

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
John Mangini, Senior Finance Manager
Date: November 19, 2020 SBWMA Board of Directors Meeting
Subject: Resolution Approving the FINAL CY 2021 SBWMA Operating Budget and Capital Improvement Plan Budget

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2020-47 attached hereto authorizing the following action:

Approve the FINAL CY 2021 SBWMA Operating Budget and Capital Improvement Plan Budget with net income of \$689,408

Summary

The FINAL CY 2021 SBWMA Operating Budget and Capital Improvement Plan (Final Budget) reflects Staff recommendations to manage revenues and expenses to meet bond covenant ratios, to maintain agency/system cash flow obligations, and to maintain the capital reserve balance to ensure sufficient funding for future capital projects of the Agency.

In this staff report, Staff is presenting the changes from the previous Draft CY 2021 Operating Budget and Capital Improvement Plan (Draft Budget) to arrive at this recommended Final Budget for Board consideration. The Draft Budget was presented to the Board and the Technical Advisory Committee (TAC) at the October 15th study session is included as **Attachment 1**. The Draft Budget was also previously reviewed by the Finance Committee on October 6th, 2020.

Further staff expense detail and a discussion on staff wages and benefit costs can be found in **Attachment 3** – Organization chart and Personnel Summary. SBWMA staff will be working to complete critical projects during the CY 2021 that are detailed in **Attachment 2** – SBWMA Programmatic Detail. Attachments 2 and 3 were intentionally omitted from the Draft Budget due to priority work on other Budget components that was reviewed by the Board on October 15th.

Draft Budget Updates

A Draft Budget was reviewed by the Board and the TAC at the October 15th, 2020 study session. A summary of adjustments from the Draft Budget and this Budget Recommendation are illustrated in **Table 1** on the following page. The net change is an increase in expenses (which results in a slight decrease in net income) of \$67,165 from the Draft Budget presented on October 15th.

Table 1

	<u>Net Income</u>	<u>Description</u>
SBWMA CY 2021 Draft Budget (October 15, 2020)	\$ 756,573	
Salary Expense Decrease	\$ 58,232	Part-time Project Engineer will not convert to full-time
Property Tax Expense Increase	\$ (35,397)	Modification to the property tax projection
RFP Consulting Expense Increase	\$ (60,000)	Increase for Facility Operating Contract RFP
Facility Expense Increase	\$ (30,000)	SBWMA's anticipated proportional contribution to the impending County's Sea Level Rise Study of the Redwood City Shores/San Carlos Airport area.
SBWMA CY 2021 Proposed Final Budget	\$ 689,408	

Fiscal Impact

The CY 2021 Proposed Budget forecasts a Net Income of \$689,408 which is \$667K lower than FY20/21 Adopted Budget (see Table 2 below).

Table 2

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	\$55,081,566	\$717,191	1.3%
Total Expenditures	\$51,538,173	\$53,007,972	\$54,392,158	\$1,384,186	2.6%
Net Income to Reserve	\$3,599,057	\$1,356,403	\$689,408	(\$666,995)	-49.2%

Reserve Balances:

Reserve balances are calculated by adding (or subtracting) the Net Cash Flow to the Beginning Balance to arrive at the Ending Reserve Balance. Net Cash Flow is the sum of Net Income, less bond principal payment, less capital expenditure, plus bond issuance proceeds. In addition, the Authority's net investment in capital assets restricts the amount of retained earnings that can be considered "unrestricted".

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 (adopted November 15, 2018 with resolution #2018-37). 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 projected CY 2021 Reserve Balance can be found on Table 3 below.

The property insurance emergency reserve will increase by \$205,890 to a total of \$319,875. In the prior year, the Finance Committee had recommended the property insurance premium savings achieved by increasing the deductible should fund a specific emergency reserve for property insurance claims, which is considered a form of self-insurance. The Board approved

an insurance deductible of \$1.5M for FY 2021, a \$0.5M increase over the previous year's policy with a net premium reduction of \$205,890. Following the Finance Committee's prior recommendation, Staff is recommending this reserve increase of 205,890.

Table 3

CY2021 BUDGET: RESERVE BALANCES				
	ACTUAL FY18/19	UNAUDITED FY19/20	DRAFT BUDGET CY2021	Variance to FY20/21
UNCOMMITTED RESERVE:				
RATE STABILIZATON (9% of expense)	\$ 4,100,000	\$ 4,617,529	\$ 4,895,294	\$ 277,765
EMERGENCY RESERVE (9% of expense)	4,454,754	4,617,529	4,895,294	277,765
Sub-Emergency Reserve (Prop Insurance)		113,985	319,875	205,890
CAPITAL RESERVE	4,886,222	6,082,703	5,512,029	(570,674)
UNDESIGNATED RESERVE	1,479,798			
TOTAL UNCOMMITTED RESERVES	\$ 14,920,774	\$ 15,431,746	\$ 15,622,493	\$ 190,747
COMMITTED RESERVE				
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 1,397,514	\$ 766,789	\$ 596,800	\$ (169,989)
TOTAL RESERVES	\$ 16,318,288	\$ 16,198,535	\$ 16,219,293	20,758
SHOREWAY REMEDIATION PROJECT	\$ 1,233,640	\$ 1,233,640	\$ 1,233,640	\$ -

Bond Project Fund Balance is projected to be approximately \$11 million at the close of CY 2021

Attachments:

Resolution 2020-47 – Adopting the CY 2021 SBWMA Capital and Operating Budget

Resolution 2020-48 – Granting Authority for Continued Appropriations and Expenditures for Ninety (90) Days SBWMA CY 2021 Capital & Operating Budget Detail

Attachment 1 - SBWMA CY 2021 Draft Budget with accompanying Attachments A – F (Reviewed by the Board at its October 15th, 2020 Board Meeting)

Attachment 2 - SBWMA Programmatic Detail (Staff Resources and Description of Key Projects and Work Activities)

Attachment 3 - Organization Chart & Personnel Summary



RESOLUTION NO. 2020-47

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ADOPTING THE FINAL CY 2021 SBWMA OPERATING BUDGET AND CAPITAL IMPROVEMENT PLAN (CIP) BUDGET

WHEREAS, the South Bayside Waste Management Authority (SBWMA) proposed FINAL CY 2021 Operating Budget and Capital Improvement Plan (CIP) Budget; as presented this budget is balanced and provides sufficient funds for normal operations.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the CY 2021 Budget with budgeted revenue of \$55,081,566, budgeted expenses of \$54,392,158 generating a budgeted net income of \$689,408, and a projected reserve balance of \$16,219,293

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 19th day of November 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. 2020-47 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 19, 2020.

ATTEST:

Jess E. (Jay) Benton, Chairperson of SBWMA

Cyndi Urman, Board Secretary



RESOLUTION NO. 2020-48
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) operates on a calendar year January 1 - December 31th; and

WHEREAS, a budget for CY 2021 will not be ready for review and approval by the Board of Directors until after December 31, 2020; and

WHEREAS, there is a continued need to conduct business by the SBWMA after December 31, 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 December 31, 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 19th day of November 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. 2020-48 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 19, 2020.

ATTEST:

 Jess E (Jay) Benton, Chairperson of SBWMA

 Cyndi Urman, Board Secretary

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
John Mangini, Senior Finance Manager
Date: October 15, 2020 SBWMA Board/TAC Study Session
Subject: Review of the Draft CY 2021 Operating budget and Capital Expenditures

Recommendation

This Draft CY 2021 SBWMA Budget is for discussion only and it will be brought to the Board on November 19th for final consideration.

Summary

The CY 2021 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 20/21 Budgets contained reduced volumes estimates due to economic downturn related to the COVID-19 pandemic. Estimated reductions were factored into the projections, as follows:

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

Proposed 2021 Tip Fees

CY 2021 volume projects to be stronger than the FY 20/21 Budget, apart from food waste. These volume projections are applied to the proposed 2021 Tip Fees (Table 1-below) to project revenue. 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 %	
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%	
Asphalt Roofing	\$ 110.00	\$ 123.00	\$ 123.00	\$ 123.00	\$ 128.00	\$ 5.00	4.1%	
Public Dirt /Ton	\$ 98.00	\$ 103.00	\$ 110.00	\$ 115.00	\$ 117.00	\$ 2.00	1.8%	
Public Tip Fees / Yd								
Solid Waste	\$ 42.00	\$ 44.00	\$ 44.00	\$ 46.00	\$ 48.00	\$ 2.00	4.5%	
Green Waste	\$ 33.00	\$ 35.00	\$ 35.00	\$ 42.00	\$ 50.00	\$ 8.00	22.9%	
C&D	\$ 42.00	\$ 44.00	\$ 44.00	\$ 46.00	\$ 48.00	\$ 2.00	4.5%	

Fiscal Impact

The CY 2021 Budget forecasts a Net Income of \$756,573 which is \$600K lower than FY20/21 Adopted Budget (see Table 2 below). The Net Income projection is primarily a function of the following factors:

Revenue:

- **Franchise Revenue** – Projecting increased volumes from the FY20/21 Budget based on economic outlook before removing Atherton volume, apart from Food Waste which is projected to be 50% of pre-pandemic levels. After removing Atherton volume the net volume projection results in \$576K increased revenue on a full year of increased tip fees. Overall, Franchise volumes are not projected to recover to pre-pandemic levels.
- **Non-Franchise Revenue** is projected to recover to pre-pandemic levels based on recent volume resulting in \$738K 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 \$294K 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. 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 FY 20/21 Budget due to the evaluation of planning, permitting, technical evaluation, permitting, procurement, selection and installation of a large number of large-scale capital project related expenses.
- **State Mandated Public Education and Outreach Expense** is projected to be \$32K lower mainly due to slightly less projected in-person education related expense.
- **SB1383 Compliance Expense** is projected to be \$587K higher than the FY 20/21 Budget due the expectation of final regulations and YR1 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 \$1.1M lower than FY 20/21. Recycling volume is projected to be 4,700 less on \$99.28 per ton fee (4700 tons x \$99.28 = \$467K). Transportation cost is projected to be \$473K lower than the FY 20/21 Budget. SBR's Approved 2021 per ton Compensation is 2% lower and the FY 20/21 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.

Table 2

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	\$55,081,566	\$717,191	1.3%
Total Expenditures	\$51,538,173	\$53,007,972	\$54,324,993	\$1,317,021	2.5%
Net Income to Reserve	\$3,599,057	\$1,356,403	\$756,573	(\$599,830)	-44.2%

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

Organization of the CY 2021 Budget Report:

Attachment A: You will find the preliminary CY 2021 detailed operating budget (including cash reserve balances, revenues, and expense and capital budget). The expense detail in **Attachment A** has three main parts: the SBWMA Program budget (10.1% of total), the Shoreway Operations budget (81.3% of total) and the non-operating Expenses (8.6% of total).

Attachment B: You will find further detail of the Program budget: staff resources, key projects and work activities. **(Intentionally omitted. Will be provided with the Final Proposed Budget)**

Attachment C: Provides the current organization chart and details on personnel related budget assumptions. **(Intentionally omitted. Will be provided with the Final Proposed Budget)**

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.
- **Capital/Site Long-term planning:** Implementation of large-scale automation and recyclable materials recovery project (Phase 1) for the Material Recovery Facility (MRF) and the O2E Pilot Project, along with planning for partial Recology collection truck fleet electrification, related charging infrastructure, and Shoreway rooftop solar upgrades within an overall Master Planning process that technically assesses the highest and best use of our site's 16 solid waste-permitted site. This planning process will also evaluate the potential high-value usage of an adjacent parcel of County-owned property that could augment our future operations.
- **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 expansion of Shoreway virtual tour, Public Spaces recycling and In-Schools programs, 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. Assist implementation of new SB 1383 compliance requirements, including onboarding of 1.0 Net New FTE (Program Manager II).

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), which was the last such event hosted prior to Covid-19 shutdowns. 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 onsite and virtual tours. This program educates an average of over 5,000 tour visitors per year in about 250 facility tours.

Financial Summary:

Overall, the Draft CY 2021 Budget reflects weaker financial results compared to the adopted FY 20/21 Budget mainly due to increased expenses related to SB1383 and Shoreway project expenses. Table 3 below provides a financial summary of operations.

Table 3

CY2021 FINANCIAL SUMMARY					
Categories	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	Variance to Adopted Budget	Better/Worse %
Total Revenue	\$55,137,230	\$54,364,376	\$55,081,566	717,191	1%
Program	\$3,819,070	\$4,344,237	\$5,484,849	\$1,140,612	26%
Shoreway Operations	\$ 42,542,834	\$ 43,990,676	\$ 44,189,381	\$ 198,704	0%
Total Operating Expense	46,361,903	48,334,914	49,674,230	1,339,316	3%
Non-Operating Expense	5,176,269	4,673,058	4,650,763	(22,295)	0%
Total Expense	51,538,173	53,007,972	54,324,993	1,317,021	2%
Net Income to Reserve	\$ 3,599,057	\$ 1,356,403	\$ 756,573	\$ (599,830)	-44%

Revenue:

Table 4 below provides a summary of revenue by source with total revenues for CY2021 increasing by \$717,191 (1%) from the FY 20/21 Adopted Budget. Franchise revenue is increased projected volumes increases and tip fee increases. Non-Franchise revenue is projected to increase on recovered material inbound volumes with the exception of food waste. Interest income is projected to be lower than the FY 20/21 Adopted Budget due to reduced interest rates.

Table 4

CY2021 REVENUE					
Revenue	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	Variance to Adopted Budget	Variance %
Tip Fee Revenue	\$49,142,560	\$47,663,273	\$48,977,424	\$1,314,151	3%
<i>Non Franchised</i>	12,112,251	12,339,646	13,077,573	737,927	6%
<i>Franchised</i>	37,030,309	35,323,627	35,899,851	576,224	2%
Net Commodity Sales Revenue*	5,598,516	5,930,100	5,809,440	(120,660)	-2%
Interest Income	376,994	577,455	282,970	(294,486)	-51%
Grant Income	-	180,000	-	(180,000)	-100%
Other Revenue	19,160	13,548	11,733	(1,815)	-13%
Total Revenue:	55,137,230	54,364,376	55,081,566	717,191	1%

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

Table 5 below summarizes the volume, tip fee and revenue change for franchise and public customers. Franchise tonnage is expected to decrease by 1.2% on higher tip fees resulting in 1.6% higher revenue. Public customer volume is increasing by 7.7% with average tip fees increasing by 4.4% providing a 12.1% increase in public yardage revenue. Weighed 3rd party customers, mostly from Recology San Bruno and other jurisdictions, with an expected 23.5% volume decrease from the loss of food waste delivered to the Shoreway Facility.

Table 5

TIP FEE REVENUE					
	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	CY21 vs. FY21 Adopted Budget	Variance %
Franchise Revenue					
Tons	298,681	277,121	273,858	(3,263)	-1.2%
Wtd Avg. Tip Fee	\$ 123.98	\$ 127.47	\$ 131.09	3.62	2.8%
Franchise Revenue	\$ 37,030,309	\$ 35,323,627	\$ 35,899,851	\$ 576,224	1.6%
Public Revenue					
Cu/Yards	207,466	195,777	210,860	15,082	7.7%
Wtd Avg. Tip Fee	\$ 42.88	\$ 47.54	\$ 49.49	1.94	4.1%
Public Revenue Cu/YDS	\$ 8,896,073	\$ 9,307,837	\$ 10,434,497	\$ 1,126,659	12.1%
Tons (3rd party)	18,194	15,009	11,465	(3,544)	-23.6%
Wtd Avg. Tip Fee	\$ 127.07	\$ 128.86	\$ 129.09	0.23	0.2%
Public Revenue Tons	\$ 2,311,880	\$ 1,934,061	\$ 1,480,033	\$ (454,028)	-23.5%
Public Dirt Tons	8,221	9,469	9,941	471	5.0%
Wtd Avg. Tip Fee	\$ 110.00	\$ 115.93	\$ 117.00	1.07	0.9%
Sub Total	\$ 904,297	\$ 1,097,747	\$ 1,163,042	\$ 65,296	5.9%
Public Revenue Total	\$ 12,112,251	\$ 12,339,646	\$ 13,077,573	\$ 737,927	6.0%
Total Tip Fee Revenue	\$ 49,142,560	\$ 47,663,273	\$ 48,977,424	\$ 1,314,151	2.8%

Table 6 below summarizes commodity revenue. Volume is 0.2% higher than the FY 20/21 Adopted Budget based on the recent average tons. Weighted average commodity prices increases by 2.8% from the FY20/21 Budget. Net commodity revenue decreases 2.0% from the FY 20/21 Budget based on the assumption that SBR's revenue requirement will be reduced due to the closure of the Buyback Center.

Table 6

COMMODITY REVENUE				
	FY20/21 Adopted Budget	CY2021 Proposed Budget	CY21 vs. FY21 Adopted Budget	Variance %
COMMODITY REVENUE				
Tons Sold	58,444	58,577	132	0.2%
Wtd Avg. Price	\$ 102.68	\$ 105.54	\$ 2.86	2.8%
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	\$ -	\$ -	\$ -	
Net Commodity Revenue	\$ 5,930,100	\$ 5,809,440	\$ (120,660)	-2.0%
Price / Volume Impact				
	Price	Volume	Total	
Tonnage Change	102.68	132	\$ 13,603	
Price Change	\$ 2.86	58,577	\$ 167,273	
Total Change (Gross)			\$ 180,877	

SBWMA Total Expense

Table 7 below and Chart 1 summarizes the total expenses for the CY2021 Budget by major category. The Total Expense is projected to be \$54,324,993 and is \$1.3M (3%) higher than the FY 20/21 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.

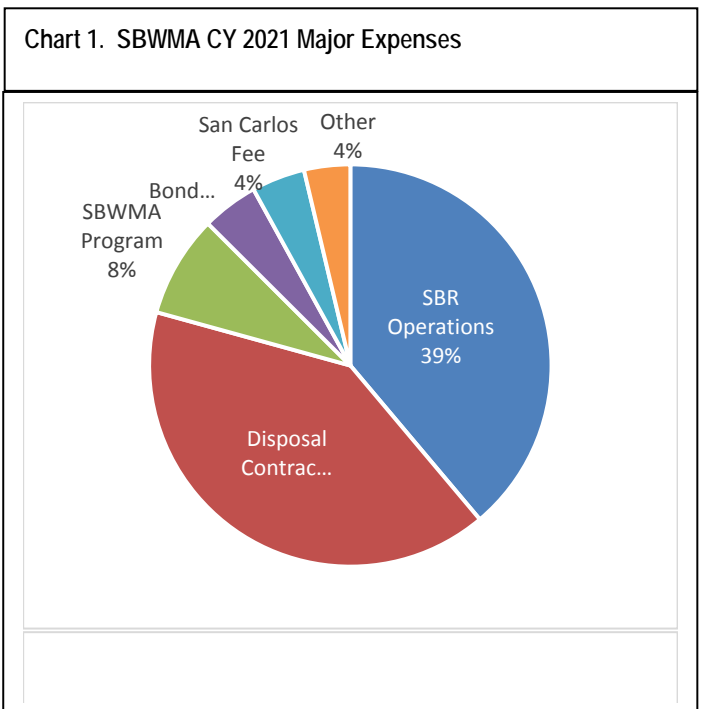


Table 7

FY20/21 TOTAL EXPENSE SUMMARY						
EXPENSE CATEGORIES	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Draft Budget	CY21 vs. FY21 Adopted Budget	CY21 vs. FY21 Adopted Budget %	CY2021 Budget % of Total
Shoreway Operations	\$42,542,834	\$43,990,676	\$44,189,381	\$198,704	0%	81.3%
SBWMA Program	3,819,070	4,344,237	5,484,849	\$1,140,612	26%	10.1%
Bond Interest Expense	2,836,101	2,403,333	2,318,458	(\$84,875)	-4%	4.3%
Franchise Fees to San Carlos	2,340,169	2,269,725	2,332,305	\$62,580	3%	4.3%
Total Expense	\$51,538,173	\$53,007,972	\$54,324,993	\$1,317,021	2%	100.0%

As can be seen in Table 7, Shoreway Operations expense is budgeted to not increase, the SBWMA Program budget will increase by 26%, bond interest expense will decrease 4%, and franchise fees paid to the City of San Carlos will increase by 3% .

Shoreway Operations Expense:

As shown in Table 7 above, the Shoreway Operations expenses represent 81.3% of the CY 2021 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 8 below shows the Shoreway Operations Expense detail for CY 2021. The total expense for the Shoreway operations is projected to be \$44,189,381 which is consistent with the FY 20/21 Adopted Budget. Variances for each expense line are discussed below:

Table 8

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%
				-	
Shoreway Operations:	\$ 42,542,834	\$ 43,990,676	\$ 44,189,381	\$ 198,704	0%
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	2,332,305	62,580	3%
Total Shoreway Operations	\$ 47,719,103	\$ 48,663,735	\$ 48,840,144	\$ 176,409	0%

SBR Compensation Expense: There is a projected 5% 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 3.4% decrease in "paid" tons compared to the FY 20/21 Budget. SBR's fees per ton change with CPI indices are estimated to decrease 2% on January 1, 2021. Similar to the FY 20/21 budget, \$430,000 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 9** below, there is a projected \$1,261,283 increase in disposal and processing expense primarily due to projected increased green waste tip fees in January 2021. See **Attachment E, Table E.4** for further details on disposal and processing expense.

Table 9

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%
Subtotal	\$20,518,170	\$21,977,846	\$23,128,977	\$1,151,132	5%
Paid by SBR (MRF residue)	(491,368)	(556,583)	(446,431)	110,152	-20%
TOTAL DISPOSAL EXPENSE	\$ 20,026,803	\$ 21,421,263	\$ 22,682,546	\$ 1,261,283	5.9%

Other Operating Expense (see Table 8):

- Property insurance premiums are projected to increase 2% over FY 20/21.
- Education Center expense is to provide bus service for school children tours. Staff anticipates an extended ban on in-person facility tours for school students, which will result in lower bussing expenses. Please note that Staff continues to conduct numerous virtually facility tours and environmental education for virtual classes.
- Credit card transaction fees paid by SBR for public/non-franchise customer transactions and reimbursed by the Agency have decreased by \$21K based on recent trend.
- Other Operating Expense includes primarily facility and equipment maintenance not covered by SBR in their contract.
- Sewer usage fees are based on the potable water usage (water meter) at the site.

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% higher than FY 20/21 budget due to the net impact of volume and higher tip fees on revenue.

SBWMA Program & Administrative Expense:

The SBWMA Program & Administrative summary expense is shown in **Table 10** below and totals \$5,484,849, a 26% increase over the FY 20/21 Adopted Budget. The CY2021 SBWMA Program & Administrative Expense Budget Detail is shown in **Attachment A – CY2021 Capital & Operating Budget Detail** with expense variances described in line-by-line detail. The increase is partially due to the anticipated and budgeted SB1383 Program compliance expense and initial project related expenses for MRF Phase II and O2E Full Scale projects.

Table 10

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	\$2,664,249	\$73,015	3%
Member Agency Support & Contract Compliance	\$446,750	\$ 579,253	\$ 1,091,600	\$ 512,347	88%
State Mandated Public Education & Outreach	\$939,500	\$834,000	\$802,000	(\$32,000)	-4%
SB1383 Expenses		\$339,750	\$927,000	\$587,250	173%
Total SBWMA Program Expense:	\$3,819,070	\$4,344,237	\$5,484,849	\$1,140,612	26%
Total Shoreway Operations:	\$47,719,103	\$48,663,735	\$48,840,144	176,409	0%
Total Expenses:	\$51,538,173	\$53,007,972	\$54,324,993	1,317,021	2%

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 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 CY 2021 that are detailed in **Attachment B** – SBWMA Programmatic Detail. A summary of the key projects for CY21 include:

- 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.
- Initiation of significant Shoreway Master Planning for anticipated and urgent space, electrical and other upgrade needs
- Conducting a site master plan to identify, evaluate and recommend site layout maximization and highest operational efficiencies, as well as understanding and ranking mandated compliance and program requirements. This exercise will also include an economic analysis that might provide potential justification for the agency to secure access of adjacent County-owned property via a 30-50 year lease.
- Planning and installation of electric vehicle charging infrastructure for coming EV pilot (to start January 2022) and rooftop solar upgrades.
- 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 and virtual 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 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**.

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. Net Cash Flow is the sum of Net Income, less bond principal payment, less capital expenditure, plus bond issuance proceeds.

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.

Reserve balance projections will be presented to the Board on November 19th for final consideration.

Bond covenant projection can be found on **Table 11**.

Table 11

Projected Debt Coverage	
Operating and Non-Operating Revenue	\$55,081,566
plus Additional Revenue transfer from reserve or other	-
Total Revenues	55,081,566
Less: O&M Expense	49,674,230
Net Revenue	5,407,337
Debt Service	3,543,458
Coverage (Net Revenue/Debt Service)	1.53
2019 Revenue Bond Coverage Ratio	1.40
Budgeted Net Income	\$ 756,573

Attachments:

- A. SBWMA FY20/21 Capital & Operating Budget Detail
- B. SBWMA Programmatic Detail (**Intentionally omitted. Will be provided with the Final Proposed Budget**)
- C. Organization Chart & Personnel Summary (**Intentionally omitted. Will be provided with the Final Proposed Budget**)
- D. Commodity Revenue
- E. Supporting Financial and Operational Data (Tonnage, Fees & Rates, Other)
- F. Gate Rate Conversion (Yard to Tons)

Attachment A - CY2021 Budget Revenues by Major Source

		UNAUDITED Preliminary FY19/20	ADOPTED BUDGET FY20/21	PROPOSED BUDGET CY2021	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
	REVENUE SUMMARY						
1	ADMINISTRATIVE REVENUE:						
2	INVESTMENT INCOME	\$ 555,346	\$ 577,455	\$ 282,970	\$ (294,486)	-51.0%	Lower interest on invested reserves
3	TOTAL ADMINISTRATIVE	\$ 555,346	\$ 577,455	\$ 282,970	\$ (294,486)	-51.0%	
4	OPERATIONS REVENUE:						
5	SHOREWAY TIP FEES - Non Franchised	\$ 10,732,459	\$ 12,339,646	\$ 13,077,573	\$ 737,927	6.0%	Increased tip fees on recovered gate volume
6	SHOREWAY TIP FEES - Franchised	35,009,855	\$ 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	6,012,172	6,001,239	6,182,116	180,877	3.0%	Slight increase in commodity pricing
8	COMMODITY REVENUE SHARING W/ SBR	(76,665)	\$ (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	(168,052)	-	-	-		Closure of Buyback Center
10	MISCELLANEOUS REVENUE	19,299	13,548	11,733	(1,815)	-13.4%	
11	SUBTOTAL OPERATIONS REVENUE	\$ 51,529,069	\$ 53,606,920	\$ 54,798,596	\$ 1,191,676	2.2%	
12	TOTAL OPERATING REVENUES	\$ 51,529,069	\$ 53,606,920	\$ 54,798,596	\$ 1,191,676	2.2%	
13	NON-OPERATING RECEIPTS						
	GRANT REVENUE	\$ 500,000	180,000				CalRecycle balance due on completion of O2E
14	TOTAL REVENUE	\$ 52,584,415	\$ 54,364,376	\$ 55,081,566	\$ 717,191	1.3%	
15	TOTAL OPERATING EXPENSES	\$ 48,825,792	\$ 53,007,972	\$ 54,324,993	\$ 1,317,021	2.5%	
16	NET OPERATING INCOME	\$ 3,758,623	\$ 1,356,403	\$ 756,573	\$ (599,830)	-44.2%	

line	EXPENDITURE SUMMARY	FY19/20 PRELIMINARY (UNAUDITED)	ADOPTED BUDGET FY20/21	PROPOSED CALENDAR BUDGET CY2021	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
1	ADMINISTRATIVE EXPENSES						
2	ADMINISTRATIVE STAFF	\$ 816,149	\$ 790,932	\$ 810,754	\$ 19,822	2.5%	No COLA increases. Slight increase due to benefit assumptions.
3	MANDATED COMPLIANCE SUPPORT STAFF	994,970	1,104,690	1,097,625	\$ (7,065)	-0.6%	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	BOARD COUNSEL	173,421	140,000	160,000	\$ 20,000	14.3%	Support for Executive Director/Agency. Continued complex contracting & regulation support.
5	BOARD MEETINGS	6,028	7,500	6,700	\$ (800)	-10.7%	\$4K for Holiday lunch, and \$2K for refreshments at Board/TAC meetings, community room rental fee \$65/meeting \$780
6	ACCOUNTING SERVICES	146,882	131,369	130,345	\$ (1,025)	-0.8%	City of Redwood City Accounting Svcs Agreement Year 2
7	INFORMATION SYSTEMS	31,290	38,900	45,000	\$ 6,100	15.7%	Contract will increase in June 2021
8	WEBSITE	44,896	13,000	13,000	\$ -	0.0%	Website hosting, maintenance, and updates/upgrades as needed
9	ANNUAL AUDIT	8,135	9,100	14,000	\$ 4,900	53.8%	Fees paid to auditors to prepare FY & CY financial statements. Full CY and FY audits in the period.
10	D&O INSURANCE	47,030	49,805	50,857	\$ 1,052	2.1%	Annual insurance premium for director's and officer's insurance
11	BANK FEES	7,489	6,459	6,459	\$ -	0.0%	Bank fees on checking account and fees paid to BNY as the Bond Trustee
12	RENT	58,309	60,000	69,300	9,300	15.5%	Additional sq. footage for SB1383 staff
13	PRINTING AND POSTAGE	-	-	-	\$ -	#DIV/0!	Cost is covered in the Accounting Services Agreement
14	UTILITIES	23,436	45,000	25,000	\$ (20,000)	-44.4%	Comcast Phone and Internet and San Carlos Utility. Janitorial is in Tennant Improvements
15	OFFICE/TENANT IMPROVEMENTS	32,399	32,000	10,000	\$ (22,000)	-68.8%	Included extra cleaning of the office \$600 per month, carpet cleaning twice per year \$1800 other misc.
16	OFFICE SUPPLIES	10,935	19,630	19,000	\$ (630)	-3.2%	Office supplies
17	OFFICE EQUIPMENT COSTS	9,375	10,200	10,200	\$ -	0.0%	Base copier lease is \$600/month plus cost per copy
18	PUBLICATIONS & PUBLIC NOTICES	2,940	5,500	3,360	\$ (2,140)		Anticipated public procurement notices
19	PROFESSIONAL DUES & MEMBERSHIPS	6,097	3,500	9,000	\$ 5,500	157.1%	Memberships to trade and community organizations (CRRRA, SWMA, NCRA, CCAC)
20	VEHICLE MILEAGE & TOLLS	1,488	1,400	3,000	\$ 1,600	114.3%	
21	CELL PHONES	1,071	1,750	1,750	\$ -	0.0%	Cell phone business expense. Increased participation by Management Team.
22	CONFERENCE & MEETINGS	16,032	18,000	18,000	\$ -	0.0%	
23	TRAINING	8,354	\$ 7,500	\$ 7,500	\$ -	0.0%	Professional development opportunities. CCAC training, etc. Retreat & additional management leadership class.
24	SPONSORSHIPS & DONATIONS	30,650	35,000	35,000	\$ -	0.0%	Industry Sponsorships: CAW,CRRRA,SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA
25	LEGISLATIVE & REGULATORY ADVOCACY	40,000	50,000	72,000	\$ 22,000	44.0%	Mandated agency priorities include these initiatives : Extended Producer Responsibility (EPR); Product Stewardship; Source Reduction Initiatives; Lithium-ion Battery safety
26	COMPUTER PURCHASE	5,058	10,000	46,400	\$ 36,400	364.0%	Need to replace the phone system and server see email with list
27	TOTAL ADMINISTRATIVE	\$ 2,522,436	\$ 2,591,234	\$ 2,664,249	\$ 73,015	2.8%	
28	MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE						
29	RATE REVIEW	\$ 35,685	\$ 31,520	\$ 35,000	\$ 3,480	11.0%	Consultant Rate Application Support.
30	FACILITY IMPROVEMENT OVERSIGHT	85,277	245,000	245,000	\$ -	0.0%	Engineering and construction management support (\$95K). Airport feasibility consultants (\$150K).
31	CONTRACT ANNUAL AUDITING	\$ 48,475	56,133	65,000	\$ 8,867	15.8%	Annual Financial & Systems Audit of RSMC and SBR. Expected increase with new 2021 contract
32	COLLECTION SERVICES FRANCHISE ADMIN.	2,090	50,000	75,000	\$ 25,000	50.0%	Franchise Administration compliance consulting. Alternative Fuels Consultation \$50K.
33	FINANCE ANALYSIS SUPPORT	18,821	21,600	21,600	\$ -	0.0%	On-Call consultant support as needed.
34	RECYCLING TECHNICAL ASSISTANCE	61,671	75,000	50,000	\$ (25,000)	-33.3%	Diversion consultant support; SB1383 planning
35	WASTE CHARACTERIZATION SUPPORT	35,063	60,000	75,000	\$ 15,000	25.0%	Waste composition testing (Recology Contract Compliance). O2E Pilot finished slurry lab product testing
36	COLLECTION RFP CONSULTING SUPPORT		40,000	40,000	\$ -	0.0%	Potential RFP support
37	BATTERY MANAGEMENT PLANNING	-	-	-	\$ -		Absorbed into the Battery outreach one below (line 57). Battery program change is complete.
38	MASTER PLAN ASSESSMENT			130,000	\$ 130,000		Master Plan assessment and report (\$100K). Electrical system capacity analysis consultant support (\$30K)
39	O2E PILOT TESTING			80,000	\$ 80,000		Anaergia marketing support to WWTP (\$60K). EPA share in data collection and report preparation (\$20K)
40	MRF PHASE II INITIAL ASSESSMENT STUDIES			130,000	\$ 130,000		RFP preparation, market assessment, system optimization consulting, contract preparation

line	EXPENDITURE SUMMARY	FY19/20 PRELIMINARY (UNAUDITED)	ADOPTED BUDGET FY20/21	PROPOSED CALENDAR BUDGET CY2021	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
41	O2E FULL SCALE INITIAL ASSESSMENT			145,000	\$ 145,000		Technical analysis/recommendation, test loads for offsite processing, technology review, contract preparation
42							
43	TOTAL MA SUPPORT & CONTRACT COMPLIANCE	\$ 287,081	\$ 579,253	\$ 1,091,600	\$ 512,347	88.4%	
44	STATE MANDATED PUBLIC EDUCATION & OUTREACH						
45	STATE'S REQUIRED ANNUAL REPORTS	\$ -	\$ 33,000	\$ 33,000	\$ -	0.0%	Annual AB 939 EAR submittal for 10-MAs
46	SBWMA ANNUAL REPORT	2,044	2,500	2,500	-	0.0%	Creation of SBWMA annual report
47	DIVERSION PROGRAM SUPPORT	4,411	50,000	45,000	(5,000)	-10.0%	Public spaces recycling assistance (\$30k); Diversion program support (\$15k)
48	EVENT GIVEAWAYS	4,925	7,500	7,500	-	0.0%	
49	LONG RANGE PLAN	-	-	-	-	#DIV/0!	
50	DIVERSION/COMPLIANCE; ZERO WASTE PROGRAMS	64,927	75,000	75,000	-	0.0%	Zero Waste Committee initiatives - tech and consulting support. Alternative fuel site infrastructure consulting.
51	IN-SCHOOL ENVIRONMENTAL EDUCATION	9,404	32,000	32,000	-	0.0%	Materials (\$6K), storage/transport (\$2K), school recognitions (\$4K), staff/technical support (\$20K)
52	LARGE EVENT & VENUE SUPPORT	-	-	-	-	#DIV/0!	
53	CLIMATE ACTION PLANNING	-	25,000	25,000	-	0.0%	Annual climate register & Member Agency support.
54	RECYCLING TECHNICAL ASSISTANCE	-	85,000	85,000	-	0.0%	AB 1826, AB 341, AB 827 Compliance (\$10k); Promote reusables for businesses (\$60k); Recycling Technical Assistance(\$15k)
55	COMMERCIAL/MFD CONTAINERS	17,122	34,000	34,000	-	0.0%	MFD recycle bags, internal containers, MA containers per Franchise Agreements
56	MULTI-FAMILY OUTREACH	73,670	90,000	90,000	-	0.0%	Education and outreach per FA; compliance with state laws; MFD Toolkit and other outreach
57	MEMBER AGENCY & RATE PAYER EDUCATION	43,958	110,000	93,000	(17,000)	-15.5%	Biannual newsletters to Member Agency residents.
58	RESIDENTIAL OUTREACH PROGRAMS	94,651	90,000	90,000	-	0.0%	Education and outreach per FA, Annual Service Notice mailing.
59	COMMUNITY EVENTS	8,456	50,000	40,000	(10,000)	-20.0%	Earth Day (\$5K), Rethink Recycling Day (\$10K), Fixit Clinics (\$25K)
60	HHW PROGRAM OUTREACH	-	30,000	30,000	-	0.0%	Annual promotion of local HHW disposal options for all ratepayers
61	BATTERY OUTREACH	41,928	90,000	90,000	-	0.0%	Educate residents and businesses about risk of battery fires and proper disposal options, including MFD battery bucket
62	SHRED EVENT SERVICE	15,382	30,000	30,000	-	0.0%	Shred, e-waste, and compost events for Member Agencies (coordination, support, outreach, etc.) RFP for Shredding Services
					-	#DIV/0!	
63	TOTAL STATE MANDATED PUBLIC EDUCATION & OUTREACH	\$ 380,878	\$ 834,000	\$ 802,000	\$ (32,000)	-3.8%	
64	SBWMA PROGRAM BUDGET	\$ 3,190,395	\$ 4,004,487	\$ 4,557,849	\$ 553,362	13.8%	
65	SB1383 COMPLIANCE	-	339,750	927,000	587,250	172.8%	Source: HFH Presentation 10/15/2020 - Projected start up costs from the Cash Flow Projection Slide (FY19/20 & FY20/21 of \$927,000). Includes 1.0 Net New FTE (Program Manager II)
66	TOTAL SBWMA PROGRAM BUDGET	\$ 3,190,395	\$ 4,344,237	\$ 5,484,849	\$ 1,140,612	26.3%	
67	SHOREWAY OPERATIONS						
68	OPERATING CONTRACT - SBR OPERATIONS	\$ 19,883,901	\$ 20,599,497	\$ 19,520,431	(1,079,065)	-5.2%	Budgeted reduced volume
69	DISPOSAL	18,745,494	21,421,263	22,682,546	1,261,283	5.9%	Organics processing increase and full year of increased rates for the new Ox Mountain disposal contract
70	INSURANCE SHOREWAY	991,638	1,321,679	1,350,825	29,146	2.2%	Property insurance premium. Estimated increase.
71	SHOREWAY FACILITY COST	248,475	200,000	200,000	-	0.0%	Budget for unanticipated routine Shoreway maintenance items that are non-CapEx
72	CREDIT CARDS CHARGES	63,544	91,194	69,899	(21,295)	-23.4%	SBR pass through of credit card fees from their bank from public customers.
73	SHOREWAY CHARGES	24,068	13,345	36,000	22,655	169.8%	Amortize O2E equipment
74	EDUCATION CENTER OPERATIONS	35,201	65,000	57,000	(8,000)	-12.3%	Tours program equipment (\$5K), school bus services (\$20K), poster and art contests (\$7K), Ed Center upgrades (\$25K)
75	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k	-	100,000	100,000	-	0.0%	Unanticipated MRF equipment maintenance (non-CapEx) expense
76	SEWER FEES (PROPERTY TAX)	92,086	90,426	90,426	-	0.0%	Actual sewer charge from City of San Carlos on tax bill based on prior year water usage
77	E-RECYCLING	82,253	88,273	82,253	(6,020)	-6.8%	E-waste market has shifted from a revenue source to expense. Previously budgeted as revenue

line	EXPENDITURE SUMMARY	FY19/20 PRELIMINARY (UNAUDITED)	ADOPTED BUDGET FY20/21	PROPOSED CALENDAR BUDGET CY2021	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
78	SUB SHOREWAY OPERATIONS COST	\$ 40,166,660	\$ 43,990,676	\$ 44,189,381	\$ 198,704	0.5%	
79	TOTAL SHOREWAY OPERATION	\$ 40,166,660	\$ 43,990,676	\$ 44,189,381	\$ 198,704	0.5%	
80	TOTAL OPERATING EXPENSES	\$ 43,357,056	\$ 48,334,914	\$ 49,674,230	\$ 1,339,316	2.8%	
81	NON-OPERATING EXPENSES						
82	BOND ISSUANCE & LOSS ON DEBT REFUNDING	\$ 906,002					
83	DEBT SERVICE BOND INTEREST	\$ 2,384,556	\$ 2,403,333	\$ 2,318,458	(84,875)	-3.5%	Budgeted interest expense 2019 Bond Issuance
84	FRANCHISE FEE TO CITY OF SAN CARLOS	2,178,179	2,269,725	2,332,305	62,580	2.8%	5% Franchise Fees paid by JPA to the City of San Carlos on tip fee revenue.
85	TOTAL NON-OPERATING EXPENSES	\$ 5,468,736	\$ 4,673,058	\$ 4,650,763	\$ (22,295)	-0.5%	
86	TOTAL SHOREWAY OPERATING EXPENSES	\$ 45,635,397	\$ 48,663,735	\$ 48,840,144	\$ 176,409	0.4%	
87	TOTAL EXPENSES (SBWMA Program + All Shoreway Operations)	\$ 48,825,792	\$ 53,007,972	\$ 54,324,993	\$ 1,317,021	2.5%	

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 ²			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'
CIP Projects (see detail below)	1,260,000	12,500,000	9,000,000	
Total Budget for Capital Projects	2,210,000	13,090,000	10,840,000	

FUNDING SOURCE				
Bond Project Fund	1,260,000	11,100,000	-	
Capital Reserve	950,000	1,990,000	10,840,000	
Total Funding Source	2,210,000	13,090,000	10,840,000	

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		
	\$ 1,260,000	\$ 12,500,000	\$ 9,000,000	

Agenda Item 9 Omitted Attachments:

B. SBWMA Programmatic Detail (Intentionally omitted. Will be provided with the Final Proposed Budget)

C. Organization Chart & Personnel Summary (Intentionally omitted. Will be provided with the Final Proposed Budget)

CY2021 BUDGET

COMMODITY REVENUE				
<i>COMMODITY REVENUE</i>	FY20/21 Adopted Budget	CY2021 Proposed Budget	CY21 vs. FY21 Adopted Budget	Variance %
Tons Sold	58,444	58,577	132	0.2%
Wtd Avg. Price	\$ 102.68	\$ 105.54	\$ 2.86	2.8%
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	\$ -	\$ -	\$ -	
Net Commodity Revenue	\$ 5,930,100	\$ 5,809,440	\$ (120,660)	-2.0%
<u>Price / Volume Impact</u>	Price	Volume	Total	
Tonnage Change	102.68	132	\$ 13,603	
Price Change	\$ 2.86	58,577	\$ 167,273	
Total Change (Gross)			\$ 180,877	

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 %
Franchise Revenue					
<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%
Franchise Revenue	\$ 37,030,309	\$ 35,323,627	\$ 35,899,851	\$ 576,224	1.6%
Public Revenue					
<u>Cu/Yards</u>	207,466	195,777	210,860	15,082	7.7%
Wtd Avg. Tip Fee	\$ 42.88	\$ 47.54	\$ 49.49	1.94	4.1%
Public Revenue Cu/YDS	\$ 8,896,073	\$ 9,307,837	\$ 10,434,497	\$ 1,126,659	12.1%
<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%
Public Revenue Tons	\$ 2,311,880	\$ 1,934,061	\$ 1,480,033	\$ (454,028)	-23.5%
<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%
Sub Total	\$ 904,297	\$ 1,097,747	\$ 1,163,042	\$ 65,296	5.9%
Public Revenue Total	\$ 12,112,251	\$ 12,339,646	\$ 13,077,573	\$ 737,927	6.0%
Total Tip Fee Revenue	\$ 49,142,560	\$ 47,663,273	\$ 48,977,424	\$ 1,314,151	2.8%

CY2021 BUDGET

Table E.2

TRANSFER STATION VOLUME						
		FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	CY21 vs. FY21 Adopted Budget	Variance %
Total TS Tonnage and Yards						
<u>Franchise tons</u>						
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%
<u>Sub-total Franchise</u>		298,681	277,121	273,858	(3,263)	-1.2%
<u>Public tons</u>						
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%
<u>Sub-Total Public tons</u>		26,415	24,479	21,406	(3,073)	-12.6%
<u>Total Tons</u>		325,096	301,600	295,264	(6,336)	-2.1%
<u>Public Cu/Yds.</u>						
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%
<u>Total Cubic Yards</u>		207,466	195,777	210,860	15,082	7.7%

CY2021 BUDGET

Table E.3

SBR OPERATING EXPENSE					
A. Summary	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	CY21 vs. FY21 Adopted Budget	Variance %
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%
TOTAL SBR EXPENSE	\$ 20,941,990	\$ 20,599,497	\$ 19,520,431	\$ (1,079,065)	-5.2%
B. SBR Expense Detail	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	CY21 vs. FY21 Adopted Budget	Variance %
MRF					
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	\$ 7,110,815	\$ 7,369,628	\$ 6,842,660	\$ (526,968)	-7.2%
MRF Additional Sorters	\$ 503,022	\$ 453,995	\$ 433,860	\$ (20,135)	-4.4%
Transfer Station					
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	\$ 5,189,041	\$ 5,015,520	\$ 4,967,651	\$ (47,869)	-1.0%
Transportation					
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	\$ 8,098,228	\$ 7,749,548	\$ 7,276,261	\$ (473,287)	-6.1%
Interest	\$ 40,885	\$ 10,806	\$ -	\$ (10,806)	-100.0%
TOTAL SBR "PAID" TONS	840,312	797,490	770,274	(27,215)	-3.4%
TOTAL SBR EXPENSE	\$ 20,941,990	\$ 20,599,497	\$ 19,520,431	\$ (1,079,065)	-5.2%

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 %
A. Summary					
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%
Subtotal	\$ 20,518,170	\$ 21,977,846	\$ 23,128,977	\$ 1,151,132	5.2%
Paid by SBR on MRF residue	\$ (491,368)	\$ (556,583)	\$ (446,431)	\$ 110,152	-19.8%
TOTAL DISPOSAL EXPENSE	\$ 20,026,803	\$ 21,421,263	\$ 22,682,546	\$ 1,261,283	5.9%
B. Detail					
<u>Solid Waste (Ox Mtn.)</u>					
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%
<u>Organics (Newby, BVON)</u>					
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%
<u>C&D (Zanker)</u>					
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%
<u>Other</u>					
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%
<u>Summary</u>					
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%

CY2021 BUDGET

Table E.4a (subset of Disposal Expense - Organics, only, Detail)

ORGANICS PROCESSING EXPENSE DETAIL					
	FY19/20 Adopted Budget	FY20/21 Adopted Budget	CY2021 Proposed Budget	CY21 vs. FY21 Adopted Budget	Variance %
Organics (Newby)					
Tons, net	49,812	43,922	49,857	5,935	13.5%
Wtd Avg. Rate	\$ 68.45	\$ 70.82	\$ 72.02	\$ 1.20	1.7%
Expense	\$ 3,409,645	\$ 3,110,602	\$ 3,590,723	480,120	15.4%
Organics (BVON)					
Tons, net	74,053	56,865	48,360	(8,505)	-15.0%
Wtd Avg. Rate	\$ 38.76	\$ 51.53	\$ 69.00	\$ 17.47	33.9%
Expense	\$ 2,870,602	\$ 2,930,014	\$ 3,336,815	406,801	13.9%
Food (BVON)					
Tons, net	-	9,217	12,274	3,057	33.2%
Wtd Avg. Rate		\$ 85.00	\$ 85.00	\$ -	0.0%
Expense	\$ -	\$ 783,470	\$ 1,043,289	259,820	33.2%
Total Organics					
Tons, net	123,864	110,004	110,491	487	0.4%
Wtd Avg. Rate	\$ 50.70	\$ 62.03	\$ 72.14	\$ 10.11	16.3%
Total Organics Expense	\$ 6,280,246	\$ 6,824,086	\$ 7,970,827	1,146,741	16.8%

GATE RATE CONVERSION (YARDS to TONS) *			
July 1, 2020	Low Range	High Range	Franchise Tonnage Rate
Solid Waste	\$ 144	\$ 384	\$ 121
<i>Gate Rate (Yards)</i>	\$ 48	\$ 48	
<i>Yards/Ton Conversion Rate (Yard per Ton)</i>	3.0	8.0	-
Green Waste	\$ 200	\$ 385	\$ 126
<i>Gate Rate (Yards)</i>	\$ 50	\$ 50	
<i>Yards/Ton Conversion Rate (Yard per Ton)</i>	4.0	7.7	-
C&D	\$ 192	\$ 336	\$ 121
<i>Gate Rate (Yards)</i>	\$ 48	\$ 48	
<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).

Budget Expense Category	Description of Program for CY21: <i>(Proposed Expense Line Items 1-27)</i>
ADMINISTRATIVE EXPENSE: \$2,606,017 <i>(Proposed Expense line item 27) (Draft Budget = \$2,664,249)</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 next fiscal (calendar) 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 like SB 1383. • 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 and similar subsidy driven programs 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 CY21 <i>(Proposed Expense Line Items 28-43)</i>
MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE: \$1,151,600 <i>(Proposed Expense Line Item 43) (Draft Budget = \$1,091,600)</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).	
Key Details: <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 shred and compost giveaway events with Recology per the Franchise Agreement (electronic waste recycling and battery collection also included, but not required per Agreement). New Efforts in CY21: <ul style="list-style-type: none"> • Secure Board and Member Agency approvals of final "Amendment One" (Bulky Item Collection; Abandoned Waste) terms. • Complete transition 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 analyses. • Provide proactive legislative and regulatory support for various agency priorities, especially the safe handling and disposal of Lithium-Ion batteries. • Develop Recology-SBR-SBWMA task force to perform Gap Analysis to implement Battery Guide's BMPs 	

Budget Expense Category	Description of Program for CY21 <i>(Proposed Expense line items 44-63 and 65)</i>
STATE MANDATED PUBLIC EDUCATION & OUTREACH: \$1,729,000 <i>(Proposed Expense Line Item 63 plus Line 65)</i>	
Staff Resources: Joe La Mariana, <i>Executive Director</i> ; Julia Au, <i>Program Manager III (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 827, 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 ongoing outreach activities related to California State Laws, including but not limited to AB 1826, AB 341, AB 827, and SB 1383, through production and distribution via various and appropriate print, media, and in-person/virtual 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. • Manage and implement a three-year Public Education and Recycling Technical Assistance Plan in partnership with Recology 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. • Facilitate Public Education and Outreach Subcommittee meetings to collect feedback 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. • Continue collaborating with other local agencies to deliver waste education and student support, including joint projects with the County of San Mateo’s Office of Sustainability, working groups with the Office of Education, and support of Environmental Health’s Food Share Table Program. 	
<p>New Efforts in CY21:</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 residents who speak other languages besides English for proper sorting. • Continued reinforcement and growth of In-Schools Program, including the addition of waste-focused distance learning lessons, virtual presentations, asynchronous and supplemental educational opportunities, as well as off-site support for students, teachers, and facilities staff to account for COVID-19. • Continued outreach and education on organics composting and safe handling and disposal of batteries, with focus on lithium-ion batteries and adding more MFD battery collection buckets. • Assist implementation of new SB 1383 compliance requirements, including onboarding of 1.0 Net New FTE (Program Manager II). 	

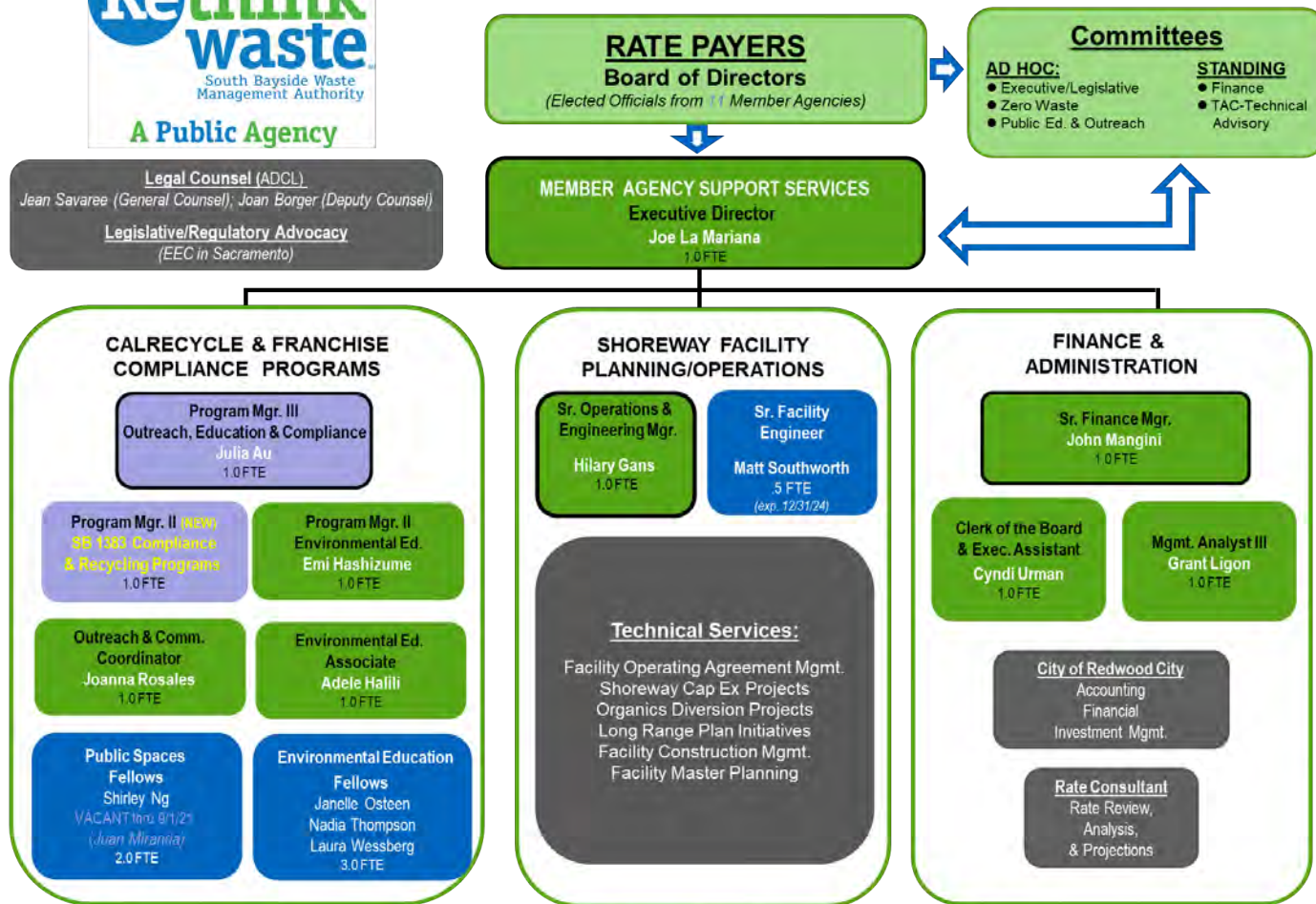
Budget Expense Category	Description of Program for CY21 <i>(Proposed Expense line items 67-78)</i>
SHOREWAY OPERATIONS: \$44,254,778 <i>(Proposed Expense Line Item 78) (Draft Budget = \$44,189,381)</i>	
Staff Resources: Hilary Gans, Sr. Operations and Engineering Manager; Matt Southworth, Sr. Facility 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 (now virtual) Shoreway tours for schools and the general public, with the goal of maintaining or exceeding number of tour participants relative to prior years (accounting for the number of tours cancelled due to COVID-19 and extreme weather conditions caused by wildfires). • Manage (now virtual) community events as permitted during COVID-19 to promote resource conservation, including the following: Earth Day and Rethink Recycling Day events; Trash to Art and Poster contests; expansion of compost donation program throughout Member Agency schools and community gardens. <p>New Efforts in CY21:</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 schools and the general public, as permitted during COVID-19. • Continue to build Shoreway virtual tour program by collecting participant surveys, adding supplemental education resources, and incorporating new equipment and processes at the Shoreway facility into the tours programming. • Support efforts in fleet conversion from renewable diesel-fueled vehicles to electric vehicles, and upgrade of Shoreway rooftop solar power capabilities. • Continue efforts to remove batteries from recycling facility and mitigate fire risk. • O2E Pilot project data collection, financial, and operational analysis • MRF Phase I project data collection, financial, and operational analysis, in coordination with Phase II MRF project design. • Master Planning for site space, electrical and other upgrade needs. 	

ATTACHMENT 3: Proposed Organization Chart/Personnel Summary for CY21



SBWMA Organization Chart

January 1, 2021 (Proposed 2021 Changes)



Notes: Green/Purple = SBWMA core staff (10.0 FTE); Blue = Non-Benefitted/Ltd Term (5.5 FTE); Grey = Consultants/Technical Services. Black Outline = Sr. Leadership Team

CY21 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, the proposed CY21 Staffing Plan includes the strong recommendation for one (1) new FTE compared to the FY19/20 budget. The proposed new FTE is a full-time benefitted staff position, titled “Program Manager II: SB 1383 Compliance and Recycling Programs”. This position will manage centralized SB 1383 compliance and recycling diversion program activities for our member agencies, including coordinating mandatory regulatory enforcement conducted by their enforcement staff and with SBWMA TAC members in their respective jurisdictions; program component contracting; and other ongoing program compliance needs as required by law. Additionally, the recently-vacated Public Spaces Fellow position will be left temporarily vacant through 8/31/21 due to COVID-related workloads.

The above changes are reflected on the proposed organizational chart in this Staffing Plan (above) and in Table 1 (below).

Table 1 SBWMA Staffing Plan by Year						
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>	CY21 <i>Proposed</i>
Executive Director	1.0	1.0	1.0	1.0	1.0	1.0
Sr. Operations & Engineering Manager	1.0	1.0	1.0	1.0	1.0	1.0
Sr. Finance Manager	1.0	1.0	1.0	1.0	1.0	1.0
Program Manager III- Outreach, Education & Compliance <i>(Elevated PM II-Outreach Communications incumbent)</i>	0	0	0	0	0	1.0
Program Manager II – Outreach & Communications <i>(This position will be transition into PM III position above)</i>	Vacant	1.0	1.0	1.0	1.0	0
Management Analyst III <i>(Formerly Recycling Programs Manager)</i>	1.0	Vacant	Vacant	1.0	1.0	1.0
Clerk of the Board/Executive Assistant <i>(Formerly Board Secretary/Office Mgr.)</i>	1.0	1.0	1.0	1.0	1.0	1.0
Program Manager II – Environmental Education	1.0	1.0	1.0	1.0	1.0	1.0
Program Manager II – SB 1383 Compliance (NEW)	1.0	0	0	0	0	1.0
Environmental Education Associate	0	0	0	1.0	1.0	1.0
Environmental Education Coordinator	1.0	1.0	1.0	0	0	0
Outreach and Communications Coordinator	0	0	0	1.0	1.0	1.0
Environmental Programs Associate	1.0	1.0	0	0	0	0
Total Agency Staff (Regular Status):	8.0	8.0	7.0	9.0	9.0	10.0
Sr. Facility Projects Engineer <i>(Ltd. Term thru 12/31/24; non-benefitted position)</i>	0	0	0	0	0.5	0.5
Long Range Plan Fellowships <i>(Limited terms-1-3yrs.; Non-benefitted positions)</i>	0	4.0	4.0	5.0	5.0	5.0

Salary Ranges

The salary ranges for all Agency Staff positions (some are currently vacant) are presented below for CY21 (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 Manager	\$133,249 - \$166,117
Sr. Finance Manager	\$133,249 - \$166,117
Sr. Facility Projects Engineer <i>(Non-benefitted; Ltd. term part-time; expires 12/31/24)</i>	\$133,249 - \$166,117
Program Mgr. III <i>Outreach, Education & Compliance</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>	\$24.50 - 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 26.3% for CY21. 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 CY21, this annual savings for the Agency projects out to be \$76,049.**

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, five employees participate in the plan and four employees have opted out. The premium is age based – the average premium is \$952 per month plus the HSA average contribution of \$403 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 \$104.

Vision Plan:

Vision insurance is provided by **Premier Access** for employees and their families. A \$10-\$25 copay applies to most services. Frames are covered up to \$130-\$150 allowances once every two years. The average monthly premium per employee is \$.

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 \$73.

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.