



A Public Agency

Review: Draft FY2023 Op Ex, Capital Plan & Reserves

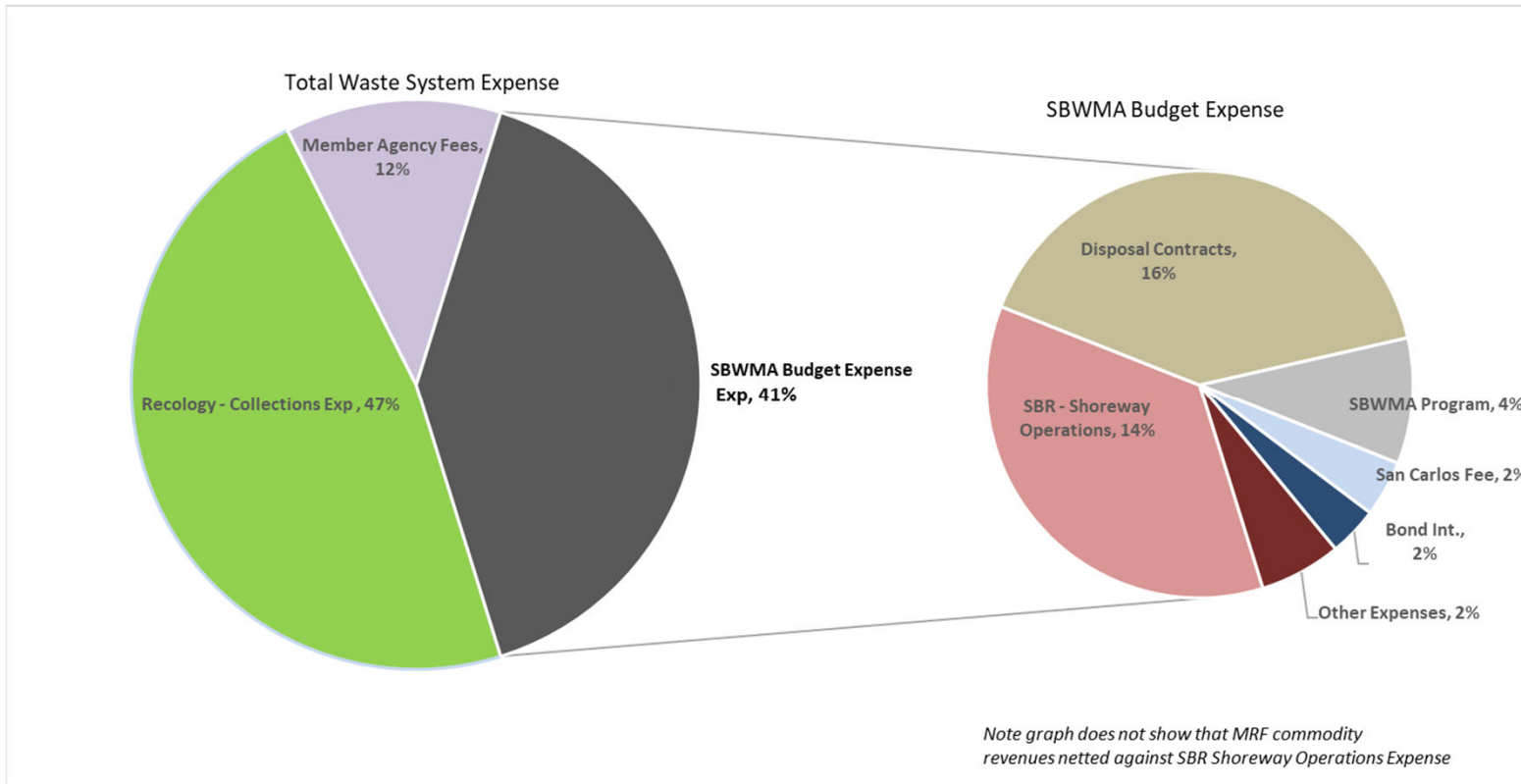
October 27, 2022

Budget Timeline

Key SBWMA Budget Review Dates:

- October 18th Finance Committee review
- October 27th Board review:
* DRAFT FY 2023 Budget Presentation (*Info/Discussion*)
- November 17th Board consideration:
* FINAL FY 2023 Budget (*Action*)

SBWMA Budget Allocation



Tipping Fee Increases

FY 2023 BUDGET - Proposed Tip Fee Adjustments						
	Actual	Actual	Actual	Proposed		
	7/1/2020	1/1/2021	1/1/2022	1/1/2023	23 vs 22 \$	23 vs 22 %
Franchise Tip Fees / Ton					incr.	%
Solid Waste	\$ 121.00	\$ 127.00	\$ 130.00	\$ 139.00	\$ 9.00	6.9%
Green Waste	\$ 126.00	\$ 139.00	\$ 143.00	\$ 150.00	\$ 6.00	4.2%
Food	\$ 141.00	\$ 141.00	\$ 144.00	\$ 150.00	\$ 5.00	3.5%
3rd Party / Ton						
Solid Waste	\$ 127.00	\$ 133.00	\$ 135.00	\$ 150.00	\$ 15.00	11.1%
Green Waste	\$ 128.00	\$ 140.00	\$ 143.00	\$ 150.00	\$ 7.00	4.9%
Food	\$ 141.00	\$ 141.00	\$ 144.00	\$ 152.00	\$ 8.00	5.6%
C&D	\$ 121.00	\$ 127.00	\$ 130.00	\$ 142.00	\$ 12.00	9.2%
Asphalt Roofing	\$ 123.00	\$ 128.00	\$ 131.00	\$ 136.00	\$ 5.00	3.8%
Public Dirt /Ton	\$ 115.00	\$ 117.00	\$ 119.00	\$ 123.00	\$ 4.00	3.4%
Public Tip Fees / Yd	7/1/2020	1/1/2021	1/1/2022	1/1/2023	23 vs 22 \$	23 vs 22 %
Solid Waste	\$ 46.00	\$ 48.00	\$ 49.00	\$ 54.00	\$ 5.00	10.2%
Green Waste	\$ 42.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ -	0.0%
C&D	\$ 46.00	\$ 48.00	\$ 49.00	\$ 52.00	\$ 3.00	6.1%

Financial Summary

FY2023 FINANCIAL SUMMARY				
Categories	FY2022 Adopted Budget	FY2023 Proposed Budget	Variance to Mid-Year Budget	Variance %
Total Revenue	\$54,828,615	\$58,978,487	4,149,872	8%
SBWMA Program	\$4,136,100	\$4,380,024	\$243,924	6%
SB 1383 Compliance	\$1,532,835	\$1,180,228	\$ (352,606)	-23%
Shoreway Operations	\$ 43,625,994	\$ 47,967,039	\$ 4,341,045	10%
Total Operating Expense	49,294,929	53,527,291	4,232,363	9%
Non-Operating Expense	4,521,576	4,655,315	133,739	3%
Total Expense	53,816,505	58,182,607	4,366,102	8%
Net Revenue and Expense	\$ 1,012,110	\$ 795,880	\$ (216,230)	-21%
Net Revenue and Expense	\$ 1,012,110	\$ 795,880		
Non-Bond Funded Capital Expenses	(\$1,190,000)	(\$1,645,000)		
add - O2E Project Payment from Bond Fur	\$0	\$0		
Debt Principal Pmt Current	(\$1,305,000)	(\$1,325,000)		
Grant Revenue - County of San Mateo	\$0	\$0		
Change in Enterprise Fund Balance	(\$1,482,890)	(\$2,174,120)		

- Volume Increased from FY 2022 Budget
 - Volume are increasing from pandemic levels
- Tip Fee Increases to cover operating costs
- Property insurance \$2.2M
- Disposal increase - Index and volume
 - Newby Island green waste processing (21% increase)
- Shoreway Operations increase (6.5 index plus volume)
- Staffing expense increase
- Temp Labor Share \$168K (Consistent with prior Budgets)

Revenue Sources

FY2023 REVENUE				
Revenue	FY2022 Adopted Budget	FY2023 Proposed Budget	Variance to Mid-Year Budget	Variance %
Tip Fee Revenue	\$47,971,628	\$52,129,324	4,157,696	9%
<i>Non Franchised</i>	11,744,301	12,455,833	711,532	6%
<i>Franchised</i>	36,227,327	39,673,491	3,446,165	10%
Net Commodity Sales Revenue*	6,626,765	6,595,968	(30,797)	0%
Interest Income	199,815	236,192	36,377	18%
Other Revenue	30,407	17,003	(13,405)	-44%
Total Revenue:	54,828,615	58,978,487	4,149,872	8%

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

Volume Projections

Total TS Tonnage and Yards Inbound		FY2022 Adopted Budget	FY2023 Proposed Budget	FY23 Proposed vs. FY22	%
Franchise					
SBWMA Solid Waste	tons	168,765	173,006	4,241	2.51%
SBWMA Organics	tons	83,533	81,551	(1,982)	-2.37%
SBWMA Food Waste	tons	13,368	19,678	6,309	47.20%
SBWMA Dirt, Inert, Other	tons	3,567	3,596	29	0.81%
Sub-total Franchise		269,233	277,830	8,597	3.19%
Non-SBWMA SW	tons	3,607	4,321	714	19.80%
Non-SBWMA Scrap	tons	120	104	(16)	-13.33%
Non-SBWMA FOOD	tons	948	1,022	73	7.71%
Non-SBWMA C&D	tons	1,804	1,905	101	5.60%
Non-SBWMA ORGANIC	tons	403	360	(43)	-10.76%
Non-SBWMA Assphalt Roofing	tons	1,821	1,563	(258)	-14.18%
Non-SBWMA Clean Wood	tons	0	0	-	0.00%
Public Weighed Dirt	tons	10,926	10,663	(264)	-2.41%
Sub-total non-Franchise (tons)		19,630	19,937	307	1.56%
Total Tons Inbound		288,863	297,767	8,904	3.08%
Public (Yards)					
Public Solid Waste Yards	C/Yards	70,683	69,585	-1,098	-1.55%
Public Green Waste Yards	C/Yards	33,090	29,741	-3,349	-10.12%
Public C&D	C/Yards	78,509	82,376	3,867	4.93%
Total Yards Inbound		182,282	181,702	-580	-0.32%

Shoreway Operations Expense Projections

FY2023 SHOREWAY OPERATIONS EXPENSE DETAIL				
Expenditures	FY2022 Adopted Budget	FY2023 Proposed Budget	Variance to Mid-Year Budget	Variance %
SBR Compensation	\$19,218,059	\$20,819,899	1,601,840	8%
Disposal and Processing	21,548,002	23,547,649	1,999,646	9%
Property Insurance	1,770,442	2,200,000	429,558	24%
Education Center	85,000	100,000	15,000	18%
Credit Cards Charge	79,920	74,920	(5,000)	-6%
Other Operating Expense	547,220	582,220	35,000	6%
Sewer Charge	107,351	107,351	-	0%
Shoreway Projects	270,000	535,000	265,000	98%
Shoreway Operations:	\$ 43,625,994	\$ 47,967,039	\$ 4,341,045	10%
Bond Interest Expense	2,237,167	2,172,917	(64,250)	-3%
Franchise Fee (San Carlos)	2,284,409	2,482,398	197,989	9%
Total Shoreway Operations	\$ 48,147,570	\$ 52,622,354	\$ 4,474,784	9%

- Operator Compensation and Disposal/Processing Expenses
- Education Center Upgrades
- Shoreway Projects - TRP permit, SLCP modeling, ZWC planning, GHG assessment, New operating agreement preparation

SBWMA Program & Administrative Projections

SBWMA PROGRAM BUDGET = \$5,560,253 (Line 66)

- **FY2023 vs. FY2022 net variance** -\$108K
 - Staffing cost adjustments +\$325K (*includes proposed new 1.0 FTE Facility Projects Engineer*)
 - SB 1383 program cost reduction -\$352K
- **Continued Pub Ed Campaigns:**
 - Lithium Ion Batteries
 - Recycling “Right” Education
 - Reactivate core Pub Ed program in-person attributes
- **Community-Based Projects Per Long Range Plan:**
 - Expanded Public Spaces Projects
 - Expanded In-School Education; Resuming Facility Tours back to pre-COVID Levels
 - Expanded Pub Ed – Organics/Food Waste Diversion; MFD; Multi- Language
- **Member Agency Support & Compliance**
 - SB1383 Compliance planning, reporting & CalRecycle interface activities
 - Annual CalRecycle Reporting support
 - SB 1383 Consulting outside support
 - Financial planning—technical support
 - Board/TAC/Elected Body support

Projected Debt Service Coverage

Projected Debt Coverage	
Operating and Non-Operating Revenue	\$58,978,487
plus Additional Revenue transfer from reserve or other	-
Total Revenues	58,978,487
Less: O&M Expense	53,527,291
Debt Service	3,639,000
Coverage (Net Revenue/Debt Service)	1.50
2019 Revenue Bond Coverage Ratio Obligation	1.40
FY 2022 Budgeted Net Income (Proposed)	\$ 795,880

Capital Improvement Plan: Shoreway Site

Shoreway Capital Projects Draft Budget 2023							
Line		Year 1	Year 2	Year 3	Year 4	Year 5	
		Current Budget 2022	Proposed Budget 2023	Proposed Budget 2024	Proposed Budget 2025	Proposed Budget 2026	
1	FUNDS FOR UNANTICIPATED PROJECTS						
2	Truck Shop Building	25,000	25,000	25,000	25,000	25,000	Repair reserve estimate
3	Transfer Station Building	50,000	50,000	50,000	50,000	50,000	Repair reserve estimate
4	MRF Building	50,000	50,000	50,000	50,000	50,000	Repair reserve estimate
5	Administrative Building	40,000	40,000	40,000	40,000	40,000	Repair reserve estimate
6	General Site Projects	100,000	100,000	100,000	100,000	100,000	Repair reserve estimate
7	OPERATIONS CONTRACT TRANSITION						
8	Parts Storage and Shelving		50,000	50,000			
9	MRF Equipment Assessment Work Projects		275,000	275,000			See BHS assessment rpt.
10	Baler Reline			125,000			
11	Building Vacuum System			100,000			
12	Education Center Improvements (on line 74)						
13	Curb, Pavement and Striping Repair		65,000				
14	Replace Shoreway Camera System		150,000				Full hardware replacement
RECOLOGY							
15	Parts Storage		50,000	50,000			
16	Dispatch Office Refurbishment		100,000				
UST REPLACEMENT PROJECT							
17	UST Construction Management			200,000			Complete before 2026
18	UST Soils Testing		40,000				
19	UST Design/Bid Docs		85,000				
20	UST Laydown Rental Space (1 acre - 6 months)		75,000				
21	UST Construction Install			2,500,000			
TRANSFER STATION							
22	Floor Repair (north side - split over two budget years)			1,500,000	1,500,000		Mass resurfacing plan
23	O2E Preprocessing System Cost				2,000,000		Green Bond eligible
24	333 Shoreway Electrical Upgrades Phase I				200,000		Extend power to O2E
25	333 Shoreway Electrical Upgrades Phase II				800,000		Replace switchgear
MRF							
26	MRF Fire Suppression Deluge System			250,000	250,000		Eng. TBD
27	Phase II MRF Equipment - Container Sort System Replacement				3,500,000	3,500,000	Green Bond eligible
28	Baler Replacement					1,500,000	Green Bond eligible
29	Aluminum Magnets					350,000	Green Bond eligible
SHOREWAY BUILDINGS & SITE WORK							
30	Ventilation for MRF PV electrical room		45,000				
31	Fence Replacement and Repair		40,000				
32	Tunnel Pump and Truck Wash Replacement				125,000		
33	ZEV Charging Infrastructure (2023 planning/engineering)		180,000	2,600,000	5,400,000		Tie to Recology schedule
34	Site Paving and Striping					1,500,000	work completed after UST
OTHER							
35	Refresh Site Signage		75,000	75,000			
36	Refurbishment of Landscape and Outdoor Ed Area		50,000				
37	Scalehouse Refurbishment		50,000				
38	MRF Office Ceiling Replacement		50,000				
39	CARB Required Air Treatment System				?	?	CARB regs pending
40	Stormwater Treatment				?	?	
41	Truck Shop Reconfiguration				?	?	Ops contractor evaluation
42	Site Optimization Planning Construction				?	?	Design in process
Five Year Total							
TOTAL CAPITAL ITEMS		\$ 1,645,000	\$ 7,990,000	\$ 14,040,000	\$ 7,115,000	\$ 30,790,000	
Funding Source / Estimated Reserve Balances				Estimated Project Cost Grouped by Funding Source			
Green Bond Funds				\$ 10,895,000 Green Bond Eligible Project Total			
MRF Equipment Replacement Fund Reserve		\$ 760,000		\$ 675,000	MRF Equipment Replacement Costs		
Environmental Settlement Funds for UST		\$ 1,200,000		\$ 2,900,000	Total UST Cost Estimate		
Potential Funds from Operations Services RFP		?		\$ 14,425,000	Total Earmarketed Projects		
Capital Reserve Fund		\$ 6,200,000					
Total Funds in Reserve		\$ 20,160,000					