

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana - Executive Director
 John Mangini - Senior Finance Manager
Date: June 27, 2019 SBWMA Board of Directors Meeting
Subject: Resolution Approving the FY19/20 SBWMA Budget

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-42 attached hereto authorizing the following action: **Approving the FY19/20 SBWMA Budget.**

Summary

The FY 19/20 SBWMA Budget reflects Staff's plan to manage revenues and expenses to meet bond covenant ratios and increase the capital reserve balance to ensure sufficient funding for future capital projects of the Agency. **Staff is recommending no Franchise tip fee increases at the Shoreway gate in FY19/20.** The Franchise tip fee increase (12.2%) implemented on January 1, 2019, combined with stronger expected commodity revenue than planned projects to provide sufficient revenue to cover expenses while adding to capital reserves. Additionally, Staff is not recommending an increase in Non-Franchised tip fees. Actual tip fees are approved by the Board in November which allows time to re-evaluate the revenue projection at that time.

Preliminary Budget Updates

A Preliminary Budget was reviewed by the Board at its May 23rd, 2019 Board Meeting. A summary of adjustments from the Preliminary Budget and this Budget Recommendation are illustrated in **Table 1** below. Additionally, at the May Board Meeting Staff advised they would include a schedule in this staff report comparing Franchise and Non-Franchise tipping fees to illustrate that the Franchise rate is not more than the public rate. The Board also requested a schedule of the budgeted In-School Program and Public Spaces Program expenses. These two schedules can be found in **Attachment F**.

Table 1

ADJUSTMENTS FROM THE MAY PRELIMINARY BUDGET					
<u>Line #</u>	<u>Expense Account</u>	<u>Prelim</u>	<u>Final</u>	<u>Change</u>	<u>Description</u>
16	Office/Tenant Improvements	\$18K	\$30K	\$12K	Increased estimate - Storage room build out for additional workstation
65	Insurance Shoreway	\$973K	\$999K	\$26K	Actual Quote with \$1M Deductible
Total				\$38K	
CAPITAL ADJUSTMENTS FROM THE MAY PRELIMINARY BUDGET					
<u>Year</u>	<u>Project</u>	<u>Prelim</u>	<u>Final</u>	<u>Change</u>	<u>Description</u>
2019	O2E Pilot	\$2.25M	\$1.25M	(\$1.0M)	Reduced by \$1M - SM County Grant

Fiscal Impact

The FY19/20 Budget forecasts a Net Income of \$3,599,057 which is \$1.3 million higher than FY18/19 Adopted Budget (see Table 2 below). The Net Income projection is primarily a function of the following factors:

- **Higher franchise and non-franchised revenue of \$1.8 million (4%).** The large tip fee increases (12.2%) on January 1, 2019 is maintained through FY19/20.
- **Higher net commodity revenues of \$1.5 million (+36%)** from stronger projected container revenue. Container salvage value and CRV are conservatively projected to be \$90/ton more than prior budget, while Mixed Paper is projected to be sold at a loss.
- **Higher Disposal & Processing expense of \$351,669** primarily due to increased solid waste disposal tip fees in January 2020. The increase is offset by lower projected public yardage, mainly from C&D volumes and lower projected organics volume. In addition, the FY18/19 budget contained food waste processing cost at \$54/ton, but the food waste rate was only charged in Q1 of 2018. This budget projects organics processing cost at the non-food waste rate.
- **Higher SBWMA Program expenses of \$443,290 (13.1%)** due to the addition of Management Analyst position that replaced a vacant senior staff position (open since September 23, 2016); and budgeting of two new proposed positions; *Outreach & Communications Coordinator* and a 5th *Fellowship* position. The Support and Compliance portion of the SBWMA Program budget is 13.2% lower than the prior budget due to a lesser need for Franchise Agreement consulting and work that will be performed inhouse by the Management Analyst.
- **Higher SBR Operations expense of \$922,893 (4.6%)** due to adjusted cost assumptions and increased residual tonnage. Direct labor CPI is 3.0% for 2020 compensation year.

Table 2

FY19/20 NET INCOME					
Categories	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Preliminary Budget	Variance to Adopted Budget	Variance %
Total Revenue	\$51,694,168	\$52,815,314	\$55,117,884	\$3,423,716	6.6%
Total Expenditures	\$49,381,363	\$49,497,264	\$51,518,826	(2,137,463)	-4.3%
Net Income:	\$2,312,805	\$3,318,050	\$3,599,057	\$1,286,252	55.6%

Overview

Budget Process:

The schedule for this budget review includes the following steps:

- Finance Committee review – May 7
- Board review and feedback of preliminary budget – May 23
- Board discussion of the planned capital budget – May 23
- Final Board consideration of final budget – June 27

Organization of the FY 19/20 Budget Report:

Attachment A: You will find the preliminary FY19/20 detailed operating budget (including cash reserve balances, revenues, and expense and capital budget). The expense detail in **Attachment A** has three main parts: the SBWMA Program budget (7.4% of total), the Shoreway Operations budget (82.5% of total) and the non-operating Expenses (10% of total).

Attachment B: You will find further detail of the Program budget: staff resources, key projects and work activities.

Attachment C: Provides the current organization chart and details on personnel related budget assumptions. Management Analyst was hired in March of 2019. This budget proposes the addition of a two staff positions; Recycling Outreach Coordinator and Fellowship position.

Attachment D: Provides back up detail on commodity revenue and prices.

Attachment E: Provides important back up to other financial and operational data.

Highlight of New Projects and Activities:

- **Franchise Agreement: Amendment #1:** Program modification discussions with Recology (Bulky Item Collection; Abandoned Waste Collection; inclusion of new anti-litter/storm water standards during collection operations).
- **Commodity Market Response:** Plan and implement short term/long term equipment modifications to allow SBWMA materials to remain at the front of the line in the global commodity markets in the future.
- **Zero Landfill Committee and Long-Range Plan:** Implement Mixed Waste Processing Pilot; Expanded Public Spaces, In-School and Pub Ed programs.
- **Capital/Site Long-term planning:** Intense planning to implement four (4) large-scale material handling projects-- Organics-to-Energy Pilot and Scale-up Organics-to-Energy processing; and two large-scale automation and recyclable materials recovery projects for the Material Recovery Facility (MRF).
- **Agency Debt (Bond) Refunding project:** Refunding the agency's current bonds and an additional \$10M in new money to 1) achieve more favorable current market lending rates and to 2) secure funding for new capital projects identified in above bullet.

Mandated Communications, Public Education and Outreach Programs: Renewed emphasis on proper handling of battery disposal options; improve quality of recyclables received; expand commercial organics participation; increased residential food waste participation; and promotion of diversion programs.

2020-2024 Long Range Plan development: The agency's current 2015 Long Range Plan is at the end of its five-year cycle. A new plan is currently being developed to establish/rank agency priorities and resource allocations during this new period.

Core Staff Responsibilities:

- **Franchise Agreement Contract Administration:** Continued oversight, contract administration and technical support for the 12 collection services agreements with Recology San Mateo County (RSMC) on behalf of member agencies. In 2018, the value of these 12 contracts had a total value of \$56,906,852.
- **Shoreway Environmental Center—Facility and Contractor Oversight:** Manage all financial, operational, capital and maintenance needs, planning and compliance aspects of the agency-owned 16-acre solid waste facility through

direct engagement or through the activities of our primary contractor, South Bay Recycling (SBR). In 2018, the total value of the SBR Operating Contract was \$20,019,097. Facility oversight responsibilities includes: over 200,000 square feet of building management; a high-volume diesel fueling station (1M+ gallons/year); two industrial -scale vehicle maintenance facilities (for RSMC and SBR operations); and over \$20M worth of equipment owned by the SBWMA. Additionally, 350+ employees and 150+ work vehicles are based on this site; and another 190 employee vehicles are also temporarily parked on-site during their shifts.

- **Materials Management:** Provide technical expertise in planning, compliance and management of all aspects of the agency's major contracts for the disposal and/or handling/processing of all MSW, organics, construction and demolition, and recyclable materials (through SBR). In 2018, this responsibility represented the proper handling of 472,716 tons of materials with a total contract value of over \$19M.
- **Management of Annual Contractor's Compensation Adjustment Process (RSMC and SBR),** including review of the 2019 RSMC and SBR compensation applications and completion of final audit reports (Recology and SBR) for 2017.
- **Long-Term Program and Capital Planning---to Maintain Statutory Compliance of Expanding Solid Waste/Diversion Requirements:** On our member agency's behalf, agency staff is always forward-thinking on all levels of facility operations, contractor's scope of work and programmatic requirements to ensure that these goals are sufficiently satisfied on a cost-effective basis.
- **Manage Public Education and SBWMA-Planned Community program activities:** to provide technical support for the residential and multi-family unit collection services, and manage the development of the outreach materials for the commercial collection programs. In 2018, there were 18 SBWMA-planned community events (16 "Shred/E-Waste/Compost events; an Earth Day public event (April 21st and a Rethink Recycling Day public event (October 27th)). Over 700 members of the public attended these two "on-site" events, and many hundreds more enjoyed the Shred/E-Waste/Compost Events in their communities.
- **Management of the Shoreway Education Center Tour Program:** including the school and public tours. This program educates an average of over 5,000 tour visitors per year in about 250 facility tours.

Financial Summary:

Overall, the Preliminary FY19/20 Budget reflects stronger financial results to the Mid-Year Budget without the need for a tip fee increase. Table 3 below provides a financial summary of operations.

Table 3

FY19/20 FINANCIAL SUMMARY					
Categories	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Preliminary Budget	Variance to Adopted Budget	Better/Worse %
Total Revenue	\$51,694,168	\$52,815,314	\$55,117,884	\$3,423,716	7%
SBWMA Program	\$3,375,781	\$3,444,818	\$3,819,070	\$443,289	-13%
Shoreway Operations	\$ 41,110,633	\$ 41,189,305	\$ 42,523,487	\$1,412,854	-3%
Total Operating Expense	44,486,414	44,634,123	46,342,557	\$1,856,143	-4%
Non-Operating Expense	4,894,949	4,863,141	5,176,269	281,320	-6%
Total Expense	49,381,363	49,497,264	51,518,826	2,137,463	-4%
Net Income to Reserve	\$ 2,312,805	\$ 3,318,050	\$ 3,599,057	\$ 1,286,252	56%

Revenue:

Table 4 below provides a summary of revenue by source with total revenues for FY19/20 increasing by \$3,423,716 (7%) over the FY19/20 adopted budget. Stable tip fees and higher commodity revenue are partially offset by lower public volume; mainly C&D volume. The prior year budget included a \$14 increase (or a 12.2%) in Franchise solid waste and organics tip fees effective January 1, 2019, which effects only half of the prior fiscal year. This large FY18/19 tip fee increase projects to provide sufficient revenue to cover expenses while adding to capital reserves.

Table 4

FY19/20 REVENUE					
Revenue	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Preliminary Budget	Variance to Adopted Budget	Variance %
Tip Fee Revenue	\$47,324,987	\$46,657,035	\$49,142,560	\$1,817,573	4%
<i>Non Franchised</i>	12,317,344	12,036,827	12,112,251	(205,093)	-2%
<i>Franchised</i>	35,007,643	34,620,208	37,030,309	2,022,666	6%
Net Commodity Sales Revenue*	4,128,936	5,695,522	5,598,516	1,469,580	36%
Interest Income	233,300	460,069	376,994	143,694	62%
Fire Insurance Proceeds		-			
Other Revenue	6,945	2,688	(187)	(7,132)	-103%
Total Revenue:	51,694,168	52,815,314	55,117,884	3,423,716	7%

*Gross commodity sales less 25% revenue share with SBR and buyback payments.

Table 5 below summarizes the volume, tip fee and revenue change for franchise and public customers. Franchise tonnage is expected to decrease by 0.2% and with the consistent tip fees results in 5.8% higher revenue. Public customer volume, especially C&D, will decrease 5.2% resulting in a 3% decrease in public yardage revenue. Weighted 3rd party customers, mostly from Recology San Bruno and other jurisdictions, with an expected 3.6% volume decrease based on current trends resulting in 2.3% revenue increase. **Weighted average public tip fee per ton is lower than Franchise tip fee per ton due to the volume of public weighted dirt tons charged at \$110/ton gate rate.**

Table 5

TIP FEE REVENUE					
	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Proposed Budget	FY20 vs. FY19 Adopted Budget	Variance %
Franchise Revenue					
Tons	298,398	295,756	297,890	(508)	-0.2%
Wtd Avg. Tip Fee	\$ 117.32	\$ 117.06	\$ 124.31	\$ 6.99	6.0%
Franchise Revenue	\$ 35,007,643	\$ 34,620,208	\$ 37,030,309	\$ 2,022,666	5.8%
Public Revenue					
Cu/Yards	218,953	206,639	207,466	(11,487)	-5.2%
Wtd Avg. Tip Fee	\$ 41.89	\$ 42.26	\$ 42.88	\$ 0.99	2.4%
Public Revenue Cu/YDS	\$ 9,172,353	\$ 8,731,784	\$ 8,896,073	\$ (276,279)	-3.0%
Tons (3rd party - mostly Recology)	27,410	28,057	26,415	(995)	-3.6%
Wtd Avg. Tip Fee	\$ 114.74	\$ 117.80	\$ 121.75	\$ 7.02	6.1%
Public Revenue Tons	\$ 3,144,991	\$ 3,305,043	\$ 3,216,178	\$ 71,186	2.3%
Public Revenue Total	\$ 12,317,344	\$ 12,036,827	\$ 12,112,251	\$ (205,093)	-1.7%
Total Tip Fee Revenue	\$ 47,324,987	\$ 46,657,035	\$ 49,142,560	\$ 1,817,573	3.8%

Table 6 below summarizes commodity revenue. Volume is 6.4% lower than the FY18/19 Adopted Budget based on the recent 9 month average tons. Weighted average commodity prices increase by 46.3% over the FY18/19 Budget. Net commodity revenue increases 35.6% over the FY18/19 Budget. The global commodity market continues to impact the price of Mixed Paper, which is being budgeted to be sold at negative \$9 per ton. Container salvage value and CRV are conservatively projected to be \$90/ton more than prior budget and consistent with FY 18/19 Mid-Year Budget.

Table 6

COMMODITY REVENUE					
<i>COMMODITY REVENUE</i>	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Proposed Budget	FY20 vs. FY19 Adopted Budget	Variance %
Tons Sold	63,272	62,729	59,249	(4,023)	-6.4%
Wtd Avg. Price	\$ 78.88	\$ 112.36	\$ 115.41	\$ 36.53	46.3%
Gross Revenue	\$ 4,991,022	\$ 7,048,016	\$ 6,838,073	\$ 1,847,051	37.0%
Revenue Share w/ SBR	\$ -	\$ (472,089)	\$ (395,652)	\$ (395,652)	
Buyback Payments	(862,086)	(880,404)	(843,906)	18,181	-2.1%
Net Commodity Revenue	\$ 4,128,936	\$ 5,695,522	\$ 5,598,516	\$ 1,469,580	35.6%
Price / Volume Impact					
		Price	Volume	Total	
Tonnage Change	\$	78.88	(4,023)	\$ (317,339)	
Price Change	\$	36.53	59,249	2,164,391	
Total Change (Gross)				\$ 1,847,051	

SBWMA Total Expense

Table 7 below and **Chart 1** summarizes the total expenses for the FY19/20 Budget by major category. The Total Expense is projected to be \$51,518,826 and is \$2.1M (4.3%) higher than the FY18/19 Adopted Budget. Each expense category shown in the table below is discussed in more detail further on.

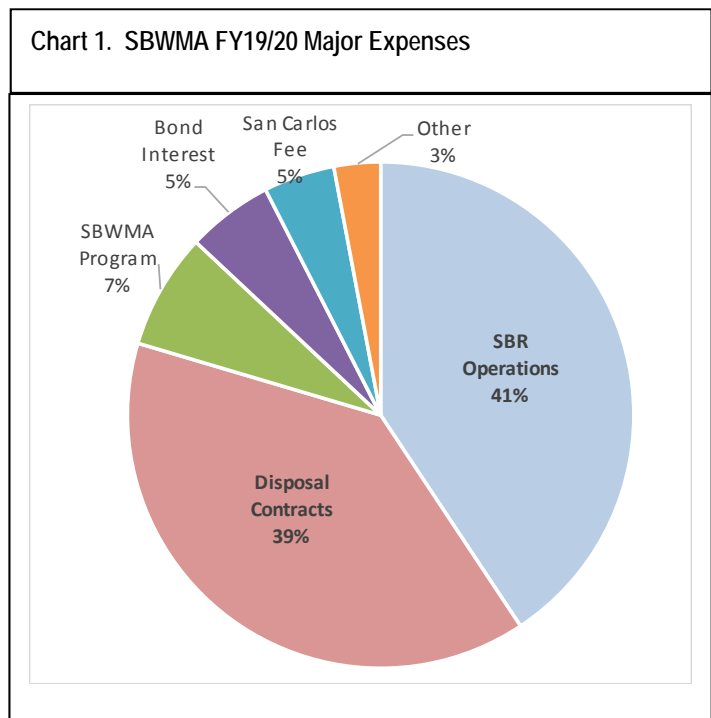


Table 7

FY19/20 TOTAL EXPENSE SUMMARY						
EXPENSE CATEGORIES	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Preliminary Budget	FY20 vs. FY19 Adopted Budget	FY20 vs. FY19 Adopted Budget %	FY19/20 Budget % of Total
Shoreway Operations	\$41,110,633	\$41,189,305	\$42,523,487	\$1,412,854	3%	82.5%
SBWMA Program	3,375,781	3,444,818	3,819,070	443,289	13%	7.4%
Bond Interest Expense	2,641,333	2,641,333	2,836,101	194,767	7%	5.5%
Franchise Fees to San Carlos	2,253,616	2,221,808	2,340,169	86,553	4%	4.5%
Shoreway Fire Related Expenses	-	-	-	-		0.0%
Total Expense	\$49,381,363	\$49,497,264	\$51,518,826	\$2,137,463	4%	100.0%

As can be seen, Shoreway Operations expense is budgeted to increase by 3%, the SBWMA Program budget will increase by 13%, and franchise fees paid to the City of San Carlos will increase by 4% in line with the tip fee revenue increase per Table 4 and 5 above (the 5% franchise fee is unchanged). The changes are explained below.

Shoreway Operations Expense:

As shown in **Table 7** above, the Shoreway Operations expense represent 82.5% of the FY19/20 SBWMA Total Expense Budget. Shoreway Operations includes all South Bay Recycling (SBR) compensation, disposal and processing expenses and all other direct expenses related to the SBWMA's responsibilities and obligations as the owner of the facility such as property insurance. The Shoreway operating expenses are largely non-discretionary expenses and are variable to tonnage delivered to the Shoreway facility and subject to annual calendar year contractual CPI-based compensation adjustments. Operational detailed data for Shoreway revenue and expenses can be found in **Attachment D and E**.

Shoreway Operations Expense Detail

Table 8 below shows the Shoreway Operations Expense detail for FY19/20. The total expense for the Shoreway operations is projected to be \$42,523,487 which is \$1.4M (3%) over FY18/19 Adopted Budget. Variances for each expense line are discussed below:

Table 8

FY19/20 SHOREWAY OPERATIONS EXPENSE DETAIL					
Expenditures	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Preliminary Budget	Variance to Adopted Budget	Variance %
SBR Compensation	\$20,019,097	\$20,509,892	\$20,941,990	\$922,893	5%
Disposal and Processing	19,675,134	19,228,596	20,026,803	351,669	2%
Property Insurance	884,803	884,803	999,117	114,314	13%
Education Center	60,000	60,000	65,000	5,000	8%
Credit Cards Charge	109,400	119,048	123,610	14,210	13%
Other Operating Expense	316,690	316,690	296,690	(20,000)	-6%
Sewer Charge	45,510	70,276	70,278	24,768	54%
Fire Related Expense		-			0%
Total Shoreway Operations:	\$ 41,110,633	\$ 41,189,305	\$ 42,523,487	\$ 1,412,854	3%
Bond Interest Expense	2,641,333	2,641,333	2,836,101	194,767	7%
Franchise Fee (San Carlos)	2,253,616	2,221,808	2,340,169	86,553	4%
Total Expense	\$ 46,005,582	\$ 46,052,446	\$ 47,699,757	\$ 1,694,174	4%

SBR Compensation Expense: There is a projected 5% increase in the expense paid to SBR to operate the Shoreway facility and transport outbound materials to the disposal and processing facilities. SBR is paid on a per ton basis. The budget assumes a 4% decrease in “paid” tons compared to the FY18/19 budget. The increase over prior year is due to a change in cost assumptions related to residue tons, which is consistent with FY18/19 Mid-Year Budget. SBR’s fees per ton change with CPI indices and are estimated to increase 3% on January 1, 2020. Similar to the FY 18/19 budget, \$503,022 is included for the cost of additional MRF sorters needed to clean the bales and improve the quality of fiber commodities in response to continued global market deterioration on the price of paper. See **Attachment E, Table E.3** for detail of SBR Operating Expense.

Disposal and Processing Expense: As shown in **Table 9** below, there is a projected \$351,669 increase in disposal and processing expense primarily due to increased solid waste disposal tip fees in January 2020. The increase is partially offset by lower projected public yardage, mainly from C&D volumes and lower projected organics volume. In addition, the FY18/19 budget contained food waste processing cost at \$54/ton, but the food waste rate was only charged in Q1 of 2018. This budget projects organics processing cost at the non-food waste rate. See **Attachment E, Table E.5** for further details on disposal and processing expense.

Table 9

FY19/20 SHOREWAY DISPOSAL EXPENSE DETAIL					
Disposal Expense by Material Type	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Preliminary Budget	Variance to Adopted Budget	Variance %
Solid Waste	\$8,979,487	\$9,261,655	\$10,511,836	\$1,532,349	17%
Organics	6,733,790	6,429,376	6,280,246	(453,544)	-7%
C&D, dirt	3,840,436	3,537,112	3,282,825	(557,611)	-15%
Other	429,926	464,511	443,263	13,338	3%
Subtotal	\$19,983,638	\$19,692,653	\$20,518,170	\$534,532	3%
Paid by SBR (MRF residue)	(308,505)	(464,057)	(491,368)	(182,863)	59%
TOTAL DISPOSAL EXPENSE	\$ 19,675,134	\$ 19,228,596	\$ 20,026,803	\$ 351,669	1.8%

Other Operating Expense (see Table 8):

- Property insurance premiums will increase 13% over FY18/19.
- Education Center expense is to provide bus service for school children tours.
- Credit card transaction fees paid by SBR for public/non-franchise customer transactions and reimbursed by the Agency have increased by \$14K due recent trend.
- Other Operating Expense includes primarily facility and equipment maintenance not covered by SBR in their contract.
- Sewer usage fees are based on the potable water usage (water meter) at the site. The actual FY18/19 fees increased 54% over the prior period. The FY19/20 budget reflects an expense consistent with FY18/19.

Franchise Fee (to City of San Carlos): Under the terms of the land use permit at Shoreway granted by the City of San Carlos to the JPA, the SBWMA pays the City 5% of the total tip fee revenue. It is 4% higher than FY18/19 budget in line with higher tip fee revenue.

SBWMA Program & Administrative Expense:

The SBWMA Program & Administrative summary expense is shown in **Table 10** below and totals \$3,819,070, 13% increase over the FY18/19 Adopted Budget. The FY19/20 SBWMA Program & Administrative Expense Budget Detail is shown in **Attachment A - FY19/20 Capital & Operating Budget Detail** with expense variances described in line-by-line detail. The increase is partially due to the addition of Management Analyst position and budgeting of two additional positions; Recycling Outreach Coordinator and Fellowship position.

Table 10

FY19/20 SBWMA PROGRAM EXPENDITURES					
Expenditures	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Preliminary Budget	Variance to Adopted Budget	Variance %
Administrative Expense	\$1,980,851	\$2,021,953	\$2,432,820	\$451,969	23%
Member Agency Support & Contract Compliance	\$ 514,430	\$ 541,281	\$ 446,750	(\$67,680)	-13%
State Manadated Public Education & Outreach	\$880,500	\$881,585	\$939,500	\$59,000	7%
Total SBWMA Program Expense:	\$3,375,781	\$3,444,818	\$3,819,070	\$443,289	13%

The SBWMA Program & Administrative budget includes the staff, administrative, and program related expenses to operate the JPA. The agency has employed a deliberate, consultant-based model to supplement staff time and expertise to fulfil the contract compliance, agency reporting, program and administrative functions to meet the goals established by the Board, the agency's contracts and regulatory bodies. This dual-tier resources approach strongly benefits the agency by maintaining critical institutional knowledge and in-house program continuity (staff), while strategically flexing (up or down) contractor use on an as-needed basis, without bearing the ongoing commitments associated with maintaining a larger staff.

The anticipated staff wage increase is planned for 3% over prior year (adjustments are made on a calendar year basis). The SBWMA provides non-PERS benefits that are low-cost when compared to other public agencies.

Further staff expense detail and a discussion on staff wages and benefit costs can be found in **Attachment C – Organization chart and Personnel Summary**. SBWMA staff will be working to complete critical projects during the FY19/20 that are detailed in **Attachment B – SBWMA Programmatic Detail**. A summary of the key projects for FY19/20 include:

- Completing the public procurement process for disposal services beyond the expiration of the agency's current contract. This current term expires on December 31, 2019.
- Completion of a technical operations pilot and financial feasibility analysis of a waste processing system to recover organic materials and other recyclables from residential and commercial solid waste that will boost JPA diversion.
- Implementation of programs and projects that have been approved by the Board and that are part of the Long Range Plan and the Zero Waste Workgroup efforts. These projects include implementation of the following:
 - Enhanced commercial recycling outreach targeting businesses and multi-family.
 - Environmental education program supporting in-school recycling and composting efforts.

- Piloting gasification technologies for green waste and MRF residue.

Capital Expenditures:

The FY19/20 Capital Expenditures budget is \$6,539,972 including \$1.3 million for an Organics-to-Energy Pilot Project and an initial \$3.7 million MRF Upgrade expenditure. A 5 year capital schedule of projects is included in **Attachment A - FY19/20 Capital & Operating Budget Detail**. The forecast includes the recommended capital projects presented in the Bond Issuance Plan of Finance and a new fueling system in the later years of the 5 year schedule.

Reserve Balances and Bond Covenant Projections:

Reserve balances are calculated by adding (or subtracting) the Net Cash Flow to the Beginning Balance to arrive at the Ending Reserve Balance as shown in **Table 11** below. Net Cash Flow is the sum of Net Income, less bond principal payment, less capital expenditure, plus bond issuance proceeds. For FY19/20, net cash flow to reserves is \$16,329,918.

Table 11

FY19/20 Cash Flow to Reserve Balance					
Categories	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Preliminary Budget	Variance to Adopted Budget	Variance %
Beginning Reserve Balance	\$ 14,675,560	\$ 16,320,440	\$16,960,990	\$ 2,285,429	
Net Income	\$2,312,805	\$3,318,050	\$3,599,057	\$1,286,252	56%
Bond Issuance Proceeds			\$20,000,000	\$20,000,000	
Bond Principal Payment	(1,482,500)	(1,482,500)	(729,167)	753,333	-51%
Capital Expenditures	(3,317,500)	(3,317,500)	(6,539,972)	(3,222,472)	97%
Net Cash Flow (to Reserve)	(\$2,487,195)	(\$1,481,950)	\$16,329,918	\$18,817,114	-757%
Ending Reserve Balance	\$12,188,365	\$14,838,490	\$33,290,908	\$21,102,543	

Once the Ending Reserve Balance is calculated, it is then distributed to each specific reserve in the priority established in the Board approved Reserve Policy: The objective of the Reserve Policy is to maintain an acceptable level of up to 10% of operating expenses for each of the Rate Stabilization and Emergency Reserve. The Total Reserve is budgeted at \$33.3 million as shown in **Table 12** below. The bond covenants are expected to be achieved.

Table 12

FY19/20 BUDGET: RESERVE BALANCES					
	ACTUAL FY17/18	ADOPTED BUDGET FY18/19	MID-YEAR BUDGET FY18/19	PRELIMINARY BUDGET FY19/20	FY20 vs. FY19 Mid-Year Budget
UNCOMMITTED RESERVE:					
RATE STABILIZATON (9% of expense)	\$ 4,764,699	\$ 4,938,136	\$ 3,464,808	\$ 4,636,694	\$ 1,171,886
EMERGENCY RESERVE (9% of expense) *	4,764,699	4,895,300	4,454,754	4,750,679	295,926
CAPITAL RESERVE	5,598,894	957,415	5,521,413	7,810,492	2,289,079
UNDESIGNATED RESERVE			-	-	
TOTAL UNCOMMITTED RESERVES	\$ 15,128,292	\$ 10,790,851	\$ 13,440,976	\$ 17,197,866	\$ 3,756,890
COMMITTED RESERVE					
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 1,192,148	\$ 1,397,514	\$ 1,397,514	\$ 1,008,014	\$ (389,500)
BOND PROCEEDS				\$ 15,085,028	\$ 15,085,028
TOTAL RESERVES	\$ 16,320,440	\$ 12,188,365	\$ 14,838,490	\$ 33,290,908	\$ 18,452,418
SHOREWAY REMEDIATION PROJECT	\$ 1,233,640	\$ 1,233,640	\$ 1,233,640	\$ 1,233,640	\$ -

* Includes \$113,985 which is the annual FY19/20 property insurance premium savings with \$1M deductible vs. \$500k deductible.

Background

The Draft FY 19/20 SBWMA Budget was reviewed by the Board at its May 23rd, 2019 meeting, and will be considered for approval at its June 2019 Board meeting. On May 7, the Finance Committee reviewed the assumptions of the Preliminary FY19/20 SBWMA Budget. The Preliminary FY19/20 capital budget was also discussed at the May Board meeting.

Attachments:

- A. SBWMA FY19/20 Capital & Operating Budget Detail
- B. SBWMA Programmatic Detail (Staff Resources and Description of Key Projects and Work Activities)
- C. Organization Chart & Personnel Summary
- D. Commodity Revenue
- E. Supporting Financial and Operational Data (Tonnage, Fees & Rates, Other)
- F. Tipping Fee Rate Schedule and Program Expense Schedule



RESOLUTION NO. 2019-42

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ADOPTING THE FY 19/20 SBWMA BUDGET

WHEREAS, the South Bayside Waste Management Authority (SBWMA) proposed budget as presented is balanced and provides sufficient funds for normal operations.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the FY18/19 Budget.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 27th day of June 2019, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				

I HEREBY CERTIFY that the foregoing Resolution No. 2019-42 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 27, 2019.

ATTEST:

Jess E. (Jay) Benton, Chairperson of SBWMA

Cyndi Urman, Board Secretary



RESOLUTION NO. 2019-47
RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
BOARD OF DIRECTORS
GRANTING AUTHORITY FOR CONTINUED APPROPRIATIONS AND EXPENDITURES FOR
NINETY (90) DAYS

WHEREAS, the South Bayside Waste Management Authority (SBWMA) is on a fiscal year July 1 - June 30th; and

WHEREAS a budget for FY19/20 will not be ready for review and approval by the Board of Directors until after the start of FY19/20; and

WHEREAS, there is a continued need to conduct business by the SBWMA after the start of FY19/20 budget year.

THEREFORE, BE IT RESOLVED that the Board grants the Executive Director continued authority for appropriations and expenditures at the current level for the first ninety (90) days of FY19/20 for the SBWMA.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 27th day of June 2019, by the following vote:

<u>Agency</u>	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>	<u>Agency</u>	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary District				

I HEREBY CERTIFY that the foregoing Resolution No. 2019-47 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 27, 2019.

ATTEST:

 Jess E (Jay) Benton, Chairperson of SBWMA

 Cyndi Urman, Board Secretary

FY19/20 BUDGET

Attachment A - FY19/20 Budget Revenues by Major Source

	REVENUE SUMMARY	ACTUAL FY17/18	ADOPTED BUDGET FY18/19	MID-YEAR BUDGET FY18/19	PROPOSED BUDGET FY19/20	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
1	ADMINISTRATIVE REVENUE:							
2	INVESTMENT INCOME	\$ 263,256	\$ 233,300	\$ 460,069	\$ 376,994	\$ 143,694	61.6%	Higher balance and interest rates
3	INVESTMENT (GASB 31) MARKET VALUE ADJ		-	-		-	0.0%	
4	TOTAL ADMINISTRATIVE	\$ 263,256	\$ 233,300	\$ 460,069	\$ 376,994	\$ 143,694	61.6%	
5	OPERATIONS REVENUE:							
6	SHOREWAY TIP FEES - Non Franchised	\$ 11,308,540	\$ 12,317,344	\$ 12,036,827	\$ 12,112,251	\$ (205,093)	-1.7%	Projecting 11.5K (5%) less public cubic yardage than prior budget based on current trends.
7	SHOREWAY TIP FEES - Franchised	31,370,058	35,007,643	34,620,208	37,030,309	2,022,666	5.8%	Increase due to large January 2019 tip fee increase (12.2%) maintained though FY2020, with a slight decrease in projected tons vs FY18/19
8	COMMODITY SALES REVENUE	8,008,016	4,991,022	7,048,016	6,838,073	1,847,051	37.0%	Mixed Paper budgeted at negative \$9/ton. Container revenue (including CRV) projected to be \$90/ton above prior budget.
9	COMMODITY REVENUE SHARING W/ SBR	(725,800)	-	(472,089)	(395,652)	(395,652)		Commodity revenue share to SBR (25% above \$5.6 million).
10	BUY BACK CENTER - Payment to Customers	(847,917)	(862,086)	(880,404)	(843,906)	18,181	-2.1%	
11	E-SCRAP COMMODITY REVENUES	-	-	-	(19,346)	(19,346)		E-waste commodity markets have a negative return
12	MRF HOST FEE - SBR Third-Party Contracted Tons	-	-	-	-	-		
13	COMMERCIAL RECYCLING ORDINANCE FEE	-	-	-	-	-		
14	MISCELLANEOUS REVENUE	29,392	6,945	2,688	19,160	12,215	175.9%	
15	SUBTOTAL OPERATIONS REVENUE	\$ 49,142,289	\$ 51,460,868	\$ 52,355,245	\$ 54,740,889	\$ 3,280,021	6.4%	
16	FIRE RELATED REVENUE:							
17	NET INSURANCE PROCEEDS	87,030	-	\$ -	\$ -	\$ -	0.0%	
18	TOTAL OPERATING REVENUES	\$ 49,229,319	\$ 51,460,868	\$ 52,355,245	\$ 54,740,889	\$ 3,280,021	6.4%	
19	TOTAL REVENUE	\$ 49,492,575	\$ 51,694,168	\$ 52,815,314	\$ 55,117,884	\$ 3,423,716	6.6%	
20	TOTAL OPERATING EXPENSES	\$ 47,300,036	\$ 49,381,363	\$ 49,497,264	\$ 51,518,826	\$ 2,137,464	4.3%	
21	NET OPERATING INCOME	\$ 2,192,539	\$ 2,312,805	\$ 3,318,050	\$ 3,599,057	\$ 1,286,252	55.6%	Bond covenants achieved

FY 19/20 Budget

line	EXPENDITURE SUMMARY	ACTUAL FY17/18	ADOPTED BUDGET FY18/19	MID-YEAR BUDGET FY18/19	YTD SPENT 03/29/2019	PROPOSED BUDGET FY19/20	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
1	ADMINISTRATIVE EXPENSES								
2	ADMINISTRATIVE STAFF	\$ 653,200	\$ 648,000	\$ 571,653	\$ 400,690	\$ 738,094	\$ 90,094	13.9%	Increase due to New Management Analysis position. Interim Finance Manager was in the FY18/19 budget
3	MANDATED COMPLIANCE SUPPORT STAFF	615,944	772,600	858,668	571,727	1,010,341	237,741	30.8%	Includes: 1) approved new reclassifications per salary survey findings (\$32k) 2) new proposed new FTEs (2.0)-- Outreach/Communications (\$100k/loaded)+ schools/tours fellow (\$60k/loaded) to start 7/1/19 3) planned staff merit/benefit increases 4) Fellow retirement per legal ruling (\$26k)
4	EMPLOYEE RECRUITMENT/HR SUPPORT	1,800	-	-	-	-	-	#DIV/0!	
5	BOARD COUNSEL	63,498	66,600	91,913	73,181	90,000	23,400	35.1%	Support for Executive Director/Agency in high volume work environment
6	BOARD MEETINGS	4,871	6,000	6,000	4,458	7,000	1,000	16.7%	\$4K for Holiday lunch, and \$2K for refreshments at Board meetings, community room rental fee
7	ACCOUNTING SERVICES	146,336	150,500	150,500	112,875	170,059	19,559	13.0%	New City of Redwood City agreement and one-time transition period expenses of approximately \$50K
8	INFORMATION SYSTEMS	34,617	31,000	31,000	21,559	31,930	930	3.0%	Three year contract to increase by CPI currently 3%
9	WEBSITE	11,933	42,400	42,400	6,034	40,000	(2,400)	-5.7%	Website maintenance (\$10k); Overdue Website upgrade--outdated tech platform/improved design (\$30k)
10	ANNUAL AUDIT	10,205	8,600	8,600	3,105	8,896	296	3.4%	Fees paid to auditors to prepare FY & CY financial statements
11	D&O INSURANCE	44,580	45,900	48,470	48,470	48,470	2,570	5.6%	Annual insurance premium for director's and officer's insurance
12	BANK FEES	5,290	8,700	8,700	3,134	6,271	(2,429)	-27.9%	Bank fees on checking account and fees paid to BNY as the Bond Trustee
13	RENT	54,847	55,900	55,900	41,615	58,000	2,100	3.8%	Office rent from the City of San Carlos with 3.5% increase every Jan. 1.
14	PRINTING AND POSTAGE	249	350	350	83	300	(50)	-14.3%	
15	UTILITIES	29,167	17,000	17,000	12,486	41,480	24,480	144.0%	Includes phone and janitor services. Office phone system upgrade: current is obsolete.
16	OFFICE/TENANT IMPROVEMENTS	85,149	2,000	7,000	6,005	30,000	28,000	1400.0%	Build out storage room to accommodate two workstations
17	OFFICE SUPPLIES	14,130	16,000	16,000	7,998	19,360	3,360	21.0%	Office supplies
18	OFFICE EQUIPMENT COSTS	19,391	11,600	11,600	7,212	11,300	(300)	-2.6%	Base copier lease is \$600/month plus cost per copy
19	PUBLICATIONS & PUBLIC NOTICES	242	1,500	-	-	(1,500)	(1,500)	-100.0%	No public notice needs are anticipated
20	PROFESSIONAL DUES & MEMBERSHIPS	1,458	2,500	2,500	2,634	3,500	1,000	40.0%	Memberships to trade and community organizations (CRRA, SWMA, NCRA, CCAC)
21	VEHICLE MILEAGE & TOLLS	1,110	700	700	878	1,320	620	88.6%	Reimbursement for business use of personal cars (non-auto allowance-eligible employees/fellows).
22	CELL PHONES	932	1,000	1,000	831	1,000	-	0.0%	Cell phone business expense.
23	CONFERENCE & MEETINGS	15,029	15,000	15,000	13,283	18,000	3,000	20.0%	CRRA conference, progress seminar, SWANA meetings, lunch for SBWMA meetings, State of the City addresses
24	TRAINING	4,939	5,000	5,000	4,784	7,500	2,500	50.0%	Professional development opportunities. CCAC training, etc.
25	SPONSORSHIPS & DONATIONS	27,500	30,000	30,000	19,500	35,000	5,000	16.7%	Industry Sponsorships: CAW, CRRA, SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA
26	LEGISLATIVE & REGULATORY ADVOCACY	16,900	30,000	30,000	12,520	45,000	15,000	100.0%	Mandated agency priorities include these initiatives : Extended Producer Responsibility (EPR); Product Stewardship; Source Reduction Initiatives: Lithium-ion Battery safety
27	COMPUTER PURCHASE	14,690	12,000	12,000	9,335	10,000	(2,000)	-16.7%	Adobe pro for 2 users, warranties for sonic wall and server computer, replacement PCs
28	TOTAL ADMINISTRATIVE	\$ 1,878,006	\$ 1,980,851	\$ 2,021,953	\$ 1,384,397	\$ 2,432,820	\$ 451,970	22.8%	
29	MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE								
30	RATE REVIEW	\$ 50,339	\$ 63,400	\$ 14,251	\$ 20,243	\$ 31,520	\$ (31,880)	-50.3%	Office temp support, Consultant Rate Application Support. Part of this activity brought in-house
31	FACILITY IMPROVEMENT OVERSIGHT	14,646	75,000	75,000	-	75,000	-	0.0%	Engineering and construction management support
32	CONTRACT ANNUAL AUDITING	24,490	51,030	51,030	-	51,030	-	0.0%	Annual Financial & Systems Audit of RSMC and SBR by R3 (\$51k).
33	COLLECTION SERVICES FRANCHISE ADMIN.	31,513	50,000	50,000	39,403	50,000	-	0.0%	FA compliance \$40k; Amendment #1 support (BIC/AW/ storm water) \$50k
34	FINANCE ANALYSIS SUPPORT	570	-	76,000	69,838	19,200	19,200	#DIV/0!	On-Call consultant support as needed.
35	RECYCLING TECHNICAL CONSULTANT ASSISTANCE	47,364	60,000	60,000	-	90,000	30,000	50.0%	Diversion consultant support: AB1383 planning
36	WASTE CHARACTERIZATION SUPPORT	12,676	30,000	30,000	-	60,000	30,000	100.0%	Waste characterization studies to support OREX Pilot Project
37	COLLECTION CONSULTING SUPPORT	8,310	100,000	100,000	65,309	30,000	(70,000)	100.0%	Franchise Agreement technical consulting. Service Level Adjustment calculations, etc.
38	BATTERY MANAGEMENT PLANNING	38,796	85,000	85,000	21,392	40,000	(45,000)	100.0%	Consulting support for best-practices studying & recommend changes to collection programs
39	HHW DOOR TO DOOR COLLECTION OUTREACH	-	-	-	-	-	-	200.0%	
40	TOTAL MA SUPPORT & CONTRACT COMPLIANCE	\$ 228,703	\$ 514,430	\$ 541,281	\$ 216,185	\$ 446,750	\$ (67,680)	-13.2%	
41	STATE MANDATED PUBLIC EDUCATION & OUTREACH								
42	STATE'S REQUIRED ANNUAL REPORTS	\$ 30,816	28,000	\$ 28,000	\$ 25,178	32,000	\$ 4,000	14.3%	Annual AB 939 EAR submittal for 10-MAs. +\$2K for possible Cal Recycle Reporting/Commodities (T+M only). Note: no consultant rate adjustment from 1999-2016.
43	SBWMA ANNUAL REPORT	-	5,000	5,000	-	2,500	(2,500)	-50.0%	Creation of annual report
44	DIVERSION PROGRAM SUPPORT	-	90,000	90,000	7,663	90,000	-	0.0%	Tech Data Capture Systems (\$50k); Public spaces recycling assistance (\$30k); Diversion program support (\$10k)
45	GIVEAWAYS - SCHOOLS AND EVENTS	14,960	5,000	5,000	3,989	7,500	2,500	50.0%	

FY 19/20 Budget

line	EXPENDITURE SUMMARY	ACTUAL FY17/18	ADOPTED BUDGET FY18/19	MID-YEAR BUDGET FY18/19	YTD SPENT 03/29/2019	PROPOSED BUDGET FY19/20	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
46	DIVERSION; COMPLIANCE; ZERO WASTE PROGRAMS	217,976	185,000	185,000	151,667	105,000	(80,000)	-43.2%	Zero Waste initiatives-tech support (\$55k); Compost events (\$50k)
47	IN-SCHOOL ENVIRONMENTAL EDUCATION	-	-	-	-	65,000	65,000		Materials (\$6k), storage/transportation (\$12K), recognition (\$5K), staff/tech support (\$40K). Previously budgeted on line 46.
48	LARGE EVENT & VENUE SUPPORT	-	12,500	12,500	4,564	-	(12,500)	-100.0%	
49	CLIMATE ACTION PLANNING	14,060	25,000	25,000	12,871	25,000	-	0.0%	Annual climate register & Member Agency support.
50	RECYCLING TECHNICAL ASSISTANCE	-	40,000	40,000	1,324	85,000	45,000	112.5%	AB 1826 & AB 341 Compliance (\$10k); SB 1383 compliance and planning (\$35k); Promote reusables for businesses (\$25k); Recycling Technical Assistance (\$15k)
51	COMMERCIAL/MFD CONTAINERS	22,309	50,000	50,000	27,148	35,000	(15,000)	-30.0%	MFD recycle bags, internal R containers, MA containers per Franchise Agreements
52	MULTI-FAMILY OUTREACH	16,031	75,000	75,000	13,363	90,000	15,000	20.0%	Compliance with state laws; MFD Toolkit and other outreach; battery bucket supplies
53	MEMBER AGENCY & RATE PAYER EDUCATION	473	110,000	110,000	36,494	110,000	-	0.0%	Biannual newsletters to Member Agency residents.
54	RESIDENTIAL OUTREACH PROGRAMS	28,451	80,000	80,000	63,616	90,000	10,000	12.5%	Outreach per FA, Annual Service Notice FA
55	COMMUNITY EVENTS	5,571	20,000	20,000	15,760	52,500	32,500	162.5%	Earth Day (\$15K), Rethink Recycling Day (\$10K), Fixit Clinics (\$25K), other workshops (\$2.5K)
56	HHW PROGRAM OUTREACH	66,462	65,000	65,000	-	30,000	(35,000)	-53.8%	Annual promotion of local HHW disposal options for all ratepayers
58	CURBSIDE HOUSEHOLD BATTERY OUTREACH	22,237	75,000	76,085	76,617	90,000	15,000	20.0%	Educate customers about risk of battery fires and proper disposal options
59	SHRED & E-WASTE EVENT SERVICES	(2,651)	15,000	15,000	6,873	30,000	15,000	100.0%	Shred, e-waste, and compost events for Member Agencies (coordination, support, outreach, etc.) RFP for Shredding Services
60	TOTAL STATE MANDATED PUBLIC EDUCATION & OUTREACH	\$ 436,694	\$ 880,500	\$ 881,585	\$ 447,127	\$ 939,500	\$ 59,000	6.7%	
61	TOTAL SBWMA PROGRAM BUDGET	\$ 2,543,403	\$ 3,375,781	\$ 3,444,818	\$ 2,047,710	\$ 3,819,070	\$ 443,290	13.1%	
62	SHOREWAY OPERATIONS								
63	OPERATING CONTRACT - SBR OPERATIONS	\$ 20,747,954	\$ 20,019,097	\$ 20,509,892	\$ 12,221,809	\$ 20,941,990	\$ 922,893	4.6%	Adjusted cost assumptions from FY19 budget and increased residual tonnage. 3% expected CPI
64	DISPOSAL	17,673,370	19,675,134	19,228,596	12,279,331	20,026,803	351,669	1.8%	Higher solid waste disposal rate effective January 1, 2020. Offset by lower C&D and organics volume
65	INSURANCE SHOREWAY	810,162	884,803	884,803	812,597	999,117	114,314	12.9%	Property insurance premium. General liability & environmental impairment.
66	SHOREWAY FACILITY COST	460,156	200,000	200,000	88,261	200,000	-	0.0%	Budget for unanticipated routine Shoreway maintenance items that are non-CapEx
67	CREDIT CARDS CHARGES	108,768	109,400	119,048	61,806	123,610	14,210	13.0%	SBR pass through their credit card fees from their bank from public customers.
68	SHOREWAY CHARGES	26,690	26,690	26,690	15,569	26,690	-	0.0%	Amortization of additional trailer cost added in 2015.
69	EDUCATION CENTER OPERATIONS	61,353	60,000	60,000	20,086	65,000	5,000	8.3%	Bus services (\$32K), Poster and Trash to Art Contests (\$7K), contractor services (\$10K), materials and upgrades (\$16K)
70	MAINTENANCE - OX MTN TIPPER	1,698	40,000	40,000	-	20,000	(20,000)	-50.0%	Maintenance expense for truck tipper located at Ox Mtn and owned by JPA
71	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k	-	50,000	50,000	-	50,000	-	0.0%	Unanticipated MRF equipment maintenance (non-CapEx) expense
72	SEWER FEES (PROPERTY TAX)	44,186	45,510	70,276	70,623	70,278	24,768	54.4%	Sewer fees paid for Shoreway operation based on water meter.
73	SUB SHOREWAY OPERATIONS COST	\$ 39,934,338	\$ 41,110,633	\$ 41,189,305	\$ 25,570,083	\$ 42,523,487	\$ 1,412,854	3.4%	
74	FIRE RELATED EXPENSES:								
75	OPERATING CONTRACT - SBR - FIRE RELATED	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
76	SUB FIRE COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	
77	TOTAL SHOREWAY OPERATION	\$ 39,934,338	\$ 41,110,633	\$ 41,189,305	\$ 25,570,083	\$ 42,523,487	\$ 1,412,854	3.4%	
78	TOTAL OPERATING EXPENSES	\$ 42,477,741	\$ 44,486,414	\$ 44,634,123	\$ 27,617,792	\$ 46,342,557	\$ 1,856,144	4.2%	
79	NON-OPERATING EXPENSES								
80	LOSS ON SALE OF PROPERTY	86,680	-	-	-	-	-		
81	DEBT SERVICE BOND INTEREST	\$ 2,702,669	\$ 2,641,333	\$ 2,641,333	\$ 450,083	\$ 2,836,101	\$ 194,767	7.4%	Solid Waste Enterprise Revenue Bond interest payments.
82	FRANCHISE FEE TO CITY OF SAN CARLOS	2,032,946	2,253,616	2,221,808	1,430,388	2,340,169	86,553	3.8%	5% Franchise Fees paid by JPA to the City of San Carlos on tip fee revenue.
83	TOTAL NON-OPERATING EXPENSES	\$ 4,822,295	\$ 4,894,949	\$ 4,863,141	\$ 1,880,472	\$ 5,176,269	\$ 281,320	5.7%	
84	TOTAL SHOREWAY OPERATING EXPENSES	\$ 44,756,633	\$ 46,005,582	\$ 46,052,446	\$ 27,450,555	\$ 47,699,757	\$ 1,694,174	3.7%	
85	TOTAL EXPENSES (SBWMA Program + All Shoreway Operations)	\$ 47,300,036	\$ 49,381,363	\$ 49,497,264	\$ 29,498,264	\$ 51,518,826	\$ 2,137,464	4.3%	
	1. Rolled 2018 budget for line 49 into line 38.								

FY19/20 BUDGET

CAPITAL EXPENDITURE BUDGET	Current	Year 1	Year 2	Year 3	Year 4	Year 5	Description
Capital Project Name	Current Budget FY18/19	Proposed Budget FY19/20	Proposed Budget FY20/21	Proposed Budget FY21/22	Proposed Budget FY22/23	Proposed Budget FY22/23	
Site paving repairs and restriping ²	-	45,000			1,500,000		Repaving of collection fleet parking area. Planned after fuel tank removal project.
Truck shop building maintenance	25,000	25,000	25,000	25,000	25,000	25,000	Place holder for unanticipated capital needs.
TS building and tip floor	50,000	50,000	300,000	50,000	50,000	50,000	Tip floor resurfacing. Place holder for unanticipated capital needs.
MRF building and tip floor	50,000	50,000	50,000	50,000	100,000	50,000	Tip floor resurfacing. Place holder for unanticipated capital needs.
Admin building maintenance	40,000	40,000	40,000	40,000	40,000	40,000	Place holder for unanticipated capital needs.
Site maintenance	50,000	50,000	50,000	50,000	50,000	50,000	Place holder for unanticipated capital needs.
Fire suppression	200,000	100,000	100,000	100,000	100,000	100,000	Place holder for unanticipated capital needs. The agency has an interest in implementing new fire prevention technologies but does not have a specific project planned.
Repairs to landfill tipper	30,000	15,000	-	-	-	-	Place holder for unanticipated capital needs.
Storm Water Treatment System		1,200,000	50,000	50,000	50,000	50,000	Compliance new SW regulations require treatment of site storm water prior to release. 19/20 budget from Engineers estimate for project to be installed that year.
Glass Conveyance & Loadout System	550,000						
Enhancements to Public Recycling Center	200,000	50,000	-	-	-	-	Need to remove from final FY 19/20 budget. Project budgeted and completed in FY 18/19
Shredding to Public Recycling Center	-		100,000				Agency has interest in providing confidential document shredding services as benefit to residents.
CIP Projects (See detail)		4,914,972	12,789,972	13,125,000	2,500,000	-	
Total Budget for Capital Projects	1,195,000	6,539,972	13,504,972	13,490,000	4,415,000	265,000	
FUNDING SOURCE							
Bond Proceeds (\$20M)		4,914,972	7,789,972	7,295,056	-	-	
Capital Reserve	1,195,000	1,625,000	5,715,000	6,194,944	4,415,000	265,000	
Total Funding Source	1,195,000	6,539,972	13,504,972	13,490,000	4,415,000	265,000	

CIP Project Detail	Total	Year 1	Year 2	Year 3	Year 4	Year 5	
Organics 2 Energy Pilot	1,250,000	1,250,000					Project approved by BOD. Anticipated start date 1/2020.
Phase I MRF Upgrades	7,329,944	3,664,972	3,664,972				Project under design with planned BOD approval 2019 and start in 2020.
Phase II MRF Upgrades	8,250,000		4,125,000	4,125,000			Project to be designed after assessment of Phase I improvements and market conditions
Organics 2 Energy Full Project	10,000,000		5,000,000	5,000,000			Project to be designed after assessment of Pilot O2E and market conditions
Underground Storage Tank Removal	1,500,000			1,500,000			Existing UST tanks are single wall and need to be removed using Remediation Reserve.
New Fueling System Project	2,500,000			2,500,000			System design pending replacement collection fleet fuel decision.
New Biogas Fueling System	2,500,000				2,500,000		Same as above. Tied to O2E and planned GHG reduction goals.
Total CIP Project Detail	33,329,944	4,914,972	12,789,972	13,125,000	2,500,000	-	

Budget Expense Category	Description of Program for FY19/20: <i>(Proposed Expense Line Items 1-28)</i>
ADMINISTRATIVE EXPENSE: \$2,432,820 <i>(Proposed Expense line item 28)</i>	
Staff Resources: Joe La Mariana, <i>Executive Director</i> ; John Mangini, <i>Sr. Finance Manager</i> ; Grant Ligon, <i>Management Analyst III</i> ; Cyndi Urman, <i>Clerk of the Board/Executive Assistant</i>	
<p>Program Description/Justification: Provides for overall administrative operations of agency, including: personnel administration, budget development, financial projections, expense payment processing, fiscal management, Board of Directors administration, customer service, risk management, records retention, and IT.</p> <p>Executive Director:</p> <ul style="list-style-type: none"> • Provide ongoing Executive Committee, Board Members, Member Agency Staff support in a timely, professional and accurate manner. • Manage the agency's strategic vision and daily administrative operations through the support of staff, Board/TAC members and all stakeholders. • Establish and maintain all agency financial goals and program standards. <p>Sr. Finance Manager:</p> <ul style="list-style-type: none"> • Review the prior year budget to identify budget variances and plan for a mid-year adjustment, if needed and prepare the following fiscal year's budget. • Prepare two calendar year financial projections to facilitate Shoreway tip fee review/adjustment and "testing" of bond covenant requirements. • Complete prior year financial audit and calendar year financial statements for bond reporting. • Meet bond covenants and reporting requirements as specified in the Indenture to ensure compliance including the two debt coverage ratios. • Verify South Bay Recycling (SBR) monthly reporting of tonnages per Operations Agreement, and monthly invoice and calculation of commodity revenue. • Manage monthly cash transfers to/from SBR per Operations Agreement for commodity revenue, public revenue, and payments for operations. • Manage monthly billings to and payments from Recology for tipping at Shoreway as prescribed in the Member Agency franchise agreements. • Renew general insurance policies (property, general liability, EIL, D&O, etc.) and ensure proper coverage is maintained. • Manage the payroll process and benefits administration, making payments to vendors for payroll, retirement plan, and HSA plan via set procedures. <p>Management Analyst III:</p> <ul style="list-style-type: none"> • Perform analysis, tracking and reporting on contractual responsibilities supporting the franchise agreement, SBR billing, and disposal/processing contracts. • Manage the Agency's public procurement process for all proposals (RFP)/request for qualifications (RFQ), and related activities. • Provide ongoing in-house solid waste program support and expertise to meet numerous deliverables, as required by new laws. • Provide critical path support for broad-ranging agency initiatives, e.g. the Long Range Planning process and resulting programs. • Identify, win and manage grants to mitigate the future cost impacts on ratepayers. <p>Clerk of the Board/Executive Assistant:</p> <ul style="list-style-type: none"> • Provide Board Packets to the Board of Directors, and Board committee/subcommittee packets, minutes and administrative support, accurately and on time. • Maintain the Board of Directors webpage and, as needed, update the Board Member website resource portal feature. • Maintain accurate and up-to-date records for the SBWMA, including Board meeting minutes, resolutions, ordinances and contracts. • Update, as necessary, the Board of Directors JPA and Contracts Resources Binder. • Manage compliance with record retention and other Board-adopted policies • Process forms (e.g. annual Form 700), invoices and other documents in accordance with established procedures, checking for accuracy and completeness. • Provide information and assistance regarding SBWMA programs, policies and procedures to the public, member agencies, vendors, and contractors. 	

Budget Expense Category	Description of Program for FY19/20 <i>(Proposed Expense Line Items 29- 40)</i>
MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE: \$446,750 <i>(Proposed Expense Line Item 40)</i>	
Staff Resources: Joe La Mariana, <i>Executive Director</i> ; Hilary Gans, <i>Sr. Facilities & Contracts Manager</i> ; John Mangini, <i>Sr. Finance Manager</i> ; Julia Au, <i>Program Manager II (Outreach and Communications)</i> ; Grant Ligon, <i>Management Analyst III</i>	
Program Description/Justification: Provides technical support for mandated programs and contractual requirements through member agency staff (TAC); state regulators; and key agency contractors (South Bay Recycling (SBR) and Recology).	
<p>Key Details:</p> <ul style="list-style-type: none"> • Contract administration support for collection services franchise agreements including follow-up on audit findings, financial auditing, and amendment(s). • Continued oversight of SBR's operations per the Shoreway Operations Agreement. • Management of the annual SBR compensation application review process and completion of the final SBWMA financial report. • Manage the annual Member Agency rate review process, including review of the annual Recology compensation application and completion of the SBWMA final reports reviewing the Recology compensation application and consolidated rate report. • Initiate audit work and review of operational data included in the compensation applications. • Review Annual Report from Recology, as required per Member Agency franchise agreements. • Conduct rate (calendar) year audit of collection services and facility operations reports, tonnage data and customer service systems. • Hire contractor to conduct rate year audit of financial systems (includes Recology's revenue reconciliation) of both contractors to verify financial risks to SBWMA and its Member Agencies. • Implement audit findings, as appropriate, and follow up with Recology to ensure progress on implementing audit recommendations. • Provide prompt responses to questions/issues/complaints from the public and Member Agencies regarding their franchise agreements/collection services. • Provide prompt responses to questions/issues/complaints that are raised by the public and Member Agencies regarding their use of the Shoreway facility. • Develop a Member Agency snapshot report and make presentations to Member Agency governing bodies upon request. • Prepare financial analysis for projected revenue and total collection and pass-through costs to determine total rate adjustment for each Member Agency. • Prepare a collection cost variance analysis by detailed cost categories by Member Agency to aid in understanding collection cost changes. • Support Member Agencies with analysis of rate issues and attend rate hearings or rate related meetings as requested. • Update 5-year collection cost projection by Member Agency for collection cost components: Recology cost, disposal expense and Member Agency fees. • Review Recology's Revenue Reconciliation Report. • With TAC member engagement, plan/promote 16 separate compost and shred events with Recology per the Franchise Agreement (electronic waste recycling and battery collection also included, but not required per Agreement). <p>New Efforts in FY19/20:</p> <ul style="list-style-type: none"> • Secure Board and Member Agency approvals of final "Amendment One" (Bulky Item Collection; Abandoned Waste; Storm Water/Litter Abatement) terms. • Transitional planning from current Franchise Agreement terms to newly restated/amended terms in 2021. • Plan full-scale expansion of Public Spaces Recycling Pilot project, based on data and other feasibility analysis. • Provide proactive legislative and regulatory support for various agency priorities, including Lithium Ion battery handling. 	

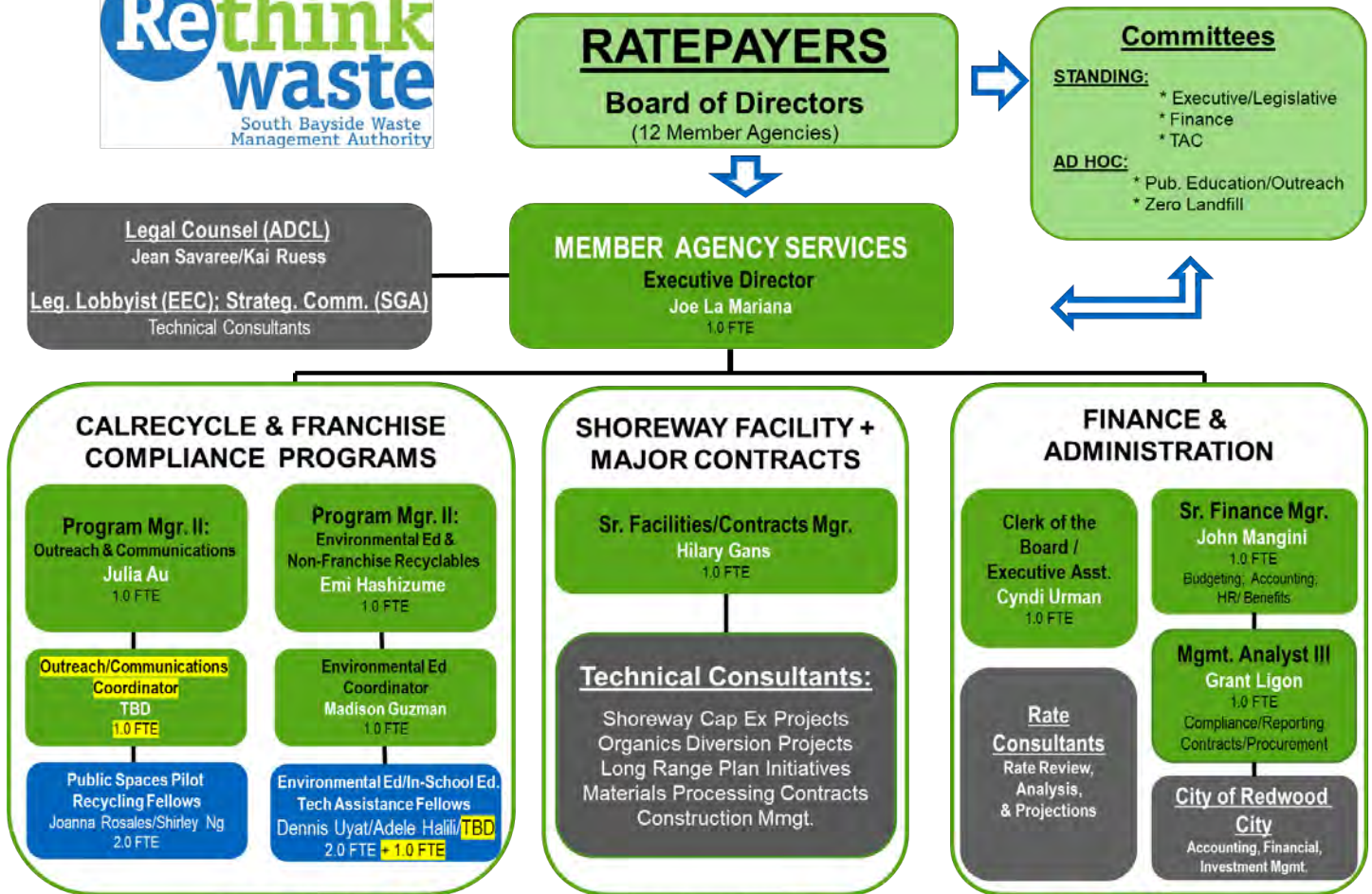
Budget Expense Category	Description of Program for FY19/20 <i>(Proposed Expense line items 41-60)</i>
STATE MANDATED PUBLIC EDUCATION & OUTREACH: \$939,500 <i>(Proposed Expense Line Item 60)</i>	
Staff Resources: Joe La Mariana, Executive Director; Julia Au, Program Manager II (Outreach and Communications); Emi Hashizume, Program Manager II (Environmental Education and Non-Franchise Recyclables)	
<p>Program Description/Justification: Staff services provided to ensure compliance with state-mandated laws promoting waste reduction, recycling, and reporting requirements per AB 939, AB 341, AB 1826, and SB 1383 include: Development and implementation of public education and outreach strategies to promote residential and commercial waste reduction and recycling collection programs and services; oversight of collection services for Member Agencies; compliance with annual reporting required; and implementation of Long Range Plan projects.</p> <p>Key Program Efforts:</p> <ul style="list-style-type: none"> • Develop, implement, and manage on-going outreach activities related to California State Laws, including but not limited to AB 1826, AB 341, and SB 1383, through production and distribution via various and appropriate print and media channels. • Manage and promote outreach for CartSMART (residential) and BizSMART (commercial/multi-family) collection services to meet specific community needs. • Develop, submit, and manage with Recology a Public Education and Outreach Plan including methods of tracking effectiveness and engagement levels on outreach campaigns and tools. • Promote residential collection services through newsletters and bill inserts in collaboration with Recology. • Continue publishing Agency annual report. <p>New Efforts in FY19/20:</p> <ul style="list-style-type: none"> • Manage Public Education and Outreach Subcommittee needs. • Review and update core Pub Ed materials with Public Education and Outreach Subcommittee and Recology engagement. • Continue ongoing next-gen media partnerships — BayROC; PenTV; News & Review. • Finalize Agency Website redesign into modern technical platform, and leverage for new outreach campaigns with contractors. 	

Budget Expense Category	Description of Program for FY19/20 <i>(Proposed Expense line items 62-77)</i>
SHOREWAY OPERATIONS: \$42,523,487 <i>(Proposed Expense Line Item 77)</i>	
Staff Resources: Hilary Gans, Sr. Facilities & Contracts Manager; John Mangini, Sr. Finance Manager; Grant Ligon, Management Analyst III; Emi Hashizume, Program Manager II (Environmental Education and Non-Franchise Recyclables); Madison Guzman, Environmental Education Coordinator	
<p>Program Description/Justification: SBWMA staff activities regarding Shoreway operations including: oversight of SBR operations and contract compliance and management of financial transactions relating to SBR; Shoreway facility capital repairs and maintenance; education center operations; management of disposal and processing contracts, including review and payment of invoices; facility insurance; and billing Recology for tons delivered to Shoreway.</p> <p>Key Details:</p> <ul style="list-style-type: none"> • Ongoing operational oversight and contract compliance of MRF, transfer station, and transportation operations performed by SBR. • Ongoing management of third party recycling and disposal contracts for solid waste, organics, and C&D debris. • Manage organics processing contracts to meet operational, financial and environmental requirements. • Oversee third party tonnage and host fee payment for third-party tons used to generate additional agency income and lower Shoreway operating costs. • Ongoing management of Shoreway Facility capital and maintenance projects are at, or below, budget. • Lead Transfer Station/MRF equipment and facility design to meet long range plan and rapidly changing market needs of program. • Provide Zero Waste Committee with technical/administrative support. <p>Environmental Education and Community Events:</p> <ul style="list-style-type: none"> • Conduct the Shoreway schools and public tours program and meet goals to maintain or exceed number of tour participants relative to prior year. • Manage the onsite community events to promote resource conservation including the following: Earth Day and Rethink Recycling Day events at Shoreway; Trash to Art and Poster contest; expansion of compost donation program throughout Member Agency Schools and community gardens. <p>New Efforts in FY19/20:</p> <ul style="list-style-type: none"> • Identify and plan new operating procedures and capital improvement projects to further the Agency's environmental goals and improve the quality of commodities for marketing purposes. • Continue expansion of "In-School Compost and Recycling Program" (including no-cost infrastructure and materials, technical support, and education and training) currently in pilot phase to 10-15 schools in year 1 of a 5-year rollout. • Identify, plan and implement new public environmentally-themed events at the Shoreway facility for the general public. • Increase support of implementation of County of San Mateo Environmental Health's Food Share Table Program at schools in RethinkWaste service area. 	



SBWMA Organization Chart

July 1, 2019



FY 19/20: Green = SBWMA staff = 9.0 FTE Grey = Consultants/Shared Services Blue = Fellows (Temporary; Ltd. Term) = 5.0 FTE

FY 18/19: Green = SBWMA staff = 8.0 FTE Grey = Consultants/Shared Services Blue = Fellows (Temporary; Ltd. Term) = 4.0 FTE

FY19/20 Proposed Staffing

SBWMA staff provides comprehensive solid waste program and facility planning, compliance, public education, outreach and contract management services on behalf of its member agencies, while supporting the agency-owned Shoreway Environmental Center solid waste and recycling facility. This work is mandated by state law; by franchise agreement contractual obligation; and by virtue of the Agency's facility ownership. Delivery of Agency financial, environmental and service standard goals have historically been accomplished by a small group of experienced industry professionals (Staff) and highly-regarded technical contractors who provide supplemental support for the Agency on an "as-needed" basis.

In anticipation of 1) expanded Public Education and Outreach compliance requirements by SB1383; continued lithium-ion battery safety/EPR messaging; and an elevated commitment to waste diversion and source reduction Public Education and Outreach programs in the foreseeable future, and 2) the SBWMA-wide rollouts of the in-schools Environmental Education and Public Spaces programs, the proposed FY19/20 Staffing Plan includes two (2.0) new FTEs compared to the FY18/19 budget. One proposed FTE is a regular staff position, titled "Outreach & Communications Coordinator" and the second proposed FTE is an additional, limited term, non-benefitted "Fellowship" position. In terms of expenditures, both positions represent the most prudent possible additions to our staff while providing necessary program and tour coverage capacity to meet our mandated and agency-adopted commitments. Additionally, the proposed FY19/20 budget's Staffing Plan includes a Management Analyst III position that, although unbudgeted in FY18/19, received board-approval and was filled by March 2019 due to extreme deliverables associated with numerous programs and projects currently in the queue, and anticipated in the

foreseeable future. This position was reactivated and reclassified from a previously authorized "Recycling Programs Manager" position that had been filled from 2007-2016 but had been vacant since September 2016.

Based on a salary survey completed in January 2019, the Board authorized the reclassification of three existing positions, effective July 1, 2019 on February 28, 2019. These positions will be titled "Clerk of the Board/Executive Assistant" and "Program Manager II" and these changes are reflected on the proposed organizational chart in this Staffing Plan (above) and in Table 1 (below).

Table 1 SBWMA Staffing Plan by FY				
Staff Position Title	FY16/17 <i>Actual</i>	FY17/18 <i>Actual</i>	FY18/19 <i>Actual</i>	FY19/20 <i>Proposed</i>
Executive Director	1.0	1.0	1.0	1.0
Sr. Facilities & Contracts Manager	1.0	1.0	1.0	1.0
Sr. Finance Manager	1.0	1.0	1.0	1.0
Program Manager II – Outreach and Communications <i>(Formerly Recycling Outreach Programs Manager)</i>	1.0	1.0	1.0	1.0
Management Analyst III <i>(Formerly Recycling Programs Manager)</i>	1.0	0	1.0	1.0
Clerk of the Board/Executive Assistant <i>(Formerly Board Secretary/Office Mgr.)</i>	1.0	1.0	1.0	1.0
Program Manager II – Env. Education and Non-Franchise Recyclables <i>(Formerly Environmental Education Manager)</i>	1.0	1.0	1.0	1.0
Environmental Education Coordinator	0	0	1.0	1.0
Outreach and Communications Coordinator	0	0	0	1.0
Environmental Programs Associate	1.0	1.0	0	0
Total Agency Staff <i>(Regular Status):</i>	8.0	7.0	8.0	9.0
Long Range Plan Fellowships <i>(Limited terms-1-3yrs.; Non-benefitted positions)</i>	0	4.0	4.0	5.0

Salary Ranges

The salary ranges for all Agency Staff positions (some are currently vacant) are presented below for FY19/20 (see Table 2). Historically, salary surveys are conducted every three years to ensure that Staff salaries and benefits are competitively priced within market. Salary ranges and benefits are evaluated to "like" solid waste public agencies and/or departments in the greater bay area. The last salary survey was conducted in April 2016. Therefore, a new salary survey was conducted by Steve Sherman Consulting in spring 2019 to establish the adjusted market-based salary ranges for each position.

Table 2 SBWMA Staff: Salary Ranges by Position	
Staff Position	Current Salary Range/Yr.
Executive Director <i>(Determined by professional services agreement)</i>	N/A
Sr. Facilities & Contracts Mgr.	\$133,249 - \$166,117
Sr. Finance Manager	\$133,249 - \$166,117
Management Analyst III	\$112,196 - 140,245
Program Mgr. II <i>(Outreach and Communications)</i>	\$100,976 - \$126,220
Clerk of Board/Executive Assistant (Board Secret./Office Mgr.)	\$77,000 - \$96,250
Program Mgr. II <i>(Env Ed and Non-Franchise Recyclables)</i>	\$100,976 - \$126,220
Environmental Education Coordinator	\$60,000 - 69,999
Outreach and Communications Coordinator	\$63,800 – 79,750
Environmental Education Associate <i>(will be vacant in FY19/20)</i>	\$52,208 - \$59,999
Long Range Plan Fellowships* <i>(non-benefitted, limited term positions)</i>	\$25.75/hr.

*The RethinkWaste Fellowship positions are fulltime. Each one can, by mutual agreement, be renewed annually for 1, 2 or 3 years. This program is modeled after the County of San Mateo's Office of Sustainability program. These positions provide environmental industry-based, independent work assignments for recent college grads while they help the agency achieve its critical long-term goals.

Budget Assumptions for Merit Increases

A merit increase pool of 3.0% of wages is assumed for all positions within the current salary ranges for January 1, 2019. Actual merit increases are awarded by the Executive Director on a calendar year basis per the Board-adopted Compensation Policy. NOTE: When Fellowship positions are renewed, a 3% increase is assumed (from \$25.00/hr. to \$25.75/hr).

Employee Benefits

No proposed changes in the employee benefit plans. Total benefit expense as percent of base compensation is estimated at 25.7% for FY19/20. A summary of the current benefits is as follows:

Deferred Compensation (Retirement):

SBWMA has adopted a self-directed retirement plan under Section 401(a) of the Internal Revenue Service Code to which the Employer contributes an amount equal to 10 percent of the employee's base salary. The plan is with **John Hancock** which holds all of the employee accounts. The employee vests in the 401(a) retirement plan immediately. SBWMA also has a 457b plan into which employees can voluntarily contribute. SBWMA matches the first 2% of employee contributions.

Employees may join both plans on the first of the month following the date of hire. The contribution amounts are subject to IRS limitations.

NOTE: SBWMA does not participate in the federal Social Security system. If the Agency were to participate in the Social Security system, the agency would incur an extra 6.2% of the staff's gross salaries, up to the statutory limit of \$117,000 for each qualified employee. **In FY19/20, this annual savings for the Agency projects out to be \$65,804.**

Group Health Insurance – General:

SBWMA strives to offer group insured plans for medical, dental, vision, life insurance, and long term disability insurance for the benefit of the employee and his/her family that are competitive with similar industry benefits. The health insurance is brokered through **Arrow Benefits Group**.

Medical insurance:

The SBWMA currently offers a high deductible HSA medical plan with **United Health Care** for employees and their families. There is a 20% copay after the deductible has been met for most services. Currently, five employees participate in the plan and three employees have opted out. The premium is age based – the average premium is \$824 per month plus the HSA average contribution of \$458 per month per employee.

Dental insurance:

Dental insurance is provided by **Premier Access** for employees and their families. Basic care is covered 100% and major care (crowns, dentures) is covered at 60% up to the maximum annual benefit of \$2,000. The average monthly premium per employee is \$127.

Vision Plan:

Vision insurance is provided by **Premier Access** for employees and their families. A \$10 copay applies to most services. Frames are covered up to \$120 once per year. The average monthly premium per employee is \$19.

Life Insurance:

Term life insurance is provided by **Guardian Insurance**. The employee is provided at 100% of salary up to \$200,000. The average monthly premium per employee is \$86.

HR and Payroll Support:

The SBWMA contracts with **Modern HR**, a third party professional employment organization for the following scope of work:

- (a) As needed, support for human resources issues including, but not limited to, hiring, firing and discipline.
- (b) As needed, support for compliance with federal, state and local laws and ordinances regarding employment.
- (c) As agreed upon, consult on various Client projects.
- (d) Provide payroll and payroll tax filing services.
- (e) Workers' Compensation insurance.

We pay \$115/month per employee for their services.

FY18/19 BUDGET

Attachment D - FY19/20 Budget Support Files: COMMODITY REVENUE, PRICING

Update: April 2019

Summary Tables

Table D.1

COMMODITY REVENUE					
	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Proposed Budget	FY20 vs. FY19 Adopted Budget	Variance %
COMMODITY REVENUE					
Tons Sold	63,272	62,729	59,249	(4,023)	-6.4%
Wtd Avg. Price	\$ 78.88	\$ 112.36	\$ 115.41	\$ 36.53	46.3%
Gross Revenue	\$ 4,991,022	\$ 7,048,016	\$ 6,838,073	\$ 1,847,051	37.0%
Revenue Share w/ SBR	\$ -	\$ (472,089)	\$ (395,652)	\$ (395,652)	
Buyback Payments	(862,086)	(880,404)	(843,906)	18,181	-2.1%
Net Commodity Revenue	\$ 4,128,936	\$ 5,695,522	\$ 5,598,516	\$ 1,469,580	35.6%
Price / Volume Impact		Price	Volume	Total	
Tonnage Change		\$ 78.88	(4,023)	\$ (317,339)	
Price Change		\$ 36.53	59,249	2,164,391	
Total Change (Gross)				\$ 1,847,051	

FY19/20 BUDGET

Attachment E - FY19/20 Budget Support Files: VOLUME, REVENUE, EXPENSE DETAIL

Update: April 2019

Summary Tables

Table E.1

TIP FEE REVENUE					
	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Proposed Budget	FY20 vs. FY19 Adopted Budget	Variance %
Franchise Revenue					
<u>Tons</u>	298,398	295,756	297,890	(508)	-0.2%
Wtd Avg. Tip Fee	\$ 117.32	\$ 117.06	\$ 124.31	\$ 6.99	6.0%
Franchise Revenue	\$ 35,007,643	\$ 34,620,208	\$ 37,030,309	\$ 2,022,666	5.8%
Public Revenue					
<u>Cu/Yards</u>	218,953	206,639	207,466	(11,487)	-5.2%
Wtd Avg. Tip Fee	\$ 41.89	\$ 42.26	\$ 42.88	\$ 0.99	2.4%
Public Revenue Cu/YDS	\$ 9,172,353	\$ 8,731,784	\$ 8,896,073	\$ (276,279)	-3.0%
<u>Tons (3rd party - mostly Recology)</u>	27,410	28,057	26,415	(995)	-3.6%
Wtd Avg. Tip Fee	\$ 114.74	\$ 117.80	\$ 121.75	\$ 7.02	6.1%
Public Revenue Tons	\$ 3,144,991	\$ 3,305,043	\$ 3,216,178	\$ 71,186	2.3%
Public Revenue Total	\$ 12,317,344	\$ 12,036,827	\$ 12,112,251	\$ (205,093)	-1.7%
Total Tip Fee Revenue	\$ 47,324,987	\$ 46,657,035	\$ 49,142,560	\$ 1,817,573	3.8%

Table E.2

TRANSFER STATION VOLUME						
	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Proposed Budget	FY20 vs. FY19 Adopted Budget	Variance %	
Total TS Tonnage and Yards						
Franchise tons						
SBWMA Solid Waste	tons	181,656	180,946	182,013	356	0.2%
SBWMA Organics	tons	86,361	85,447	88,121	1,761	2.0%
SBWMA Food Waste	tons	26,478	24,907	24,630	(1,848)	-7.0%
SBWMA Dirt, Inert, Other	tons	3,903	4,456	3,126	(777)	-19.9%
Sub-total Franchise		298,398	295,756	297,890	-508	-0.2%
Public tons						
Non-SBWMA SW	tons	2,890	3,363	4,161	1,271	44.0%
Non-SBWMA Scrap	tons	82	82	307	224	273.4%
Non-SBWMA FOOD	tons	6,392	4,856	4,766	(1,626)	-25.4%
Non-SBWMA C&D	tons	5,867	7,876	7,025	1,158	19.7%
Non-SBWMA ORGANIC	tons	308	407	368	59	19.2%
Non-SBWMA Asphalt Roofing	tons	2,082	1,762	1,568	(514)	-24.7%
Non-SBWMA Clean Wood	tons	118	0	0	(118)	-100.0%
Public Weighed Dirt	ton	9,672	9,793	8,221	(1,451)	-15.0%
Sub-Total Public tons		27,410	28,139	26,415	-995	-3.6%
Total Tons		325,808	323,895	324,305	-1,503	-0.5%
Public Cu/Yds.						
Public Solid Waste Yards	C/Yds	41,254	59,224	62,546	21,292	51.6%
Public Green Waste Yards	C/Yds	54,551	40,574	48,320	(6,230)	-11.4%
Public C&D	C/Yds	123,148	106,842	96,600	(26,549)	-21.6%
Total Cubic Yards		218,953	206,639	207,466	(11,487)	-5.2%

FY19/20 BUDGET

Table E.3

SBR OPERATING EXPENSE						
a. Summary	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Proposed Budget	FY20 vs. FY19 Adopted Budget	Variance %	
MRF	\$ 6,617,080	\$ 7,490,082	\$ 7,613,837	\$ 996,757	15.1%	
Transfer Station	5,222,136	5,084,748	5,189,041	(33,095)	-0.6%	
Transportation	8,101,388	7,856,568	8,098,228	(3,160)	0.0%	
Interest	78,493	78,493	40,885	(37,608)	-47.9%	
TOTAL SBR EXPENSE	\$ 20,019,097	\$ 20,509,892	\$ 20,941,990	\$ 922,893	4.6%	
b. SBR Expense Detail	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Proposed Budget	FY20 vs. FY19 Adopted Budget	Variance %	
<u>MRF</u>						
Tons, Inbound	72,457	76,477	72,150	(307)	-0.4%	
Tons, residue	9,185	13,748	12,901	3,716	40.5%	
Tons, net sold	63,272	62,729	59,249	(4,023)	-6.4%	
Wtd Avg. Rate	\$ 104.58	\$ 119.40	\$ 120.02	\$ 15.43	14.8%	
Expense	\$ 6,617,080	\$ 7,490,082	\$ 7,110,815	\$ 493,735	7.5%	
<u>MRF Additional Sorters</u>			\$ 503,022	\$ 503,022		
<u>Transfer Station</u>						
Tons	392,587	380,761	377,631	(14,956)	-3.8%	
Wtd Avg. Rate	\$ 13.30	\$ 13.35	\$ 13.74	\$ 0.44	3.3%	
Expense	\$ 5,222,136	\$ 5,084,748	\$ 5,189,041	\$ (33,095)	-0.6%	
<u>Transportation</u>						
Tons	392,587	380,761	377,631	(14,956)	-3.8%	
Wtd. Avg. Rate	\$ 20.64	\$ 20.63	\$ 21.44	\$ 0.81	3.9%	
Expense	\$ 8,101,388	\$ 7,856,568	\$ 8,098,228	\$ (3,160)	0.0%	
<u>Interest</u>	\$ 78,493	\$ 78,493	\$ 40,885	\$ (37,608)	-47.9%	
TOTAL SBR "PAID" TONS	848,445	824,252	814,510	(33,935)	-4.0%	
TOTAL SBR EXPENSE	\$ 20,019,097	\$ 20,509,892	\$ 20,941,990	\$ 922,893	4.6%	

FY19/20 BUDGET

Table E.5

DISPOSAL & PROCESSING EXPENSE					
	FY18/19 Adopted Budget	FY18/19 Mid-Year Budget	FY19/20 Proposed Budget	FY20 vs. FY19 Adopted Budget	Variance %
a. Summary					
Solid Waste	\$ 8,979,487	\$ 9,261,655	\$ 10,511,836	\$ 1,532,349	17.1%
Organics	\$ 6,733,790	\$ 6,429,376	\$ 6,280,246	\$ (453,544)	-6.7%
C&D, dirt	\$ 3,840,436	\$ 3,537,112	\$ 3,282,825	\$ (557,611)	-14.5%
Other	\$ 429,926	\$ 464,511	\$ 443,263	\$ 13,338	3.1%
Subtotal	\$ 19,983,638	\$ 19,692,653	\$ 20,518,170	\$ 534,532	2.7%
Paid by SBR on MRF residue	\$ (308,505)	\$ (464,057)	\$ (491,368)	\$ (182,863)	59.3%
TOTAL DISPOSAL EXPENSE	\$ 19,675,134	\$ 19,228,596	\$ 20,026,803	\$ 351,669	1.8%
B. Detail					
<u>Solid Waste (Ox Mtn.)</u>					
Tons, net	213,874	219,506	220,793	6,919	3.2%
Wtd Avg. Rate	\$ 41.98	\$ 42.19	\$ 47.61	\$ 5.62	13.4%
Expense	\$ 8,979,487	\$ 9,261,655	\$ 10,511,836	\$ 1,532,349	17.1%
<u>Organics (Newby, Grover)</u>					
Tons, net	130,850	122,495	123,864	(6,986)	-5.3%
Wtd Avg. Rate	\$ 51.46	\$ 52.49	\$ 50.70	\$ (0.76)	-1.5%
Expense	\$ 6,733,790	\$ 6,429,376	\$ 6,280,246	\$ (453,544)	-6.7%
<u>C&D (Zanker)</u>					
Tons, net	57,047	52,508	45,874	(11,173)	-19.6%
Wtd Avg. Rate	\$ 67.32	\$ 67.36	\$ 71.56	\$ 4.24	6.3%
Expense	\$ 3,840,436	\$ 3,537,112	\$ 3,282,825	\$ (557,611)	-14.5%
<u>Other</u>					
Tires	5,336	2,468	4,022	(1,314)	-24.6%
Mattresses	-	-	-	-	-
Appliances	49,120	43,360	40,240	(8,880)	-18.1%
Hazardous Waste	353,229	402,392	389,714	36,485	10.3%
Sharps, Misc.	22,241	16,290	9,287	(12,954)	-58.2%
Expense	\$ 429,926	\$ 464,511	\$ 443,263	\$ 13,338	3.1%
<u>Summary</u>					
TS Tons	401,772	394,509	390,532	(11,240)	-2.8%
Wtd Avg. Rate	\$ 48.97	\$ 48.74	\$ 51.28	\$ 2.31	4.7%
Disposal Expense	\$ 19,675,134	\$ 19,228,596	\$ 20,026,803	\$ 351,669	1.8%

5A Attachment F

FY19/20 BUDGETED TIP FEES/TON		
Material Type	Franchise Tip Fee/Ton	Non Franchise Tip Fee/Ton
Solid Waste	\$121	\$127
Green Waste	\$126	\$128
Food Waste	\$141	\$141
C&D	\$121	\$121
Dirt	\$108	\$110

FY19/20 BUDGETED PROGRAM EXPENSES (Estimate)			
Category	Public Spaces Rollout		In-School Program Rollout
Total Staffing Costs	\$	101,000	\$ 188,000
Total Materials & Support Costs	\$	30,000	\$ 60,000
Program Total *	\$	131,000	\$ 248,000

* Total from various line items within the Budget. No increases from the Preliminary Budget.