



A Public Agency

FY2023 Budget Op Ex, Capital Plan & Reserves

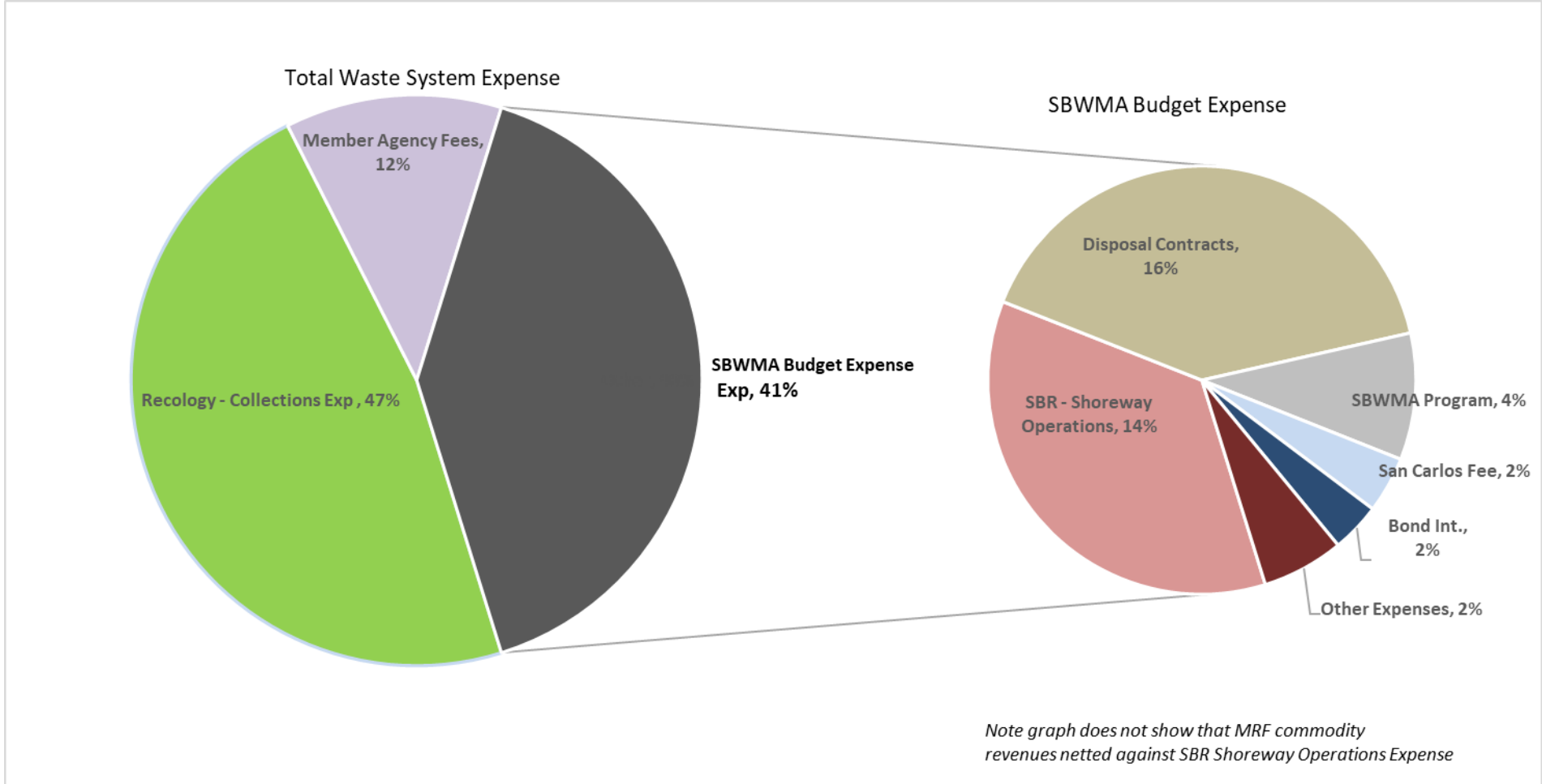
November 17, 2022

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 | FY2021 Actual | FY2022 Adopted Budget | FY2023 Proposed Budget | Variance to Mid-Year Budget | Variance % |
| Total Revenue | \$54,014,675 | \$54,828,615 | \$58,978,487 | 4,149,872 | 8% |
| SBWMA Program | \$3,009,966 | \$4,136,100 | \$4,386,681 | \$250,581 | 6% |
| SB 1383 Compliance | \$72,577 | \$1,532,835 | \$1,180,228 | \$ (352,606) | -23% |
| Shoreway Operations | \$ 41,597,622 | \$ 43,625,994 | \$ 47,967,039 | \$ 4,341,045 | 10% |
| Total Operating Expense | 44,680,165 | 49,294,929 | 53,533,948 | 4,239,019 | 9% |
| Non-Operating Expense | 4,494,781 | 4,521,576 | 4,655,315 | 133,739 | 3% |
| Total Expense | 49,174,946 | 53,816,505 | 58,189,263 | 4,372,758 | 8% |
| Net Revenue and Expense | \$ 4,839,729 | \$ 1,012,110 | \$ 789,224 | \$ (222,886) | -22% |
| Net Revenue and Expense | \$ 4,839,729 | \$ 1,012,110 | \$ 789,224 | | |
| Non-Bond Funded Capital Expenses | (\$1,370,705) | (\$1,190,000) | (\$1,645,000) | | |
| Debt Principal Pmt Current | (\$1,555,000) | (\$1,305,000) | (\$1,325,000) | | |
| Change in Enterprise Fund Balance | \$1,914,025 | (\$1,482,890) | (\$2,180,776) | | |

- 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 | FY2021 Actual | FY2022 Adopted Budget | FY2023 Proposed Budget | Variance to Mid-Year Budget | Variance % |
| Tip Fee Revenue | \$45,268,246 | \$47,971,628 | \$52,129,324 | 4,157,696 | 9% |
| <i>Non Franchised</i> | 11,287,177 | 11,744,301 | 12,455,833 | 711,532 | 6% |
| <i>Franchised</i> | 33,981,069 | 36,227,327 | 39,673,491 | 3,446,165 | 10% |
| Net Commodity Sales Revenue* | 8,305,834 | 6,626,765 | 6,595,968 | (30,797) | 0% |
| Interest Income | 418,127 | 199,815 | 236,192 | 36,377 | 18% |
| Other Revenue | 22,468 | 30,407 | 17,003 | (13,405) | -44% |
| Total Revenue: | 54,014,675 | 54,828,615 | 58,978,487 | 4,149,872 | 8% |
| *Gross commodity sales less 25% revenue share with SBR. | | | | | |

Volume Projections

| | | FY2021 Actual | FY2022 Adopted Budget | FY2023 Proposed Budget | FY23 Proposed vs. FY22 | % |
|---|---------|------------------|-----------------------------|------------------------------|---------------------------|---------------|
| Total TS Tonnage and Yards Inbound | | | | | | |
| <u>Franchise</u> | | | | | | |
| SBWMA Solid Waste | tons | 163,972 | 168,765 | 173,006 | 4,241 | 2.51% |
| SBWMA Organics | tons | 80,427 | 83,533 | 81,551 | (1,982) | -2.37% |
| SBWMA Food Waste | tons | 12,364 | 13,368 | 19,678 | 6,309 | 47.20% |
| SBWMA Dirt, Inert, Other | tons | 3,325 | 3,567 | 3,596 | 29 | 0.81% |
| Sub-total Franchise | | 260,088 | 269,233 | 277,830 | 8,597 | 3.19% |
| Non-SBWMA SW | tons | 3,874 | 3,607 | 4,321 | 714 | 19.80% |
| Non-SBWMA Scrap | tons | 4 | 120 | 104 | (16) | -13.33% |
| Non-SBWMA FOOD | tons | 1,089 | 948 | 1,022 | 73 | 7.71% |
| Non-SBWMA C&D | tons | 1,584 | 1,804 | 1,905 | 101 | 5.60% |
| Non-SBWMA ORGANIC | tons | 120 | 403 | 360 | (43) | -10.76% |
| Non-SBWMA Assphalt Roofing | tons | 1,401 | 1,821 | 1,563 | (258) | -14.18% |
| Non-SBWMA Clean Wood | tons | 0 | 0 | 0 | - | 0.00% |
| Public Weighed Dirt | tons | 10,775 | 10,926 | 10,663 | (264) | -2.41% |
| Sub-total non-Franchise (tons) | | 18,847 | 19,630 | 19,937 | 307 | 1.56% |
| Total Tons Inbound | | 278,935 | 288,863 | 297,767 | 8,904 | 3.08% |
| <u>Public (Yards)</u> | | | | | | |
| Public Solid Waste Yards | C/Yards | 67,433 | 70,683 | 69,585 | -1,098 | -1.55% |
| Public Green Waste Yards | C/Yards | 32,710 | 33,090 | 29,741 | -3,349 | -10.12% |
| Public C&D | C/Yards | 78,159 | 78,509 | 82,376 | 3,867 | 4.93% |
| Total Yards Inbound | | 178,302 | 182,282 | 181,702 | -580 | -0.32% |

Shoreway Operations Expense Projections

| FY2023 SHOREWAY OPERATIONS EXPENSE DETAIL | | | | | |
|---|----------------------|-----------------------|------------------------|-----------------------------|------------|
| Expenditures | FY2021 Actual | FY2022 Adopted Budget | FY2023 Proposed Budget | Variance to Mid-Year Budget | Variance % |
| SBR Compensation | \$19,215,420 | \$19,218,059 | \$20,819,899 | 1,601,840 | 8% |
| Disposal and Processing | 20,451,924 | 21,548,002 | 23,547,649 | 1,999,646 | 9% |
| Property Insurance | 1,515,536 | 1,770,442 | 2,200,000 | 429,558 | 24% |
| Education Center | 19,815 | 85,000 | 100,000 | 15,000 | 18% |
| Credit Cards Charge | 78,743 | 79,920 | 74,920 | (5,000) | -6% |
| Other Operating Expense | 111,425 | 547,220 | 582,220 | 35,000 | 6% |
| Sewer Charge | 155,304 | 107,351 | 107,351 | - | 0% |
| Shoreway Projects | 49,454 | 270,000 | 535,000 | 265,000 | 98% |
| Shoreway Operations: | \$ 41,597,622 | \$ 43,625,994 | \$ 47,967,039 | \$ 4,341,045 | 10% |
| Bond Interest Expense | 2,299,417 | 2,237,167 | 2,172,917 | (64,250) | -3% |
| Franchise Fee (San Carlos) | 2,195,364 | 2,284,409 | 2,482,398 | 197,989 | 9% |
| Total Shoreway Operations | \$ 46,092,403 | \$ 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

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 | 53,533,948 |
| | |
| 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) | \$ 789,224 |
|---|-------------------|

Projected Reserve Balance

| FY2023 BUDGET: RESERVE BALANCES | | | | |
|-----------------------------------|-----------------------------|------------------------------|------------------------------|---------------------------------|
| | ADOPTED BUDGET FY2022 | MID-YEAR BUDGET FY2022 | PROPOSED BUDGET FY2023 | Variance to Mid- Year Budget |
| UNCOMMITTED RESERVE: | | | | |
| RATE STABILIZATON (9% of expense) | \$ 4,843,485 | \$ 4,843,485 | \$ 5,237,034 | \$ 393,548 |
| EMERGENCY RESERVE (9% of expense) | 4,843,485 | 4,843,485 | 5,237,034 | 393,548 |
| SELF INSURANCE FUNDING ACCOUNT | 394,875 | 394,875 | 694,875 | 300,000 |
| CAPITAL RESERVE | 6,242,014 | 9,174,252 | 5,506,379 | (3,667,873) |
| UNDESIGNATED RESERVE | | | | |
| TOTAL UNCOMMITTED RESERVES | \$ 16,323,860 | \$ 19,256,098 | \$ 16,675,321 | \$ (2,580,776) |
| COMMITTED RESERVE | | | | |
| EQUIPMENT REPLACEMENT (ANNUAL) | \$ 766,789 | \$ 766,789 | \$ 1,166,789 | \$ 400,000 |
| | | | | |
| TOTAL RESERVES | \$ 17,090,649 | \$ 20,022,887 | \$ 17,842,110 | \$ (2,180,776) |
| SHOREWAY REMEDIATION PROJECT | \$ 1,233,640 | \$ 1,233,640 | \$ 1,233,640 | \$ - |

Bond Project Fund Balance will be \$12 million at the close of FY 2022

| CASH FLOW TO TOTAL RESERVE BALANCE | | | |
|---------------------------------------|----------------------|----------------------|----------------------|
| Enterprise Fund Beginning Balance | \$ 18,573,539 | \$ 20,632,546 | \$ 20,022,887 |
| Operating Income | \$ 1,012,110 | \$ 1,870,341 | \$ 789,224 |
| Non-Bond Funded Capital Exp | (1,190,000) | (1,675,000) | (1,645,000) |
| Debt Principal Pmt Current | (1,305,000) | (1,305,000) | (1,325,000) |
| Enterprise Fund Ending Balance | \$ 17,090,649 | \$ 20,022,887 | \$ 17,842,110 |

