



To: Zero Waste Advisory Commission

From: Bob Gedert, Department Director, Austin Resource Recovery

Date: April 13, 2016

Subject: **FM812 Budget Amendments/Appropriation**

Austin Resource Recovery (ARR) is requesting a favorable ZWAC recommendation for the City Council to authorize: 1) amending the FY2016 Austin Resource Recovery Operating Budget to transfer out \$1.2M; 2) amending the FY2016 Austin Resource Recovery Capital Improvement Budget to increase it by \$1.2M; and 2) appropriating \$1.2M in funds in the FY2016 Austin Resource Recovery Capital Improvement Budget. Letdown repair will help get the landfill closer to final closure with the Texas Commission on Environmental Quality.

Purpose

The purpose of the three actions is to provide the necessary funding for repairs to letdown structures at the FM812 Landfill facility that will facilitate obtaining final closure status with the Texas Commission on Environmental Quality.

Austin Resource Recovery utilizes two separate and distinct budgets, like other City enterprise departments, to accomplish its mission. The Operating Budget includes personnel costs, annual facility operating costs, etc. It is funded through revenue generated by rate paying customers. The Capital Budget funds major improvements and expansions of City facilities and infrastructure. It is funded by cash, grants, debt, etc.

Each fiscal year the City Council approves (via ordinances) an Operating Budget and a Capital Budget. However, approval of a budget is not enough, as Council must also appropriate the budgeted funds to each of the budgets. At the beginning of the fiscal year, departments are then authorized to use the approved and appropriated budgets. If during the fiscal year a department experiences unplanned (non-budgeted) efforts that require additional funds, such as a natural disaster, the department must return to Council and request both a budget modification and an appropriation of the required funds.

It is for these statutory reasons that Austin Resource Recovery is now approaching City Council for changes to its Operating Budget and its Capital Budget.

The City experienced damage to a number of the FM812 Landfill letdowns that was caused by heavy rainfall events in May and October 2015. Letdowns are designed and constructed to convey surface runoff of storm - rainwater flow from landfill caps. Letdowns reduce erosion of the landfill cover from storm events. The FM812 Landfill is one that no longer receives wastes and is in the process of final closure with the Texas Commission on Environmental Quality (TCEQ). An engineering design and analysis of the damage was conducted by an engineering firm and resulted in specifications for repairs.

The cost of the repairs (\$1.2M) was not included in the FY2016 Austin Resource Recovery Capital Budget necessitating the department's need for additional funding. The source of the additional funding was

identified in the FY2016 Austin Resource Recovery Operating Budget – the ARR Operating Fund Reserve. The Operating Fund Reserve’s purpose includes situations like this one that has been encountered with the 2015 heavy rainfall events. The City is also seeking FEMA reimbursement for damages sustained at the landfill.

The department must request three actions from Council to have the identified funding available to use for repairs. First, transfer \$1.2M from the FY2016 Operating Budget. Second, increase the FY2016 Capital Budget (\$1.2M). Lastly, appropriate the funds (\$1.2M).

Austin Resource Recovery is requesting a favorable recommendation from the Zero Waste Advisory Commission on the three Council items that will result in funds being available for use to make the statutorily required repairs and continue the effort reach final closure of the landfill.

Funding

As discussed above, the funding for the estimated \$1.2M in damage repairs is being funded by essentially a transfer from the Austin Resource Recovery Operating Fund reserve to the Austin Resource Recovery Capital Improvement Fund.

Policy

This action is in compliance with the City’s process of requesting budget amendments and appropriation of funds.

Staff Recommendation

Staff recommends City Council authorization for the aforementioned changes to the Austin Resource Recovery Budgets and the appropriation of funds to the Austin Resource Recovery Capital Budget.