



ADMINISTRATION AND FINANCE

STAFF REPORT

To: SBWMA Board of Directors
From: Joe La Mariana, Executive Director
John Mangini, Senior Finance Manager
Date: June 25, 2020 Board of Directors Meeting
Subject: Review Coverage and Premium Options for the Shoreway Environmental Center's Property/Fire Insurance Policy for FY20/21

Recommendation

It is recommended that the SBWMA Board of Directors approve resolution **No. 2020-27** attached hereto authorizing the following action:

Approve and accept the FY20/21 property insurance policy renewal with a group of insurance companies for a total estimated premium of \$1,288,864 with \$60 million in coverage and a \$1.5M deductible.

Rescind Resolution **No. 2020-23** approving property insurance renewal with a premium of \$1,381,928 for \$45 million in coverage and \$1 million deductible.

Background

At its May 28th, 2020 Board of Directors Meeting the SBWMA Board approved the property insurance policy renewal of \$45 million in coverage (\$1M deductible) with a group of insurance companies for a total premium of \$1,381,928 with the caveat that \$60 million in coverage will be presented to the Board at the June BOD Meeting along with other coverage options. The Authority has historically carried \$60 million in coverage. At the time of the May BOD Meeting, Staff had not yet received the final \$15 million in quoted coverage, thus presented the first \$45 million for Board approval at the May BOD Meeting.

Analysis

Staff consulted with Risk Strategies who is marketing the SBWMA's property insurance coverage of the buildings and equipment at the Shoreway facility. Risk Strategies requested quotes from the insurance carriers for premium costs with deductibles of \$1.5M and \$2.0M. At the time of this writing, firm quotes have not been received for the \$1.5M and \$2.0M but Risk Strategies has advised that the estimated provided are likely to change "little if any". Risk Strategies also performed Probable Maximum Loss (PML) and a Maximum Possible Loss (MPL) calculations to test if carrying coverage for an amount less than \$60M might be feasible depending on the Board's risk tolerance. **Table 1** below illustrates a few options available for the Shoreway Environmental Center's Property and Fire Insurance Policy for FY20/21.

Staff recommends Option 2, which increase the deductible to \$1.5M (\$60M coverage) with an estimated premium of \$1,288,864, which is an estimated \$205,891 savings from Option 1. Increasing the deductible by \$0.5 million provides over \$200K in premium savings. The delta between these two figures is

approximately \$300K. In addition, carrying \$60 million in insurance coverage better protects the Authority in the event of a catastrophic incident. The detailed options are further described below:

Table 1

	Option 1 (Status Quo Coverage & Deductible)	Option 2 (Estimate)	Option 3 (Estimate)	Option 4
Insurance Premium	\$ 1,494,755	\$ 1,288,864	\$ 1,208,845	\$ 1,381,928
Deductible	\$1.0M	\$1.5M	\$2.0M	\$1.0M
Coverage	\$60M	\$60M	\$60M	\$45M
Savings vs. Option 1		\$ 205,891	\$ 285,910	\$ 112,827

Option 1 – Maintain the same coverage as the previous year with a premium of \$1,494,755 which is a 56% increase over prior year. \$1.0 million deductible with \$60 million coverage.

Option 2 – Increase the deductible to \$1.5M (\$60M coverage) with an estimated premium of \$1,288,864, which is an estimated \$205,891 savings from Option 1. Increasing the deductible by \$0.5 million provides over \$200K in premium savings. The delta between these two figures is approximately \$300K.

Option 3 – Increase the deductible to \$2.0M (\$60M coverage) with an estimated premium of \$1,208,845, which is an estimated \$285,910 savings from Option 1. Increasing the deductible by \$0.5 million over Option 2 provides only an \$80K additional premium savings.

Option 4 – Maintain a \$1.0M deductible but only insure \$45M in coverage. This option saves \$112,827 from Option 1 but reduces coverage by \$15M. This is a modest savings for the additional risk of not insuring for the potential occurrence of a catastrophic event.

Risk Strategies performed Probable Maximum Loss (PML) and a Maximum Possible Loss (MPL) calculations in **Attachment 1**.

- The Probable Maximum Loss outlines a scenario where a fire occurs with all fire protection systems in operation and functioning as designed, which calculates \$1,464,901 in probable property damage.
- The Maximum Possible Loss scenario outlines a catastrophic event where the fire protection systems are inoperable and both the MRF and Transfer Station are almost completely destroyed with an estimated/calculated loss of close to \$70M.

Attachments:

Resolution 2020-27

Attachment A - Shoreway MPL and PML Calculation Report

Attachment B – Schedule of Policy Quotes



RESOLUTION NO. 2020-27

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS Resolution Approving Property/Fire Insurance Policy for FY20/21

WHEREAS, the SBWMA owns and maintains the Shoreway Environmental Center, and

WHEREAS, the SBWMA requires property insurance for risk coverage of the Shoreway Property, and

WHEREAS, the Board desires to rescind Resolution No. 2020-23 approving a property insurance premium of \$1,288,864,

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves a Resolution Approving Property/Fire Insurance Policy renewal for FY20/21 for a premium of \$1,288,864 with coverage of \$60M and a \$1.5M deductible.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25th day of June, 2020, 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				

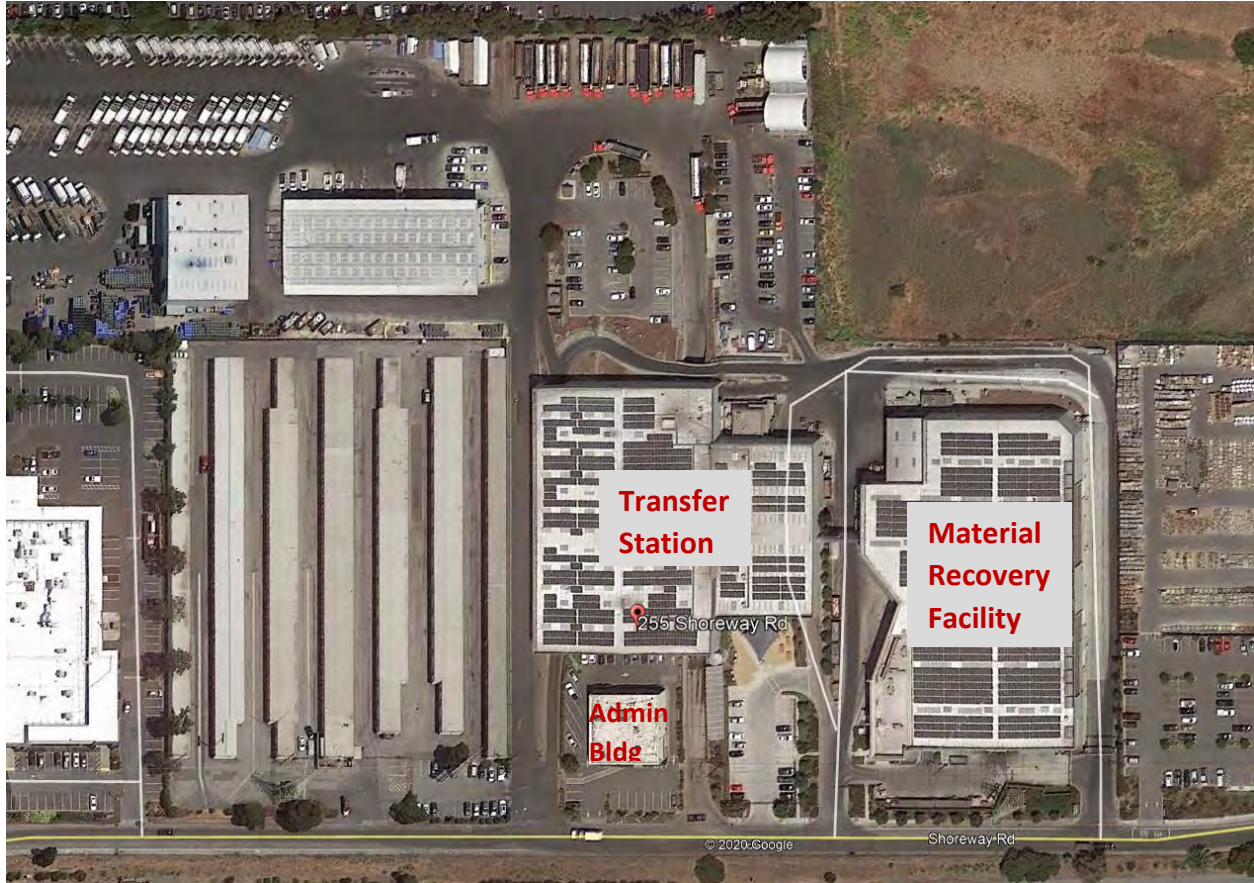
I HEREBY CERTIFY that the foregoing Resolution No. 2020-27 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 25, 2020.

ATTEST:

Jess E (Jay) Benton, Chairperson of SBWMA

Cyndi Urman, Board Secretary

South Bayside Waste Management Authority PML and MPL Estimates



Building Name	No. of Stories	Construction	Square Footage	% Sprinkler Protected	Building Value	M&E Value	Business Income
Administration Building	2	Concrete Block	5,625	0	\$775,350	0	0
Transfer Station	1	Steel/Corrugated Metal	61,134	100	\$17,801,000	\$5,250,000	\$10,949,806
Material Recovery Facility (MRF)	1	Concrete Block (to 10') with Corrugated Metal Above	48,000	100	\$14,171,000	\$25,211,700	

Distance between Transfer Station and MRF is ~40 ft. Distance between Administration Building and Transfer Station is ~35 ft. Distance to the Maintenance Shop and Container Repair is sufficient to exclude from calculations.

Risk Strategies Company has developed this report for insurance and informational purposes only. The sole intent of this report is to bring potential hazards to your attention to assist in reducing your risk exposures. Should you decide to take any action, you should review your state and local codes and regulations to ensure compliance.

South Bayside Waste Management Authority PML and MPL Estimates

PML – Probable Maximum Loss – this a fire occurring with all fire protection systems in operation and functioning as designed.

PML Scenario –

A fire occurs within the processing area of the MRF Building. Automatic sprinkler protection activates and controls the fire. Interlocks to shut down conveyors and equipment operate as designed. The fire is contained within the area of origin however smoke and water damage affect the open area of the building.

Damage Estimates:

- Building Damage – 5% of the building will be damaged and need cleaning and/or repairs.
- M&E Damage – approximately 3% of equipment will be damaged and need cleaning and/or repairs.
- Business Interruption – It is estimated that the operations in 25% of this building will be down for 30 days. Because the Business Income is reported for the entire site versus per building, the dollar value of this was not included.

PML Damage Estimates	Insured Value (\$)	Estimated % Damage	Estimated Loss (\$)
MRF Building	\$14,171,000	5%	\$708,550
MRF Equipment	\$25,211,700	3%	\$756,351
MRF Time Element		25% for 30 days	
Total Property Damage			\$1,464,901

MPL – Maximum Possible Loss – this is a fire occurring with fire protection out of service and possible delay in FD response.

MPL Scenario –

A fire occurs within the processing area of the MRF Building. The fire protection system, detection and interlocks are all inoperable. The fire is able to grow and spread throughout this building due to the heavy combustible loading. The conveyor system carries ignited materials across to the Transfer Station Building which then starts a secondary fire within this building, also with fire protection out of service. The fires in both buildings are able to grow, uncontrolled, and spread to the extents of the buildings. The corrugated metal siding and roofing are compromised due to the high heat release rate of the fire and eventual collapse occurs. Both buildings experience significant fire damage and are nearly total losses.

Due to the concrete construction of the Administration Building and eventual FD response to intervene, it is unlikely that the fire will be able to spread into the Administration Building though some thermal damage may be experienced in this building as well.

Damage Estimates:

- Building Damage – The Transfer Station will experience approximately 90% damage to the structure due to the metal construction being compromised and needing replacement. The MRF Building will experience approximately 85% damage also due to the metal construction

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South Bayside Waste Management Authority PML and MPL Estimates

materials being compromised and needing replacement. The Administration Building is expected to experience minor thermal damage, approximately 7%.

- M&E Damage – Equipment in both the Transfer Station Building and MRF Building will be a total loss at 100%.
- Business Interruption – It is estimated that this site would be 100% shut down for approximately 12 months for reconstruction activities.

MPL Damage Estimates	Insured Value (\$)	Estimated % Damage	Estimated Loss (\$)
MRF Building	\$14,171,000	85%	\$12,045,350
MRF Equipment	\$25,211,700	100%	\$25,211,700
Transfer Station	\$17,801,000	90%	\$16,020,900
Transfer Station Equipment	\$5,250,000	100%	\$5,250,000
Administration Building	\$775,350	10%	\$77,535
Total Property Damage			\$58,605,485
Time Element	\$10,949,806	100% for 12 months	\$10,949,806
Total MPL Damage			\$69,555,291

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SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
2020 Property - Schedule of Policies and Premiums

Schedule and Layering - All Risk Coverage									
Primary Layer: \$10,000,000 per occurrence and in the annual aggregate as respects All Risk							<i>Optional Quoted Premiums based on:</i>		
Perils excess of \$1,000,000 Deductible.							\$1,000,000 Deductible	\$1,500,000 Deductible	\$2,000,000 Deductible
Company	% Part	Limit of Liability	Premium	Taxes & Fees 2020					
First Specialty Insurance Policy # TBD	50%	\$5,000,000	\$385,000	Broker Fee: \$7,500 SL Tax: \$11,550 Stamping Fee: \$962	\$405,012.50		\$304,343.75	\$265,625.00	
Landmark American Insurance Co Policy # TBD	50%	\$5,000,000	\$385,000	Broker Fee \$7,500 SL Tax: \$11,550 Stamping Fee: \$962	\$405,012.50		\$304,343.75	\$265,625.00	
First Excess Layer: \$10,000,000 per occurrence and in the annual aggregate as respects All									
Risk Perils excess of \$10,000,000 Primary and Deductibles.									
Company	% Part	Limit of Liability	Premium	Taxes & Fees					
Westchester Surplus Lines Insurance Company Policy # TBD	50%	\$5,000,000	\$94,410	Broker Fee \$1,250 SL Tax: Tax: \$2,832.30 Stamping Fee: \$236.03	\$98,728.33		\$94,175.00	\$91,593.75	
Kinsale Insurance Company Policy# TBD	50%	\$5,000,000	\$94,410	Broker Fee \$1,500 Policy Fee: \$150 SLT: \$2,836.80 Stamping Fee: \$236.40	\$99,133.20		\$99,133.20	\$99,133.20	
Second Excess Layer: \$10,000,000 per occurrence and in the annual aggregate as respects the									
excess of \$20,000,000 per occurrence Primary, First Excess Layers, excess of Deductibles.									
Company	% Part	Limit of Liability	Premium	Taxes & Fees					
CM Vantage Specialty Insurance Company Policy # TBD	100%	\$10,000,000	\$200,000	Broker Fee \$2,500 SLTax\$6,000 Stamping Fee: \$500	\$209,000.00		\$209,000.00	\$209,000.00	

In all cases, please refer to the company quote.

6/12/2020 jt

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
2020 Property - Schedule of Policies and Premiums

Third Excess Layer: \$30,000,000 per occurrence and in the annual aggregate as respects the								
excess of \$30,000,000 per occurrence Primary, First Excess Layers , excess of Deductible								
Company	% Part	Limit of Liability	Premium	Taxes & Fees				
Hallmark Specialty Insurance Co Policy # TBD	33 %	\$10,000,000	\$100,000	Broker Fee \$1,250 SL Tax: Tax: \$3,007.50 Stamping Fee: \$250.63 Inspection Fee \$250	\$104,758.13	\$104,758.13	\$104,758.13	
Kinsale Insurance Co Policy # TBD	17%	\$5,000,000	\$32,500	Broker Fee \$1,250 Policy Fee: \$150 SLT: \$979.50 Stamping Fee: \$81.63	\$34,961.13	\$34,961.13	\$34,961.13	
James River TBD Policy # TBD	50%	\$15,000,000	\$107,580	Broker Fee \$1,750 SL Tax: \$3,227.40 Stamping Fee: \$268.95	\$112,826.35	\$112,826.35	\$112,826.35	
Schedule - Equipment Breakdown Coverage								
Primary Layer: \$60,000,000 per occurrence and in the annual aggregate.								
Company	% Part	Limit of Liability	Premium	Taxes & Fees				
CNA Insurance Company Policy # TBD	100%	\$60,000,000	\$24,822	Broker Fee \$500	\$25,322.00	\$25,322.00	\$25,322.00	
				TOTAL:	\$1,494,754.14	\$1,288,863.31	\$1,208,844.56	

In all cases, please refer to the company quote.

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STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
John Mangini, Senior Finance Manager
Date: June 25, 2020 SBWMA Board of Directors Meeting
Subject: Resolution Approving the FY20/21 SBWMA Budget and 6-Month (July 1, 2020 – December 31, 2020) Transition Budget and Capital Budget

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2020-28 attached hereto authorizing the following action:

Approve the FY20/21 SBWMA Budget and 6-Month (July 1, 2020 – December 31, 2020) Transition Budget and Capital Budget

Summary

The FY 20/21 SBWMA Budget reflects Staff's plan to manage revenues and expenses to meet bond covenant ratios. Staff is recommending tip fee increases in several material categories per **Table 2** below. Staff has considered several of relevant factors in arriving at the proposed tip fee increases; including, the projected costs to handle each material type, the sensitivity of increases to Member Agencies coinciding with the cost increases associated with Restated and Amended Collection Contract with Recology of San Mateo County (RSMC), and not disincentivizing public customers from diverting material from landfill. In the development of this budget, Staff took an approach to not pace tip fee revenue increases at the rate of expense increases to minimize the impact on Member Agencies' Revenue Requirement in the same period as the increases associated with the Restated and Amended Collection Contract with RSMC.

Budgeted tip fee increases range between 5% and 7%, with the exception of green waste which is between 10% and 42% due to the expected marked increase in processing costs of this material beginning January 1, 2021. In addition, Staff has not raised the food waste tip fee in an attempt to maintain third party volumes of this material as feedstock for the Organics-to-Energy (O2E) Project.

Staff is presenting a Reduced Volume Budget with projected assumptions as a result of COVID-19's economic impact. Staff performed normal projections for the coming budget year then applied projected volume decreases for each material type. This included a 5% reduction in solid waste, 5% reduction in green waste, 35% reduction in food waste and 10% reduction in C&D material. **In the event volumes decrease to a level that does not provide sufficient revenue to meet the Bond Covenants, it may be necessary to utilize the Emergency Reserve to meet the bond covenants.**

To facilitate the successful one-time transition from a Fiscal Year Accounting Period Ending June 30, to Calendar Year Accounting Period Ending December 31, Staff is presenting both:

- A six-month FINAL budget (July 1, 2020 to December 31, 2020), and
- A full year budget (July 1, 2020 to June 30, 2021)

A traditional full year budget (July 1, 2020 to June 30, 2021) is being presented for consideration due to the need to estimate January 1, 2021 tipping fees at the Shoreway Facility. Estimated tipping fees are used to calculate Member Agencies Revenue Requirement for 2021 which will be performed in the fall of 2020.

Draft Budget Updates

A Draft Budget was reviewed by the Board at its May 28th, 2020 Board Meeting. A summary of adjustments from the Draft Budget and this Budget Recommendation are illustrated in **Table 1** below.

Table 1

ADJUSTMENTS FROM THE DRAFT BUDGET					
Line #	Revenue/Expense	Draft	Final	Net Income	
				Change	Description
7, 8	Commodity Revenue	5,788K	5,930K	142K	Increase OCC (Cardboard) price by 10/Ton
30	Facility Improvement Expense	200K	245K	<45K>	Increased airport property feasibility study
66	Shoreway Insurance	1,525K	1,322K	203K	Lower premium with increased deductible
Net Income Increase from the Draft Budget				\$300K	

Table 2

FY 20/21 BUDGET - Tip Fee Increases								
	Actual	Actual	Actual	Proposed	Proposed			
	7/1/2018	1/1/2019	2020	7/1/2020	1/1/2021	21 vs 20 \$	21 vs 20 %	
Franchise Tip Fees / Ton						incr.	%	
Solid Waste	\$ 107.00	\$ 121.00	\$ 121.00	\$ 121.00	\$ 127.00	\$ 6.00	5.0%	
Green Waste	\$ 112.00	\$ 126.00	\$ 126.00	\$ 126.00	\$ 139.00	\$ 13.00	10.3%	
Food	\$ 131.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ -	0.0%	
3rd Party / Ton								
Solid Waste	\$ 113.00	\$ 127.00	\$ 127.00	\$ 127.00	\$ 133.00	\$ 6.00	4.7%	
Green Waste	\$ 115.00	\$ 128.00	\$ 128.00	\$ 128.00	\$ 140.00	\$ 12.00	9.4%	
Food	\$ 131.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ -	0.0%	
C&D	\$ 107.00	\$ 121.00	\$ 121.00	\$ 121.00	\$ 127.00	\$ 6.00	5.0%	
Public Dirt /Ton	\$ 98.00	\$ 103.00	\$ 110.00	\$ 115.00	\$ 117.00	\$ 7.00	6.4%	
Public Tip Fees / Yd								
Solid Waste	\$ 42.00	\$ 44.00	\$ 44.00	\$ 46.00	\$ 47.00	\$ 3.00	6.8%	
Green Waste	\$ 33.00	\$ 35.00	\$ 35.00	\$ 42.00	\$ 50.00	\$ 15.00	42.9%	
C&D	\$ 42.00	\$ 44.00	\$ 44.00	\$ 46.00	\$ 47.00	\$ 3.00	6.8%	

Fiscal Impact

The FY20/21 Budget forecasts a Net Income of \$1,356,403 which is \$2.2 million lower than FY19/20 Adopted Budget (see **Table 3** below). The 6-Month Budget forecasts a Net Income of \$904,936. The Net Income projection is primarily a function of the following factors:

- **Lower franchise revenue of \$1.7 million and higher non-franchised revenue of \$227K.** Budgeted reduced volumes are projected to have a negative impact on revenue net of tip fee increases.
- **Higher Disposal & Processing expense of \$1,394,460** primarily due to an expected marked increase in green waste processing cost. The current green waste processing contract expires on December 31, 2020 and this cost is expected to increase significantly due to the current market conditions. Also, solid waste disposal expense is increased over prior year due to budgeting a full year of new Ox Mountain contract rates.
- **Higher SBWMA Program expenses of \$525,168 (14%)** primarily due to projected SB1383 expenses of \$340K commencing in 2021. NOTE: SB 1383 final regulations are expected to be released by the State by October 2020.
- **Lower SBR Operations expense of \$342,493 (2%)** due to lower volume projections assumed in this budget.
- **Higher Property Insurance Premium of \$323,562 (32%)**. The recycling plant sector has become a very high-risk sector for insurance providers as reflected by the 32% increase.
- **Lower Bond Interest expense of \$432,767** as a result of the 2018 bond refunding and 2019 Bond Issuance.
- **Net commodity revenues** are projected to increase slightly with a **\$331,584 increase** over prior year budget.

Table 3

FY20/21 NET INCOME					
Categories	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
Total Revenue	\$55,137,230	\$26,609,407	\$54,364,376	(\$772,854)	-1.4%
Total Expenditures	\$51,538,173	\$25,704,471	\$53,007,972	1,469,799	2.9%
Net Income to Reserve	\$3,599,057	\$904,936	\$1,356,403	(\$2,242,654)	-62.3%

Overview

Budget Process:

The schedule for this budget review includes the following steps:

- Finance Committee review – May 12
- Board review and feedback of preliminary budget – May 28
- Board discussion of the planned capital budget – May 28
- Final Board consideration of final budget – June 25

Organization of the FY 20/21 Budget Report:

Attachment A: You will find the preliminary FY20/21 detailed operating budget (including cash reserve balances, revenues, and expense and capital budget). You will also find the 6-Month detailed operating budget. The expense detail in **Attachment A** has three main parts: the SBWMA Program budget (8.2% of total), the Shoreway Operations budget (83% of total) and the non-operating Expenses (8.8% 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.

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).
- **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:** Preparing for Organics-to-Energy Pilot; Expanded Public Spaces, In-School and Pub Ed programs.
- **Capital/Site Long-term planning:** Implementation of large-scale automation and recyclable materials recovery project (Phase 1) for the Material Recovery Facility (MRF).
- **Mandated Communications, Public Education and Outreach Programs:** Continued emphasis on proper handling of battery disposal options; improve quality of recyclables received and reduce contamination rates; expand commercial and multi-family organics participation; increase residential food waste participation; develop targeted outreach to multi-family residents and non-English speakers; and general promotion of diversion programs. Continued establishment and growth of In-Schools Program, including the addition of waste-focused distance learning resources, virtual presentations and asynchronous educational opportunities, and off-site support for students, teachers, and facilities staff.
- **2020-2024 Long Range Plan:** The five year plan was updated to establish/rank agency priorities and resource allocations during this new period, with revisions to the Mission Statement and Guiding Principles and additions to cover projects and focus areas related to Climate Action Planning, resiliency, waste reduction and reuse, safety, financial management and more.

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 2019, the value of these 12 contracts had a total value of \$57,969,174.
- **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 2019, the total value of the SBR Operating Contract was \$21,029,629, excluding profit share. 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 2019, this responsibility represented the proper handling of 478,365 tons of materials with a total contract value approaching \$19M.
- **Management of Annual Contractor's Compensation Adjustment Process (RSMC and SBR),** including review of the 2020 RSMC and SBR compensation applications and completion of final audit reports (Recology and SBR) for 2018.
- **Long-Term Program and Capital Planning---to Maintain Statutory Compliance of Expanding Solid Waste/Diversion Requirements:** On our Member Agencies' behalf, agency staff are 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 2019, there were 18 SBWMA-planned community events (16 "Shred/E-Waste/Compost events); an Earth Day public event (April 27th) and a Rethink Recycling Day public event (October 27th). Over 400 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 FY20/21 Budget reflects weaker financial results compared to the adopted FY19/20 Budget due to reduced volume projections and increased expenses vs. revenues. Staff took an approach to not pace tip fee revenue increases at the rate of expense increases to minimize the impact on Member Agencies Revenue Requirement in the same period as the increases associated with the Restated and Amended Collection Contract with RSMC. **Table 4** below provides a financial summary of operations.

Table 4

FY20/21 FINANCIAL SUMMARY					
Categories	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Better/Worse %
Total Revenue	\$55,137,230	\$26,538,352	\$54,222,267	(914,963)	-2%
Program	\$3,819,070	\$2,020,677	\$4,299,237	\$480,168	-13%
Shoreway Operations	\$ 42,542,834	\$ 21,416,309	\$ 44,194,218	\$ 1,651,385	-4%
Total Operating Expense	46,361,903	23,436,987	48,493,456	2,131,552	-5%
Non-Operating Expense	5,176,269	2,304,255	4,673,058	(503,211)	10%
Total Expense	51,538,173	25,741,242	53,166,514	1,628,341	-3%
Net Income to Reserve	\$ 3,599,057	\$ 797,110	\$ 1,055,752	\$ (2,543,305)	-71%

Revenue:

Table 5 below provides a summary of revenue by source with total revenues for FY20/21 decreasing by \$772,854 (-1%) from the FY19/20 Adopted Budget. Franchise revenue is reduced due to budgeted decreased volumes net of increased tip fees. Non-Franchise revenue is slightly up as marked tip fee increases (mainly green waste yardage) covering the budgeted decreased volumes. Interest income is projected to be higher than the FY19/20 Adopted Budget due to the reserve balance in the 2019 Bond Project Fund. Grant revenue from the completion of the Organic to Energy Project came to \$180K.

Table 5

FY20/21 REVENUE					
Revenue	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
Tip Fee Revenue	\$49,142,560	\$23,153,897	\$47,663,273	(\$1,479,288)	-3%
<i>Non Franchised</i>	12,112,251	6,125,906	12,339,646	227,395	2%
<i>Franchised</i>	37,030,309	17,027,991	35,323,627	(1,706,682)	-5%
Net Commodity Sales Revenue*	5,598,516	2,965,050	5,930,100	331,584	6%
Interest Income	376,994	303,686	577,455	200,461	53%
Grant Income	-	180,000	180,000	180,000	
Other Revenue	19,160	6,774	13,548	(5,612)	-29%
Total Revenue:	55,137,230	26,609,407	54,364,376	(772,854)	-1%

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

Table 6 below summarizes the volume, tip fee and revenue change for franchise and public customers. Franchise tonnage is expected to decrease by 7.2% and with only slightly higher tip fees resulting in 4.6% lower revenue. Public customer volume is decreasing by 5.6% with average tip fees increasing by 10.9% providing a 4.6% increase in public yardage revenue. Weighed 3rd party customers, mostly from Recology San Bruno and other jurisdictions, with an expected 17.5% volume decrease based on current trends, resulting in 16.3% revenue decrease.

Table 6

TIP FEE REVENUE					
	FY19/20 Adopted Budget	FY19/20 Mid-Year Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
Franchise Revenue					
Tons	298,681	295,975	277,121	(21,560)	-7.2%
Wtd Avg. Tip Fee	\$ 123.98	\$ 123.98	\$ 127.47	3.49	2.8%
Franchise Revenue	\$ 37,030,309	\$ 36,695,234	\$ 35,323,627	\$ (1,706,682)	-4.6%
Public Revenue					
Cu/Yards	207,466	214,237	195,777	(11,689)	-5.6%
Wtd Avg. Tip Fee	\$ 42.88	\$ 42.85	\$ 47.54	4.66	10.9%
Public Revenue Cu/YDS	\$ 8,896,073	\$ 9,180,186	\$ 9,307,837	\$ 411,764	4.6%
Tons (3rd party - mostly Recology)	18,194	18,311	15,009	(3,185)	-17.5%
Wtd Avg. Tip Fee	\$ 127.07	\$ 127.26	\$ 128.86	1.79	1.4%
Public Revenue Tons	\$ 2,311,880	\$ 2,330,380	\$ 1,934,061	\$ (377,819)	-16.3%
Public Dirt Tons	8,221	9,986	9,469	1,248	15.2%
Wtd Avg. Tip Fee	\$ 110.00	\$ 110.00	\$ 115.93	5.93	5.4%
Sub Total	\$ 904,297	\$ 1,098,489	\$ 1,097,747	\$ 193,449	21.4%
Public Revenue Total	\$ 12,112,251	\$ 12,609,055	\$ 12,339,646	\$ 227,395	1.9%
Total Tip Fee Revenue	\$ 49,142,560	\$ 49,304,289	\$ 47,663,273	\$ (1,479,288)	-3.0%

Table 7 below summarizes commodity revenue. Volume is 2.8% higher than the FY19/20 Adopted Budget based on the recent average tons. Weighted average commodity prices decrease by 14.6% from the FY19/20 Budget. This decrease due to is the closure of the Buyback Center and not receiving the high value CRV container revenue. Net commodity revenue increases 5.9% over the FY19/20 Budget. The global commodity market continues to impact the price of Mixed Paper, which is being budgeted to be sold at negative \$5 per ton.

Table 7

COMMODITY REVENUE				
	FY19/20 Adopted Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
COMMODITY REVENUE				
Tons Sold	59,249	60,909	1,660	2.8%
Wtd Avg. Price	\$ 115.41	\$ 98.53	\$ (16.88)	-14.6%
Gross Revenue	\$ 6,838,073	\$ 6,001,239	\$ (836,834)	-12.2%
Revenue Share w/ SBR	\$ (395,652)	\$ (71,140)	\$ 324,512	-82.0%
Buyback Payments	(843,906)	-	\$ 843,906	-100.0%
Net Commodity Revenue	\$ 5,598,516	\$ 5,930,100	\$ 331,584	5.9%
Price / Volume Impact				
	Price	Volume	Total	
Tonnage Change	115.41	1,660	\$ 191,576	
Price Change	\$ (16.88)	60,909	\$ (1,028,410)	
Total Change (Gross)			\$ (836,834)	

SBWMA Total Expense

Table 8 below and **Chart 1** summarizes the total expenses for the FY20/21 Budget by major category. The Total Expense is projected to be \$53,007,972 and is \$1.5M (3%) higher than the FY19/20 Adopted Budget. Each expense category shown in the table below is discussed in more detail further on. Other expenses are mainly property insurance and equipment maintenance.

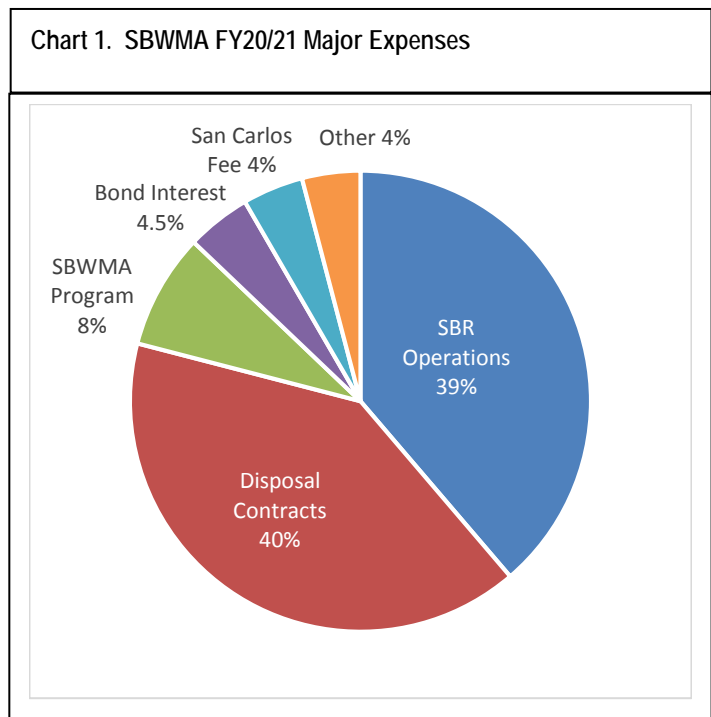


Table 8

FY20/21 TOTAL EXPENSE SUMMARY						
EXPENSE CATEGORIES	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	FY21 vs. FY20 Adopted Budget	FY20 vs. FY21 Adopted Budget %	FY20/21 Budget % of Total
Shoreway Operations	\$42,542,834	\$21,314,538	\$43,990,676	\$1,447,843	3%	83.0%
SBWMA Program	3,819,070	2,085,677	4,344,237	525,168	14%	8.2%
Bond Interest Expense	2,836,101	1,201,667	2,403,333	(432,767)	-15%	4.5%
Franchise Fees to San Carlos	2,340,169	1,102,589	2,269,725	(70,444)	-3%	4.3%
						0.0%
Total Expense	\$51,538,173	\$25,704,471	\$53,007,972	\$1,469,799	3%	100.0%

As can be seen in **Table 8**, Shoreway Operations expense is budgeted to increase by 3%, the SBWMA Program budget will increase by 14%, bond interest expense will decrease 15%, and franchise fees paid to the City of San Carlos will decrease by 3% .

Shoreway Operations Expense:

As shown in **Table 8** above, the Shoreway Operations expenses represent 83% of the FY20/21 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 **Attachments D and E**.

Shoreway Operations Expense Detail

Table 9 below shows the Shoreway Operations Expense detail for FY20/21. The total expense for the Shoreway operations is projected to be \$43,990,676 which is \$1.5M (3%) over FY19/20 Adopted Budget. Variances for each expense line are discussed below:

Table 9

FY20/21 SHOREWAY OPERATIONS EXPENSE DETAIL					
Expenditures	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
SBR Compensation	\$20,941,990	\$10,235,946	\$20,599,497	(342,493)	-2%
Disposal and Processing	20,026,803	10,086,962	21,421,263	1,394,460	7%
Property Insurance	999,117	660,840	1,321,679	322,562	32%
Education Center	65,000	32,500	65,000	-	0%
Credit Cards Charge	123,610	45,597	91,194	(32,416)	-26%
Other Operating Expense	316,036	207,481	401,618	85,582	27%
Sewer Charge	70,278	45,213	90,426	20,148	29%
					0%
Shoreway Operations:	\$ 42,542,834	\$ 21,314,538	\$ 43,990,676	\$ 1,447,843	3%
Bond Interest Expense	2,836,101	1,201,667	2,403,333	(432,767)	-15%
Franchise Fee (San Carlos)	2,340,169	1,102,589	2,269,725	(70,444)	-3%
Total Shoreway Operations	\$ 47,719,103	\$ 23,618,794	\$ 48,663,735	\$ 944,632	2%

SBR Compensation Expense: There is a projected 2% decrease 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 5% decrease in "paid" tons compared to the FY19/20 budget. SBR's fees per ton change with CPI indices are estimated to increase 2% on January 1, 2021. Similar to the FY 19/20 budget, \$450,000 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 10** below, there is a projected \$1,394,460 increase in disposal and processing expense primarily due to projected increased green waste tip fees in January 2021 and a full year of increased solid waste tip fee under the new contract with Ox Mountain Landfill. See **Attachment E, Table E.4** for further details on disposal and processing expense.

Table 10

FY20/21 SHOREWAY DISPOSAL EXPENSE DETAIL					
Disposal Expense by Material Type	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
Solid Waste	\$10,511,836	\$5,563,055	\$11,282,246	770,410	7%
Organics	6,280,246	\$2,828,459	6,824,086	543,840	9%
C&D, dirt	3,282,825	1,749,829	3,423,692	140,867	4%
Other	443,263	223,911	447,821	4,558	1%
Subtotal	\$20,518,170	\$10,365,253	\$21,977,846	\$1,459,675	7%
Paid by SBR (MRF residue)	(491,368)	(278,291)	(556,583)	(65,215)	13%
TOTAL DISPOSAL EXPENSE	\$ 20,026,803	\$ 10,086,962	\$ 21,421,263	\$ 1,394,460	7.0%

Other Operating Expense (see Table 9):

- Property insurance premiums will increase 32% over FY19/20.
- 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 decreased by \$32K based on the pre-COVID 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 FY19/20 fees increased 29% over the prior period. The FY20/21 budget reflects an expense consistent with FY19/20.

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. Budget is 3% lower than FY19/20 budget due to the net impact of lower volume and higher tip fees on revenue.

SBWMA Program & Administrative Expense:

The SBWMA Program & Administrative summary expense is shown in **Table 11** below and totals \$4,344,237, a 14% increase over the FY19/20 Adopted Budget. The FY20/21 SBWMA Program & Administrative Expense Budget Detail is shown in **Attachment A – FY20/21 Capital & Operating Budget Detail** with expense variances described in line-by-line detail. The increase is mostly due to the anticipated and budgeted SB1383 Program compliance expense.

Table 11

FY20/21 SBWMA PROGRAM EXPENDITURES					
Expenditures	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
Administrative Expense	\$2,432,820	\$1,308,857	\$2,591,234	\$158,415	7%
Member Agency Support & Contract Compliance	\$446,750	\$ 339,820	\$ 579,253	\$ 132,503	30%
State Manadated Public Education & Outreach	\$939,500	\$437,000	\$834,000	(\$105,500)	-11%
SB1383 Expenses			\$339,750	\$339,750	
Total SBWMA Program Expense:	\$3,819,070	\$2,085,677	\$4,344,237	\$525,168	14%
Total Shoreway Operations:	\$47,719,103	\$23,618,794	\$48,663,735	944,632	2%
Total Expenses:	\$51,538,173	\$25,704,471	\$53,007,972	1,469,799	3%

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 fulfill 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 is planned for **no** increase 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 FY20/21 that are detailed in **Attachment B** – SBWMA Programmatic Detail. A summary of the key projects for FY20/21 include:

- Completing the public procurement process for organics processing services for roughly half of the agency-wide organics to be disposed (beyond the expiration of one of the agency's two current contracts for such). This current term expires on December 31, 2020.
- Completion of a technical operations pilot and financial feasibility analysis of two waste processing systems (Organics to Energy, and MRF Upgrades Phase 1) 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 updated 2020-24 Long Range Plan and the Zero Waste Committee efforts. These projects include implementation of the following:
 - Targeted recycling and organics outreach campaigns and projects to commercial businesses and multi-family residents.
 - Environmental education program establishing and reinforcing in-school recycling and composting efforts through the provision of student education and engagement, custodial and staff trainings, upgraded waste infrastructure and on-site technical assistance.

Capital Expenditures:

The FY20/21 Capital Expenditures budget is \$9,685,000 of which \$8,900,000 will be paid from the 2019 Bond Project Fund. A 5-year capital schedule of projects is included in **Attachment A** – FY20/21 Capital & Operating Budget Detail.

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 12** below. Net Cash Flow is the sum of Net Income, less bond principal payment, less capital expenditure, plus bond issuance proceeds. For FY20/21, net cash flow to reserves is negative \$10,807,406.

Table 12

FY20/21 Cash Flow to Reserve Balance					
Categories	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
Beginning Reserve Balance	\$ 16,960,990		\$ 31,991,265	\$ 15,030,276	89%
Net Income	\$3,599,057		\$1,356,403	(\$2,242,654)	-62%
Bond Principal Payment	(729,167)		(1,179,167)	(450,000)	62%
Capital Expenditures	(6,539,972)		(9,685,000)	(3,145,028)	48%
Bond Fund	20,000,000		-	(20,000,000)	-100%
Net Cash Flow (to Reserve)	\$ 16,329,918		\$ (9,507,763)		
Ending Reserve Balance	\$ 33,290,908		\$ 22,483,502	\$ (10,807,406)	

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 \$22.5 million as shown in **Table 13** below. The bond covenants are expected to be achieved.

Table 13

	ACTUAL FY18/19	ADOPTED BUDGET FY19/20	MID-YEAR BUDGET FY19/20	PRELIMINARY BUDGET FY20/21	Variance to Adopted Budget
UNCOMMITTED RESERVE:					
RATE STABILIZATON (9% of expense)	\$ 4,100,000	\$ 4,636,694	\$ 4,617,529	\$ 4,770,717	\$ 134,023
EMERGENCY RESERVE (9% of expense)	4,454,754	4,636,694	4,617,529	4,770,717	134,023
Sub-Emergency Reserve (Prop Ins Premium)		113,985	113,985	113,985	-
CAPITAL RESERVE	4,886,222	7,810,492	8,855,542	7,725,640	(84,852)
UNDESIGNATED RESERVE	1,479,798		-		
TOTAL UNCOMMITTED RESERVES	\$ 14,920,774	\$ 17,197,866	\$ 18,204,586	\$ 17,381,060	\$ 183,194
COMMITTED RESERVE					
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 1,397,514	\$ 1,008,014	\$ 766,789	\$ 982,551	\$ (25,463)
BOND PROCEEDS		\$ 15,085,028	\$ 13,019,891	\$ 4,119,891	\$ (10,965,137)
TOTAL RESERVES	\$ 16,318,288	\$ 33,290,908	\$ 31,991,265	\$ 22,483,502	\$ (10,807,406)
SHOREWAY REMEDIATION PROJECT	\$ 1,233,640	\$ 1,233,640	\$ 1,233,640	\$ 1,233,640	\$ -

Attachments:

Resolution 2020-28 – Adopting the FY20/21 SBWMA Budget and 6-Month (July 1, 2020- December 31, 2020) Transition Budget

Resolution 2020-29 – Granting Authority for Continued Appropriations and Expenditures for Ninety (90) Days SBWMA FY20/21 Capital & Operating Budget Detail

- A. SBWMA FY20/21 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. Gate Rate Conversion (Yard to Tons)



RESOLUTION NO. 2020-28

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ADOPTING THE FY 20/21 SBWMA BUDGET AND 6-MONTH (JULY 1, 2020- DECEMBER 31, 2020) TRANSITION BUDGET

WHEREAS, the South Bayside Waste Management Authority (SBWMA) proposed FY20/21 Budget and 6-Month (July 1, 2020 – December 31, 2020) Transition 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 FY20/21 Budget and 6-Month (July 1, 2020 – December 31, 2020) Transition 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 25th day of June 2020, 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. 2020-28 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 25, 2020.

ATTEST:

Jess E (Jay) Benton, Chairperson of SBWMA

Cyndi Urman, Board Secretary



RESOLUTION NO. 2020-29
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) was on a fiscal year July 1 - June 30th; and

WHEREAS, the South Bayside Waste Management Authority (SBWMA) is transitioning to a calendar year January 1 – December 31, and

WHEREAS, a budget for FY20/21 and 6-month transition budget (July 1, 2020 – December 31, 2020 will not be ready for review and approval by the Board of Directors until after July 1, 2020; and

WHEREAS, there is a continued need to conduct business by the SBWMA after July 1, 2020

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 after July 1, 2020 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 25th day of June 2020, 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. 2020-29 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 25, 2020.

ATTEST:

 Jess E (Jay) Benton, Chairperson of SBWMA

 Cyndi Urman, Board Secretary

Attachment A - FY20/21 Budget Revenues by Major Source

	REVENUE SUMMARY	ACTUAL FY18/19	ADOPTED BUDGET FY19/20	MID-YEAR BUDGET FY 19/20	Jul1 - Dec31 2020	Jan1 - Jun30 2021	PROPOSED BUDGET FY20/21	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
1	ADMINISTRATIVE REVENUE:									
2	INVESTMENT INCOME	\$ 621,287	\$ 376,994	\$ 757,835	\$ 303,686	\$ 273,770	\$ 577,455	\$ 200,461	53.2%	Return on invested reserves
3	TOTAL ADMINISTRATIVE	\$ 621,287	\$ 376,994	\$ 757,835	\$ 303,686	\$ 273,770	\$ 577,455	\$ 200,461	53.2%	
4	OPERATIONS REVENUE:									
5	SHOREWAY TIP FEES - Non Franchised	\$ 11,694,389	\$ 12,112,251	\$ 12,609,055	6,125,906	6,213,740	\$ 12,339,646	\$ 227,395	1.9%	Reduced volume offset by increased tip fees
6	SHOREWAY TIP FEES - Franchised	34,710,487	37,030,309	36,695,234	17,027,991	18,295,636	\$ 35,323,627	(1,706,682)	-4.6%	Mainly driven projected by reduced volumes
7	COMMODITY SALES REVENUE	6,579,151	6,838,073	5,755,713	3,000,620	3,000,620	6,001,239	(836,834)	-12.2%	Closure of Buyback Center
8	COMMODITY REVENUE SHARING W/ SBR	(438,837)	(395,652)	(297,884)	(35,570)	(35,570)	\$ (71,140)	324,512	-82.0%	
9	BUY BACK CENTER - Payment to Customers	(894,670)	(843,906)	(163,039)	-	-	-	843,906	-100.0%	Closure of Buyback Center
10	MISCELLANEOUS REVENUE	28,324	19,160	19,219	6,774	6,774	13,548	(5,612)	-29.3%	
11	SUBTOTAL OPERATIONS REVENUE	\$ 51,678,845	\$ 54,760,235	\$ 54,618,298	\$ 26,125,721	\$ 27,481,199	\$ 53,606,920	\$ (1,153,315)	-2.1%	
12	TOTAL OPERATING REVENUES	\$ 51,678,845	\$ 54,760,235	\$ 54,618,298	\$ 26,125,721	\$ 27,481,199	\$ 53,606,920	\$ (1,153,315)	-2.1%	
13	NON-OPERATING RECEIPTS									
	GRANT REVENUE	\$ 1,020,000		1,000,000	180,000		180,000			CalRecycle balance due on completion of O2E
14	TOTAL REVENUE	\$ 53,320,131	\$ 55,137,230	\$ 56,376,132	\$ 26,609,407	\$ 27,754,969	\$ 54,364,376	\$ (772,854)	-1.4%	
15	TOTAL OPERATING EXPENSES	\$ 49,188,504	\$ 51,538,173	\$ 51,305,880	\$ 25,704,471	\$ 27,303,520	\$ 53,007,972	\$ 1,469,799	2.9%	
16	NET OPERATING INCOME	\$ 4,131,627	\$ 3,599,057	\$ 5,070,252	\$ 904,936	\$ 451,449	\$ 1,356,403	\$ (2,242,654)	-62.3%	

line	EXPENDITURE SUMMARY	ACTUAL FY18/19	ADOPTED BUDGET FY19/20	MID-YEAR BUDGET FY19/20	Jul1 - Dec31 2020	Jan1 - Jun30 2021	PROPOSED BUDGET FY20/21	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
1	ADMINISTRATIVE EXPENSES									
2	ADMINISTRATIVE STAFF	\$ 644,440	\$ 738,094	\$ 781,264	\$ 395,466	\$ 395,466	\$ 790,932	\$ 52,838	7.2%	No COLA increases. Mgmt Analyst grade level increase in 2019 and included benefits expense.
3	MANDATED COMPLIANCE SUPPORT STAFF	767,238	\$ 1,010,341	983,683	\$ 552,345	\$ 552,345	1,104,690	\$ 94,349	9.3%	No COLA increases. Addition of part-time limited term Project Engineer (expires 12/31/2024)
4	BOARD COUNSEL	140,587	\$ 90,000	120,000	\$ 70,000	\$ 70,000	140,000	\$ 50,000	55.6%	Support for Executive Director/Agency. Continued complex contracting & regulation support.
5	BOARD MEETINGS	5,271	\$ 7,000	7,300	\$ 5,750	\$ 1,750	7,500	\$ 500	7.1%	\$4K for Holiday lunch, and \$2K for refreshments at Board meetings, community room rental fee. Extra study session & holiday
6	ACCOUNTING SERVICES	150,500	\$ 170,059	144,759	\$ 66,400	\$ 64,970	131,369	\$ (38,690)	-22.8%	City of Redwood City Accounting Svcs Agreement Year 2
7	INFORMATION SYSTEMS	29,145	\$ 31,930	31,930	\$ 19,450	\$ 19,450	38,900	\$ 6,970	21.8%	
8	WEBSITE	35,186	\$ 40,000	42,815	\$ 6,500	\$ 6,500	13,000	\$ (27,000)	-67.5%	Website hosting, maintenance, and updates/upgrades as needed
9	ANNUAL AUDIT	6,065	\$ 8,896	8,896	\$ 6,825	\$ 2,275	9,100	\$ 204	2.3%	Fees paid to auditors to prepare FY & CY financial statements
10	D&O INSURANCE	48,470	\$ 48,470	48,354	\$ 24,902	\$ 24,902	49,805	\$ 1,335	2.8%	Annual insurance premium for director's and officer's insurance
11	BANK FEES	16,219	\$ 6,271	6,271	\$ 3,229	\$ 3,229	6,459	\$ 188	3.0%	Bank fees on checking account and fees paid to BNY as the Bond Trustee
12	RENT	56,102	\$ 58,000	62,550	\$ 30,000	\$ 30,000	60,000	2,000	3.4%	Office rent from San Carlos with 3.5% increase every Jan.1. Space at Chamber of Commerce
13	PRINTING AND POSTAGE	226	\$ 300	-	\$ -	\$ -	-	\$ (300)	-100.0%	Cost is covered in the Accounting Services Agreement
14	UTILITIES	21,405	\$ 41,480	41,480	\$ 30,000	\$ 15,000	45,000	\$ 3,520	8.5%	Includes phone and janitor services. Office phone system upgrade; current is obsolete.
15	OFFICE/TENANT IMPROVEMENTS	6,426	\$ 30,000	32,000	\$ 16,000	\$ 16,000	32,000	\$ 2,000	6.7%	Potential need for office space at Shoreway Facility and equipment & records storage
16	OFFICE SUPPLIES	12,724	\$ 19,360	19,360	\$ 9,815	\$ 9,815	19,630	\$ 270	1.4%	Office supplies
17	OFFICE EQUIPMENT COSTS	10,106	\$ 11,300	11,300	\$ 5,100	\$ 5,100	10,200	\$ (1,100)	-9.7%	Base copier lease is \$600/month plus cost per copy
18	PUBLICATIONS & PUBLIC NOTICES		\$ -	1,500	\$ 3,500	\$ 2,000	5,500	\$ 5,500		Anticipated public procurement notices
19	PROFESSIONAL DUES & MEMBERSHIPS	2,634	\$ 3,500	3,500	\$ 1,750	\$ 1,750	3,500	\$ -	0.0%	Memberships to trade and community organizations (CRRA, SWMA, NCRA, CCAC)
20	VEHICLE MILEAGE & TOLLS	1,389	\$ 1,320	1,320	\$ 700	\$ 700	1,400	\$ 80	6.1%	Reimbursement for business use of personal cars (non-auto allowance-eligible employees/fellows).
21	CELL PHONES	1,437	\$ 1,000	1,750	\$ 875	\$ 875	1,750	\$ 750	75.0%	Cell phone business expense. Increased participation by Management Team.
22	CONFERENCE & MEETINGS	22,351	\$ 18,000	18,000	\$ 9,000	\$ 9,000	18,000	\$ -	0.0%	CRRA conference, progress seminar, SWANA meetings, lunch for SBWMA meetings, State of the City addresses
23	TRAINING	5,016	\$ 7,500	\$ 8,500	\$ 3,750	\$ 3,750	\$ 7,500	\$ -	0.0%	Professional development opportunities. CCAC training, etc. Retreat & additional management leadership class.
24	SPONSORSHIPS & DONATIONS	29,000	\$ 35,000	35,000	\$ 17,500	\$ 17,500	35,000	\$ -	0.0%	Industry Sponsorships: CAW, CRRA, SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA
25	LEGISLATIVE & REGULATORY ADVOCACY	25,853	\$ 45,000	45,000	\$ 25,000	\$ 25,000	50,000	\$ 5,000	11.1%	Mandated agency priorities include these initiatives : Extended Producer Responsibility (EPR); Product Stewardship; Source Reduction Initiatives; Lithium-ion Battery safety
26	COMPUTER PURCHASE	11,807	\$ 10,000	10,000	\$ 5,000	\$ 5,000	10,000	\$ -	0.0%	
27	TOTAL ADMINISTRATIVE	\$ 2,049,595	\$ 2,432,820	\$ 2,466,532	\$ 1,308,857	\$ 1,282,377	\$ 2,591,234	\$ 158,414	6.5%	
28	MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE									
29	RATE REVIEW	\$ 24,918	\$ 31,520	\$ 31,520	\$ 31,520	\$ -	\$ 31,520	\$ -	0.0%	Consultant Rate Application Support.
30	FACILITY IMPROVEMENT OVERSIGHT		\$ 75,000	75,000	185,000	60,000	245,000	\$ 170,000	226.7%	Engineering and construction management support (\$95K). Airport feasibility consultants (\$150K).
31	CONTRACT ANNUAL AUDITING	\$ 49,820	\$ 51,030	51,030	-	56,133	56,133	\$ 5,103	10.0%	Annual Financial & Systems Audit of RSMC and SBR
32	COLLECTION SERVICES FRANCHISE ADMIN.	50,315	\$ 50,000	50,000	25,000	25,000	50,000	\$ -	0.0%	Franchise Administration compliance consulting. Alternative Fuels Consultation
33	FINANCE ANALYSIS SUPPORT	92,409	\$ 19,200	19,200	10,800	10,800	21,600	\$ 2,400	12.5%	On-Call consultant support as needed.
34	RECYCLING TECHNICAL ASSISTANCE	11,843	\$ 90,000	90,000	37,500	37,500	75,000	\$ (15,000)	-16.7%	Diversion consultant support; AB1383 planning
35	WASTE CHARACTERIZATION SUPPORT		\$ 60,000	50,000	30,000	30,000	60,000	\$ -	0.0%	Waste characterization studies to support OREX Pilot Project
36	COLLECTION RFP CONSULTING SUPPORT	100,903	\$ 30,000	30,000	20,000	20,000	40,000	\$ 10,000	33.3%	Anticipated RFPs
37	BATTERY MANAGEMENT PLANNING	36,114	\$ 40,000	40,000	-	-	-	\$ (40,000)	-100.0%	Absorbed into the Battery outreach one below (line 57). Battery program change is complete.
38										
39	TOTAL MA SUPPORT & CONTRACT COMPLIANCE	\$ 366,321	\$ 446,750	\$ 436,750	\$ 339,820	\$ 239,433	\$ 579,253	\$ 132,503	29.7%	
40	STATE MANDATED PUBLIC EDUCATION & OUTREACH									
41	STATE'S REQUIRED ANNUAL REPORTS	\$ 26,864	\$ 32,000	\$ 32,000	\$ 31,000	\$ 2,000	\$ 33,000	\$ 1,000	3.1%	Annual AB 939 EAR submittal for 10-MAs
42	SBWMA ANNUAL REPORT	1,962	\$ 2,500	2,500	-	2,500	2,500	-	0.0%	Creation of SBWMA annual report
43	DIVERSION PROGRAM SUPPORT	4,392	\$ 90,000	90,000	25,000	25,000	50,000	(40,000)	-44.4%	Public spaces recycling assistance (\$30k); Diversion program support (\$20k)
44	EVENT GIVEAWAYS	4,753	\$ 7,500	7,500	3,000	4,500	7,500	-	0.0%	
45	LONG RANGE PLAN		\$ -	-	\$ -	\$ -	-	-	#DIV/0!	

line	EXPENDITURE SUMMARY	ACTUAL FY18/19	ADOPTED BUDGET FY19/20	MID-YEAR BUDGET FY19/20	Jul1 - Dec31 2020	Jan1 - Jun30 2021	PROPOSED BUDGET FY20/21	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
46	DIVERSION/COMPLIANCE; ZERO WASTE PROGRAMS	241,450	\$ 105,000	90,000	37,500	37,500	75,000	(30,000)	-28.6%	Zero Waste Committee initiatives - tech and consulting support
47	IN-SCHOOL ENVIRONMENTAL EDUCATION		\$ 65,000	45,000	16,000	16,000	32,000	(33,000)	-50.8%	Materials (\$6K), storage/transport (\$12K), recognition (\$5K), staff/tech support (\$40K). Previously budgeted on line 46.
48	LARGE EVENT & VENUE SUPPORT	11,704	\$ -	-	-	-	-	-	#DIV/0!	
49	CLIMATE ACTION PLANNING	16,051	\$ 25,000	25,000	-	25,000	25,000	-	0.0%	Annual climate register & Member Agency support.
50	RECYCLING TECHNICAL ASSISTANCE	1,324	\$ 85,000	85,000	42,500	42,500	85,000	-	0.0%	AB 1826 & AB 341 Compliance (\$10k); Promote reusables for businesses (\$60k); Recycling Technical Assistance(\$15k)
51	COMMERCIAL/MFD CONTAINERS	44,529	\$ 35,000	35,000	17,000	17,000	34,000	(1,000)	-2.9%	MFD recycle bags, internal containers, MA containers per Franchise Agreements
52	MULTI-FAMILY OUTREACH	20,368	\$ 90,000	90,000	45,000	45,000	90,000	-	0.0%	Education and outreach per FA; compliance with state laws; MFD Toolkit and other outreach
53	MEMBER AGENCY & RATE PAYER EDUCATION	63,020	\$ 110,000	110,000	65,000	45,000	110,000	-	0.0%	Biannual newsletters to Member Agency residents.
54	RESIDENTIAL OUTREACH PROGRAMS	60,442	\$ 90,000	90,000	45,000	45,000	90,000	-	0.0%	Education and outreach per FA, Annual Service Notice mailing.
55	COMMUNITY EVENTS	22,630	\$ 52,500	45,000	25,000	25,000	50,000	(2,500)	-4.8%	Earth Day (\$15K), Rethink Recycling Day (\$10K), Fixit Clinics (\$25K)
56	HHW PROGRAM OUTREACH		\$ 30,000	30,000	15,000	15,000	30,000	-	0.0%	Annual promotion of local HHW disposal options for all ratepayers
57	BATTERY OUTREACH	84,463	\$ 90,000	90,000	55,000	35,000	90,000	-	0.0%	Educate residents and businesses about risk of battery fires and proper disposal options, including MFD battery bucket
58	SHRED EVENT SERVICE	(2,882)	\$ 30,000	30,000	15,000	15,000	30,000	-	0.0%	Shred, e-waste, and compost events for Member Agencies (coordination, support, outreach, etc.) RFP for Shredding Services
			\$ -	-				-		
59	TOTAL STATE MANDATED PUBLIC EDUCATION & OUTREACH	\$ 601,071	\$ 939,500	\$ 897,000	\$ 437,000	\$ 397,000	\$ 834,000	\$ (105,500)	-11.2%	
60	SBWMA PROGRAM BUDGET	\$ 3,016,987	\$ 3,819,070	\$ 3,800,282	\$ 2,085,677	\$ 1,918,810	\$ 4,004,487	\$ 185,417	4.9%	
61	SB1383 COMPLIANCE	-	\$ -	-	-	339,750	339,750	339,750		Source: HFH Presentation 3/20/2020 - Projected start up costs from the Cash Flow Projection Slide 39 (FY19/20 & FY20/21 of \$927,000). Includes 1.0 Net New FTE (Program Manager II)
62	TOTAL SBWMA PROGRAM BUDGET	\$ 3,016,987	\$ 3,819,070	\$ 3,800,282	\$ 2,085,677	\$ 2,258,560	\$ 4,344,237	\$ 525,167	13.8%	
63	SHOREWAY OPERATIONS									
64	OPERATING CONTRACT - SBR OPERATIONS	\$ 21,029,629	\$ 20,941,990	\$ 20,701,545	\$ 10,235,946	\$ 10,363,551	\$ 20,599,497	(342,493)	-1.6%	Budgeted reduced volume
65	DISPOSAL	18,817,076	\$ 20,026,803	20,485,690	10,086,962	11,334,320	21,421,263	1,394,460	7.0%	Organics processing increase and full year of increased rates for the new Ox Mountain disposal contract
66	INSURANCE SHOREWAY	884,827	\$ 999,117	985,459	660,840	660,840	1,321,679	322,562	32.3%	Property insurance premium. Estimated increase.
67	SHOREWAY FACILITY COST	205,145	\$ 200,000	200,000	100,000	100,000	200,000	-	0.0%	Budget for unanticipated routine Shoreway maintenance items that are non-CapEx
68	CREDIT CARDS CHARGES	77,968	\$ 123,610	106,702	45,597	45,597	91,194	(32,416)	-26.2%	SBR pass through of credit card fees from their bank from public customers.
69	SHOREWAY CHARGES	26,690	\$ 26,690	26,690	13,345	-	13,345	(13,345)	-50.0%	Full amortization of 2015 additional trailer cost in December 2020.
70	EDUCATION CENTER OPERATIONS	61,616	\$ 65,000	65,000	32,500	32,500	65,000	-	0.0%	Tours program equipment, school bus services, poster and art contests.
71	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k	126,956	\$ 50,000	50,000	50,000	50,000	100,000	50,000	100.0%	Unanticipated MRF equipment maintenance (non-CapEx) expense
72	SEWER FEES (PROPERTY TAX)	70,623	\$ 70,278	90,426	45,213	45,213	90,426	20,148	28.7%	Actual sewer charge from City of San Carlos on tax bill based on prior year water usage
73	E-RECYCLING	30,364	19,346	61,661	44,136	44,136	88,273	68,927	356.3%	E-waste market has shifted from a revenue source to expense. Previously budgeted as revenue
74	SUB SHOREWAY OPERATIONS COST	\$ 41,330,894	\$ 42,542,834	\$ 42,773,172	\$ 21,314,538	\$ 22,676,157	\$ 43,990,676	\$ 1,447,843	3.4%	
75	TOTAL SHOREWAY OPERATION	\$ 41,330,894	\$ 42,542,834	\$ 42,773,172	\$ 21,314,538	\$ 22,676,157	\$ 43,990,676	\$ 1,447,843	3.4%	
76	TOTAL OPERATING EXPENSES	\$ 44,347,881	\$ 46,361,903	\$ 46,573,454	\$ 23,400,216	\$ 24,934,717	\$ 48,334,914	\$ 1,973,009	4.3%	
77	NON-OPERATING EXPENSES									
78	LOSS ON SALE OF PROPERTY									
79	DEBT SERVICE BOND INTEREST	\$ 2,633,833	\$ 2,836,101	\$ 2,384,556	\$ 1,201,667	\$ 1,201,667	\$ 2,403,333	(432,767)	-15.3%	Budgeted interest expense 2019 Bond Issuance
80	FRANCHISE FEE TO CITY OF SAN CARLOS	2,206,790	2,340,169	2,347,870	1,102,589	1,167,136	2,269,725	(70,444)	-3.0%	5% Franchise Fees paid by JPA to the City of San Carlos on tip fee revenue.
81	TOTAL NON-OPERATING EXPENSES	\$ 4,840,623	\$ 5,176,269	\$ 4,732,426	\$ 2,304,255	\$ 2,368,803	\$ 4,673,058	\$ (503,211)	-9.7%	
82	TOTAL SHOREWAY OPERATING EXPENSES	\$ 46,171,517	\$ 47,719,103	\$ 47,505,598	\$ 23,618,794	\$ 25,044,960	\$ 48,663,735	\$ 944,632	2.0%	
83	TOTAL EXPENSES (SBWMA Program + All Shoreway Operations)	\$ 49,188,504	\$ 51,538,173	\$ 51,305,879	\$ 25,704,471	\$ 27,303,520	\$ 53,007,972	\$ 1,469,798	2.9%	\$ 1,469,799

FY20/21 BUDGET

CAPITAL EXPENDITURE BUDGET		<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Description</i>
<i>Line</i>	Capital Project Name	Mid-Year Update FY19/20	Proposed Budget FY20/21	Proposed Budget FY21/22	Proposed Budget FY22/23	Proposed Budget FY23/24	
1	Site paving repairs and restriping ²	45,000	45,000		1,500,000		Repaving of collection fleet parking area. Planned after fuel tank removal project.
2	Truck shop building maintenance	25,000	125,000	25,000	25,000	25,000	Place holder for unanticipated capital needs.
3	TS building and tip floor	200,000	50,000	50,000	200,000	50,000	Tip floor resurfacing needs to be completed
4	MRF building and tip floor	-	75,000	50,000	100,000	50,000	Not anticipating this work
5	Admin building maintenance	40,000	40,000	40,000	40,000	40,000	Place holder for unanticipated capital needs.
6	Site maintenance	50,000	150,000	50,000	50,000	50,000	Place holder for unanticipated capital needs.
7	Leachate Pumps	100,000	100,000				Failing bunker pumps
8	Replace Optical Sorter Software & Hardware	841,500					Equipment (without sales tax) approved by Board (Reso #44). Funded by Equipment Replace Reserve
9	Fire suppression	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.
10		-	-	-	-	-	Place holder for unanticipated capital needs.
11	Storm Water Treatment System	236,500	50,000	50,000	50,000	50,000	Compliance new SW regulations require treatment of site storm water prior to release. Board Resolution # 2019-58 approved expenditure of \$236,500.
12			-				
13	Enhancements to Public Recycling Center	50,000	50,000	-	-	-	Need to remove from final FY 19/20 budget. Project budgeted and completed in FY 18/19
14	Shredding to Public Recycling Center				100,000		Agency has interest in providing confidential document shredding services as benefit to residents.
17	CIP Projects (See detail)	6,980,109	8,900,000	8,000,000	6,500,000	10,000,000	
18	Total Budget for Capital Projects	8,668,109	9,685,000	8,365,000	8,665,000	10,265,000	
FUNDING SOURCE							
20	Bond Proceeds (\$20M)	6,980,109	8,900,000	4,119,891	-	-	
21	Capital Reserve	1,688,000	785,000	4,245,109	8,665,000	10,265,000	
22	Total Funding Source	8,668,109	9,685,000	8,365,000	8,665,000	10,265,000	
CIP Project Detail							
24	Organics 2 Energy Pilot	1,250,000					Project approved by BOD. Anticipated start date 1/2020.
25	Phase I MRF Upgrades	5,730,109	900,000				BOD Approval resolution numbers 2019-45 and 2019-54
26	Phase II MRF Upgrades		3,000,000	3,000,000			Project to be designed after assessment of Phase I improvements and market conditions
27	Organics 2 Energy Full Project		5,000,000	5,000,000			Project to be designed after assessment of Pilot O2E and market conditions
28	BAAQMD Anticipated compliance					10,000,000	Biofilters for BAAQMD air control for proposed regulations 13.2
29	Underground Storage Tank Removal				1,500,000		Existing UST tanks are single wall and need to be removed using Remediation Reserve.
30	New Fueling System Project				2,500,000		System design pending replacement collection fleet fuel decision.
31	New Biogas Fueling System				2,500,000		Same as above. Tied to O2E and planned GHG reduction goals.
32	Total CIP Project Detail	6,980,109	8,900,000	8,000,000	6,500,000	10,000,000	

Budget Expense Category	Description of Program for FY20/21: <i>(Proposed Expense Line Items 1-26)</i>
ADMINISTRATIVE EXPENSE: \$2,591,234 <i>(Proposed Expense line item 27)</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 contract/procurement process for all proposals (RFP)/request for qualifications (RFQ), and related noticing and other 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. Long Range Planning process and resulting programs such as Alternative (Fleet) Fuels. • 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 FY20/21 <i>(Proposed Expense Line Items 28-38)</i>
MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE: \$579,253 <i>(Proposed Expense Line Item 39)</i>	
Staff Resources: Joe La Mariana, <i>Executive Director</i> ; Hilary Gans, <i>Sr. Operations and Engineering 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 (including 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 shred and compost giveaway events with Recology per the Franchise Agreement (electronic waste recycling and battery collection also included, but not required per Agreement). <p>New Efforts in FY20/21:</p> <ul style="list-style-type: none"> • Secure Board and Member Agency approvals of final "Amendment One" (Bulky Item Collection; Abandoned Waste) terms. • Transitional planning from current Franchise Agreement terms to newly restated/amended terms in 2021, including adoption of organics management measures necessary for compliance with State Senate Bill 1383. • Continue expansion of Public Spaces Recycling Program, based on data and other feasibility analysis. • Provide proactive legislative and regulatory support for various agency priorities, including the safe handling and disposal of Lithium-Ion batteries. 	

Budget Expense Category	Description of Program for FY20/21 <i>(Proposed Expense line items 40-58 and 61)</i>
STATE MANDATED PUBLIC EDUCATION & OUTREACH: \$1,173,750 <i>(Proposed Expense Line Item 59 plus Line 61)</i>	
Staff Resources: Joe La Mariana, <i>Executive Director</i> ; Julia Au, <i>Program Manager II (Outreach and Communications)</i> ; Emi Hashizume, <i>Program Manager II (Environmental Education and Non-Franchise Recyclables)</i> ; Joanna Rosales, <i>Outreach and Communications Coordinator</i>	
<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, media, and in-person or digital channels. • Manage and provide outreach for residential and commercial/multi-family collection services to meet specific community needs through on-going and targeted campaigns. • Develop, submit, and manage with Recology a three-year Public Education and Recycling Technical Assistance Plan that includes 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. • Engage Public Education and Outreach Subcommittee on outreach campaigns and efforts. • Continue ongoing media partnerships – BayROC, PenTV, etc. • Establish and reinforce in-school recycling and composting efforts through the provision of student education and engagement, custodial and staff trainings, upgraded waste infrastructure and on-site technical assistance. • Support implementation of County of San Mateo Environmental Health’s Food Share Table Program at schools in RethinkWaste service area, as permitted during Covid-19. <p>New Efforts in FY20/21:</p> <ul style="list-style-type: none"> • Continue to review and update core Pub Ed materials with Public Education and Outreach Subcommittee and Recology engagement. • Research and develop targeted outreach campaigns to Multi-Family residents and non-English speakers for proper sorting. • Continued reinforcement and growth of In-Schools Program, including the addition of waste-focused distance learning resources, virtual presentations and asynchronous educational opportunities, and off-site support for students, teachers, and facilities staff to account for COVID-19. 	

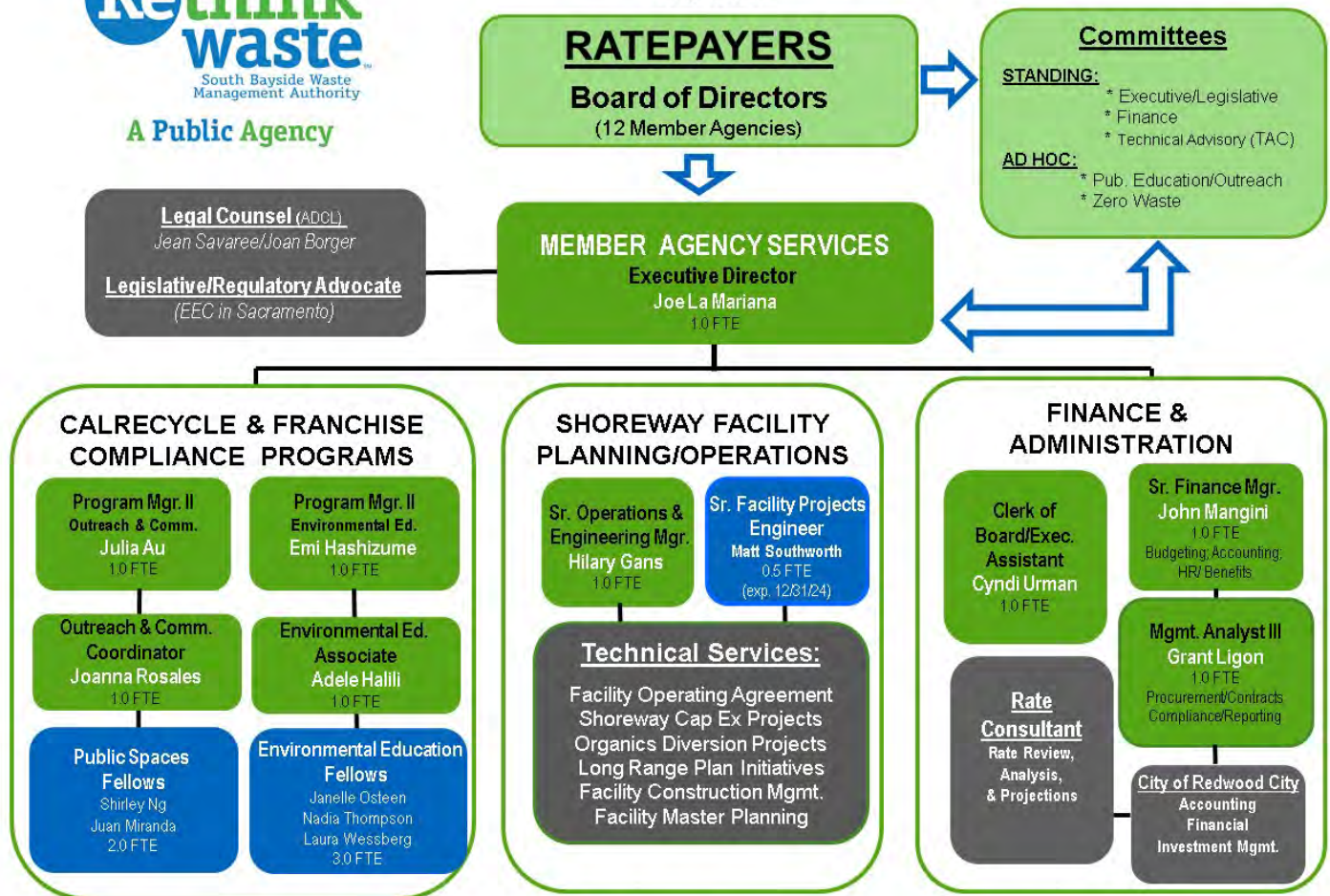
Budget Expense Category	Description of Program for FY20/21 <i>(Proposed Expense line items 63-74)</i>
SHOREWAY OPERATIONS: \$43,990,676 <i>(Proposed Expense Line Item 75)</i>	
Staff Resources: Hilary Gans, Sr. Operations and Engineering Manager; Matt Southworth, Sr. Facility Projects Engineer; John Mangini, Sr. Finance Manager; Grant Ligon, Management Analyst III; Emi Hashizume, Program Manager II (Environmental Education and Non-Franchise Recyclables); Adele Halili, Environmental Education Associate	
<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, accounting for the number of tours cancelled due to Covid-19 and extreme weather conditions caused by wildfires. • Manage the onsite community events as permitted during Covid-19 to promote resource conservation including the following: Earth Day and Rethink Recycling Day events at Shoreway; Trash to Art and Poster contests; expansion of compost donation program throughout Member Agency schools and community gardens. <p>New Efforts in FY20/21:</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. • Identify, plan and implement new environmental-themed events at the Shoreway facility or via virtual platforms for the general public, as permitted during Covid-19. • Incorporate new equipment and processes at the Shoreway facility into the tours educational programming. 	

ATTACHMENT C: Proposed Organization Chart/Personnel Summary for FY20/21



SBWMA Organization Chart

July 1, 2020



Green = SBWMA staff = 9.0 FTE; Blue = Non-Benefitted/Ltd Term = 5.5 FTE; Grey = Consultants/Technical Services

FY20/21 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 expanded compliance requirements by SB 1383 and extensive new planned Facilities Capital Projects and engineering review needs the proposed FY20/21 Staffing Plan includes half (0.5) new FTEs compared to the FY19/20 budget. The proposed 0.5 FTE is a part-time non-benefitted staff position, titled “Part-Time Sr. Facilities Engineer” and the position expires on 12/31/24 (Board-approved position on November 21, 2019 (resolution #2019-56 This position will reduce the burden on the Sr. Operations/Engineering Manager by overseeing routine/maintenance Shoreway Capital projects, such as the \$250k Transfer Station Floor Resurfacing Project that was recently completed.

The above change is 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>Actual</i>	FY20/21 <i>Proposed</i>
Executive Director	1.0	1.0	1.0	1.0	1.0
Sr. Operations/Engineering Manager	1.0	1.0	1.0	1.0	1.0
Sr. Finance Manager	1.0	1.0	1.0	1.0	1.0
Sr. Facility Projects Engineer <i>(Ltd. Term)</i>	0	0	0	0	0.5
Program Manager II – Outreach & Communications <i>(Formerly Recycling Outreach Programs Manager)</i>	Vacant	1.0	1.0	1.0	1.0
Management Analyst III <i>(Formerly Recycling Programs Manager)</i>	1.0	Vacant	Vacant	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	1.0
Program Manager II – Environmental Education	1.0	1.0	1.0	1.0	1.0
Environmental Education Associate	0	0	0	1.0	1.0
Environmental Education Coordinator	1.0	1.0	1.0	0	0
Outreach and Communications Coordinator	0	0	0	1.0	1.0
Environmental Programs Associate	1.0	1.0	0	0	0
Total Agency Staff <i>(Regular Status):</i>	8.0	7.0	8.0	9.0	9.5
Long Range Plan Fellowships <i>(Limited terms-1-3yrs.; Non-benefitted positions)</i>	0	4.0	4.0	5.0	5.0

Salary Ranges

The salary ranges for all Agency Staff positions (some are currently vacant) are presented below for FY20/21 (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 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. Operations and Engineering Mgr.	\$133,249 - \$166,117
Sr. Finance Manager	\$133,249 - \$166,117
Sr. Facility Projects Engineer <i>(Non-benefited; Ltd. term part-time; expires 12/31/24)</i>	\$133,249 - \$166,117
Management Analyst III	\$112,196 - 140,245
Program Mgr. II <i>(Outreach and Communications; Environmental Education)</i>	\$100,976 - \$126,220
Clerk of Board/Executive Assistant	\$77,000 - \$96,250
Environmental Education Coordinator	\$60,000 - 69,999
Outreach and Communications Coordinator	\$63,800 – 79,750
Environmental Education Associate	\$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

Due to the extreme COVID crisis impacts to our agency revenues, a merit increase pool of 0% of wages is assumed for all positions within the current salary ranges for January 1, 2021. 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 0% increase is also assumed.

Employee Benefits

No proposed changes in the employee benefit plans. Total benefit expense as percent of base compensation is estimated at 25.7% for FY20/21. 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 FY20/21, this annual savings for the Agency projects out to be \$77,296.**

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 **Anthem Blue Cross** for employees and their families. There is a 45% coinsurance after the deductible has been met for most services. Currently, six employees participate in the plan and three employees have opted out. The premium is age based – the average premium is \$830 per month plus the HSA average contribution of \$407 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 \$112.

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 \$17.

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 \$72.

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.

FY20/21 BUDGET

COMMODITY REVENUE				
	FY19/20 Adopted Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
<u>COMMODITY REVENUE</u>				
Tons Sold	59,249	60,909	1,660	2.8%
Wtd Avg. Price	\$ 115.41	\$ 98.53	\$ (16.88)	-14.6%
Gross Revenue	\$ 6,838,073	\$ 6,001,239	\$ (836,834)	-12.2%
Revenue Share w/ SBR	\$ (395,652)	\$ (71,140)	\$ 324,512	-82.0%
Buyback Payments	(843,906)	\$ -	\$ 843,906	-100.0%
Net Commodity Revenue	\$ 5,598,516	\$ 5,930,100	\$ 331,584	5.9%
<u>Price / Volume Impact</u>				
	Price	Volume	Total	
Tonnage Change	115.41	1,660	\$ 191,576	
Price Change	\$ (16.88)	60,909	\$ (1,028,410)	
Total Change (Gross)			\$ (836,834)	

FY20/21 BUDGET

Attachment E - FY20/21 Budget Support Files: REVENUE, EXPENSE DETAIL

Update: April 2020

Summary Tables

Table E.1

TIP FEE REVENUE					
	FY19/20 Adopted Budget	FY19/20 Mid-Year Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
Franchise Revenue					
<u>Tons</u>	298,681	295,975	277,121	(21,560)	-7.2%
Wtd Avg. Tip Fee	\$ 123.98	\$ 123.98	\$ 127.47	3.49	2.8%
Franchise Revenue	\$ 37,030,309	\$ 36,695,234	\$ 35,323,627	\$ (1,706,682)	-4.6%
Public Revenue					
<u>Cu/Yards</u>	207,466	214,237	195,777	(11,689)	-5.6%
Wtd Avg. Tip Fee	\$ 42.88	\$ 42.85	\$ 47.54	4.66	10.9%
Public Revenue Cu/YDS	\$ 8,896,073	\$ 9,180,186	\$ 9,307,837	\$ 411,764	4.6%
<u>Tons (3rd party - mostly Recology)</u>	18,194	18,311	15,009	(3,185)	-17.5%
Wtd Avg. Tip Fee	\$ 127.07	\$ 127.26	\$ 128.86	1.79	1.4%
Public Revenue Tons	\$ 2,311,880	\$ 2,330,380	\$ 1,934,061	\$ (377,819)	-16.3%
Public Dirt Tons	8,221	9,986	9,469	1,248	15.2%
Wtd Avg. Tip Fee	\$ 110.00	\$ 110.00	\$ 115.93	5.93	5.4%
Sub Total	\$ 904,297	\$ 1,098,489	\$ 1,097,747	\$ 193,449	21.4%
Public Revenue Total	\$ 12,112,251	\$ 12,609,055	\$ 12,339,646	\$ 227,395	1.9%
Total Tip Fee Revenue	\$ 49,142,560	\$ 49,304,289	\$ 47,663,273	\$ (1,479,288)	-3.0%

FY20/21 BUDGET

Table E.2

TRANSFER STATION VOLUME						
		FY19/20	FY19/20	FY20/21	FY21 vs. FY20	
Total TS Tonnage and Yards		Adopted Budget	Mid-Year Budget	Proposed Budget	Adopted Budget	Variance %
<u>Franchise tons</u>						
SBWMA Solid Waste	tons	182,013	181,305	172,409	(9,604)	-5.3%
SBWMA Organics	tons	88,121	86,560	85,087	(3,034)	-3.4%
SBWMA Food Waste	tons	24,630	24,556	15,878	(8,752)	-35.5%
SBWMA Dirt, Inert, Other	tons	3,917	3,554	3,748	(170)	-4.3%
Sub-total Franchise		298,681	295,975	277,121	(21,560)	-7.2%
<u>Public tons</u>						
Non-SBWMA SW	tons	4,161	4,707	4,249	87	2.1%
Non-SBWMA Scrap	tons	307	263	188	(119)	-38.7%
Non-SBWMA FOOD	tons	4,766	4,681	2,943	(1,823)	-38.2%
Non-SBWMA C&D	tons	7,025	6,417	5,052	(1,973)	-28.1%
Non-SBWMA ORGANIC	tons	368	349	433	66	17.9%
Non-SBWMA Asphalt Roofing	tons	1,568	1,895	2,144	576	36.7%
Non-SBWMA Clean Wood	tons	0	0	0	-	0.0%
Public Weighed Dirt	ton:	8,221	9,986	9,469	1,248	15.2%
Sub-Total Public tons		26,415	28,298	24,479	(1,937)	-7.3%
Total Tons		325,096	324,273	301,600	(23,496)	-7.2%
<u>Public Cu/Yds.</u>						
Public Solid Waste Yards	C/Yds.	62,546	66,227	61,315	(1,232)	-2.0%
Public Green Waste Yards	C/Yds.	48,320	49,855	50,208	1,888	3.9%
Public C&D	C/Yds	96,600	98,155	84,254	(12,345)	-12.8%
Total Cubic Yards		207,466	214,237	195,777	(11,689)	-5.6%

FY20/21 BUDGET

Table E.3

SBR OPERATING EXPENSE					
A. Summary	FY19/20 Adopted Budget	FY19/20 Mid-Year Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
MRF	\$ 7,613,837	\$ 7,178,224	\$ 7,823,623	\$ 209,786	2.8%
Transfer Station	5,189,041	5,265,748	5,015,520	\$ (173,521)	-3.3%
Transportation	8,098,228	8,216,689	7,749,548	\$ (348,680)	-4.3%
Interest	40,885	40,885	10,806	\$ (30,079)	-73.6%
TOTAL SBR EXPENSE	\$ 20,941,990	\$ 20,701,545	\$ 20,599,497	\$ (342,493)	-1.6%
B. SBR Expense Detail	FY19/20 Adopted Budget	FY19/20 Mid-Year Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
MRF					
Tons, Inbound	72,150	71,790	73,719	1,569	2.2%
Tons, residue	(12,901)	(12,810)	(12,810)	91	-0.7%
Tons, net sold	59,249	58,980	60,909	1,660	2.8%
Wtd Avg. Rate *	\$ 120.02	\$ 113.84	\$ 120.99	\$ 0.98	0.8%
Expense	\$ 7,110,815	\$ 6,714,273	\$ 7,369,628	\$ 258,813	3.6%
MRF Additional Sorters	\$ 503,022	\$ 463,951	\$ 453,995	\$ (49,027)	-9.7%
Transfer Station					
Tons	390,532	396,030	368,291	(22,241)	-5.7%
Wtd Avg. Rate	\$ 13.29	\$ 13.30	\$ 13.62	\$ 0.33	2.5%
Expense	\$ 5,189,041	\$ 5,265,748	\$ 5,015,520	\$ (173,521)	-3.3%
Transportation					
Tons	390,532	396,030	368,291	(22,241)	-5.7%
Wtd. Avg. Rate	\$ 20.74	\$ 20.75	\$ 21.04	\$ 0.31	1.5%
Expense	\$ 8,098,228	\$ 8,216,689	\$ 7,749,548	\$ (348,680)	-4.3%
Interest	\$ 40,885	\$ 40,885	\$ 10,806	\$ (30,079)	-73.6%
TOTAL SBR "PAID" TONS	840,312	851,040	797,490	(42,822)	-5.1%
TOTAL SBR EXPENSE	\$ 20,941,990	\$ 20,701,545	\$ 20,599,497	\$ (342,493)	-1.6%

* Mid Year Wtd Avg reduction due to credit issued by SBR correcting prior years compensated profit related to VRS Program

FY20/21 BUDGET

Table E.4

DISPOSAL & PROCESSING EXPENSE					
	FY19/20 Adopted Budget	FY19/20 Mid-Year Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
A. Summary					
Solid Waste	\$ 10,511,836	\$ 10,609,691	\$ 11,282,246	\$ 770,410	7.3%
Organics	\$ 6,280,246	\$ 6,292,011	\$ 6,824,086	\$ 543,840	8.7%
C&D, dirt	\$ 3,282,825	\$ 3,619,062	\$ 3,423,692	\$ 140,867	4.3%
Other	\$ 443,263	\$ 453,021	\$ 447,821	\$ 4,558	1.0%
Subtotal	\$ 20,518,170	\$ 20,973,785	\$ 21,977,846	\$ 1,459,675	7.1%
Paid by SBR on MRF residue	\$ (491,368)	\$ (488,096)	\$ (556,583)	\$ (65,215)	13.3%
TOTAL DISPOSAL EXPENSE	\$ 20,026,803	\$ 20,485,690	\$ 21,421,263	\$ 1,394,460	7.0%
B. Detail					
Solid Waste (Ox Mtn.)					
Tons, net	220,793	222,760	211,857	(8,936)	-4.0%
Wtd Avg. Rate	\$ 47.61	\$ 47.63	\$ 53.25	\$ 5.64	11.9%
Expense	\$ 10,511,836	\$ 10,609,691	\$ 11,282,246	\$ 770,410	7.3%
Organics (Newby, Grover)					
Tons, net	123,864	122,669	110,004	(13,860)	-11.2%
Wtd Avg. Rate	\$ 50.70	\$ 51.29	\$ 62.03	\$ 11.33	22.4%
Expense	\$ 6,280,246	\$ 6,292,011	\$ 6,824,086	\$ 543,840	8.7%
C&D (Zanker)					
Tons, net	45,874	50,601	46,430	555	1.2%
Wtd Avg. Rate	\$ 71.56	\$ 71.52	\$ 73.74	\$ 2.18	3.0%
Expense	\$ 3,282,825	\$ 3,619,062	\$ 3,423,692	\$ 140,867	4.3%
Other					
Tires	\$ 4,022	\$ 5,380	\$ 4,980	\$ 958	23.8%
Appliances	\$ 40,240	\$ 41,120	\$ 41,120	\$ 880	2.2%
Hazardous Waste	\$ 389,714	\$ 397,788	\$ 392,788	\$ 3,075	0.8%
Sharps, Misc.	\$ 9,287	\$ 8,733	\$ 8,933	\$ (355)	-3.8%
Expense	\$ 443,263	\$ 453,021	\$ 447,821	\$ 4,558	1.0%
Summary					
TS Tons	390,532	396,030	368,291	(22,241)	-5.7%
Wtd Avg. Rate	\$ 51.28	\$ 51.73	\$ 58.16	\$ 6.88	13.4%
Disposal Expense	\$ 20,026,803	\$ 20,485,690	\$ 21,421,263	\$ 1,394,460	7.0%

GATE RATE CONVERSION (YARDS to TONS) *			
July 1, 2020	Low Range	High Range	Franchise Tonnage Rate
Solid Waste	\$ 138	\$ 368	\$ 121
<i>Gate Rate (Yards)</i>	\$ 46	\$ 46	
<i>Yards/Ton Conversion Rate (Yard per Ton)</i>	3.0	8.0	-
Green Waste	\$ 168	\$ 323	\$ 126
<i>Gate Rate (Yards)</i>	\$ 42	\$ 42	
<i>Yards/Ton Conversion Rate (Yard per Ton)</i>	4.0	7.7	-
C&D	\$ 184	\$ 322	\$ 121
<i>Gate Rate (Yards)</i>	\$ 46	\$ 46	
<i>Yards/Ton Conversion Rate (Yard per Ton)</i>	4.0	7.0	

* Data for high and low ranges from three sources (US EPA April 2016 Volume-to-Weight Report, SBWMA 2018 Self-Haul Material Bulk Density Test and South Bay Recycling's MASS Balance Reports).