Administration-Regular Salaries And Wage----			
Budget Amount:	351,087.960	Funds Available:	244,246.65
		Beginning Balance for Period	93,467.91
		Total Expenditures	13,373.40
		Ending Balance for Period	106,841.31

SWALCO \- Solid Waste Prog-SWALCO Administration-Part Time Salaries And Wa----			
Budget Amount:	42,417.96	Funds Available:	31,751.77
		Beginning Balance for Period	9,322.96
		Total Expenditures	1,343.23
		Ending Balance for Period	10,666.19

SWALCO \- Solid Waste Prog-SWALCO Administration-Special Pay----			
Budget Amount:	17,100.00	Funds Available:	12,096.96
		Beginning Balance for Period	4,377.66
		Total Expenditures	625.38
		Ending Balance for Period	5,003.04

SWALCO \- Solid Waste Prog-SWALCO Administration-Electricity----			
Budget Amount:	12,000.00	Funds Available:	6,870.79
		Beginning Balance for Period	3,875.99
		Total Expenditures	1,253.22
		Ending Balance for Period	5,129.21

SWALCO \- Solid Waste Prog-SWALCO Administration-Water And Sewer Charges----			
Budget	500.00	Funds	451.66
		Beginning Balance for Period	0.00
		Total Expenditures	48.34
		Ending Balance for Period	48.34

SWALCO \- Solid Waste Prog-SWALCO Administration-Telephone----			
Budget Amount:	7,000.00	Funds Available:	4,842.68
		Beginning Balance for Period	1,544.23
		Total Expenditures	613.09
		Ending Balance for Period	2,157.32

SWALCO \- Solid Waste Prog-SWALCO Administration-Office Equip Maint----			
Budget Amount:	1,200.00	Funds Available:	127.24
		Beginning Balance for Period	209.76
		Total Expenditures	863.00
		Ending Balance for Period	1,072.76

SWALCO \- Solid Waste Prog-SWALCO Administration-Equip Rental----			
Budget Amount:	3,100.00	Funds Available:	899.56
		Beginning Balance for Period	649.11
		Total Expenditures	172.37
		Ending Balance for Period	821.48

SWALCO \- Solid Waste Prog-SWALCO Administration-H/L/D Employee Benefits----			
Budget Amount:	79,608.00	Funds Available:	56,997.19
		Beginning Balance for Period	19,332.01
		Total Expenditures	3,278.80
		Ending Balance for Period	22,610.81

SWALCO \- Solid Waste Prog-SWALCO Administration-Retirement Benefits/FICA----			
Budget Amount:	30,102.95	Funds Available:	21,647.83
		Beginning Balance for Period	7,333.66
		Total Expenditures	1,121.46
		Ending Balance for Period	8,455.12

SWALCO \- Solid Waste Prog-SWALCO Administration-Retirement Benefits/IMRF----			
Budget Amount:	34,707.05	Funds Available:	31,258.31
		Beginning Balance for Period	3,315.70
		Total Expenditures	133.04
		Ending Balance for Period	3,448.74

SWALCO \- Solid Waste Prog-SWALCO Administration-Miscellaneous Contingency----			
Budget Amount:	5,000.00	Funds Available:	1,898.17
		Beginning Balance for Period	199.83
		Total Expenditures	2,902.00
		Ending Balance for Period	3,101.83

SWALCO \- Solid Waste Prog-SWALCO Administration-Miscell Contractual Servi----			
Budget Amount:	13,360.00	Funds Available:	8,194.00
		Beginning Balance for Period	2,460.00
		Total Expenditures	1,370.00
		Ending Balance for Period	3,830.00

SWALCO \- Solid Waste Prog-Education--Clothing Recycling----			
Budget Amount:	0.00	Funds Available:	-4,446.38
		Beginning Balance for Period	4,376.40
		Total Expenditures	69.98
		Ending Balance for Period	4,446.38

SWALCO \- Solid Waste Prog-Household Hazard Waste---Garbage Disposal----			
Budget Amount:	6,800.00	Funds Available:	1,800.00
		Beginning Balance for Period	606.12
		Total Expenditures	202.04
		Ending Balance for Period	808.16

SWALCO \- Solid Waste Prog-Recycling---Miscell Contractual Servi---			
Budget Amount:	200,000.00	Funds Available:	0.00
		Beginning Balance for Period	31,388.98
		Total Expenditures	20,239.90
		Ending Balance for Period	51,628.88

TOTAL EXPENDITURES \$ 47,609.25

A-1 HCW Labor/Transportation Bid Award

ISSUE: HCW Labor/Transportation Bid Award

RECOMMENDATION: Recommend Approval

TIMING: Important

BACKGROUND: The Hazardous Materials division of Veolia Environmental Services (Veolia Environmental) is currently under contract with SWALCO to provide the HAZMAT trained labor force and licensed transport vehicles for our HCW Program. The contract expires April 30, 2015. No extensions are available.

Last month staff, together with the Lake County Purchasing Department, developed a bid solicitation. The bid solicitation addresses labor and transportation services for our mobile collection events, public drop-off events, paint bulking activities and the pharmaceutical segregation events. The term of this opportunity is one year with four one year extensions available.

The bid was sent to three very reputable environmental services companies (Veolia Environmental Services, Heritage Environmental and R3 Environmental Management, Inc.) along with being publically advertised in the newspaper and Lake County's website. Advertisement began on March 26, 2015; the bid opening was April 9, 2015.

Two quotes were received, one from Veolia Environmental (\$126,075) the other from Heritage Environmental (\$212,555). R3 Environmental elected to no-bid the opportunity.

Based on the review conducted by staff and Lake County Purchasing Department Veolia Environmental met all the requirements of the bid specification and is the lowest responsive bidder. Their bid in the amount of \$126,075 is within the amount staff budgeted for FY 2015. The amount expended under this contract will vary based upon the services requested of Veolia.

Due to the timing of the current contract, Staff requests the Executive Committee's approval to award this opportunity to Veolia Environmental in the amount of \$126,075. Once approval is granted staff will contact Lake County's Purchasing Department to issue a formal award notice to Veolia Environmental thereby securing their services.

ENCLOSED DOCUMENTS: Pricing Tabulation Sheet - Bid #15016

STAFF: Steve Nelson, Household Chemical Waste Engineer

Bid #15016

Household Chemical Waste Collection/Labor Transportation Services for the Solid Waste Agency of Lake County, IL

Bid Opening Date: 4/9/2015

Description	Unit	Qty	<u>Veolia ES Technical Solutions, LLC</u>		<u>Heritage Environmental Services, LLC</u>	
			Per Event	Price Ext.	Per Event	Price Ext.
Per Event price, for base labor force including mobilization, site setup/tear down for each event, in accordance with the bid specifications, herein.	Event	6	\$ 7,500.00	\$ 45,000.00	\$ 13,350.00	\$ 80,100.00
Supervisor Rate	Hourly Rate	TBD	\$ 60.00	N/A	\$ 100.00	N/A
Chemist Rate	Hourly Rate	TBD	\$ 50.00	N/A	\$ 74.00	N/A
Technician Rate	Hourly Rate	TBD	\$ 45.00	N/A	\$ 55.00	N/A
Per event price, for a semi-truck (53 ft long by 13 ft 6 in tall by 101 in wide) with a DOT hazardous materials endorsement license, price includes the drivers time to pick up packing supplies from 2 locations and transporation of same truck back to SWALCO facility in accordance with the bid specifications, herein.	Event	6	\$ 1,200.00	\$ 7,200.00	\$ 800.00	\$ 4,800.00
Per event price, for one 24 ft box truck with a DOT hazardous materials endorsement license. Driver will work the events therefore the drivers labor cost to be included in item 1. In accordance with the bid specifications, herein.	Event	6	\$ 400.00	\$ 2,400.00	\$ 130.00	\$ 780.00
TOTAL FOR GROUP 1				\$ 54,600.00		\$ 85,680.00
Per event price, for base labor force in accordance with the bid specifications, herein.	Event	24	\$ 2,150.00	\$ 51,600.00	\$ 4,000.00	\$ 96,000.00
Supervisor Rate	Hourly Rate	TBD	\$ 60.00	N/A	\$ 100.00	N/A
Chemist Rate	Hourly Rate	TBD	\$ 50.00	N/A	\$ 74.00	N/A
Technician Rate	Hourly Rate	TBD	\$ 45.00	N/A	\$ 55.00	N/A
TOTAL FOR GROUP 2				\$ 51,600.00		\$ 96,000.00
Provide one OSHA/HazMat trained technician to unload Gaylord boxes of latex and oil based paint in bulk into drums in accordance with bid specifications, herein.	Hourly Rate	175	\$ 45.00	\$ 7,875.00	\$ 45.00	\$ 7,875.00
Technician Rate	Hourly Rate	TBD	\$ 45.00	N/A	\$ 45.00	N/A
TOTAL FOR GROUP 3				\$ 7,875.00		\$ 7,875.00
Provide three OSHA/HazMat trained personnel (one supervisor & two technicians to sort through pharmaceuticals delivered by law enforcement officials in accordance with bid specifications, herein.	Hourly Rate	100	120	\$ 12,000.00	\$ 230.00	\$ 23,000.00
Supervisor Rate	Hourly Rate	TBD	\$ 60.00	N/A	\$ 80.00	N/A
Technician Rate	Hourly Rate	TBD	\$ 45.00	N/A	\$ 50.00	N/A
TOTAL FOR GROUP 4				\$ 12,000.00		\$ 23,000.00
TOTAL BID AMOUNT FOR GROUPS 1-4				\$ 126,075.00		\$ 212,555.00

I – 1. Cash Balance Policy

BACKGROUND: Over the past three years the SWALCO Board of Directors has approved the expenditure of \$80,000 for the RecycleFirstTrashLast education campaign and more recently the expenditure of \$200,000 to keep SWALCO's electronics recycling program operating into 2015. Such expenditures have created a need to have a formal policy regarding the appropriate cash balance that should be maintained by SWALCO for fiscal prudence, so that future expenses, either budgeted or unbudgeted, can be evaluated in relation to a cash balance policy, which we currently do not have.

Walter Willis consulted two Board members, Drew Irvin and Kent Street, for feedback and guidance on developing a cash balance policy. Having such policies is standard for most municipalities (see attached document regarding determining appropriate level of unrestricted fund balance) and their expertise was helpful. The attached document outlines several key factors to consider when determining the appropriate amount of the fund balance, including:

- The predictability of revenues and volatility of expenses.
- The perceived exposure to significant one-time outlays.
- The potential for other funds to drain the cash balance resources and the availability of resources in these other funds.
- Liquidity of the fund.
- Any commitments and assignments tied to the fund.

Of these factors the most relevant to SWALCO are the first two – predictability of revenues/expenses, and exposure to one-time outlays. We really don't have other "funds" that compete for resources (except the capital improvement fund which has a balance of \$104,232), liquidity is not a significant issue nor do we have future commitments of money that would imperil the fund balance. The predictability of our revenues is most impacted by the finite life of the two in-county landfills, which as of January 1, 2015 was 7 years (Countryside LF) and 13 years (Zion LF) of remaining life. With the landfill revenues representing 64% of our annual revenue this is significant and the fact the landfills will ultimately close must be factored into our fund balance determination. We will receive a host fee of \$0.45 per ton at the Groot Transfer Station when it begins operation in 2016, but that is less than the \$0.95 we receive when the waste is landfilled in Lake County. Looking into the future, if additional transfer stations are sited in Lake County we can expect to receive a similar host fee, but again about half of what we received from the landfills.

Relevant numbers that need to be considered when developing a cash balance policy include the following:

- Current cash balance: \$2.2 million
- Annual approved budget expenditures: FY 2015 - \$1,030,905, FY 2014 - \$1,065,145 and FY 2013 - \$1,041,850
- Anticipated revenue for FY 2015: \$1,048,785
- Sources of FY 2015 revenue: landfill surcharge - \$669,000 (64%); O&M fee - \$277,305 (26%); miscellaneous revenue from WMRA agreement, textiles program, hauler licensing and rain barrel/composter sales - \$97,480 (9%); and interest income - \$5,000 (less than 1%).

Given the factors outlined above in setting a fund balance, I am recommending we establish a fund balance of \$1,500,000 as the minimum balance. If we are faced with spending that would lower the fund balance below \$1.5 million, the Finance Committee would reform and be required to develop a plan for stabilizing the fund balance at an appropriate level.

The plan is to discuss this as an information item at our April meeting and then work towards approving it as an action item either in May or June, to then send off to the BOD for a final vote. The action item would include a resolution that would establish the cash balance policy moving forward for SWALCO.

ENCLOSED DOCUMENTS: Email from Drew Irvin with article entitled,
“Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund”

STAFF: Walter Willis, Executive Director

From: Drew Irvin <dirvin@lakebluff.org>
Sent: Thursday, March 05, 2015 6:00 PM
To: Willis, Walter S.
Subject: GFOA Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund

Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund

Type:

Best Practice

Approved by GFOA's Executive Board:

October 2009

Background:

Accountants employ the term *fund balance* to describe the net assets of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net assets of governmental funds calculated on a government's budgetary basis.¹ In both cases, fund balance is intended to serve as a measure of the financial resources available in a governmental fund.

Accountants distinguish up to five separate categories of fund balance, based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts can be spent: *nonspendable fund balance*, *restricted fund balance*, *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*.² The total of the last three categories, which include only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself, is termed *unrestricted fund balance*.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning.

In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance (i.e., the total of the amounts reported as committed, assigned, and unassigned fund balance) in the general fund.

Credit rating agencies monitor levels of fund balance and unrestricted fund balance in a government's general fund to evaluate a government's continued creditworthiness. Likewise, laws and regulations often govern appropriate levels of fund balance and unrestricted fund balance for state and local governments.

Those interested primarily in a government's creditworthiness or economic condition (e.g., rating agencies) are likely to favor increased levels of fund balance. Opposing pressures often come from unions, taxpayers and citizens' groups, which may view high levels of fund balance as "excessive."

Recommendation:

GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund.³ Such a guideline should be set by the appropriate policy body and should provide both a

temporal framework and specific plans for increasing or decreasing the level of unrestricted fund balance, if it is inconsistent with that policy.⁴

The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government's own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.⁵ The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances.⁶ Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time.

In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

- The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
- Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
- The potential drain upon general fund resources from other funds as well as the availability of resources in other funds (i.e., deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund, just as, the availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund);⁷
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained); and
- Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose).

Furthermore, governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance rather than on unrestricted fund balance.

Naturally, any policy addressing desirable levels of unrestricted fund balance in the general fund should be in conformity with all applicable legal and regulatory constraints. In this case in particular, it is essential that differences between GAAP fund balance and budgetary fund balance be fully appreciated by all interested parties.

Committee:

Accounting, Auditing, and Financial Reporting
Governmental Budgeting and Fiscal Policy

Notes:

¹ For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.

² These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which must be implemented for financial statements for periods ended June 30, 2011 and later.

³ Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.

⁴ See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).

⁵ In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America's largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.

⁶ In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the decision has been made to compare unrestricted fund balance to either revenues or expenditures, that decision should be followed consistently from period to period.

⁷ However, except as discussed in footnote 4, not to a level below the recommended minimum.

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**NORTH SHORE LIFE
LAKE BLUFF STYLE**

I-2. Earth Month and Beyond 2015 – Assisting our Members

BACKGROUND: Each year, Earth Day — April 22 — marks the anniversary of what is considered by many to be the beginning of the modern environmental movement. The First Earth Day celebration was held in 1970, so this year, 2014, we celebrate 44 years of Earth Days.

The entire month of April has come to be recognized as a month to focus on environmental awareness. With that in mind, we will again continue to assist our communities in a variety of ways to help celebrate Earth Month and beyond: acting as a resource when questions arise or research needs to be done, creating flyers and other promotional materials for SWALCO & member events, giving presentations around the region, helping organizations or municipalities develop and create Earth Day and eco-events and programs, or adding an environmental component into a community event, writing articles or providing information for websites, village/city newsletters and e-News, or attending village/city special events to provide interesting displays, educational information and resources to the local community.

We will be out in the community at a variety of events this Earth Month and into spring and summer and have also assisted groups in putting events, programs and celebrations together. We find residents have many questions they would like to be answered and are happy to have a resource in front of them that can answer questions knowledgeably on a variety of environmental topics. They are also happy to learn more about SWALCO programs and services that are available (most of them at no charge) to them as well as other environmental topics.

We will also continue to work on projects/initiatives with all of our member communities, with Environmental Commissions and other groups throughout the community. Events this year include: lunch and learns, formal presentations to seniors and others groups, Green fairs, municipal Earth day celebrations, SWALCO sponsored Eco-Concerts and Programs, library programs, guests and guest presenters at corporate and other Earth Day events and celebrations, recycling events, as well as other festivities.

Please contact Merleanne if you'd like to see how we can assist your community, or would like some help in planning activities or events for the rest of this year, for next year, or if you'd like guidance or help with any of your other environmental/sustainability endeavors or projects.

STAFF: Merleanne Rampale, Public Information and Education Director