



P.O. Box 922 Lopez Island, WA 98261 (360) 468-2555

[www.lopezsolidwaste.org/](http://www.lopezsolidwaste.org/)

## 2014 Annual Report

### FINANCE

If the saying is true that it is wise to not have excess capital as a startup enterprise, then we Lopezians, having started this District with no capital at all, have been profoundly wise. The idea behind the saying is that an enterprise starting without much capital is forced to make careful plans and decisions; there is no room for extravagant or wasteful actions.

Having completed our second full year of operation on December 31, 2014, we have kept a positive cash flow, paid all bills before due, and built up reserve capital equal to 2-3 months of expenditures. We have made the first two (of five) annual payments on our \$46,500 loan—a loan we received from three generous Lopezians to pay for our Peterbilt roll-off truck. And we recently made the final payment to the county for the machinery and equipment we bought when we took over operations. Other than the truck note, we are now free of debt.

On the revenue side, we held garbage and other fees at the reduced rates that we implemented when we took over from the county, and have continued to expand no-fee recycling options. Garbage revenue increased slightly from \$125,387 in 2013 to \$131,400 in 2014. We held the 2015 property tax levy to the same amount as for the 2014 levy, at \$115,000, and in November 2014 the Lopez community again approved the levy with more than 76% support. Our partner organization, Solid Waste Alternatives Program (SWAP) continues to provide us with crucial support in education and outreach, substantial donations, and, on occasion, opportunities to lighten up (think Trashion-Fashion Show).

We continue to run a clean and efficient operation thanks to our hard-working, dedicated, part-time staff, and the dozens of talented and generous volunteers who educate and assist patrons during facility hours or work after hours in support of our programs and administration. The Take-It-Or-Leave-It (TIOLI) continues to be an important community asset, both for people who leave things and who take things. And while there is always more work to do and more improvements to make, our operations,

logistics, and administrative systems are working well.

Our main source of revenue is garbage fees. Yet, our main goal is to reduce garbage volumes; i.e., to move towards zero waste. One might say that our long-term funding model is paradoxical. It certainly presents a challenge whenever the District's Managing Board explores ways to expand recycling or reuse programs. One thing seems clear as we look ahead: having a community that so strongly values and supports our Lopez dump is a fundamental part of the District's viability and success.

### **Income Statement Jan. 1 - Dec. 31, 2014**

CASH BASIS -- UNAUDITED

	BUDGET	ACTUAL	
	12 months	12 months	note
<b>REVENUE:</b>			
Beginning Cash	54,920	78,329	
Tax Levy Revenue	112,700	112,314	1
Excise Tax Revenue	50,220	51,387	
Garbage Tip Fee Revenue	126,365	131,400	2
Recyclables Sales Revenue	13,640	18,155	3
Recyclables Tip Fee Revenue	9,000	8,836	
Donations	20,000	16,343	4
Misc. Revenue (Expenditure)	-	86	
Refuse Tax	4,550	4,718	
Proceeds of Long-Term Debt--other	113,500	-	5
<b>Total Revenue</b>	<b>449,975</b>	<b>343,239</b>	
<b>Total Revenue and Beginning Cash</b>	<b>\$504,895</b>	<b>\$421,568</b>	
<b>EXPENDITURES:</b>			
Wages & Benefits	112,000	90,628	6
Office & Operating Supplies	8,630	3,344	
Fuel	3,860	4,443	
Small Tools & Equipment	1,530	6,851	
Accounting and Professional Services	6,000	3,662	
SJC Admin. and Legacy Fees	38,360	41,777	7
Communications	2,060	1,398	
Taxes, Other	2,950	2,014	
Insurance	18,100	12,987	
Utility Services	2,680	1,373	
Garbage Tip Fees Paid	39,900	44,887	
Garbage Transportation Expenditure	11,610	7,932	
Recyclables Tip Fees Paid	6,800	3,740	
Recyclables Transportation Exp.	15,420	8,010	

Repairs and Maintenance	10,000	5,477	
Fees & Dues	-	158	
Volunteer Expenditure	4,000	-	
Hazardous Waste Expense Allowance	3,500	-	
Permits and Licenses	2,000	2,938	
Ballot and Levy Measures	1,000	-	
Interfund Loan Payment	50,000	-	
Refuse Tax Payment	4,550	4,730	
Debt Service: Principal	22,090	8,758	
Interest Expense	1,395	1,395	
Interest, Intergovernmental	500	116	
Computer and Software Expenditure	3,000	8	
Machinery and Equipment	50,000	15,904	8
<b>Total Expenditures</b>	<b>421,935</b>	<b>272,530</b>	
Ending Cash	82,960	149,038	9
<b>Total Expenditures and Ending Cash</b>	<b>\$504,895</b>	<b>\$421,568</b>	

### **NOTES to Income Statement Jan. 1 - Dec. 31, 2014**

This statement has not been subjected to outside review or audit. However, each of the revenue and expenditure lines and totals has been reconciled with financial records maintained by San Juan County. The following notes explain noted lines on the income statement.

1. Tax Levy Receivable (unpaid taxes) as of Dec. 31, 2014 was \$3,395.
2. We hauled 471 tons of garbage in 2014, well over the budgeted 420 tons. But our average revenue per ton (at the pay booth) was approximately \$330/ton, well below our budgeted \$360/ton. Thus our actual revenue was only slightly higher than budget. The lower rate collected per ton reflects garbage not paid for (left on site, Take-it-or-Leave-It disposals, Thrift Shop, and such). Going forward, with two years of data, we have used the \$330/ton figure for our 2015 budget.
3. Recyclables Sale Revenue, the amounts we receive from buyers for recyclable materials, was above budget in large part because of one-time income from the sale of rusted and unusable dumpsters we inherited (at no cost).
4. Almost all of these cash donations were received directly from our partner organization Solid Waste Alternatives Program, SWAP, as a result of their programs. In addition to the donations reported here, SWAP also donated in-kind: \$4,969 worth of materials, web support, and levy campaign support; plus, many hours toward recruitment and support of volunteers and other District needs.
5. Capital and line-of-credit loans were not needed for 2014.
6. Not reflected in this statement are the 3,388 volunteer hours logged on site; or

volunteer labor by board members, staff, SWAP, and other community members.

7. This is our annual fee paid to the county for administration, and for legacy costs of county solid waste operations including payments for old bonds, and monitoring and testing of landfill sites.

8. The second and final payment to the county for our dumpsters, backhoe, and forklift.

9. As of Dec. 31, 2014, in addition to cash we had an Accounts Receivable balance of \$915. This amount was not recorded as 2014 revenue because we are on a cash-basis. There were no inventories or Accounts Payable as of year-end. A list of assets is available upon request

## OPERATIONS

A glance at 2014 through numbers:

- 3,388 hours of on-site volunteer hours--an average of 46 hours per week!
- 471 tons of garbage actually hauled to the Skagit County Transfer Station.
- Lopezians continue to remove more recyclable items from the garbage stream:

	<b>2013 tons</b>	<b>2014 tons</b>	<b>% Change</b>
Cardboard	48.0	53.5	11%
Mixed paper	81.5	119.2	46%
Plastics	14.0	22.7	62%
Aluminum cans	2.7	3.5	30%
Other non-ferrous metal	1.4	3.1	123%
Ferrous metal	30.5	51.9	70%
Glass Recycled	95.8		
Commingled recyclables	14.5	12.2	-16%
E-Cycle	5.0	7.3	45%
Other <sup>1</sup>	4.9	10.5	114%
<b>Total Recycle<sup>2</sup></b>	<b>298.3</b>	<b>283.9</b>	<b>-5%</b>
Glass used for gravel pit reclamation <sup>3</sup>	15.0	96.0	
Garbage	425	471	11%
<b>Total Glass/Garbage</b>	<b>440.0</b>	<b>567.0</b>	<b>29%</b>
<b>Total Recycle and Glass/Garbage</b>	<b>738.3</b>	<b>850.9</b>	<b>15%</b>
<b>Recycle Rate<sup>4</sup></b>	<b>40%</b>	<b>33%</b>	<b>-17%</b>
<b>Recycle Rate excluding all Glass</b>	<b>32%</b>	<b>38%</b>	<b>17%</b>

1 Includes textiles, oil, refrigerated appliances, batteries, tires, and non-eCycle electronics

2 In November 2013 we started hauling glass to a local sand and gravel pit as part of a reclamation program. Because 96 tons of recycled glass occurred in 2013 and no recycled glass occurred in 2014, the percentage change for total recycling is heavily skewed to the negative. If glass is excluded from 2013 and 2014, total recycling increased from 32% to 38%.

- 3 Total glass deposited at LSWDD is down 13%, from 110.8 tons in 2013 to 96.0 tons in 2014.
- 4 96 tons of glass was recycled in 2013 and no glass was recycled in 2014. This results in a 17% reduction in the overall recycle rate. If glass is not considered in 2013 and 2014 then the recycle rate is up 17% in 2014.

TIOLI donations are not included in this percentage. TIOLI donations were weighed August through December (5 months). During that time period we received an average of 1419 pounds per open day. The state and county have a goal of meeting a 50% recycling/reduce rate. It may be that we have already surpassed the 50% mark if a full year of TIOLI donations had been weighed. Some municipalities count food and yard waste in their recycle/reuse goals; this represents a huge increase in tonnage of recycling, and helps explain why they surpass the 50% rate. We are exploring composting options for Lopez.

This was a busy year and many improvements were made in 2014. The cardboard recycling bins were retired, replaced by steel-reinforced plastic bins that do not collapse in the rain. These new bins are repurposed, non-toxic bulk-liquid containers. Besides being more durable they decrease the labor required to handle recyclables at the site and take up less room because they are stackable.

New informative recycling signage was added to make self-sorting easier.

In 2014 we implemented no-fee recycling of steel and lead acid batteries. And we started 2015 with a new plastics sort, which will help ensure that the District gets a higher and more stable price from the recycle market.

## **Personnel**

In 2014 we lost long-time employees Neil Hanson and Bob Chonka. Neil is a zero-waste visionary who spent more than 20 years of hard work to create one of the best recycling-reuse-garbage facilities in Washington state. The contributions of Neil and Bob made a significant and positive impact on all Lopezians' life.

David Zapalac was hired in early 2014 as Facility Manager. In mid-year Gary Lawrence was hired as part-time Facility Administrator. Both positions assumed some of the management responsibilities that were carried by the board during the District's start-up phase.

A new temporary position was added for education and public outreach, 75% funded by a grant from the Department of Ecology. Nikyta Palmisani stepped into this position and has had a positive impact at the facility by expanding education opportunities through fun and entertaining events, locally-published articles, and creative use of the arts to help LSWDD further reach its goal of reducing waste.

Ron Shively joined our team in early 2014 and has the responsibility of driving the roll-off truck to the mainland to dump the garbage and non-baled recyclables.

The end of 2014 also saw the retirement of two of the founding board members, Page Read and Larry Eppenbach. We thank them for their hard work and appreciate them beyond words for volunteering countless hours to make the facility what it is today.

The retirement of Page and Larry opened up 2 positions on the board, and because we had 3 talented and interested Lopezians for the open board positions we decided to expand by changing the bylaws to allow up to 7 members to serve on the board.”

We welcome for 4-year positions:

Tytti Langford as Secretary

Jim Lombard

Judy Meyer

## **Outlook**

In 2015 we will continue to improve the Dump experience.

- Our plan is to repave and reinforce the area around the z-wall this year.
- We plan to further improve the signage around the driveways and Recycling Plaza.
- We will add a few improvements around the z-wall to make dumping your garbage safer.
- In cooperation with the county we will be looking for ways to improve parking around the facility with safer access to the TIOLI.
- In 2015 we will continue to look for ways to expand our list of recyclables. We are currently exploring a way to take and recycle all batteries including alkaline and non-rechargeable lithium.
- Lopez Solid Waste Disposal District has been selected to receive the Washington State Recycling Association’s 2015 Nonprofit Recycler of the Year Award.

Even though there are too many to name, we could not do what we do without our committed and hard-working volunteers. We thank them for the tremendous work they do and the professionalism and fun they bring to dump.

LSWDD Managing Board of Directors

Sandy Bishop, Chair

Bruce Creps

Dan Post

Tytti Langford, Secretary

Jim Lombard

Judy Meyer