



**A Public Agency**

# Draft Budget Review FY2022

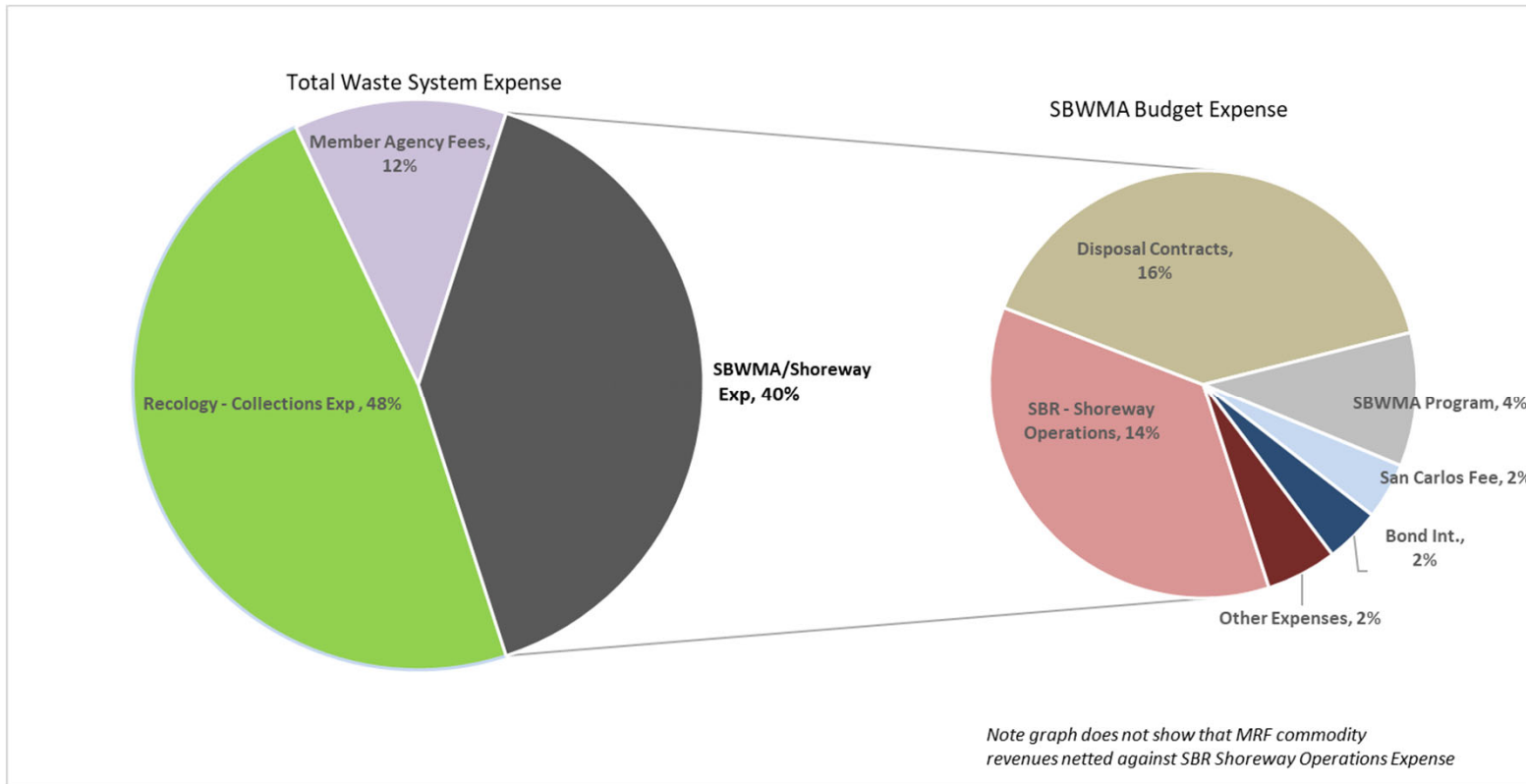
October 21, 2021

# Budget Timeline

## Key SBWMA Budget Review Dates:

- October 12<sup>th</sup> Finance Committee review
- October 21<sup>th</sup> Board review:  
\* DRAFT FY 2022 Budget Presentation (*Info/Discussion*)
- November 18<sup>th</sup> Board consideration:  
\* FINAL FY 2022 Budget (*Action*)

# SBWMA Budget Allocation



# Tipping Fee Increases

FY 2022 BUDGET - Proposed Tip Fee Adjustments							
	Actual	Actual	Actual	Actual	Proposed		
	1/1/2019	2020	7/1/2020	1/1/2021	1/1/2022	22 vs 21 \$	22 vs 21 %
<b>Franchise Tip Fees / Ton</b>						incr.	%
Solid Waste	\$ 121.00	\$ 121.00	\$ 121.00	\$ 127.00	\$ 130.00	\$ 3.00	2.4%
Green Waste	\$ 126.00	\$ 126.00	\$ 126.00	\$ 139.00	\$ 143.00	\$ 4.00	2.9%
Food	\$ 141.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ 144.00	\$ 3.00	2.1%
<b>3rd Party / Ton</b>							
Solid Waste	\$ 127.00	\$ 127.00	\$ 127.00	\$ 133.00	\$ 135.00	\$ 2.00	1.5%
Green Waste	\$ 128.00	\$ 128.00	\$ 128.00	\$ 140.00	\$ 143.00	\$ 3.00	2.1%
Food	\$ 141.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ 144.00	\$ 3.00	2.1%
C&D	\$ 121.00	\$ 121.00	\$ 121.00	\$ 127.00	\$ 130.00	\$ 3.00	2.4%
Asphalt Roofing	\$ 123.00	\$ 123.00	\$ 123.00	\$ 128.00	\$ 131.00	\$ 3.00	2.3%
<b>Public Dirt /Ton</b>	\$ 103.00	\$ 110.00	\$ 115.00	\$ 117.00	\$ 119.00	\$ 2.00	1.7%
<b>Public Tip Fees / Yd</b>	<b>1/1/2019</b>	<b>2020</b>	<b>7/1/2020</b>	<b>1/1/2021</b>		<b>21 vs 20 \$</b>	<b>21 vs 20 %</b>
Solid Waste	\$ 44.00	\$ 44.00	\$ 46.00	\$ 48.00	\$ 49.00	\$ 1.00	2.1%
Green Waste	\$ 35.00	\$ 35.00	\$ 42.00	\$ 50.00	\$ 50.00	\$ -	0.0%
C&D	\$ 44.00	\$ 44.00	\$ 46.00	\$ 48.00	\$ 49.00	\$ 1.00	2.1%

# Financial Summary

FY2022 FINANCIAL SUMMARY					
Categories	FY2021 Adopted Budget	FY2021 MidYear Projection	FY2022 Proposed Budget	Variance to Mid-Year Budget	Better/Worse %
<b>Total Revenue</b>	<b>\$55,081,566</b>	<b>\$56,820,993</b>	<b>\$54,828,615</b>	<b>(1,992,378)</b>	<b>-4%</b>
SBWMA Program	\$4,074,617	\$3,977,634	\$4,136,100	\$158,466	4%
SB 1383 Compliance	\$927,000	\$489,813	\$1,322,835	\$833,022	170%
Shoreway Operations	\$ 44,739,778	\$ 45,042,409	\$ 43,625,994	\$ (1,416,414)	-3%
<b>Total Operating Expense</b>	<b>49,741,395</b>	<b>49,509,856</b>	<b>49,084,929</b>	<b>(424,927)</b>	<b>-1%</b>
Non-Operating Expense	4,650,763	4,660,567	4,521,576	(138,991)	-3%
<b>Total Expense</b>	<b>54,392,158</b>	<b>54,170,423</b>	<b>53,606,505</b>	<b>(563,918)</b>	<b>-1%</b>
<b>Net Income to Reserve</b>	<b>\$ 689,408</b>	<b>\$ 2,650,570</b>	<b>\$ 1,222,110</b>	<b>\$ (1,428,460)</b>	<b>-54%</b>

- Volume Reduced from Mid-Year 2021 Budget
  - Volume not returning as previously projected
- O2E Processing
  - + \$660K O2E Operating Expense
  - - \$470K Disposal & Processing
- Property insurance \$1.77M (16% increase)
- Disposal decrease 5% with reduced volume
- SB1383 Expenses - \$833K Increase over 2021
- No Staff Increases Budgeted
  - Reduced Fellowship Hours
- Temp Labor Share \$192K (Consistent with prior Budgets)

# Revenue Sources

FY2022 REVENUE					
Revenue	FY2021 Adopted Budget	FY2021 MidYear Projection	FY2022 Proposed Budget	Variance to Mid-Year Budget	Variance %
<b>Tip Fee Revenue</b>	\$48,977,424	\$49,183,299	\$47,971,628	(\$1,211,672)	-2%
<i>Non Franchised</i>	13,077,573	12,892,874	11,744,301	(1,148,573)	-9%
<i>Franchised</i>	35,899,851	36,290,425	36,227,327	(63,099)	0%
Net Commodity Sales Revenue*	5,809,440	7,434,847	6,626,765	(808,081)	-11%
Interest Income	282,970	172,440	199,815	27,375	16%
Other Revenue	11,733	30,407	30,407	-	0%
<b>Total Revenue:</b>	<b>55,081,566</b>	<b>56,820,993</b>	<b>54,828,615</b>	<b>(1,992,378)</b>	<b>-4%</b>

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

# Volume Projections

TRANSFER STATION VOLUME					
	FY2021 Adopted Budget	FY2021 Mid-Year Budget	FY2022 Proposed Budget	Proposed vs. Mid-Year	Variance %
<b>Total TS Tonnage and Yards</b>					
<b><u>Franchise tons</u></b>					
SBWMA Solid Waste	174,822	172,158	168,765	(3,393)	-2%
SBWMA Organics	82,952	85,682	83,533	(2,149)	-3%
SBWMA Food Waste	12,274	14,993	13,368	(1,625)	-11%
SBWMA Dirt, Inert, Other	3,810	3,495	3,567	72	2%
<b>Sub-total Franchise</b>	<b>273,858</b>	<b>276,328</b>	<b>269,233</b>	<b>(7,095)</b>	<b>-3%</b>
<b><u>Public tons</u></b>					
Non-SBWMA SW	4,435	3,802	3,607	(196)	-5%
Non-SBWMA Scrap	178	121	120	(1)	-1%
Non-SBWMA FOOD	0	578	948	371	64%
Non-SBWMA C&D	5,031	3,101	1,804	(1,297)	-42%
Non-SBWMA ORGANIC	412	220	403	183	83%
Non-SBWMA Asphalt Roofing	1,409	1,700	1,821	121	7%
Non-SBWMA Clean Wood	0	0	0	-	0%
Public Weighed Dirt	9,941	10,493	10,926	433	4%
<b>Sub-Total Public tons</b>	<b>21,406</b>	<b>20,015</b>	<b>19,630</b>	<b>(385)</b>	<b>-2%</b>
<b>Total Tons</b>	<b>295,264</b>	<b>296,343</b>	<b>288,863</b>	<b>(7,480)</b>	<b>-3%</b>
<b><u>Public Cu/Yds.</u></b>					
Public Solid Waste Yards	64,445	68,033	70,683	2,650	4%
Public Green Waste Yards	50,135	45,896	33,090	(12,806)	-28%
Public C&D	96,279	94,801	78,509	(16,291)	-17%
<b>Total Cubic Yards</b>	<b>210,860</b>	<b>208,730</b>	<b>182,282</b>	<b>(26,447)</b>	<b>-13%</b>

# Shoreway Operations Expense Projections

FY2022 SHOREWAY OPERATIONS EXPENSE DETAIL					
Expenditures	FY2021 Adopted Budget	FY2021 MidYear Projection	FY2022 Proposed Budget	Variance to Mid-Year Budget	Variance %
SBR Compensation	\$19,520,431	\$19,926,348	\$19,218,059	(708,289)	-4%
Disposal and Processing	22,682,546	22,458,303	21,548,002	(910,300)	-4%
Property Insurance	1,386,222	1,523,897	1,770,442	246,545	16%
Education Center	57,000	57,000	85,000	28,000	49%
Credit Cards Charge	69,899	79,275	79,920	645	1%
Other Operating Expense	448,253	437,386	547,220	109,834	25%
Sewer Charge	90,426	105,200	107,351	2,151	2%
Project Assessment	485,000	455,000	270,000	(185,000)	-41%
<b>Shoreway Operations:</b>	<b>\$ 44,739,778</b>	<b>\$ 45,042,409</b>	<b>\$ 43,625,994</b>	<b>\$ (1,416,414)</b>	<b>-3%</b>
Bond Interest Expense	2,318,458	2,318,458	2,237,167	(81,292)	-4%
Franchise Fee (San Carlos)	2,332,305	2,342,109	2,284,409	(57,700)	-2%
<b>Total Shoreway Operations</b>	<b>\$ 49,390,541</b>	<b>\$ 49,702,976</b>	<b>\$ 48,147,570</b>	<b>\$ (1,555,406)</b>	<b>-3%</b>

- Education Center - Restore site tour program to pre-pandemic levels
- Other Operating - Increase in MRF Equipment maintenance. New O2E equipment maintenance



# SBWMA Program & Administrative Projections

**SBWMA PROGRAM BUDGET = \$5,484,849 (Line 65)**

- FY2022 vs. MY2021 variance = +\$991,488
  - +\$833K – SB 1383 Estimated Mandated Expenses starting 1/1/2022
  - +\$158K – Non-SB 1383 Expense Increase (4%)
- **Continue Pub Ed Campaigns:**
  - *Lithium Ion Batteries*
  - *Recycling “Right” Education*
  - *Reactivate core Pub Ed attributes*
- **Community-Based Projects Per Long Range Plan:**
  - *Expanded Public Spaces Project*
  - *Expanded In-School Education; Resuming Facility Tours at pre-COVID Levels*
  - *Expanded Pub Ed – Organics; MFD; Multi- Language*
- **Member Agency Support & Compliance**
  - *SB1383 Compliance Implementation Plan = +1.0 FTE (Program Manager II)*
  - *SB 1383 Consulting work brought in-house*

# Projected Debt Service Coverage

Projected Debt Coverage	
Operating and Non-Operating Revenue	\$54,828,615
plus Additional Revenue transfer from reserve or other	-
<b>Total Revenues</b>	<b>54,828,615</b>
Less: O&M Expense	49,084,929
<b>Net Revenue</b>	<b>5,743,686</b>
Debt Service	3,639,000
<b>Coverage (Net Revenue/Debt Service)</b>	<b>1.58</b>
<b>2019 Revenue Bond Coverage Ratio</b>	<b>1.40</b>
<b>FY 2022 Budgeted Net Income (Proposed)</b>	<b>\$ 1,222,110</b>

# Capital Improvement Plan: Shoreway Site

Line	CAPITAL EXPENDITURE BUDGET		Year 1	Year 2	Year 3	Year 4	Description
	Capital Project Name	Approved Budget FY2021	Proposed Budget FY2022	Proposed Budget FY2023	Proposed Budget FY2024	Proposed Budget FY2025	
1	Truck shop building	25,000	25,000	25,000	25,000	25,000	Place holder for unanticipated capital needs.
2	TS building and tip floor	50,000	50,000	250,000	50,000	50,000	Tip floor resurfacing. Place holder for unanticipated capital needs.
3	MRF building and tip floor	50,000	150,000	50,000	50,000	150,000	Tip floor resurfacing. Place holder for unanticipated capital needs.
4	Admin building	40,000	40,000	40,000	40,000	40,000	Place holder for unanticipated capital needs.
5	General site projects	100,000	100,000	100,000	100,000	100,000	Place holder for unanticipated capital needs.
6	MRF fire suppression	100,000	250,000	50,000	50,000	50,000	New fire prevention for MRF Tip floor planned for 2023.
7	Storm water treatment	50,000	25,000	25,000	25,000	25,000	Compliance new SW regulations require treatment of site storm water prior to release.
8	MRF Wall extension/repair & outside storage area	100,000	200,000	-	-	-	Extend height of existing MRF Pushwall, repair damaged wall, pave and fence outside area
9	PRC Document shredder	150,000	200,000				New customer service feature at PRC
10	Styrofoam Densifier		100,000				
11	Electrical Engineering & Design	100,000	50,000	50,000			Power capacity Upgrade
12	Alt Fuels 1x Charger Installation	185,000		185,000			1 Charger for 2 pilot EV trucks to arrive Jan-2022, with future 2+ chargers, 4+ trucks planned'
13	Site Paving and Striping	-	-	-	2,500,000	-	Repaving of Collection and Operations Vehicle Parking area after fuel tank removal project.
14	Transfer Station Building Odor Mitigation System	-	-	-	2,500,000	2,500,000	BAAQMD 13.2 Regulations placeholder for biofilter construction for transfer station air treatment system.
15	Master Plan Projects						Based on findings and recommendation of master plan expected by year end 2022
16	Shoreway Power Supply System Upgrades				2,500,000		
17	CIP Projects (see detail below)	1,260,000	800,000	4,200,000	3,700,000	-	
18	<b>Total Budget for Capital Projects</b>	<b>2,210,000</b>	<b>1,990,000</b>	<b>4,975,000</b>	<b>11,540,000</b>	<b>2,940,000</b>	
	<b>CIP Project Detail</b>		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>		
19	Organics 2 Energy Pilot	100,000	500,000	500,000			Tanker truck purchase in 2022, Equipment enhancements in 2023 to accommodate increase in tonnage from 1383 roll-out.
20	Phase II MRF Upgrades	1,100,000	200,000	3,000,000			Project to be designed in 2022 and built in 2023 after new Operations Contractor selection.
	Phase III MRF Upgrades				3,000,000		MRF Sort System projects designed under new Shoreway Operation Contractor
21	Underground fuel tank removal project		100,000	700,000	700,000		Existing UST tanks are single wall and need to be removed using Remediation Reserve.
22	Organics 2 Energy Full project	60,000					
23	CIP Total	1,260,000	800,000	4,200,000	3,700,000	-	
	<b>FUNDING SOURCE</b>						
24	Bond Project Fund	1,260,000	800,000	4,200,000	3,700,000	-	
25	Capital Reserve	950,000	1,190,000	775,000	7,840,000	2,940,000	
26	<b>Total Funding Source</b>	<b>2,210,000</b>	<b>1,990,000</b>	<b>4,975,000</b>	<b>11,540,000</b>	<b>2,940,000</b>	