

Gallatin Solid Waste Management District



Annual Report
2008

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Executive Summary



On behalf of the Gallatin County Solid Waste Management District, we are pleased to offer this annual report which serves as an important management tool to measure performance of our operations. This information allows the District to fully report expenditures, projects and improvements, District operational changes and financial statements for the fiscal year 2008. The District is committed to achieving a high level of efficiency for waste management in Gallatin County and surrounding communities.

This year was a continuation of the District's efforts on several fronts. Construction of cell #3 was completed, two older pieces of equipment were traded for new, and the District introduced a new recycling program throughout the County.

Efforts to expand the Solid Waste District were realized in 2008 when the cities of Belgrade and Bozeman joined the District. As a result of this expansion, two additional Board members were appointed by the Commission. The Board of Directors expanded from five to seven members. The addition of Belgrade and Bozeman allows District representation from each major community in Gallatin County.

A slowing in the local economy was evident in the volumes of waste at the Logan Landfill. Total tonnage into the Logan Landfill for FY '08 was flat relative to the previous year. However, revenues remained strong and the financial status of the District is sound and solvent moving into the future.

The District Board of Directors continued to work hard on issues related to long-range planning and sustainability for the District. Planning for a new shop, administration building, and negotiations for purchasing additional land are a few of the issues the Board continues to make progress on.

The remainder of this report offers additional detail for the District's activities and its areas of focus. Information in this report covers from July 1, 2007 to June 30, 2008 (Fiscal Year 2008).

Tom Miller,
District Manager

Gallatin Solid Waste Management District

The Gallatin Solid Waste Management District was created by the Gallatin County Commission on May, 2003, by Resolution 2003-054. In June of 2003, the Commission formed the District Board by Resolution 2003-060.

In Fiscal Year 2008, the previous Board consisted of five seats. It was expanded to seven seats following the cities of Bozeman and Belgrade joining the District. Currently, the Board consists of representatives from the Cities of Three Forks, Manhattan, Belgrade, and Bozeman. Two other seats are occupied by Members-at-large status, and the remaining seat is occupied by one County commissioner.

District Board

Bruce Hanson	City of Manhattan, Board Chairman
Steven Hamilton	City of Three Forks
Steven Johnson	City of Bozeman
Jody May	Member-At-Large
Dave Schmit	Member-At-Large
Storm Shirley	City of Belgrade
Stephen White	County Commission



Pictured left to right: Dave Schmidt, Storm Shirley, Stephen White, Bruce Hanson, Steven Hamilton, and Jody May. Not pictured: Steven Johnson

Gallatin Solid Waste Management District Mission Statement

The purpose of the Gallatin Solid Waste Management District is: to provide constituents with cost efficient solid waste services; to provide for the balanced consideration and representation of the diverse views and issues regarding solid waste management; to advocate for the health, safety and welfare of the residents; to manage the processing, reclaiming, storing, transporting, or disposing of waste in ways that protect the ecology of lands in the District; to identify goals, policies and procedures that will aid local jurisdictions in meeting solid waste reduction and recycling goals.

Gallatin Solid Waste Management District
10585 Two Dog Road
P.O. Box 461
Three Forks, Montana 59752
406.284.4029
Fax: 406.582.2491

Administration

Daily operations of the Gallatin Solid Waste Management District are administered by professional staff, headquartered at the Logan Landfill.

Staff

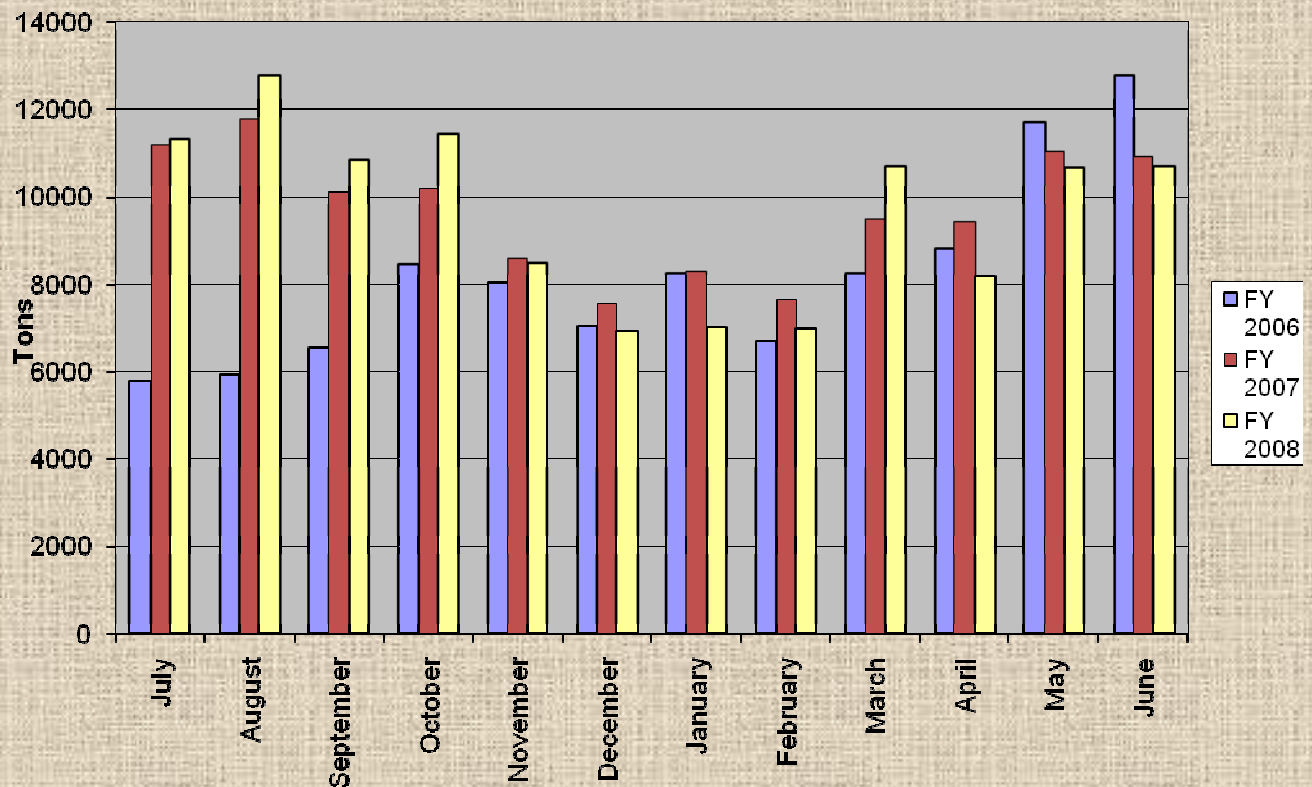
Tom Miller, District Manager
Dawn Chretien, Office Manager
Susan Dellinger, Accountant
Jim Simon, Lead Operator/Site Foreman
Corey Landreth, Lead Mechanic/Shop Foreman
Wayne Shelton, Recycling Coordinator

Operations at the Logan Landfill



Total tonnage into the Logan Landfill between July 1, 2007 and June 30, 2008 was 115,248 tons. The three primary components of the waste stream included 75,469 tons of regular household waste (REG) 37,774 tons of light construction waste (LCO), and 1,775 tons of heavy construction (HCO). This year's tonnages were all slightly down from the previous year's numbers of 76,228 (REG), 37,891 (LCO), and 1,818 (HCO). This trend was manifest in the numbers beginning in November and continued through the end of the year, with March being the only exception

Incoming Tonnage by Month Comparison



July 1, 2005 - June 30, 2008

Landfill

Performance

Landfill performance is determined by engineering methods which provide information used for long-term planning, and operational efficiency. The known capacity in cubic yards above the landfill liner is determined based on the design of the collective landfill cells. Tonnage of waste to the cells and the volume of soil used can be combined with periodic survey information to determine how much of a cell has been utilized over a period of time. The efficiency is usually reported in terms of compaction of waste, ratios of waste to soil, or volume of air space used per ton of waste placed. These values can be compared to historical site data and industry standards to gauge operational performance and efficiency.

A survey of the Logan Landfill site was conducted on October 29, 2007. The previous survey was conducted on November 11, 2006.

Performance data for the time period indicated a fill volume of 218,970 cubic yards, a soil to waste ratio of 4.7:1, and a compaction waste density of 1,291 lbs/cubic yard of air space. An average of 1.88 cubic yards of airspace was used for every ton of waste placed in the landfill. As of November 1, 2007, engineering estimates set the life of the current landfill footprint at 14.8 years. This estimate takes into account several dynamic factors and should be used only as an estimate for planning purposes.

Industry standards for a similar operation are 3:1 waste to soil ratio, a compaction of 1,200 lbs/cubic yard, and 2.22 cubic yards of air space for every ton of waste placed. Overall, the Logan Landfill outperformed the industry standard metrics by 15% over the reported time period.



ENVIRONMENTAL COMPLIANCE

The District meets Federal and State requirements for environmental and safety monitoring at the Logan Landfill. Two primary testing programs required are the testing of groundwater and testing for landfill gas (methane). Test results for the year indicated that the facility is in compliance for these two testing requirements.

Historical testing began at the landfill site in 1994. Initial tests indicated trace amounts of tetrachloroethene (PCE) in the immediate groundwater. An approved corrective measures action (CMA) was undertaken to develop alternatives to remediate the potential pollutants. Early in the fiscal year, efforts were taken to implement the first stage of testing a remedial process.

Positive results were seen almost immediately. Three sample sets have been collected from the targeted well, LMN-4, to date in 2008. The PCE concentration in this well has dropped from a pre-remedial level of more than 9 micrograms per liter to about 5 micrograms per liter. Concentrations of PCE have remained the same or risen slightly in nearby, untreated wells.

No additional remediation activities are anticipated for 2009. The remediation pilot project has a five-year window for evaluation. The District is required to submit a progress report for the program on an annual basis.

Projects & Improvements

During FY 2008, the Cell #3 expansion project was completed by the end of September with the liner deployment and cover system. Operations were moved gradually to the new cell in February. By the end of July, the entire cell was covered with an initial layer of refuse. The project added 11.89 acres of lined landfill space to the site at a total construction cost of \$2,335,512. Combining District efforts to construct much of the expansion project resulted in a significant cost savings to the District. The District excavated nearly 50% of the 560,000 cubic yards of soil from the cell. In addition to the excavation of the new cell, the expansion project included new roads, drainage ditches, embankments, a storm-water pond, and twenty-foot perimeter fencing. All of these projects were taken on by the District. The result of District efforts was a cost savings of more than \$1,120,000 from engineer's estimated costs.



Equipment

The District continued to upgrade equipment in 2008. The purchase of a CAT 623G scraper and a John Deere 1050J dozer allowed the District to retire a CAT 637 scraper and the CAT D-8L dozer. The cost for these two machines was \$406,709 for the scraper, and \$509,000 for the dozer. The two pieces of equipment traded; the CAT 637 scraper and the CAT D-8L brought trade values of \$55,000 and \$60,000 respectively. Combined with the compactor purchased in the previous year, these two pieces of equipment made a noticeable difference in the efficiency of the Logan landfill operations. Reductions in downtime and repair costs were substantial. Overall District equipment maintenance and repair costs were reduced by over 50% as compared to the previous budget year. Changes made in waste handling approaches at the landfill resulted in efficiencies that reduced annual fuel consumption by over 4,000 gallons while still maintaining a high level of production.



Recycling and Waste Diversion

Another major project taken on during the year was the introduction of a new recycling program in the County. The Gallatin Solid Waste District has relied on the Headwaters Recycling Cooperative for several years to provide recycling opportunities throughout Gallatin County. After much debate, research, and discussion, the Board felt that a new approach to recycling in Gallatin County was appropriate. Goals of a new program were; to provide a higher level of opportunity for recycling to the public; service the sites in a more timely manner; keep the sites cleaner and; allow the



District and Gallatin County residents to have better control of costs and revenues related to County recycling.

Recyclable commodities in the waste stream with existing markets that were likely to maintain a reasonable level of sustainability were of primary focus. Plastic bottles, tin and aluminum cans, news print and magazines, and cardboard were the commodities identified as initial commodities for recycling.

The recycling program rolled out in April. The program utilizes roll-off containers for the collection of the tin and aluminum cans, news print and magazines, and the plastic bottles. Sixteen roll-off containers were purchased to service new and existing sites throughout the County. Forty 8-cubic yard front load containers were purchased for cardboard recycling.

Contracts for hauling, processing, and potential revenue sharing were fashioned. A Recycling Coordinator was hired to oversee and manage the program. Capital startup costs for the new recycling program were just over \$177,000 in 2008. Revenue for the first three months of the program was \$62,323.

Recycle Tonnages:

Roll-off Program	FY '06 (tons)	FY '07 (tons)	FY '08* (tons)
Paper	1467.92	1557.8	1557.09
Plastic	93.51	111.24	119.67
Tin/aluminum	108.59	108.79	131.94
Cardboard	NA	NA	19.25
TOTALS	1670.02	1775.83	1808.7

***2008 numbers include April, May, and June only.**

Other waste diversion efforts by the District include metal diversion and recycling at the Logan Landfill of oil, antifreeze, and auto batteries. The District was fortunate to be able to take advantage of unusually high scrap metal prices during the year. At the Logan landfill, \$75,126 was generated from the recycling of approximately 650 tons of metal and 472 automobile batteries.



Financial Summary

Gallatin Solid Waste District	
Period Ending June 30, 2007	
Operating Revenue/Expense	\$17,700,000.00
Revenue	
Tipping fee revenue	13,990,107.00
Metal salvage revenue	75,126.00
Recycling program revenue	1,192,767.00
Interest revenue	100,000.00
Other revenue	140,000.00
Total Revenue	15,498,000.00
Operating Expense	
Salaries & wages	5,834,874.00
Utilities	1,838,203.00
Depreciation	2,549,395.00
Travel	100,000.00
Other operating expenses	1,350,000.00
Total Operating Expense	11,672,472.00
Operating Income	3,825,528.00
Other Income	
Interest income	100,000.00
Other income	140,000.00
Total Other Income	240,000.00
Total Income	4,065,528.00

The Gallatin Solid Waste District operates as an enterprise system. Generally accepted accounting procedures (GAAP) requires state and local governments to use the enterprise fund type to account for "business-type activities" - activities similar to those found in the private sector. Business type activities include services primarily funded through user charges. The National Council on Government Accounting Statement Number 1(NCGA1) defines the purpose of enterprise funds as: "...to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through users charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. No tax revenues are used for District operations or capital improvements. Revenues are generated by tipping fees, the sale of recycled commodities, and interest earnings. Total District revenues for the year were \$4,268,401. Tipping fees accounted for \$3,990,107, or over 93%. Metal salvage at the landfill totaled \$75,126. Recycling program commodities collected

during the last three months of the year generated \$62,323 in revenue and interest earnings for the year totaled \$140,846.

New in FY '08 was an equipment reserve fund. This reserve will be used to pay cash for future equipment replacement. The initial first year contributions to this fund totaled \$425,000.

Operational cash at the end of the year was \$1,860,458. Current assets increased by \$2,352,987 to \$5,834,874. Fixed assets increased by \$2,549,395 to \$5,180,347 and total assets increased during the year by \$4,902,382 to \$11,015,221. Required financial assurance funding for landfill closure and post closure care was increased by \$324,576 to \$1,838,203.

Total long-term liabilities at the end of the year totaled \$4,478,420. New debt taken on by the District during the year included two loans totaling \$861,009 for the two new pieces of equipment and a loan from the State Revolving Fund (SRF) in the amount of \$2,242,000. The SRF loan was intended cover the costs associated with the construction of Cell #3.

**Gallatin Solid Waste Management District
Balance Sheet
As of June 30, 2008**

Jun 30, 08

ASSETS

Current Assets

Checking/Savings

Cash operational Combined	1,860,458.43
10-2000 · Restricted cash - closure costs	1,838,202.53
10-2110 · Cash - Fixed Asset Purchases	425,000.00
10-2130 · Cash Res for security deposit	74,000.00
10-2210 · Loan payment reserve	589,977.95
10-2220 · Loan Reserve (Future Year Pmt)	276,700.00

Total Checking/Savings 5,064,338.91

Accounts Receivable

Accounts Receivable	482,087.96
12-2010 · Due from Recycling Program	226,124.56

Total Accounts Receivable 708,212.52

Other Current Assets

Inventory	62,323.01
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Total Other Current Assets 62,323.01

Total Current Assets 5,834,874.44

Fixed Assets

Fixed assets	5,180,346.51
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Total Fixed Assets 5,180,346.51

TOTAL ASSETS 11,015,220.95

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	
20-2110 · Due to County SWMD	225,962.53

Total Accounts Payable	225,962.53
Other Current Liabilities	
Gallatin Solid Waste Management District Balance Sheet As of June 30, 2008	
Four Corners Recycling.	28,076.69
20-6120 · Wages payable	15,165.26
20-6130 · Payroll liabilities	14,503.05
20-9100 · Compensated absences payable	3,750.01
21-4000 · Security deposits payable	74,000.00
Current Portion-Long term debt	1,142,237.26
Total Other Current Liabilities	1,277,732.27
Total Current Liabilities	1,503,694.80
Long Term Liabilities	
23-9000 · Compensated Absences - Non-Curr	33,750.07
23-5400 · Loan payable Phase 2 Cell liner	306,776.08
23-5401 · Loan payable- FY 2006 equipment	306,250.00
23-5402 · Caterpillar Financial - 826H	443,982.68
23-5403 · Caterpillar Financial - 623G	276,696.24
23-5404 · Cell 3 - SRF Loan	2,036,000.00
23-5405 · RDO - 1050J Dozer Loan	379,000.00
Current Portion	-1,142,237.26
23-6000 · Closure cost liability	1,227,406.69
Total Long Term Liabilities	3,867,624.50
Total Liabilities	5,371,319.30
Equity	
3000 · Net assets	1,126,924.76
3900 · Total net assets	2,071,245.52
Net Income	2,445,731.37
Total Equity	5,643,901.65

TOTAL LIABILITIES & EQUITY**11,015,220.95****Gallatin Solid Waste Management District Profit & Loss
July 2007 through June 2008
Jul '07 - Jun 08****Ordinary Income/Expense****Income**

Charges for services-Logan	
3430-42 · Disposal charge	3,990,106.79
3430-45 · Sale of junk or salvage	75,125.92
Total Charges for services-Logan	4,065,232.71

Recycling Revenue	
Sale of Paper	39,929.94
Sale of Plastic	5,494.99
Sale of Aluminum	12,359.37
Sale of Steel	2,440.17
Sale of Cardboard	2,098.54
Total Recycling Revenue	62,323.01

3710-10 · Interest earnings	140,845.58
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Total Income	4,268,401.30
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Cost of Goods Sold

Processing Costs.	
Paper	14,496.13
Plastic	2,788.05
Aluminum	3,547.75
Steel	713.51
Cardboard	1,061.25
Total Processing Costs.	22,606.69

357 · Transport Recycling Materials	
Hauling Rolloffs	23,244.15
Hauling Cardboard	3,872.00
Total 357 · Transport Recycling Materials	27,116.15

Total COGS	49,722.84
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Gross Profit	4,218,678.46
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Expense	
Personnel	
110 · Salaries & wages- permanent	506,297.07
112 · Salaries & wages- temporary	4,565.52
Gallatin Solid Waste Management District Profit & Loss July 2007 through June 2008	
120 · Overtime- permanent	19,451.44
140 · Employer contributions	175,965.27
Total Personnel	706,279.30
Maintenance	
230 · Repairs & maintenance supplies	49,525.15
232 · Tires	1,968.39
360 · General repair & maint by other	830.90
361 · Automotive repairs & maint	15,142.45
362 · Office equip repair & maint	3,406.36
Total Maintenance	70,873.25
Small Tools	
235 · Small Tools	12,551.02
Total Small Tools	12,551.02
Utilities	
341 · Electric utilities	6,509.21
345 · Telephone	14,313.01
346 · Cell phones	2,622.88
Total Utilities	23,445.10
Supplies	
210 · Office supplies	6,853.05
220 · Operating supplies	91,824.62
224 · Food	3,845.74
226 · Clothing & uniforms	1,034.89
Total Supplies	103,558.30
Insurance	
510 · Property insurance	18,428.00
513 · Liability Insurance Allocated	9,208.00
Total Insurance	27,636.00
Fuel	
231 · Gas, oil, fuel, grease	158,815.36
Total Fuel	158,815.36

Gallatin Solid Waste Management District Profit & Loss July 2007 through June 2008	
Postage	
312 · Postage	12,686.31
Total Postage	12,686.31
Printing & duplicating	
320 · Printing & duplicating	1,220.36
Total Printing & duplicating	1,220.36
Subscriptions & dues	
330 · Subscriptions & dues	64.00
Total Subscriptions & dues	64.00
Advertising	
331 · Publications legal notices	604.00
337 · Advertising	2,513.49
Total Advertising	3,117.49
Travel	
370 · Travel	4,216.13
Total Travel	4,216.13
Training	
380 · Training	4,650.93
Total Training	4,650.93
Outside Services	
350 · Professional services	
Corrective Measures	45,850.80
350 · Professional services - Other	118,269.80
Total 350 · Professional services	164,120.60
390 · Purchased or contracted service	
390 · Purchased or contracted service - Other	84,921.45
Total 390 · Purchased or contracted service	84,921.45
Total Outside Services	249,042.05
Licenses	
570 · License fees	52,037.98

Total Licenses	52,037.98
Gallatin Solid Waste Management District Profit & Loss July 2007 through June 2008	
Rent	
530 · Rent	36,097.57
Total Rent	36,097.57
Service charges	
630 · Service charges	24.19
Total Service charges	24.19
Administrative fixed costs	
590 · Administrative costs	49,660.00
Total Administrative fixed costs	49,660.00
Closure/Post Closure	
580 · Closure/post closure costs	-282,220.40
Total Closure/Post Closure	-282,220.40
Loan Interest Payments	
620 · Loan Interest	72,293.28
Total Loan Interest Payments	72,293.28
Depreciation	
830 · Depreciation	322,631.00
Total Depreciation	322,631.00
Total Expense	1,628,679.22
Net Ordinary Income	2,589,999.24
Other Income/Expense	
Other Income	
Ins Claim Reimbursement	10,310.31
Total Other Income	10,310.31
Other Expense	
Loss on Sale of Equipment	41,413.33
Loan payments	
610 · Principal	645,193.86
615 · Principal Contra	-645,193.86
Total Loan payments	0.00
Reserve funds	

905 · Equipment Reserves	247,916.69
Gallatin Solid Waste Management District Profit & Loss July 2007 through June 2008	
955 · EQUIP RESERVE CONTRA	-247,916.69
Total Reserve funds	0.00
Capital improvements	
941 · Capital Assets Under \$5000 Expd	113,164.85
920 · Buildings	67,270.18
925 · Buildings Contra	-67,270.18
930 · Improv other than buildings	1,646,049.16
935 · Improvements Contra	1,646,049.16
940 · Capital exp- Machinery & equip	337,496.95
945 · Machinery & Equip Contra	-337,496.95
Total Capital improvements	113,164.85
Total Other Expense	154,578.18
Net Other Income	- 144,267.87
Net Income	2,445,731.37