



A Public Agency

# SPECIAL FINANCE COMMITTEE MEETING

TUESDAY, October 6, 2020 AT 12:00pm

VIA ZOOM MEETING ONLY

Link to Join:

<https://us02web.zoom.us/j/82514509743?pwd=RisxSTM0czR4Qldoc1hGVVZkTmTQT09>

Phone number for voice access: 1 (669) 900 9128

Meeting ID: 889 8072 2240

Password: 535925

PURSUANT TO GOVERNOR NEWSOM'S EXECUTIVE ORDER N-29-20, THE MEETING WILL BE HELD BY TELECONFERENCE AND/OR VIDEO CONFERENCE ONLY. THE PUBLIC MAY PARTICIPATE BY JOINING THE ZOOM MEETING

<https://us02web.zoom.us/j/82514509743?pwd=RisxSTM0czR4Qldoc1hGVVZkTmTQT09>

AND SUBMITTING THEIR PUBLIC COMMENTS IN A LIVE MEETING FORMAT. ANY EMAILS SENT TO [RETHINKER@RETHINKWASTE.ORG](mailto:RETHINKER@RETHINKWASTE.ORG) WILL BE PROVIDED TO THE COMMITTEE PRIOR TO THE MEETING.

## TELECONFERENCE PARTICIPANTS

ALL COMMITTEE MEMBERS WILL PARTICIPATE BY TELECONFERENCE AND/OR VIDEO CONFERENCE PURSUANT TO GOVERNOR NEWSOM'S EXECUTIVE ORDER N-25-20

PURSUANT TO RALPH M. BROWN ACT, GOVERNMENT CODE SECTION 54953, ALL VOTES SHALL BE BY ROLL CALL DUE TO ALL BOARDMEMBERS PARTICIPATING BY TELECONFERENCE AND/OR VIDEO CONFERENCE

ANY REQUEST FOR REASONABLE ACCOMMODATION SHOULD BE ADDRESSED TO CYNDI URMAN AT [CURMAN@RETHINKWASTE.ORG](mailto:CURMAN@RETHINKWASTE.ORG).

## AGENDA

### 1. Roll Call

### 2. Public Comment

Pursuant to Government Code Section 54954.3(a), members of the public wishing to address the Committee may do so, and the comments shall be limited to the Special Meeting notice topic(s). Speakers may join the Zoom meeting via the meeting link and using the "raise hand" feature and the Clerk of the Board will call on people.

### 3. Executive Director's Welcome *(Verbal Only)*

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### 4. Consent Calendar

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

A. Approval of Minutes from the May 12, 2020 Finance Committee Meeting

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B. Approval of a 2021 Finance Committee Meeting Calendar

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### 5. Review of CY 2021 Operating Budget and Cap Ex Review

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### 6. Recology Fleet Replacement (2024-26): Zero Emission Vehicles (ZEV) Planning and PG&E Subsidy Application Process Discussion *(Verbal Only)*

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### 7. Finance Committee Member Comments

### 8. Adjourn

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#### MEMBER AGENCIES

ATHERTON \* BELMONT \* BURLINGAME \* EAST PALO ALTO \* FOSTER CITY \* HILLSBOROUGH \* MENLO PARK \* REDWOOD CITY  
\* SAN CARLOS \* SAN MATEO \* COUNTY OF SAN MATEO \* WEST BAY SANITARY DISTRICT





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# EXECUTIVE DIRECTOR'S UPDATE

Agenda Item 2 is a verbal report only at the  
10/06/2020 SBWMA Finance Committee Meeting





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# CONSENT CALENDAR



**DRAFT MINUTES**

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE FINANCE COMMITTEE  
May 12, 2019 12:00PM  
Via Zoom Tele or Video Conference**

**Call To Order: 12:02PM**

**1. Roll Call**

<b>Member</b>	<b>Present</b>	<b>Absent</b>
Michael Brownrigg	<b>X(1:25PM)</b>	
Carol Augustine	<b>X</b>	
Brenda Olwin	<b>X</b>	
Jay Benton	<b>X</b>	
Fran Dehn	<b>X</b>	

SBWMA Staff Members Present: Joe La Mariana, John Mangini, Cyndi Urman, Jean Savaree, Hilary Gans, Matt Southworth, Grant Ligon, Julia Au, Emi Hashizume, Joanna Rosales, Joan Berger  
Others Present: Derek Rampone, City of Redwood City; Dwight Herring, SBR; Dan Domonoske, SBR; Mario Puccinelli, Recology, Bryce Giddens, Recology; Carl Menne Recology.

**2. Public Comment**

Persons wishing to address the Board on matters NOT on the posted agenda may do so. Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting. If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

None

**3. Executive Director's Update**

Executive Director La Mariana welcomed everyone to the meeting and recognized returning committee member Michael Brownrigg, and new committee members Fran Dehn, and Brenda Olwin. He then gave the following updates.

- The facility re-opened to the public on May 4. The facility had been closed to the public since the Shelter in Place order, but the franchised collection remained in business throughout. He noted that the Franchised tons represent about 80% of the tons at the facility.
- The projects tasks that were submitted by SBR on April 9 and approved by him, have all been completed by 10-14 displaced workers due to the decreased volumes at the facility
- There are two additional projects that may be re-assigned to either some of the furloughed drivers discussed at the April Board Meeting, or to this same group that completed the original project list.  
Dwight Herring added that even with the facility re-opening the volumes are still down about 50% compared to prior to the shelter in place order, mostly due to C&D. He added that a year over year comparison is that residential volumes are up 2-5%, and commercial volumes are down about 45%
- Two capital projects continue on schedule at Shoreway. The Organics-to-Energy equipment is up and running, but the material for that projects comes out of restaurants, so there is not enough material to run a full shift of the pilot at the moment. Also, the MRF Phase I equipment installation is slightly ahead of schedule and should be ready in July.

He then added that there are three agenda items of particular note today, the draft budget, and conversion to a calendar year budget, SBR's request for compensation adjustment which is an information item, and the insurance policy because the policy premiums have gone way up.

#### 4. Consent Calendar

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

##### A. Approval of Minutes from the January 14, 2020 Finance Committee Meeting

Member Benton made a request to amendment to the minutes from January 14, to note that no decision was made about the internal spending authority being increased or changed under the Executive Director's report portion of the minutes, and requested to add Derek Rampone to the minutes as an attendee.

Motion/Second: Augustine/Benton (as amended)

Voice Vote: 3-0-1-1

Member	Yes	No	Abstain	Absent
Michael Brownrigg				X
Carol Augustine	X			
Brenda Olwin	X			
Jay Benton	X			
Fran Dehn			X	

#### 5. Discussion of Cost of COVID-19 Shelter-in-Place Order

Executive Director La Mariana introduced the item and discussed the displaced workers that have been doing maintenance projects and then two weeks later the drivers who were furloughed due to decreased tonnage. He noted that the SBWMA is an observer, and the relationship is between SBR and Local 350.



Staff Gans noted that the cost of the 10-14 workers who were doing the maintenance work was approximately \$5000/day, for the month of April. He thought the discussion should be centered around if the tons don't return should projects continue to be offered to keep the workers busy but cautioned that the project list is close to being exhausted.

Member Benton asked if the expenses would come out of reserves or go to an expense line in the budget, and if it had been budgeted where would the expense come out of. Staff Mangini answered that it is a regular expense line under SBR's operations costs.

Member Benton asked if C&D tonnage was rebuilding in the second week of being open. Dwight Herring answered that current tons are about 50% lower than they were before the facility closed to the public.

Staff Mangini gave an overview of table 3 in the staff report which estimates lost revenue and cost avoidance for the month of April, and total income loss range of \$340,000 to \$400,000 per month or a potential \$1.2-\$1.4M impact for the remainder of the fiscal year. He noted that the numbers were calculated based on the assumption that the gate would be closed through the end of the fiscal year, but now that the gate is open it won't be as big of an impact.

Executive Director La Mariana commented that SBR is fully staffed but because they are paid on a per ton basis there is not enough tonnage to support a full staff. He asked the Finance Committee to give feedback on using the Emergency Reserve to cover the costs of lost tonnage.

Member Benton commented that SBR needs to manage their staff, and that the Board desires to see as many employees working as possible, but in the end it's an SBR decision. He added that he is reluctant to have the SBWMA cover the costs because any additional costs gets passed on to rate payers. With regards to the workshare program, the program requires the workers to work at least 60% of the work week and with the furloughed drivers that couldn't be guaranteed due to decreased tonnage.

Dwight Herring updated the committee that SBR didn't qualify for the federal PPP and they have checked twice, they don't qualify because Recology is a 60% voting share holder and that means the number employees exceeds the amount allowed to qualify for the program. He commented that when the facility reopened it required staffing to man the scale house 12 hours a day Monday -Friday and 8 hours per day on Saturday and Sunday, so if volumes are down 50% there is 50% less revenue with 100% of the expense.

Member Benton added that it's complicated without easy answer, but the public sector can't tell a private sector how to manage their business per their contract. He suggested a possibility of reduced hours to align with current needs, and suggested SBR present those options to the SBWMA.

## **6. Resolution Recommending Approval of Revised SBWMA Investment Policy for 2020**

Staff Mangini noted that the Finance Committee had recommended the investment policy to the Board in June, but the Board requested that staff include environmental language in the policy so those changes have been implemented and is now back to the Finance Committee for review.

Member Benton commented that the language change needs to be doable and asked if the City of Redwood City who manages the investments was comfortable with the request.

Derek Rampone Finance Director for the City of Redwood City noted that they had reviewed the language changes and had their investment firm PFM review the language as well, ad both were fine with the language changes.

The Committee discussed the LAIF and County Pool aspect of the investments. Member Benton asked since the investments are in these two accounts, and LAIF and County Pool don't have a similar policy will it make a difference. Derek Rampone noted that he would look at the two investment pools to see if they included language about the environment. He noted that if the Agency wanted to invest outside of the two pools with a firm like PFM, it would be possible to see what other investment opportunities exist. Member Augustine commented that for now the language changes won't do much because of the pooled investments, but if the Agency wants to make a change in the future the language will be there to support that.

Member Olwin asked why the maximum percentage for LAIF is 50-70% and the maximum percentage for the County Pool is 30-50%. Member Benton noted that in 2014-15 elected officials were very nervous about the County Pool because of the Lehman hit in 2008-09. However, the County Pool was outperforming LAIF, so the Board created these ranges favoring LAIF as the more conservative portfolio historically, but tried to take advantage of the better returns with County Pool Since then the two investments are more equally performing

Member Olwin concluded that she thought the committee should go with this recommendation this year, but thought it was something to committee should discuss further when deciding on investments next year to really look at liquidity and cash projections needs to wisely manage investments without taking on too much risk. Member Augustine noted the policy was written to have flexibility so there wasn't 100% invested either place.

Staff Mangini noted that the language change isn't meant to change current investments but to be a policy statement.

Motion/Second: Olwin/Augustine recommended approval to the Board  
 Roll Call Vote: 4-0-0-1

Member	Yes	No	Abstain	Absent
Michael Brownrigg				X
Carol Augustine	X			
Brenda Olwin	X			
Jay Benton	X			
Fran Dehn	X			

**7. Proposed Work Plan Transitioning the South Bayside Waste Management Authority's Financial Systems from a Fiscal Year Accounting Period Ending June 30, to Calendar Year Accounting Period Ending December 31**

Staff Mangini gave an overview of the staff report, and noted it would be an action item for the May 28<sup>th</sup> meeting.

The Committee supported the plan but no vote was taken.

## 8. Review Property Insurance Renewal

Executive Director La Mariana gave background and an overview of the staff report.

Staff Mangini noted that particularly the waste industry business sector is experiencing large increases year over year in insurance costs due to fire risk. And based on the early returns from the RFP the premium increase will be 40% more than last year. He also noted that all the quotes for all of the layers of coverage are not in yet, so this is just informational and to inform the committee of the sticker shock regarding insurance for next year.

Member Benton brought up to the committee whether to stay at a \$1M deductible or recommend a higher deductible and what kind of risk that would mean for the Agency. Staff Mangini noted that the Board would discuss at the 5/28/20 meeting for further feedback.

## 9. Resolution Recommending Approval of the Calendar Year 2019 Financial Statements

Staff Mangini gave an overview of the staff report, and noted that the new bonds have a different set of requirements than the previous bonds they require a statement of revenues, expenses and debt service, and the bond covenant test is 8.28 which clearly meets the requirement. He added that the reason the bond covenant is so high this year is because the actual debt service is only \$1.3M because of the refinancing of the bonds.

Member Benton asked if the \$1.3M would be an annual number. Staff Mangini answered that the \$1.3M was just due to the refunding, going forward it will be \$3.6M, it will have an impact as the Committee and Board look at the budget.

Motion/Second: Benton/Augustine

Roll Call Vote: 4-0-0-1

Member	Yes	No	Abstain	Absent
Michael Brownrigg				X
Carol Augustine	X			
Brenda Olwin	X			
Jay Benton	X			
Fran Dehn	X			

## 10. Review of FY 20/21 budget and 6-month (July 1, 2020 – December 31, 2020) Transition Budget and Cap-Ex Review

Staff Mangini gave an overview of the staff report and explained that the 6-month budget will be presented to the Board as well as the full fiscal year so that tip fees and the revenue requirement for Member Agencies can be calculated. He also noted that the Finance Committee has been presented two budgets, one is the status quo with normal operations without COVID19 volume drops. The second, presented budget is with reduced volume assumption due to COVID19. Neither presented budget included the increase insurance costs previously discussed. He asked for committee feedback on presenting a reduced volume budget to the Board and what the reduced volumes do to the Bond Covenant test.

The committee discussed the alternative budget with reduced volume versus the status quo budget. Member Dehn if the reduced volumes were for the 6-month budget or for the full fiscal year. Staff Mangini answered that it's split between both budgets. Staff Mangini noted that generally tip fees are going up between 4-7%, with the exception of organics due to a large increase in processing costs which are going up 42%. Executive Director La Mariana noted that this budget also reflects a full year of the step up in landfill disposal as well because that contract began January 1<sup>st</sup>, of 2020. Member Benton asked about the projected material drop even in the status quo budget. Staff Mangini commented that he projected the maximum drop would be about \$1M due to COVID19. Member Benton concluded that the numbers show going from about \$4M in revenues to \$1.5, because our revenue is going up slower than expenses, and asked what is driving the expense increase that isn't covered through the tip fees. Staff Mangini philosophically he was trying not to raise tip fees as much, knowing that there are some layering costs coming in January with the amended and restated franchise agreements with Recology, the organics processing costs going up over 50%, so he didn't pace the revenue with the expenses.

The Committee discussed the \$1M in the budget for expenses related to SB1383. Executive Director La Mariana noted that the regulations aren't yet final, staff has been expecting them for some time, there will be a Board/TAC study session in October when the first calendar year budget would be reviewed. As part of that study session there would be an SB1383 action plan review. The committee recommended moving the SB1383 expenses from the 6-month budget and putting that in the fully year January 1 budget. Member Brownrigg specifically asked to develop a more robust lobbying strategy in Sacramento to work towards reducing the expense and burden on local governments or perhaps differ implementation given the current economic impacts on local communities. Executive Director La Mariana noted that the SBWMA's lobbyist is currently working on a response letter exactly to that effect. Member Brownrigg asked that staff engage the Member Agencies in the lobbying efforts as well.

Member Olwin asked if the increased insurance cost would impact bond covenants. Staff Mangini answered yes, in the conservative budget the bond covenants would not be met but could budget to use emergency reserves to meet bond covenants if the bond covenant is not met. Member Olwin suggested some scenario planning around reserves and what reserves would look like if the COVID19 emergency lasts for 2 years. Staff Mangini noted that with roughly \$500,000 a year in net income the SBWMA will meet bond covenants.

The Committee concluded to present the more conservative alternative budget that drives the lower expenses to the Board removing most of the SB1383 costs for this 6-month budget, and that includes the increased insurance costs, and an analysis of reserves should they need to be used over the next few years.

#### **11. Presentation by South Bay Recycling (SBR) regarding their Request for Compensation Adjustment**

Executive Director La Mariana introduced the item noting that section 7.11 of the SBR Operations Agreement allows SBR to make a formal request of the SBWMA for an adjustment to compensation should the increase in expenses exceed 2% of their total operations budget.

Dwight Herring and Dan Domonoske of SBR gave PowerPoint presentation highlighting their request for an adjustment in compensation due to a change in law – China's National Sword. Dan Domonoske highlighted the components of the additional expenses totaling \$1,672,276 for 2019 as a result of China's National Sword. Dwight Herring continued the presentation highlighting the effects of the Buyback Center closure in August of 2019 and noting that SBR is requesting a contract amendment adjusting the revenue guarantee to \$691,000.

Member Benton thanked SBR for their presentation and noted that the committee would need to discuss it further, it's a complex issue with a heavy legal component

The Committee discussed the revenue guarantee portion of the presentation. Member Brownrigg asked money flowed back to the agency in the good years of the revenue share agreement. Dan Domonoske answered yes, 75% of the revenue over the guarantee was transferred to the Agency. Member Benton asked if the commodity revenue has dropped below the guarantee. Dan Domonoske answered that it has come close but has not dropped below the guarantee.

The Committee discussed the request related to the Buyback center. Member Benton asked for clarification on this request. Dan Domonoske explained that the request is to remove the revenue that would have been received from the state for Buyback center containers from the revenue guarantee requirement.

The Committee discussed the revenue share loss request of \$887,108 related to the change in law request not the Buyback Center request. Member Benton asked if the \$887,108 request was agreed upon would SBR be made whole with the revenue share. Dan Domonoske answered yes. Member Benton noted that the contract was written because the revenue share is a variable number no one knew what the excess would be. He asked what would justify asking for a full reimbursement as though there was no change. Dan Domonske noted that during the RFP process SBR was repeatedly asked why they didn't have enough compensation in the forms of revenue in the contact, (the tons in the transfer station and the tons in the MRF). SBR's answer was they were relying on that additional source of revenue from the revenue share.

Member Benton asked about the difference SBR has the right to be made whole versus asking to be made whole. Dan Domonoske noted that SBR has the right to ask, and then the Agency has an obligation to have that ask analyzed in comparison with the requirements in the operating agreement.

Member Brownrigg commented that the Committee has a great deal of respect for SBR and the work that they do, and the committee needs to discuss and reflect but at the end of the day the Committee and Board have a fiduciary responsibility to the Bonds, the Member Agencies and the rate payers.

## **12. Finance Committee Member Comments**

## **13. Adjourn 2:25PM**



## STAFF REPORT

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**To:** SBWMA Finance Committee Members  
**From:** Cyndi Urman, Board Secretary  
**Date:** October 6, 2020 Finance Committee Meeting  
**Subject:** Approval of 2021 Finance Committee Meetings Calendar

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### **Recommendation**

It is recommended that the SBWMA Finance Committee approve a 2021 Finance Committee regular meeting calendar.

### **Summary**

The SBWMA Finance Committee is a standing committee of the SBWMA. As such, the committee is required to follow Brown Act regulations, and have a posted schedule of regular meetings. It is recommended that the SBWMA Finance Committee adopt a calendar with three regular meetings per year beginning in 2021. The first in January to discuss 1) the final audited fiscal year financial statements, and 2) approve the next year's annual investment policy. Then a second meeting in June to discuss 1) CY 2021 mid-year budget, and the CY2022 preliminary budget with tip fee projections for Member Agency's Revenue Requirement. And, finally a third meeting in October to review the CY2022 draft budget.

Additional Special Finance Committee meetings may be necessary for review of SBWMA financial related matters.

Staff recommends meeting on the second Tuesday of January, June and October 2021 at 12N.

### **Fiscal Impact**

There is no fiscal impact associated with approving a regular meeting calendar for 2021. Should meetings resume in person there is a small fee of \$65 per meeting charged to the use the San Carlos library meeting room.

### **Attachments:**

Attachment A – 2021 Finance Committee Draft Meeting Calendar



**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY**  
**2021 Finance Committee MEETING SCHEDULE**

Meetings of the South Bayside Waste Management Authority Finance Committee are held via Zoom Tele or Video Conference or in the SBWMA Offices at 610 Elm Street Suite 202 San Carlos, CA or at the San Carlos Library 2<sup>nd</sup> floor conference room at 610 Elm Street Room A/B San Carlos, CA Please refer to each agenda for exact location information.

Meetings are held on the second Tuesday of January, June and October from 12:00 pm to 2:00 pm

January	12	2021
June	8	2021
October	12	2021





A Public Agency

# REVIEW OF CY2021 OPERATING BUDGET AND CAP EX REVIEW



## STAFF REPORT

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**To:** SBWMA Finance Committee Members  
**From:** Joe La Mariana - Executive Director  
John Mangini - Senior Finance Manager  
**Date:** October 6, 2020 SBWMA Finance Committee Meeting  
**Subject:** Discussion of the Preliminary DRAFT CY 2021 SBWMA Budget

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### Recommendation

This Preliminary CY 2021 SBWMA Budget is for discussion only and it will be brought to the Board in draft form on October 15th for further review, and to the Board on November 19<sup>th</sup> for final consideration.

### Summary

The CY2021 SBWMA Budget reflects Staff recommendations to manage revenues and expenses to meet bond covenant ratios, to maintain agency/system cash flow obligations, and to increase the capital reserve balance to ensure sufficient funding for future capital projects of the Agency. Staff recommends tip fee increases in several franchise and non-franchised material categories per **Table 1** below. Staff considered several 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 the transition from the expiration of the original 10-year Franchise Agreement term (1/1/11-12/31/20) into the Restated and Amended Collection Contract's term (1/1/21-12/31/35) with Recology of San Mateo County, and not disincentivizing public customers from diverting material from landfill.

### Background

In June 2020, the SBWMA Board approved a Six-Month Budget for the period of July 1, 2020 to December 31, 2020 to facilitate the transition from a Fiscal Year Accounting Period Ending June 30, to Calendar Year Accounting Period Ending December 31. The Board also approved a Fiscal Year budget ending June 30, 2021 to estimate tipping fees on January 1, 2021 and estimate Member Agencies 2021 Total Revenue Requirement.

The Board approved Six-Month and FY 2021 Budgets contained reduced volumes estimates due to economic downturn related to the COVID-19 pandemic. Estimated reductions were factored into our projections, as follows:

- -5% Solid Waste
- -5% Green Waste
- -35% Food Waste, and  
-10% C&D.

### Proposed 2021 Tip Fees

While using these projections for our proposed 2021 Tip Fee calculations (Table 1-below), Staff also considered new disposal and organics processing fees that step up on January 1, 2021. At Board direction, Staff will continually seek alternative, cost-effective options for handling our materials in the future.

Table 1

CY 2021 BUDGET - Proposed Tip Fee Adjustments								
	Actual	Actual	Actual	Actual	Proposed			
	7/1/2018	1/1/2019	2020	7/1/2020	1/1/2021	21 vs 20 \$	21 vs 20 %	
<b>Franchise Tip Fees / Ton</b>						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%	
<b>3rd Party / Ton</b>								
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%	
Asphalt Roofing	\$ 110.00	\$ 123.00	\$ 123.00	\$ 123.00	\$ 128.00	\$ 5.00	4.1%	
<b>Public Dirt /Ton</b>	\$ 98.00	\$ 103.00	\$ 110.00	\$ 115.00	\$ 117.00	\$ 7.00	6.4%	
<b>Public Tip Fees / Yd</b>								
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**

This CY 2021 Budget forecasts net income of \$590,576. Notable variances to the approved FY20/21 Budget are outlined below:

**Revenue:**

- **Franchise Revenue** – Projecting increased volumes from the FY20/21 Budget based on economic outlook before removing Atherton volume. After removing Atherton volume the net volume projection is consistent with FY20/21 Budget resulting in \$576K increased revenue on a full year of increased tip fees.
- **Non-Franchise Revenue** is projected to recover to pre-pandemic levels based on recent volume resulting in \$577K increase over FY20/21 Budget. Non-Franchise food waste volume has evaporated, as Recology has stopped delivering volume from its operations outside of the SBWMA service area.
- **Investment Income** is projected to be \$325K lower than the FY20/21 budget based on lower interest on invested reserves.

**Expense:**

- **Staffing Expense** is projected to be consistent with the FY20/21 Budget. No salary or COLA (Cost of Living Adjustment) increases budgeted; reduced hours for the Fellowship Program through September 2021; part-time Project Engineer proposed to increase to full-time on July 1, 2021 due to extremely high volume of long term

facility planning and capital projects anticipated during the next four years; promotional increase for one management position to senior level.

- **Support and Contract Compliance Expense** is projected to increase \$512K over the FY02/21 Budget from several large-scale capital project related expenses that are listed on **Attachment F**.
- **State Mandated Public Education and Outreach Expense** is projected to be \$32K lower mainly due to slightly less projected education related expense.
- **SB1383 Compliance Expense** is projected to be \$587K higher than the FY20/21 Budget due the expectation of final regulations and compliance implementation expenses expected in early 2021 (per approval of HFH SB1383 Action Plan at 11/19/20 Board meeting)
- **SBR Operations Expense** is projected to be \$1,079K lower than CY. Recycling volume is projected to be 4,000 less on \$99.28 per ton fee (4000 tons x \$99.28 = \$397K). Transportation cost is projected to be \$473K lower than the FY20/21 Budget. SBR's Approved 2021 per ton Compensation is 2% lower and the FY20/21 Budget contained a projected 2% increase in compensation.
- **Disposal and Processing Expense** is projected to be \$1.3M higher mainly due to the organics processing cost increases from the recent Organics RFP results on 60% of the SBMWA organics volume and a new disposal contract with Ox Mountain landfill.

### **Capital Expenditures:**

The CY 2021 Capital Expenditures budget is \$2,210,000 including \$1.3 million to be paid from the 2019 Bond Fund Account. A 3-year capital schedule of projects is included in **Attachment A**.

### **Overview Budget Process:**

The Board-level review schedule for this budget includes the following steps:

- October 6: Finance Committee review
- October 15: Board review and feedback of preliminary DRAFT budget
- October 15: Board discussion of the DRAFT planned capital budget
- November 19: Final Board consideration of final budget

### **Attachments:**

- A. SBWMA CY 2021 Operating & Capital Budget Detail
- B. Summary Tables
- C. Projected Debt Coverage
- D. Commodity Revenue
- E. Budget Supporting Files and Statistics
- F. Project Expense Detail

Attachment A - CY2021 Budget Revenues by Major Source

		ADOPTED BUDGET FY20/21	PROPOSED BUDGET CY2021	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
	REVENUE SUMMARY					
<b>1</b>	<b>ADMINISTRATIVE REVENUE:</b>					
2	INVESTMENT INCOME	\$ 577,455	\$ 252,843	\$ (324,612)	-56.2%	Lower interest on invested reserves
3	TOTAL ADMINISTRATIVE	\$ 577,455	\$ 252,843	\$ (324,612)	-56.2%	
<b>4</b>	<b>OPERATIONS REVENUE:</b>					
5	SHOREWAY TIP FEES - Non Franchised	\$ 12,339,646	\$ 12,916,848	\$ 577,203	4.7%	Increased tip fees on recovered gate volume
6	SHOREWAY TIP FEES - Franchised	\$ 35,323,627	\$ 35,899,851	576,224	1.6%	Increased volume projection from FY20/21 Budget. Full year of increased tip fees. Atherton tonnage removed.
7	COMMODITY SALES REVENUE	6,001,239	6,182,116	180,877	3.0%	Slight increase in commodity pricing
8	COMMODITY REVENUE SHARING W/ SBR	\$ (71,140)	\$ (372,677)	(301,537)	423.9%	Anticipating lowering revenue requirement to SBR, which increases revenue share expense
9	BUY BACK CENTER - Payment to Customers	-	-	-		Closure of Buyback Center
10	MISCELLANEOUS REVENUE	13,548	11,733	(1,815)	-13.4%	
<b>11</b>	<b>SUBTOTAL OPERATIONS REVENUE</b>	\$ 53,606,920	\$ 54,637,872	\$ 1,030,952	1.9%	
<b>12</b>	<b>TOTAL OPERATING REVENUES</b>	\$ 53,606,920	\$ 54,637,872	\$ 1,030,952	1.9%	
13	NON-OPERATING RECEIPTS					
	GRANT REVENUE	180,000				CalRecycle balance due on completion of O2E
<b>14</b>	<b>TOTAL REVENUE</b>	\$ 54,364,376	\$ 54,890,715	\$ 526,339	1.0%	
<b>15</b>	<b>TOTAL OPERATING EXPENSES</b>	\$ 53,007,972	\$ 54,300,139	\$ 1,292,167	2.4%	
<b>16</b>	<b>NET OPERATING INCOME</b>	\$ 1,356,403	\$ 590,576	\$ (765,828)	-56.5%	

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY20/21	PROPOSED CALENDAR BUDGET CY2021	Variance to Adopted Budget	Variance % to Adopted Budget	Staff	Notes
1	<b>ADMINISTRATIVE EXPENSES</b>						
2	500000 ADMINISTRATIVE STAFF	\$ 790,932	\$ 800,754	\$ 9,822	1.2%	Jm	No COLA increases. Slight increase due to benefit assumptions.
3	500100 MANDATED COMPLIANCE SUPPORT STAFF	1,104,690	1,097,625	\$ (7,065)	-0.6%	Jm	No COLA increases. Convert part-time Project Engineer to full-time on July 1, 2021 (expires 12/31/2024). Reduced salary for Fellowship positions. Promotion Outreach Manager to senior level.
4	502005 BOARD COUNSEL	140,000	160,000	\$ 20,000	14.3%	JLM	Support for Executive Director/Agency. Continued complex contracting & regulation support.
5	502010 BOARD MEETINGS	7,500	6,700	\$ (800)	-10.7%	CU	\$4K for Holiday lunch, and \$2K for refreshments at Board/TAC meetings, community room rental fee \$65/meeting \$780
6	502015 ACCOUNTING SERVICES	131,369	130,345	\$ (1,025)	-0.8%	Jm	City of Redwood City Accounting Svcs Agreement Year 2
7	502020 INFORMATION SYSTEMS	38,900	45,000	\$ 6,100	15.7%	CU	Contract will increase in June 2021
8	502025 WEBSITE	13,000	13,000	\$ -	0.0%	JA	Website hosting, maintenance, and updates/upgrades as needed
9	502030 ANNUAL AUDIT	9,100	14,000	\$ 4,900	53.8%	Jm	Fees paid to auditors to prepare FY & CY financial statements. Full CY and FY audits in the period.
10	503000 D&O INSURANCE	49,805	50,857	\$ 1,052	2.1%	Jm	Annual insurance premium for director's and officer's insurance
11	503005 BANK FEES	6,459	6,459	\$ -	0.0%	Jm	Bank fees on checking account and fees paid to BNY as the Bond Trustee
12	503010 RENT	60,000	62,100	2,100	3.5%	CU	Cost may increase if we need to add square footage for 1383 staff.
13	503015 PRINTING AND POSTAGE	-	-	\$ -	#DIV/0!	CU	Cost is covered in the Accounting Services Agreement
14	503020 UTILITIES	45,000	25,000	\$ (20,000)	-44.4%	CU	Comcast Phone and Internet and San Carlos Utility. Janitorial is in Tennant Improvements
15	503025 OFFICE/TENANT IMPROVEMENTS	32,000	10,000	\$ (22,000)	-68.8%	CU	Included extra cleaning of the office \$600 per month, carpet cleaning twice per year \$1800 other misc. \$1000 This is only for the current space' may need to increase building new space for Matt and SB1383 hires if that is happening?
16	503030 OFFICE SUPPLIES	19,630	19,000	\$ (630)	-3.2%	CU	Office supplies
17	503035 OFFICE EQUIPMENT COSTS	10,200	10,200	\$ -	0.0%	CU	Base copier lease is \$600/month plus cost per copy
18	503040 PUBLICATIONS & PUBLIC NOTICES	5,500	3,360	\$ (2,140)		GL	Anticipated public procurement notices
19	503045 PROFESSIONAL DUES & MEMBERSHIPS	3,500	9,000	\$ 5,500	157.1%	CU	Memberships to trade and community organizations (CRRA, SWMA, NCRA, CCAC )
20	503050 VEHICLE MILEAGE & TOLLS	1,400	3,000	\$ 1,600	114.3%	CU	
21	503055 CELL PHONES	1,750	1,750	\$ -	0.0%	CU	Cell phone business expense. Increased participation by Management Team.
22	503060 CONFERENCE & MEETINGS	18,000	18,000	\$ -	0.0%	CU	
23	503065 TRAINING	\$ 7,500	\$ 7,500	\$ -	0.0%	CU	Professional development opportunities. CCAC training, etc. Retreat & additional management leadership class.
24	503070 SPONSORSHIPS & DONATIONS	35,000	35,000	\$ -	0.0%	CU	Industry Sponsorships: CAW,CRRA,SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA
25	504000 LEGISLATIVE & REGULATORY ADVOCACY	50,000	72,000	\$ 22,000	44.0%	JA	Mandated agency priorities include these initiatives : Extended Producer Responsibility (EPR); Product Stewardship; Source Reduction Initiatives; Lithium-ion Battery safety
26	504005 COMPUTER PURCHASE	10,000	46,400	\$ 36,400	364.0%	CU	Need to replace the phone system and server see email with list
27	<b>TOTAL ADMINISTRATIVE</b>	<b>\$ 2,591,234</b>	<b>\$ 2,647,049</b>	<b>\$ 55,815</b>	<b>2.2%</b>		
28	<b>MEMBER AGENCY SUPPORT &amp; CONTRACT COMPLIANCE</b>						
29	505000 RATE REVIEW	\$ 31,520	\$ 35,000	\$ 3,480	11.0%	Jm	Consultant Rate Application Support.
30	505005 FACILITY IMPROVEMENT OVERSIGHT	245,000	375,000	\$ 130,000	53.1%	HG	Engineering and construction management support (\$95K). Airport feasibility consultants (\$150K). <b>Detail on Attach F</b>
31	505010 02 CONTRACT ANNUAL AUDITING	56,133	65,000	\$ 8,867	15.8%	Jm	Annual Financial & Systems Audit of RSMC and SBR. Expected increase with new 2021 contract
32	505010 03 COLLECTION SERVICES FRANCHISE ADMIN.	50,000	75,000	\$ 25,000	50.0%	JLM	Franchise Administration compliance consulting. Alternative Fuels Consultation \$50K.
33	505010 05 FINANCE ANALYSIS SUPPORT	21,600	21,600	\$ -	0.0%	Jm	On-Call consultant support as needed.
34	505015 RECYCLING TECHNICAL ASSISTANCE	75,000	355,000	\$ 280,000	373.3%	JLM	Diversion consultant support; SB1383 planning <b>Detail on Attach F</b>
35	505020 WASTE CHARACTERIZATION SUPPORT	60,000	75,000	\$ 15,000	25.0%	HG/JL	Waste characterization studies to support OREX Pilot Project <b>Detail on Attach F</b>
36	505010 06 COLLECTION RFP CONSULTING SUPPORT	40,000	90,000	\$ 50,000	125.0%	JLM	Potential RFP support <b>Detail on Attach F</b>
37	505010 01 BATTERY MANAGEMENT PLANNING	-	-	\$ -	#DIV/0!	JA	Absorbed into the Battery outreach one below (line 57). Battery program change is complete.
38							
39	<b>TOTAL MA SUPPORT &amp; CONTRACT COMPLIANCE</b>	<b>\$ 579,253</b>	<b>\$ 1,091,600</b>	<b>\$ 512,347</b>	<b>88.4%</b>		

line		EXPENDITURE SUMMARY	ADOPTED BUDGET FY20/21	PROPOSED CALENDAR BUDGET CY2021	Variance to Adopted Budget	Variance % to Adopted Budget	Staff	Notes
40		<b>STATE MANDATED PUBLIC EDUCATION &amp; OUTREACH</b>						
41	505025 01	STATE'S REQUIRED ANNUAL REPORTS	\$ 33,000	\$ 33,000	\$ -	0.0%	JA	Annual AB 939 EAR submittal for 10-MAs
42	505030	SBWMA ANNUAL REPORT	2,500	2,500	-	0.0%	JA	Creation of SBWMA annual report
43	505010 04	DIVERSION PROGRAM SUPPORT	50,000	45,000	(5,000)	-10.0%	JA	Public spaces recycling assistance (\$30k); Diversion program support (\$15k)
44	506000 01	EVENT GIVEAWAYS	7,500	7,500	-	0.0%	JA	
45	506005	LONG RANGE PLAN	-	-	-	#DIV/0!	GL	
46	506005 01	DIVERSION/COMPLIANCE; ZERO WASTE PROGRAMS	75,000	75,000	-	0.0%	JLM	Zero Waste Committee initiatives - tech and consulting support. Alternative fuel site infrastructure consulting.
47	506020 08	IN-SCHOOL ENVIRONMENTAL EDUCATION	32,000	32,000	-	0.0%	EH	Materials (\$6K), storage/transport (\$2K), school recognitions (\$4K), staff/technical support (\$20K)
48	506010	LARGE EVENT & VENUE SUPPORT	-	-	-	#DIV/0!	EH	
49	506015	CLIMATE ACTION PLANNING	25,000	25,000	-	0.0%	GL	Annual climate register & Member Agency support.
50	506020 01	RECYCLING TECHNICAL ASSISTANCE	85,000	85,000	-	0.0%	JA	AB 1826, AB 341, AB 827 Compliance (\$10k); Promote reusables for businesses (\$60k); Recycling Technical Assistance(\$15k)
51	506020 02	COMMERCIAL/MFD CONTAINERS	34,000	34,000	-	0.0%	JA	MFD recycle bags, internal containers, MA containers per Franchise Agreements
52	506020 03	MULTI-FAMILY OUTREACH	90,000	90,000	-	0.0%	JA	Education and outreach per FA; compliance with state laws; MFD Toolkit and other outreach
53	506020 04	MEMBER AGENCY & RATE PAYER EDUCATION	110,000	93,000	(17,000)	-15.5%	JA	Biannual newsletters to Member Agency residents.
54	506020 05	RESIDENTIAL OUTREACH PROGRAMS	90,000	90,000	-	0.0%	JA	Education and outreach per FA, Annual Service Notice mailing.
55	506020 06	COMMUNITY EVENTS	50,000	40,000	(10,000)	-20.0%	EH	Earth Day (\$5K), Rethink Recycling Day (\$10K), Fixit Clinics (\$25K)
56	506020 07	HHW PROGRAM OUTREACH	30,000	30,000	-	0.0%	JA	Annual promotion of local HHW disposal options for all ratepayers
57	506025	BATTERY OUTREACH	90,000	90,000	-	0.0%	JA	Educate residents and businesses about risk of battery fires and proper disposal options, including MFD battery bucket
58	506030	SHRED EVENT SERVICE	30,000	30,000	-	0.0%	EH	Shred, e-waste, and compost events for Member Agencies (coordination, support, outreach, etc.) RFP for Shredding Services
						#DIV/0!		
59		<b>TOTAL STATE MANDATED PUBLIC EDUCATION &amp; OUTREACH</b>	\$ 834,000	\$ 802,000	\$ (32,000)	-3.8%		
60		<b>SBWMA PROGRAM BUDGET</b>	\$ 4,004,487	\$ 4,540,649	\$ 536,162	13.4%		
61		<b>SB1383 COMPLIANCE</b>	<b>339,750</b>	<b>927,000</b>	<b>587,250</b>	<b>172.8%</b>		<b>Source: HFH Presentation 3/20/2020 - Projected start up costs from the Cash Flow Projection Slide 39 (FY19/20 &amp; FY20/21 of \$927,000). Includes 1.0 Net New FTE (Program Manager II)</b>
62		<b>TOTAL SBWMA PROGRAM BUDGET</b>	\$ 4,344,237	\$ 5,467,649	\$ 1,123,412	25.9%		
63		<b>SHOREWAY OPERATIONS</b>						
64	507005	OPERATING CONTRACT - SBR OPERATIONS	\$ 20,599,497	\$ 19,520,431	(1,079,065)	-5.2%	Jm	Budgeted reduced volume
65	507010	DISPOSAL	21,421,263	22,682,546	1,261,283	5.9%	Jm	Organics processing increase and full year of increased rates for the new Ox Mountain disposal contract
66	507020	INSURANCE SHOREWAY	1,321,679	1,350,825	29,146	2.2%	Jm	Property insurance premium. Estimated increase.
67	507015	SHOREWAY FACILITY COST	200,000	200,000	-	0.0%	HG	Budget for unanticipated routine Shoreway maintenance items that are non-CapEx
68	507025	CREDIT CARDS CHARGES	91,194	69,899	(21,295)	-23.4%	Jm	SBR pass through of credit card fees from their bank from public customers.
69	507030	SHOREWAY CHARGES	13,345	36,000	22,655	169.8%	Jm	Amortize O2E equipment
70	507035	EDUCATION CENTER OPERATIONS	65,000	57,000	(8,000)	-12.3%	EH	Tours program equipment (\$5K), school bus services (\$20K), poster and art contests (\$7K), Ed Center upgrades (\$25K)
71	507045	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k	100,000	100,000	-	0.0%	HG	Unanticipated MRF equipment maintenance (non-CapEx) expense
72	507050	SEWER FEES (PROPERTY TAX)	90,426	90,426	-	0.0%	Jm	Actual sewer charge from City of San Carlos on tax bill based on prior year water usage
73		E-RECYCLING	88,273	82,253	(6,020)	-6.8%		E-waste market has shifted from a revenue source to expense. Previously budgeted as revenue
74		<b>SUB SHOREWAY OPERATIONS COST</b>	\$ 43,990,676	\$ 44,189,381	\$ 198,704	0.5%		
75		<b>TOTAL SHOREWAY OPERATION</b>	\$ 43,990,676	\$ 44,189,381	\$ 198,704	0.5%		
76		<b>TOTAL OPERATING EXPENSES</b>	\$ 48,334,914	\$ 49,657,030	\$ 1,322,116	2.7%		



line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY20/21	PROPOSED CALENDAR BUDGET CY2021	Variance to Adopted Budget	Variance % to Adopted Budget	Staff	Notes
77	<b>NON-OPERATING EXPENSES</b>						
78	LOSS ON SALE OF PROPERTY						
79	509000 DEBT SERVICE BOND INTEREST	\$ 2,403,333	\$ 2,318,458	(84,875)	-3.5%	Jm	Budgeted interest expense 2019 Bond Issuance
80	507055 FRANCHISE FEE TO CITY OF SAN CARLOS	2,269,725	2,324,651	54,926	2.4%	Jm	5% Franchise Fees paid by JPA to the City of San Carlos on tip fee revenue.
81	<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 4,673,058</b>	<b>\$ 4,643,110</b>	<b>\$ (29,949)</b>	<b>-0.6%</b>		
82	<b>TOTAL SHOREWAY OPERATING EXPENSES</b>	<b>\$ 48,663,735</b>	<b>\$ 48,832,490</b>	<b>\$ 168,755</b>	<b>0.3%</b>		
83	<b>TOTAL EXPENSES (SBWMA Program + All Shoreway Operations)</b>	<b>\$ 53,007,972</b>	<b>\$ 54,300,139</b>	<b>\$ 1,292,167</b>	<b>2.4%</b>		

**CY 2021 BUDGET**

CAPITAL EXPENDITURE BUDGET	Year 1	Year 2	Year 3	Description
Capital Project Name	Proposed Budget CY2021	Proposed Budget CY2022	Proposed Budget CY2023	
Site paving repairs and restriping <sup>2</sup>			1,500,000	Repaving of collection fleet parking area. Planned after fuel tank removal project.
Truck shop building	25,000	25,000	25,000	Place holder for unanticipated capital needs.
TS building and tip floor	50,000	200,000	50,000	Tip floor resurfacing. Place holder for unanticipated capital needs.
MRF building and tip floor	50,000	100,000	50,000	Tip floor resurfacing. Place holder for unanticipated capital needs.
Admin building	40,000	40,000	40,000	Place holder for unanticipated capital needs.
General site projects	100,000	100,000	100,000	Place holder for unanticipated capital needs.
MRF fire suppression	100,000	100,000	50,000	Place holder for unanticipated capital needs. The agency has an interest in implementing new fire prevention.
Storm water treatment	50,000	25,000	25,000	Compliance new SW regulations require treatment of site storm water prior to release.
MRF Wall extension	100,000			Extend height of existing MRF Pushwall
PRC Document shredder	150,000			New customer service feature at PRC
Electrical Engineering & Design	100,000			Power capacity Upgrade
Alt Fuels 1x Charger Installation	185,000			1 Charger for 2 pilot EV trucks to arrive Jan-2022, with future 2+ chargers, 4+ trucks planned'
<b>CIP Projects (see detail below)</b>	<b>1,260,000</b>	<b>12,500,000</b>	<b>9,000,000</b>	
<b>Total Budget for Capital Projects</b>	<b>2,210,000</b>	<b>13,090,000</b>	<b>10,840,000</b>	

FUNDING SOURCE				
Bond Proceeds (\$20M)	1,260,000	12,500,000	874,500	
Capital Reserve	950,000	590,000	9,965,500	
<b>Total Funding Source</b>	<b>2,210,000</b>	<b>13,090,000</b>	<b>10,840,000</b>	

CIP Project Detail	Year 1	Year 2	Year 3	
Organics 2 Energy Pilot	100,000			Equipment enhancements to O2E Pilot
Phase I MRF Upgrades				Project under design with planned BOD approval 2019 and start in 2020.
Phase II MRF Upgrades	1,100,000	5,000,000		Project to be designed after assessment of Phase I improvements and market conditions
Organics 2 Energy Full project	60,000	5,000,000	5,000,000	Project to be designed after assessment of Pilot O2E and market conditions
Underground fuel tank removal project			1,500,000	Existing UST tanks are single wall and need to be removed using Remediation Reserve.
New Fleet fueling system project			2,500,000	System design pending replacement collection fleet fuel decision.
Shoreway power supply system upgrade		2,500,000		
	<b>\$ 1,260,000</b>	<b>\$ 12,500,000</b>	<b>\$ 9,000,000</b>	

Table 1

CY2021 NET INCOME					
Categories	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	Variance to Adopted Budget	Variance %
Total Revenue	\$55,137,230	\$54,364,376	\$54,890,715	\$526,339	1.0%
Total Expenditures	\$51,538,173	\$53,007,972	\$54,300,139	\$1,292,167	2.4%
<b>Net Income to Reserve</b>	<b>\$3,599,057</b>	<b>\$1,356,403</b>	<b>\$590,576</b>	<b>(\$765,828)</b>	<b>-56.5%</b>

Table 2

CY2021 FINANCIAL SUMMARY					
Categories	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	Variance to Adopted Budget	Better/Worse %
<b>Total Revenue</b>	<b>\$55,137,230</b>	<b>\$54,364,376</b>	<b>\$54,890,715</b>	<b>526,339</b>	<b>1%</b>
Program	\$3,819,070	\$4,344,237	\$5,467,649	\$1,123,412	26%
Shoreway Operations	\$ 42,542,834	\$ 43,990,676	\$ 44,189,381	\$ 198,704	0%
<b>Total Operating Expense</b>	<b>46,361,903</b>	<b>48,334,914</b>	<b>49,657,030</b>	<b>1,322,116</b>	<b>3%</b>
Non-Operating Expense	5,176,269	4,673,058	4,643,110	(29,949)	-1%
<b>Total Expense</b>	<b>51,538,173</b>	<b>53,007,972</b>	<b>54,300,139</b>	<b>1,292,167</b>	<b>2%</b>
<b>Net Income to Reserve</b>	<b>\$ 3,599,057</b>	<b>\$ 1,356,403</b>	<b>\$ 590,576</b>	<b>\$ (765,828)</b>	<b>-56%</b>

Table 3

CY2021 REVENUE					
Revenue	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	Variance to Adopted Budget	Variance %
<b>Tip Fee Revenue</b>	<b>\$49,142,560</b>	<b>\$47,663,273</b>	<b>\$48,816,699</b>	<b>\$1,153,427</b>	<b>2%</b>
<i>Non Franchised</i>	<i>12,112,251</i>	<i>12,339,646</i>	<i>12,916,848</i>	<i>577,203</i>	<i>5%</i>
<i>Franchised</i>	<i>37,030,309</i>	<i>35,323,627</i>	<i>35,899,851</i>	<i>576,224</i>	<i>2%</i>
<b>Net Commodity Sales Revenue*</b>	<b>5,598,516</b>	<b>5,930,100</b>	<b>5,809,440</b>	<b>(120,660)</b>	<b>-2%</b>
Interest Income	376,994	577,455	252,843	(324,612)	-56%
Grant Income	-	180,000	-	(180,000)	-100%
Other Revenue	19,160	13,548	11,733	(1,815)	-13%
<b>Total Revenue:</b>	<b>55,137,230</b>	<b>54,364,376</b>	<b>54,890,715</b>	<b>526,339</b>	<b>1%</b>

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

Table 4

CY2021 SBWMA PROGRAM EXPENDITURES					
Expenditures	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	Variance to Adopted Budget	Variance %
Administrative Expense	\$2,432,820	\$2,591,234	\$2,647,049	\$55,815	2%
Member Agency Support & Contract Compliance	\$446,750	\$ 579,253	\$ 1,091,600	\$ 512,347	88%
State Manadated Public Education & Outreach	\$939,500	\$834,000	\$802,000	(\$32,000)	-4%
SB1383 Expenses		\$339,750	\$927,000	\$587,250	173%
<b>Total SBWMA Program Expense:</b>	<b>\$3,819,070</b>	<b>\$4,344,237</b>	<b>\$5,467,649</b>	<b>\$1,123,412</b>	<b>26%</b>
<b>Total Shoreway Operations:</b>	<b>\$47,719,103</b>	<b>\$48,663,735</b>	<b>\$48,832,490</b>	<b>168,755</b>	<b>0%</b>
<b>Total Expenses:</b>	<b>\$51,538,173</b>	<b>\$53,007,972</b>	<b>\$54,300,139</b>	<b>1,292,167</b>	<b>2%</b>

Table 7

CY2021 SHOREWAY OPERATIONS EXPENSE DETAIL					
Expenditures	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	Variance to Adopted Budget	Variance %
SBR Compensation	\$20,941,990	\$20,599,497	\$19,520,431	(1,079,065)	-5%
Disposal and Processing	20,026,803	21,421,263	22,682,546	1,261,283	6%
Property Insurance	999,117	1,321,679	1,350,825	29,146	2%
Education Center	65,000	65,000	57,000	(8,000)	-12%
Credit Cards Charge	123,610	91,194	69,899	(21,295)	-23%
Other Operating Expense	316,036	401,618	418,253	16,635	4%
Sewer Charge	70,278	90,426	90,426	-	0%
<b>Shoreway Operations:</b>	<b>\$ 42,542,834</b>	<b>\$ 43,990,676</b>	<b>\$ 44,189,381</b>	<b>\$ 198,704</b>	<b>0%</b>
Bond Interest Expense	2,836,101	2,403,333	2,318,458	(84,875)	-4%
Franchise Fee (San Carlos)	2,340,169	2,269,725	2,324,651	54,926	2%
<b>Total Shoreway Operations</b>	<b>\$ 47,719,103</b>	<b>\$ 48,663,735</b>	<b>\$ 48,832,490</b>	<b>\$ 168,755</b>	<b>0%</b>

Table 8

CY2021 SHOREWAY DISPOSAL EXPENSE DETAIL					
Disposal Expense by Material Type	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	Variance to Adopted Budget	Variance %
Solid Waste	\$10,511,836	\$11,282,246	\$11,348,115	65,869	1%
Organics	6,280,246	6,824,086	7,970,827	1,146,741	17%
C&D, dirt	3,282,825	3,423,692	3,364,396	(59,295)	-2%
Other	443,263	447,821	445,638	(2,183)	0%
<b>Subtotal</b>	<b>\$20,518,170</b>	<b>\$21,977,846</b>	<b>\$23,128,977</b>	<b>\$1,151,132</b>	<b>5%</b>
Paid by SBR (MRF residue)	(491,368)	(556,583)	(446,431)	110,152	-20%
<b>TOTAL DISPOSAL EXPENSE</b>	<b>\$ 20,026,803</b>	<b>\$ 21,421,263</b>	<b>\$ 22,682,546</b>	<b>\$ 1,261,283</b>	<b>5.9%</b>

<b>Projected Debt Coverage</b>	Normal Volume	Reduced Volume
Operating and Non-Operating Revenue plus Additional Revenue transfer from reserve or other		\$54,890,715 -
<b>Total Revenues</b>		<b>54,890,715</b>
Less: O&M Expense		49,657,030
<b>Net Revenue</b>		<b>5,233,685</b>
Debt Service		3,543,458
<b>Coverage (Net Revenue/Debt Service)</b>		<b>1.48</b>
<b>2019 Revenue Bond Coverage Ratio</b>		<b>1.40</b>
<b>Budgeted Net Income to Reserve</b>		<b>\$ 590,576</b>

## CY2021 BUDGET

COMMODITY REVENUE				
	FY20/21 Adopted Budget	CY2021 Proposed Budget	CY21 vs. FY21 Adopted Budget	Variance %
<b><u>COMMODITY REVENUE</u></b>				
Tons Sold	58,444	58,577	132	0.2%
<b>Wtd Avg. Price</b>	<b>\$ 102.68</b>	<b>\$ 105.54</b>	<b>\$ 2.86</b>	<b>2.8%</b>
Gross Revenue	\$ 6,001,239	\$ 6,182,116	\$ 180,877	3.0%
Revenue Share w/ SBR	\$ (71,140)	\$ (372,677)	\$ (301,537)	423.9%
Buyback Payments	\$ -	\$ -	\$ -	
<b>Net Commodity Revenue</b>	<b>\$ 5,930,100</b>	<b>\$ 5,809,440</b>	<b>\$ (120,660)</b>	<b>-2.0%</b>
<b><u>Price / Volume Impact</u></b>				
	<b>Price</b>	<b>Volume</b>	<b>Total</b>	
Tonnage Change	102.68	132	\$ 13,603	
Price Change	\$ 2.86	58,577	\$ 167,273	
<b>Total Change (Gross)</b>			<b>\$ 180,877</b>	

**CY2021 BUDGET**

Attachment E - CY2021 Budget Support Files: REVENUE, EXPENSE DETAIL

Update: October 2020

Summary Tables

Table E.1

TIP FEE REVENUE					
	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	CY21 vs. FY21 Adopted Budget	Variance %
<b>Franchise Revenue</b>					
<u>Tons</u>	298,681	277,121	273,858	(3,263)	-1.2%
Wtd Avg. Tip Fee	\$ 123.98	\$ 127.47	\$ 131.09	3.62	2.8%
<b>Franchise Revenue</b>	<b>\$ 37,030,309</b>	<b>\$ 35,323,627</b>	<b>\$ 35,899,851</b>	<b>\$ 576,224</b>	<b>1.6%</b>
<b>Public Revenue</b>					
<u>Cu/Yards</u>	207,466	195,777	210,860	15,082	7.7%
Wtd Avg. Tip Fee	\$ 42.88	\$ 47.54	\$ 48.72	1.18	2.5%
<b>Public Revenue Cu/YDS</b>	<b>\$ 8,896,073</b>	<b>\$ 9,307,837</b>	<b>\$ 10,273,772</b>	<b>\$ 965,935</b>	<b>10.4%</b>
<u>Tons (3rd party)</u>	18,194	15,009	11,465	(3,544)	-23.6%
Wtd Avg. Tip Fee	\$ 127.07	\$ 128.86	\$ 129.09	0.23	0.2%
<b>Public Revenue Tons</b>	<b>\$ 2,311,880</b>	<b>\$ 1,934,061</b>	<b>\$ 1,480,033</b>	<b>\$ (454,028)</b>	<b>-23.5%</b>
<u>Public Dirt Tons</u>	8,221	9,469	9,941	471	5.0%
Wtd Avg. Tip Fee	\$ 110.00	\$ 115.93	\$ 117.00	1.07	0.9%
<b>Sub Total</b>	<b>\$ 904,297</b>	<b>\$ 1,097,747</b>	<b>\$ 1,163,042</b>	<b>\$ 65,296</b>	<b>5.9%</b>
<b>Public Revenue Total</b>	<b>\$ 12,112,251</b>	<b>\$ 12,339,646</b>	<b>\$ 12,916,848</b>	<b>\$ 577,203</b>	<b>4.7%</b>
<b>Total Tip Fee Revenue</b>	<b>\$ 49,142,560</b>	<b>\$ 47,663,273</b>	<b>\$ 48,816,699</b>	<b>\$ 1,153,427</b>	<b>2.4%</b>



**CY2021 BUDGET**

Table E.2

<b>TRANSFER STATION VOLUME</b>						
		<b>FY19/20</b>	<b>FY20/21</b>	<b>CY2021</b>	<b>CY21 vs. FY21</b>	
<b>Total TS Tonnage and Yards</b>		<b>Adopted Budget</b>	<b>Adopted Budget</b>	<b>Proposed Budget</b>	<b>Adopted Budget</b>	<b>Variance %</b>
<b><u>Franchise tons</u></b>						
SBWMA Solid Waste	tons	182,013	172,409	174,822	2,414	1.4%
SBWMA Organics	tons	88,121	85,087	82,952	(2,135)	-2.5%
SBWMA Food Waste	tons	24,630	15,878	12,274	(3,604)	-22.7%
SBWMA Dirt, Inert, Other	tons	3,917	3,748	3,810	63	1.7%
<b><u>Sub-total Franchise</u></b>		<b>298,681</b>	<b>277,121</b>	<b>273,858</b>	<b>(3,263)</b>	<b>-1.2%</b>
<b><u>Public tons</u></b>						
Non-SBWMA SW	tons	4,161	4,249	4,435	187	4.4%
Non-SBWMA Scrap	tons	307	188	178	(10)	-5.2%
Non-SBWMA FOOD	tons	4,766	2,943	0	(2,943)	-100.0%
Non-SBWMA C&D	tons	7,025	5,052	5,031	(21)	-0.4%
Non-SBWMA ORGANIC	tons	368	433	412	(21)	-4.9%
Non-SBWMA Asphalt Roofing	tons	1,568	2,144	1,409	(736)	-34.3%
Non-SBWMA Clean Wood	tons	0	0	0	-	0.0%
Public Weighed Dirt	ton:	8,221	9,469	9,941	471	5.0%
<b><u>Sub-Total Public tons</u></b>		<b>26,415</b>	<b>24,479</b>	<b>21,406</b>	<b>(3,073)</b>	<b>-12.6%</b>
<b><u>Total Tons</u></b>		<b>325,096</b>	<b>301,600</b>	<b>295,264</b>	<b>(6,336)</b>	<b>-2.1%</b>
<b><u>Public Cu/Yds.</u></b>						
Public Solid Waste Yards	C/Yds.	62,546	61,315	64,445	3,130	5.1%
Public Green Waste Yards	C/Yds.	48,320	50,208	50,135	(73)	-0.1%
Public C&D	C/Yds	96,600	84,254	96,279	12,025	14.3%
<b><u>Total Cubic Yards</u></b>		<b>207,466</b>	<b>195,777</b>	<b>210,860</b>	<b>15,082</b>	<b>7.7%</b>

**CY2021 BUDGET**

Table E.3

<b>SBR OPERATING EXPENSE</b>						
<b>A. Summary</b>	<b>FY19/20 Adopted Budget</b>	<b>FY20/21 Adopted Budget</b>	<b>CY2021 Proposed Budget</b>	<b>CY21 vs. FY21 Adopted Budget</b>	<b>Variance %</b>	
MRF	\$ 7,613,837	\$ 7,823,623	\$ 7,276,520	\$ (547,104)	-7.0%	
Transfer Station	5,189,041	5,015,520	4,967,651	\$ (47,869)	-1.0%	
Transportation	8,098,228	7,749,548	7,276,261	\$ (473,287)	-6.1%	
Interest	40,885	10,806	-	\$ (10,806)	-100.0%	
<b>TOTAL SBR EXPENSE</b>	<b>\$ 20,941,990</b>	<b>\$ 20,599,497</b>	<b>\$ 19,520,431</b>	<b>\$ (1,079,065)</b>	<b>-5.2%</b>	
<b>B. SBR Expense Detail</b>	<b>FY19/20 Adopted Budget</b>	<b>FY20/21 Adopted Budget</b>	<b>CY2021 Proposed Budget</b>	<b>CY21 vs. FY21 Adopted Budget</b>	<b>Variance %</b>	
<b><u>MRF</u></b>						
Tons, Inbound	72,150	73,719	68,923	(4,796)	-6.5%	
Tons, residue	(12,901)	(12,810)	(10,346)	2,464	-19.2%	
Tons, net sold	59,249	60,909	58,577	(2,332)	-3.8%	
Wtd Avg. Rate	\$ 120.02	\$ 120.99	\$ 116.82	\$ (4.18)	-3.5%	
Expense	<b>\$ 7,110,815</b>	<b>\$ 7,369,628</b>	<b>\$ 6,842,660</b>	<b>\$ (526,968)</b>	<b>-7.2%</b>	
<b><u>MRF Additional Sorters</u></b>	<b>\$ 503,022</b>	<b>\$ 453,995</b>	<b>\$ 433,860</b>	<b>\$ (20,135)</b>	<b>-4.4%</b>	
<b><u>Transfer Station</u></b>						
Tons	390,532	368,291	355,849	(12,442)	-3.4%	
Wtd Avg. Rate	\$ 13.29	\$ 13.62	\$ 13.96	\$ 0.34	2.5%	
Expense	<b>\$ 5,189,041</b>	<b>\$ 5,015,520</b>	<b>\$ 4,967,651</b>	<b>\$ (47,869)</b>	<b>-1.0%</b>	
<b><u>Transportation</u></b>						
Tons	390,532	368,291	355,849	(12,442)	-3.4%	
Wtd. Avg. Rate	\$ 20.74	\$ 21.04	\$ 20.45	\$ (0.59)	-2.8%	
Expense	<b>\$ 8,098,228</b>	<b>\$ 7,749,548</b>	<b>\$ 7,276,261</b>	<b>\$ (473,287)</b>	<b>-6.1%</b>	
<b><u>Interest</u></b>	<b>\$ 40,885</b>	<b>\$ 10,806</b>	<b>\$ -</b>	<b>\$ (10,806)</b>	<b>-100.0%</b>	
<b>TOTAL SBR "PAID" TONS</b>	<b>840,312</b>	<b>797,490</b>	<b>770,274</b>	<b>(27,215)</b>	<b>-3.4%</b>	
<b>TOTAL SBR EXPENSE</b>	<b>\$ 20,941,990</b>	<b>\$ 20,599,497</b>	<b>\$ 19,520,431</b>	<b>\$ (1,079,065)</b>	<b>-5.2%</b>	

**CY2021 BUDGET**

Table E.4

DISPOSAL & PROCESSING EXPENSE					
	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	CY21 vs. FY21 Adopted Budget	Variance %
<b>A. Summary</b>					
Solid Waste	\$ 10,511,836	\$ 11,282,246	\$ 11,348,115	\$ 65,869	0.6%
Organics	\$ 6,280,246	\$ 6,824,086	\$ 7,970,827	\$ 1,146,741	16.8%
C&D, dirt	\$ 3,282,825	\$ 3,423,692	\$ 3,364,396	\$ (59,295)	-1.7%
Other	\$ 443,263	\$ 447,821	\$ 445,638	\$ (2,183)	-0.5%
<b>Subtotal</b>	<b>\$ 20,518,170</b>	<b>\$ 21,977,846</b>	<b>\$ 23,128,977</b>	<b>\$ 1,151,132</b>	<b>5.2%</b>
Paid by SBR on MRF residue	\$ (491,368)	\$ (556,583)	\$ (446,431)	\$ 110,152	-19.8%
<b>TOTAL DISPOSAL EXPENSE</b>	<b>\$ 20,026,803</b>	<b>\$ 21,421,263</b>	<b>\$ 22,682,546</b>	<b>\$ 1,261,283</b>	<b>5.9%</b>
<b>B. Detail</b>					
<b>Solid Waste (Ox Mtn.)</b>					
Tons, net	220,793	211,857	210,396	(1,460)	-0.7%
Wtd Avg. Rate	\$ 47.61	\$ 53.25	\$ 53.94	\$ 0.68	1.3%
Expense	\$ 10,511,836	\$ 11,282,246	\$ 11,348,115	65,869	0.6%
<b>Organics (Newby, Grover)</b>					
Tons, net	123,864	110,004	110,491	487	0.4%
Wtd Avg. Rate	\$ 50.70	\$ 62.03	\$ 72.14	\$ 10.11	16.3%
Expense	\$ 6,280,246	\$ 6,824,086	\$ 7,970,827	1,146,741	16.8%
<b>C&amp;D (Zanker)</b>					
Tons, net	45,874	46,430	45,308	(1,122)	-2.4%
Wtd Avg. Rate	\$ 71.56	\$ 73.74	\$ 74.26	\$ 0.52	0.7%
Expense	\$ 3,282,825	\$ 3,423,692	\$ 3,364,396	(59,295)	-1.7%
<b>Other</b>					
Tires	\$ 4,022	\$ 4,980	\$ 3,976	\$ (1,004)	-20.2%
Appliances	\$ 40,240	\$ 41,120	\$ 44,320	\$ 3,200	7.8%
Hazardous Waste	\$ 389,714	\$ 392,788	\$ 389,171	\$ (3,617)	-0.9%
Sharps, Misc.	\$ 9,287	\$ 8,933	\$ 8,171	\$ (762)	-8.5%
Expense	\$ 443,263	\$ 447,821	\$ 445,638	\$ (2,183)	-0.5%
<b>Summary</b>					
TS Tons	390,532	368,291	366,195	(2,095)	-0.6%
Wtd Avg. Rate	\$ 51.28	\$ 58.16	\$ 61.94	\$ 3.78	6.5%
Disposal Expense	\$ 20,026,803	\$ 21,421,263	\$ 22,682,546	\$ 1,261,283	5.9%

**2021 Shoreway Projects Budget (Budget Coding)**

<u>Project Category</u>	<u>Project Description</u>	<u>Expense</u>	<u>Account</u>	<u>Acct Desc</u>
Master Plan	Master Plan assessment and report (SCS)	100,000.00	505005	Facility Improvement
Master Plan	Electrical System Capacity Prelim Analysis (Consulting support)	30,000.00	505005	Facility Improvement
Other Projects	Construction Mgmt and Engineering support	95,000.00	505005	Facility Improvement
Other Projects	Airport Feasibility Consultants	150,000.00	505005	Facility Improvement
		<b>\$ 375,000.00</b>	<b>505005 Total</b>	
O2E Pilot	EPA share in data collection and report preparation	20,000.00	505015	Recycle Tech Assistance
O2E Pilot	Anaergia marketing support to WWTP (Consulting support)	60,000.00	505015	Recycle Tech Assistance
O2E Full Project	Technical analysis and recommendations (Consulting)	50,000.00	505015	Recycle Tech Assistance
O2E Full Project	Legal support - contract preparation and negotiation (Legal)	25,000.00	505015	Recycle Tech Assistance
O2E Full Project	Test loads for offsite processing (25 loads @ \$100 per ton)	60,000.00	505015	Recycle Tech Assistance
O2E Full Project	Site visits / technology review (staff travel)	10,000.00	505015	Recycle Tech Assistance
Other Projects	AB1383 Planning	50,000.00	505015	Recycle Tech Assistance
MRF Phase I	System optimization consulting (Consulting support)	25,000.00	505015	Recycle Tech Assistance
MRF Phase II	Contract preparation (Legal)	25,000.00	505015	Recycle Tech Assistance
MRF Phase II	Market assessment (Consulting support)	30,000.00	505015	Recycle Tech Assistance
		<b>\$ 355,000.00</b>	<b>505015 Total</b>	
O2E Pilot	Waste composition testing (Recology Contract Compliance)	60,000.00	505020	Waste Characterization Supp
O2E Pilot	Finished Slurry lab product testing	15,000.00	505020	Waste Characterization Supp
		<b>\$ 75,000.00</b>	<b>505020 Total</b>	
MRF Phase II	RFP preparation and selection (Consulting support)	50,000.00	505010 06	RFP Consulting Support
Other Projects	RFP Consulting Support - Placeholder	40,000.00	505010 06	RFP Consulting Support
		<b>\$ 90,000.00</b>	<b>505010 06 Total</b>	

**A Public Agency**

**RECOLOGY FLEET  
REPLACEMENT (2024-26):  
ZERO EMISSION VEHICLES  
(ZEV) PLANNING AND  
PG&E SUBSIDY  
APPLICATION PROCESS  
DISCUSSION**

Agenda Item 6 is a verbal report only at the 10/06/2020  
SBWMA Finance Committee Meeting