

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
John Mangini, Senior Finance Manager
Date: November 17, 2022 SBWMA Board Meeting
Subject: Resolution Approving the FY 2023 Operating Budget and Capital Improvement Plan

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution **No. 2022-52** attached hereto authorizing the following action:

Approve the FY 2022 SBWMA Operating Budget and Capital Improvement Plan Budget with a positive net revenue and expense of \$789,224

Summary

The FY 2023 SBWMA Operating Budget and Capital Improvement Plan Budget is positive net revenue and expense of \$795,880. The FY 2023 SBWMA Budget reflects Staff recommendations to manage revenues and expenses to meet these three goals during the period January 1, 2023 through December 31, 2023:

1. Meet bond covenant ratios
2. To maintain agency/system cash flow obligations, and
3. To maintain the capital reserve balance for future capital projects of the Agency.

It's important to note that this budget contains a risk factor related to commodity revenue. If commodity markets crash for example, the Agency may need to take some action in 2023 to address a revenue shortfall caused by such an event.

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 other system cost increases.

Background

In November 2021, the SBWMA Board approved a FY 2022 Budget for the period of January 1, 2022 to December 31, 2022. The SBWMA Board approved a Mid-Year Budget update for FY 2022 and a FY 2023 Budget Projection. The FY 2023 Budget Projections are necessary to estimate tipping fees on January 1, 2023 and estimate Member Agencies 2023 Total Revenue Requirement.

The Board Finance Committee reviewed the draft budget on October 18, 2022 and provided feedback to Staff. The Finance Committee commented that there are few levers available to control costs. The Agency's main cost drivers are either contractually or regulatory controlled, which leaves little room for cost mitigating measures when costs escalate. The Finance

Committee did not provide a formal recommendation of Board approval of the budget at that time. The Finance Committee further requested that Staff develop a fact sheet on measures taken or plan to be taken to control costs. A few highlights of cost control measures are provided below.

- Create a Captive insurance structure. The Agency is pursuing a Captive insurance model which is a form of self-insurance that can be used to lower insurance premiums over time.
- Operating Agreement Negotiations – The Agency is conducting parallel (concurrent) negotiations with two well qualified operators for the Shoreway Operations Agreement that will begin in January 2024. Staff believes this negotiation strategy will allow the Agency to secure the most beneficial and cost-effective agreement.
- Staff Costs – Agency Staff has utilized various cost control measures related to staffing costs recently, including hiring freezes for vacated positions and no annual staff increases.
- Keeping an eye on the market for organics processing capacity at nearby locations (either new or existing locations)
- Soliciting 3rd party material to be brought into Shoreway to generate additional revenue.

Staff additionally communicated to the Finance Committee the need to adjust the commodity revenue projection downward in light of recent market trends and outlook. Staff has adjusted the budgeted commodity revenue down in this version of the budget that was reviewed at the Board Study Session on October 18th and also being reviewed at this meeting. Staff added \$6,600 to the expense budget for a COLA adjustment for one senior position that has been maxed out on the salary range since 2019. No other changes were made from the Study Session.

After the Board Study Session, Staff consulted with the two seated Board Members who serve on the Finance Committee requesting feedback on whether this item should go back to the Finance Committee for review and a formal recommendation. Both Board Members felt going back to the Finance Committee was unnecessary. One Committee member also shared his satisfaction with the process by citing substantive conversations on the FY23 Budget at both the Finance Committee level and at the Board Study Session.

Proposed 2023 Tip Fees

The 2023 Franchise tip fee have been increased between 3.5% and 6.9% per ton over 2022 (see Table 1 below for updated 2022 Tip Fees).

Table 1

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%

Fiscal Impact

This FY 2022 Budget forecasts a positive net revenue and expense of \$789,224 and a change in net position of negative \$2,180,776 (see Table 2 and 3 below). Notable variances to the approved FY 2022 Budget are outlined below:

Revenue:

- **Franchise Revenue** – Projecting an increase in volumes from the FY 2022 Budget. Volumes had dropped through the pandemic and the expectation is volumes will return but not fully to pre-pandemic levels. Tip fees are increasing at a higher rate than recent years to cover escalating cost increases within the current economic environment.
- **Non-Franchise Revenue** is projected a 3% increase in volume over the FY2022 Budget. The remaining increase is due to the increased tip fees.
- **Commodity Revenue** is projected to be similar to the FY 2022 budget. The 2023 Proposed Budget contains a blended per ton revenue rate of \$142.57 per ton vs. the FY2022 Budget rate of \$137.53 per ton. The Agency has achieved over \$175 per ton in some months in 2022, but the global economic downturn has severely impacted pricing in recent months.

Expense:

Total SBWMA Program Expense is projected to be slightly lower than the FY 2022 Budget.

- **Staffing Expense** overall is projected to increase 15% with the FY 2022 Budget due to the following:
 - 4% COLA to eligible employees increase
 - 3% adjustment for providing full benefits to Fellowship positions
 - 9% addition of (new) Facility Projects Engineering position
- **Support and Contract Compliance Expense** is projected to decrease by \$59K (9.5%) from the FY 2022 Budget due to reduced consulting support for the Operating Contractor RFP.
- **State Mandated Public Education and Outreach Expense** is projected to be slightly lower (4.5%, i.e., \$34,000).
- **SB1383 Compliance Expense** is projected to be \$350K (23%) lower than the FY 2022 Budget due to refinement of the cost structure associated with SB1383 now that the regulations are better understood with the implementation of the program.

Shoreway Operations Expense:

- **SBR Operations Expense** is projected to be \$1.6M higher (8.3%) than 2022 Budget. Overall material volume is projected to increase and SBR's approved 2023 compensation increased 6.5% due to contract-mandated index increases.
- **Disposal and Processing Expense** is projected to be \$2M (9.3%) higher due to the projected increase in material volume, higher CPI budget projections and Newby organics rate increase of 21% starting in 2023.

Table 2

FY2023 NET REVENUE & EXPENSE					
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	7.6%
Total Expenditures	\$49,174,946	\$53,816,505	\$58,189,263	\$4,372,758	8.1%
Net Revenue and Expense	\$4,839,729	\$1,012,110	\$789,224	(\$222,886)	-22.0%

Overview Budget Process:

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

- October 18: Finance Committee review
- October 27: Board review and feedback of preliminary DRAFT FY 2023 budget
- October 27: Board discussion of the DRAFT planned FY 2023 capital improvement budget
- November 17: Final Board consideration of final budget

Organization of the FY 2023 Budget Report:

Attachment A: You will find the preliminary FY 2023 detailed operating budget (including cash revenues, and expense and capital budget). The expense detail in **Attachment A** has three main parts: the SBWMA Program budget (9.6% of total), the Shoreway Operations budget (82.4% of total) and the non-operating Expenses (8.0% of total).

Attachment B: You will find further detail of the Program budget: staff resources, key projects and work activities.

Attachment C: Provides the current organization chart and details on personnel related budget assumptions.

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:

- **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 a variety of site and operational improvement projects, including (but not limited to):
 - Large-scale automation and recyclable materials recovery project (Phase 2) for the Material Recovery Facility (MRF)
 - The O2E Pilot Project with pre-processing capital improvements,
 - Underground Fuel Storage Tank replacement—mandated by law by 1/1/25
 - Planning for partial Recology collection truck fleet electrification, related charging infrastructure enhancement
 - Shoreway rooftop solar upgradesMaster Planning process that technically assesses the highest and best use of our site's 16-acre solid waste-permitted site for current and future operational requirements, as well as planned workforce expansion. 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 implementation of Shoreway virtual tours, reactivating in-person facility tours, 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.

Core Staff Responsibilities:

- **Franchise Agreement Contract Administration:** Continued oversight, contract administration and technical support for the 11 collection services agreements with Recology San Mateo County (RSMC) on behalf of member agencies. In 2023, the value of the 11 contracts had a total value of \$68,158,391.
- **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 with or the activities of our primary contractor, South Bay Recycling (SBR). In 2021, the total value of the SBR Operating Contract was \$19,215,419, excluding profit share. Facility oversight responsibilities include 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 \$25M worth of equipment owned by the SBWMA. Additionally, 350+ employees and 150+ work vehicles are currently based on this site; and another 190 employee vehicles are also temporarily parked on-site during their shifts. Planned approximate 12-15% on-site workforce increases are expected during the next two-three years by the agency's franchise hauling contractor (RSMC), facility operator (SBR) and relocation of SBWMA administrative/program staff.
- **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 2021, this responsibility represented the proper handling of 416,562 tons of materials with a total contract value approaching \$20.5M.
- **Management of Annual Contractor's Compensation Adjustment Process (RSMC and SBR),** including review of the 2023 RSMC and SBR compensation applications and completion of final audit reports (Recology and SBR) for 2023.
- **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.
- **Management of Public Education and SBWMA-Planned Community Activities:** provide technical support for the residential and multi-family unit collection services and manage the development of outreach materials for the residential and commercial collection programs. In 2022, there were 14 SBWMA-planned shred and/or e-waste events; a virtual Earth Day webinar (April 2022) and virtual and in-person Rethink Recycling Days events (October 2022), both of which included in-person weekend tours of the Shoreway Environmental Center - the first in-person public offerings held since the onset of the COVID-19 pandemic. Staff added additional event tabling throughout the Member Agencies in 2022 to further increase outreach and community engagement.
- **Management of the Shoreway Education Center Tour Program:** provide in-person and virtual tours of the Shoreway Environmental Center to school groups, organizations and businesses, and members of the general public. The annual tour participation rate has fluctuated due to the COVID-19 pandemic, SBWMA staffing, and new balance between virtual and in-person tour offerings. Historically, the program educates an average of over 5,000 tour visitors per year in about 250 facility tours

Financial Summary:

Overall, the FY 2023 Budget reflects similar bottom line financial results compared to the 2022 Budget. The main difference is increased projected operations costs requiring tipping fees to generate the revenue to cover the costs. **Table 3** below provides a financial summary of operations and a change in net position calculation.

Table 3

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)		

Revenue:

Table 4 below provides a summary of revenue by source with total revenues for FY 2023 increasing by \$4,149,872 (8%) from the FY 2022 Budget. Projecting an increase in franchise volumes from the FY 2022 Budget. Volumes had dropped through the pandemic and the expectation is volumes will return but not fully to pre-pandemic levels. Tip fees are increasing at a higher rate than recent years to cover escalating cost increases with the current economic environment.

Table 4

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.

Table 5 below summarizes the volume, tip fee and revenue change for franchise and public customers. Franchise tonnage is expected to increase by 3.2% on higher tip fees resulting in 9.5% higher revenue. Public customer yardage volume remains consistent with average tip fees increasing by 5.9% providing a 5.5% increase in public yardage revenue. Weighed 3rd party customers, mostly from Recology San Bruno and other jurisdictions, with an expected 6.6% volume increase.

Table 5

TIP FEE REVENUE				
	FY2022 Adopted Budget	FY2023 Proposed Budget	Proposed vs. Adopted	Variance %
Franchise Revenue				
Tons	269,233	277,830	8,597	3.2%
Wtd Avg. Tip Fee	\$ 134.56	\$ 142.80	8.24	6.1%
Franchise Revenue	\$ 36,227,327	\$ 39,673,491	\$ 3,446,165	9.5%
Public Revenue				
Cu/Yards	182,282	181,702	(580)	-0.3%
Wtd Avg. Tip Fee	\$ 50.92	\$ 53.91	3.00	5.9%
Public Revenue Cu/YDS	\$ 9,280,959	\$ 9,795,861	\$ 514,902	5.5%
Tons (3rd party)	8,704	9,274	571	6.6%
Wtd Avg. Tip Fee	\$ 133.64	\$ 145.40	11.76	8.8%
Public Revenue on Tons	\$ 1,163,128	\$ 1,348,465	\$ 185,337	15.9%
Public Dirt Tons	10,926	10,663	(264)	-2.4%
Wtd Avg. Tip Fee	\$ 119.00	\$ 123.00	4.00	3.4%
Sub Total	\$ 1,300,215	\$ 1,311,507	\$ 11,292	0.9%
Public Revenue Total	\$ 11,744,301	\$ 12,455,833	\$ 711,532	6.1%
Total Tip Fee Revenue	\$ 47,971,628	\$ 52,129,324	\$ 4,157,696	8.7%

Table 6 below summarizes commodity revenue. Volume is 4.1% lower than the 2022 Budget based on the recent average tons. Weighted average commodity prices are expected to consistent with the 2022 Budget.

Table 6

COMMODITY REVENUE				
	FY2022 Adopted Budget	FY2023 Proposed Budget	FY2023 vs. FY2022	Variance %
COMMODITY REVENUE				
Tons Sold	52,874	50,716	(2,158)	-4.1%
Wtd Avg. Price	\$ 137.53	\$ 142.57	\$ 5.04	3.7%
Gross Revenue	\$ 7,271,884	\$ 7,230,821	\$ (41,063)	-0.6%
Revenue Share w/ SBR	\$ (645,119)	\$ (634,853)	\$ 10,266	-1.6%
Net Commodity Revenue	\$ 6,626,765	\$ 6,595,968	\$ (30,797)	-0.5%

Chart 1. SBWMA FY 2023 Major Expenses

SBWMA Total Expense

Table 7 below and **Chart 1** summarizes the total expenses for the FY2022 Budget by major category. The Total Expense is projected to be \$58,189,263 and is \$4.4M higher than that in the 2022 Budget. Each expense category shown in the table below is discussed in more detail further on. Other expenses are mainly property insurance, equipment maintenance and Shoreway project expenses.

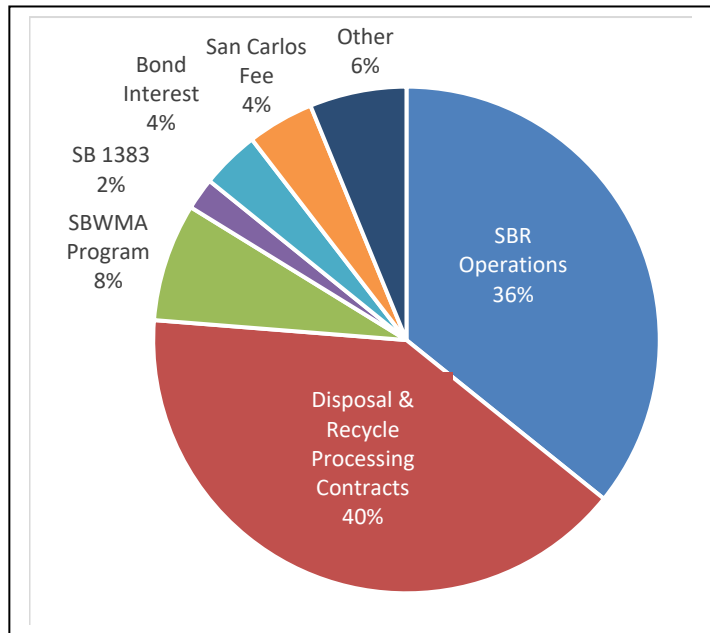


Table 7

FY 2023 TOTAL EXPENSE SUMMARY					
EXPENSE CATEGORIES	FY2022 Adoped Budget	FY2023 Proposed Budget	FY23 vs. FY22 Budget	FY23 vs. FY22 Budget %	FY2023 Budget % of Total
Shoreway Operations	\$43,625,994	\$47,967,039	\$4,341,045	10%	82.4%
SBWMA Program	4,136,100	4,386,681	\$250,581	6%	7.5%
SB 1383 Compliance	1,532,835	1,180,228	(\$352,606)	-23%	2.0%
Bond Interest Expense	2,237,167	2,172,917	(\$64,250)	-3%	3.7%
Franchise Fees to San Carlos	2,284,409	2,482,398	\$197,989	9%	4.3%
Total Expense	\$53,816,505	\$58,189,263	\$4,372,758	8%	100.0%

Shoreway Operations Expense:

As shown in **Table 7** above, the Shoreway Operations expenses represent 82.4% of the FY 2023 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 FY 2023. The total expense for the Shoreway operations is projected to be \$47,967,039 which is 10% more than the FY 2022 Budget. Variances for each expense line are discussed below:

Table 8

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%

SBR Compensation Expense: There is a projected 8% increase 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 an increase in “paid” tons compared to the FY 2022 Budget. SBR’s fees per ton change with CPI indices, and are estimated to increase 6.5% on January 1, 2023. Similar to the FY 2022 budget, \$168,000 is included for the cost of additional MRF sorters needed to 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 \$2.0M increase in disposal and processing expense. There is an expected increase in disposal volume. See **Attachment E, Table E.4** for further details on disposal and processing expenses. O2E processing at Shoreway is projected to divert tonnage from disposal and processing.

Table 9

FY2023 SHOREWAY DISPOSAL EXPENSE DETAIL					
Disposal Expense by Material Type	FY2021 Actual	FY2022 Adopted Budget	FY2023 Proposed Budget	Variance to Mid-Year Budget	Variance %
Solid Waste	\$10,830,257	\$11,226,118	\$11,834,323	608,204	5%
Organics	6,806,445	\$7,428,806	\$8,855,175	1,426,369	18%
C&D, dirt	2,996,613	\$3,369,020	\$3,403,006	33,986	1%
Other	(181,391)	\$554,690	\$550,670	(4,020)	-1%
Subtotal	\$20,451,924	\$22,578,634	\$24,643,174	\$2,064,540	9%
Paid by SBR (MRF residue)	-	(560,715)	(585,839)	(25,124)	5%
O2E Diversion	-	(469,917)	(509,687)	(39,770)	
TOTAL DISPOSAL EXPENSE	\$ 20,451,924	\$ 21,548,002	\$ 23,547,649	\$ 1,999,646	8.9%

Other Operating Expense (see Table 8):

- Property insurance premiums are projected to increase 24% over the 2022 Budget. The 2022 Budget for insurance was well shy of the actual expense for 2022, as the renewal that occurred on July 1, 2022 was unexpectedly high.

- Education Center expense is to provide bus service for school children tours. Staff is expecting the facility school and public tours program to be back in operation in 2023.
- Credit card transaction fees paid by SBR for public/non-franchise customer transactions and reimbursed by the Agency are projected to remain consistent.
- Other Operating Expense includes primarily facility and equipment maintenance; facility project assessment expenses are 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.

SBWMA Program & Administrative Expense:

The SBWMA Program & Administrative summary expense is shown in **Table 10** below and totals \$5,566,909, a 2% decrease over the 2022 Budget. The FY 2023 SBWMA Program & Administrative Expense Budget Detail is shown in **Attachment A – FY 2023 Operating & Capital Budget Detail** with expense variances described in line-by-line detail. The overall decrease is due to lower SB1383 Program compliance expense offset by an increase in salary expense.

Table 10

FY2023 SBWMA PROGRAM EXPENDITURES					
Expenditures	FY2021 Actual	FY2022 Adopted Budget	FY2023 Proposed Budget	Variance to Mid-Year Budget	Variance %
Administrative Expense	\$ 2,561,022	\$2,753,500	\$3,097,681	\$344,181	12%
Member Agency Support & Contract Compliance	\$ 248,282	\$ 628,600	\$ 569,000	\$ (59,600)	-9%
State Mandated Public Education & Outreach	\$200,662	\$754,000	\$720,000	(\$34,000)	-5%
SB1383 Expenses	\$72,577	\$1,532,835	\$1,180,228	(\$352,606)	-23%
Total SBWMA Program Expense:	\$3,082,543	\$5,668,935	\$5,566,909	(\$102,026)	-2%
Total Shoreway Operations:	\$ 46,092,403	\$48,147,570	\$52,622,354	4,474,784	9%
Total Expenses:	\$49,174,946	\$53,816,505	\$58,189,263	4,372,758	8%

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 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 FY 2023 that are detailed in **Attachment B – SBWMA Programmatic Detail**. A summary of the key projects planned for FY 2023 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 efficiency, as well as understand and rank mandated compliance and program requirements. This exercise will also include an economic analysis that might provide potential justification for the agency to secure access to 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:
 - Targeted recycling and organics outreach campaigns and projects to commercial businesses and multi-family residents.
 - Environmental education programs 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 FY 2023 Capital Expenditures budget is \$1,645,000. A 5-year schedule for capital 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. The projected reserve balances can be found in **Table 11**.

The Reserve Policy has been amended to formally include a Self-Insurance Fund Account.

Table 11

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

Bond covenant projection can be found on **Table 12**.

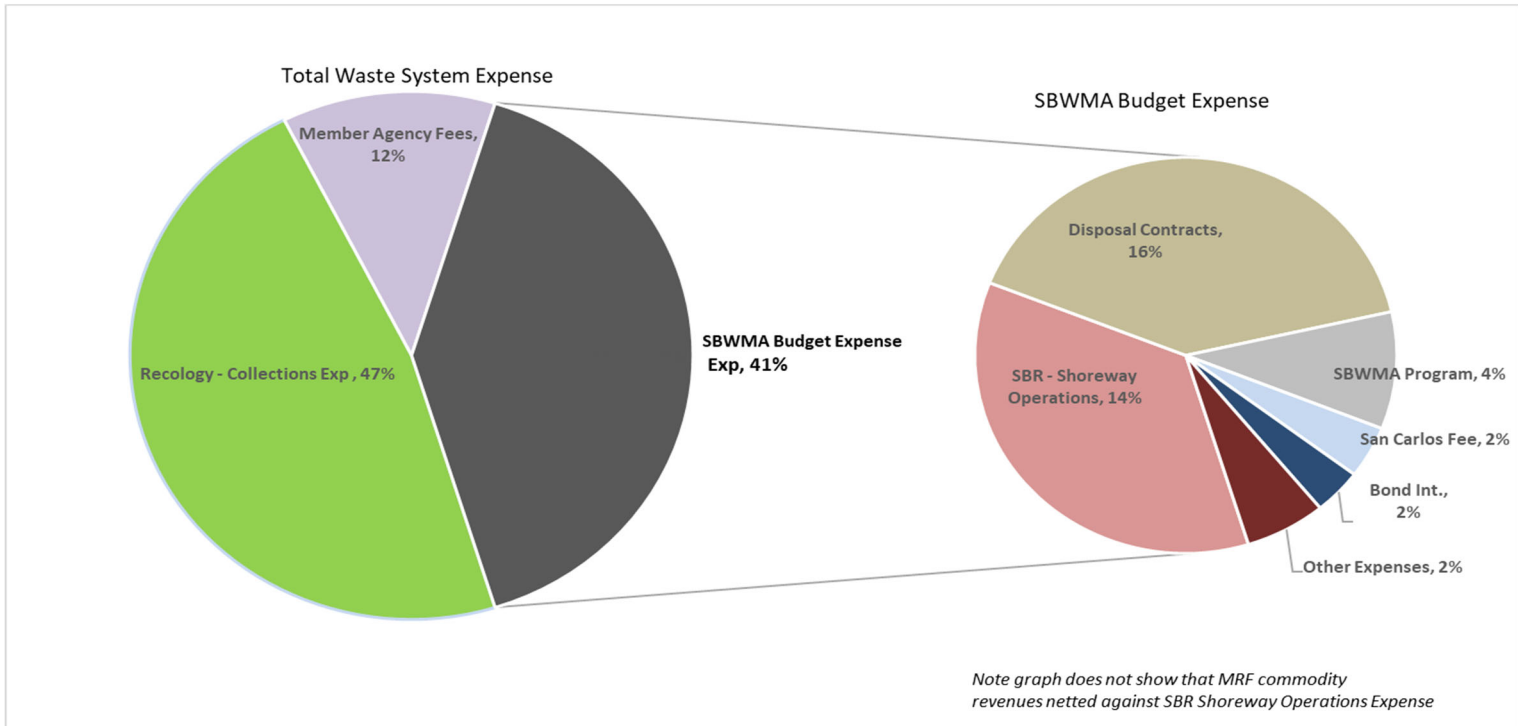
Table 12

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
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The SBWMA FY2023 Budget Expense as a Percentage of the Total Waste System Expense is illustrated in **Chart 2** below.

Chart 2



Attachments:

Resolution 2022-52

- A. SBWMA FY 2023 Operating and Capital Budget Detail
- B. SBWMA Programmatic Detail
- C. Organization Chart & Personnel Summary (Not available for October 18th Finance Committee)
- D. Commodity Revenue
- E. Supporting Financial and Operational Data (Tonnage, Fees & Rates, Other)



RESOLUTION NO. 2022-52

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ADOPTING THE FINAL FY 2023 SBWMA OPERATING BUDGET AND CAPITAL IMPROVEMENT PLAN BUDGET

WHEREAS, the South Bayside Waste Management Authority (SBWMA) proposed FINAL FY 2023 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 FY 2023 Budget with budgeted revenue of \$58,978,487, budgeted expenses of \$58,189,263 generating a budgeted net operating result of \$789,224 and a projected reserve balance of \$17,848,767

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 17th day of November 2022, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				
Menlo Park									

I HEREBY CERTIFY that the foregoing Resolution No. 2022-52 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2022.

ATTEST:

Alicia Aguirre, Chairperson of SBWMA

Cyndi Urman, Board Secretary



RESOLUTION NO. 2022-56
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 FY 2023 will not be ready for review and approval by the Board of Directors until after December 31, 2022; and

WHEREAS, there is a continued need to conduct business by the SBWMA after December 31, 2022

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, 2022 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 17th day of **November 2022**, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				
Menlo Park									

I HEREBY CERTIFY that the foregoing Resolution No. 2022-56 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2022.

ATTEST:

Alicia Aguirre, Chairperson of SBWMA

Cyndi Urman, Board Secretary

Attachment A - FY2023 Budget Revenues by Major Source

	REVENUE SUMMARY	ACTUAL FY2021	ADOPTED BUDGET FY2022	PROPOSED BUDGET FY2023	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
1	ADMINISTRATIVE REVENUE:						
2	INVESTMENT INCOME	\$ 418,127	\$ 199,815	\$ 236,192	\$ 36,377	18.2%	
3	TOTAL ADMINISTRATIVE	\$ 418,127	\$ 199,815	\$ 236,192	\$ 36,377	18.2%	
4	OPERATIONS REVENUE:						
5	SHOREWAY TIP FEES - Non Franchised	\$ 11,287,177	\$ 11,744,301	\$ 12,455,833	\$ 711,532	6.1%	Mainly Increased Tip Fees
6	SHOREWAY TIP FEES - Franchised	33,981,069	36,227,327	39,673,491	3,446,165	9.5%	Projected Volume increase. Increased Tip Fees
7	COMMODITY SALES REVENUE	9,353,061	7,271,884	7,230,821	(41,063)	-0.6%	
8	COMMODITY REVENUE SHARING W/ SBR	(1,047,226)	(645,119)	(634,853)	10,266	-1.6%	
9	MISCELLANEOUS REVENUE	22,468	30,407	17,003	(13,405)	-44.1%	Mattress rebate revenue
10	SUBTOTAL OPERATIONS REVENUE	\$ 53,596,548	\$ 54,628,800	\$ 58,742,295	\$ 4,113,495	7.5%	
				\$ -			
11	TOTAL REVENUE	\$ 54,014,675	\$ 54,828,615	\$ 58,978,487	\$ 4,149,872	7.6%	
12	TOTAL OPERATING EXPENSES	\$ 49,174,946	\$ 53,816,505	\$ 58,189,263	\$ 4,372,758	8.1%	
13	NET OPERATING	\$ 4,839,729	\$ 1,012,110	\$ 789,224	\$ (222,886)	-22.0%	

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2022	PROPOSED BUDGET FY2023	Variance to Adopted Budget	Variance % to Adopted Budget	2023 Notes
1	ADMINISTRATIVE EXPENSES					
2	ADMINISTRATIVE STAFF	\$ 851,315	\$ 876,645	\$ 25,330	3.0%	Annual COLA Increase 4%
3	MANDATED RECYCLING STAFF	1,152,008	1,451,525	\$ 299,517	26.0%	Annual COLA increased 4% +\$46K; fellowship benefits starting January +\$55K; Proposed New Facility Project Engineer +\$185K; other minor adjustments for benefits and retirement on increased salaries.
4	BOARD COUNSEL	145,000	175,000	\$ 30,000	20.7%	Support for Executive Director/Agency. Continued complex contracting & regulation support. Anticipated significant use of services, including Ops Agreement, Admin Policy, etc. (SB 1383 legal expenses reflected on line 60).
5	BOARD MEETINGS	8,000	10,000	\$ 2,000	25.0%	\$4K for Holiday lunch, \$3K annual retreat facilitation, Board meeting treats if return in person
6	ACCOUNTING SERVICES	132,477	136,451	\$ 3,974	3.0%	City of Redwood City Accounting Svcs Agreement
7	INFORMATION SYSTEMS	45,000	47,100	\$ 2,100	4.7%	CPI increase begins January 2023 and includes an additional \$75/month for storage and back up costs
8	WEBSITE	13,000	13,000	\$ -	0.0%	Website hosting, maintenance, and updates/upgrades as needed
9	ANNUAL AUDIT	10,000	11,000	\$ 1,000	10.0%	Fees paid to auditors to prepare FY & CY financial statements. Full CY and FY audits in the period.
10	D&O INSURANCE	55,060	55,260	\$ 200	0.4%	Annual insurance premium for director's and officer's insurance
11	BANK FEES	7,200	7,200	\$ -	0.0%	Bank fees on checking account and fees paid to BNY as the Bond Trustee
12	RENT	70,000	68,000	(2,000)	-2.9%	Lease expires June 30, 2024 San Carlos rent will go up about \$200/month with current lease. Two option years remain at mutual agreement
13	PRINTING AND POSTAGE			\$ -		Cost is covered in the Accounting Services Agreement
14	UTILITIES	25,000	28,000	\$ 3,000	12.0%	Phone bill and comcast bill equal almost \$1000 per month, and Utility bill from San Carlos about \$4k per quarter
15	OFFICE/TENANT IMPROVEMENTS	10,000	5,000	\$ (5,000)	-50.0%	Reconfigure and equip 4 offices, Covid hardening and enhancements
16	OFFICE SUPPLIES	17,000	18,000	\$ 1,000	5.9%	Office supplies - assuming return to in office work
17	OFFICE EQUIPMENT COSTS	11,100	12,000	\$ 900	8.1%	Base copier lease is \$600/month plus cost per copy which I have increased for return to office work
18	PUBLICATIONS & PUBLIC NOTICES	2,940	3,000	\$ 60	2.0%	Anticipated public procurement notices
19	PROFESSIONAL DUES & MEMBERSHIPS	9,000	10,000	\$ 1,000	11.1%	Memberships to trade and community organizations (CRRRA, SWMA, NCRA, CCAC)
20	VEHICLE MILEAGE & TOLLS	3,000	3,000	\$ -	0.0%	Expect to return to normal with fellows returning to in person schools/tours/audits
21	CELL PHONES	2,500	2,500	\$ -	0.0%	Cell phone business expense.
22	CONFERENCE & MEETINGS	18,000	19,000	\$ 1,000	5.6%	Adding a bit more due to inflation in food costs
23	TRAINING	7,500	9,000	\$ 1,500	20.0%	Professional development opportunities. CCAC training, etc. Retreat & additional management leadership class. HR training etc
24	SPONSORSHIPS & DONATIONS	40,000	40,000	\$ -	0.0%	Industry Sponsorships: CAW,CRRRA,SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA
25	LEGISLATIVE & REGULATORY ADVOCACY	72,000	72,000	\$ -	0.0%	Mandated agency priorities include these initiatives : Extended Producer Responsibility (EPR); Product Stewardship; Source Reduction Initiatives; Lithium-ion Battery safety
26	COMPUTER PURCHASE	46,400	25,000	\$ (21,400)	-46.1%	New server and installation hours plus one to two new laptops
27	TOTAL ADMINISTRATIVE	\$ 2,753,500	\$ 3,097,681	\$ 344,181	12.5%	
28	MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE					
29	RATE REVIEW	\$ 27,000	\$ 27,000	\$ -	0.0%	Consultant Rate Application Support.
30	FACILITY IMPROVEMENT OVERSIGHT	150,000	150,000	\$ -	0.0%	Engineering and construction management support.

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2022	PROPOSED BUDGET FY2023	Variance to Adopted Budget	Variance % to Adopted Budget	2023 Notes
31	CONTRACT ANNUAL AUDITING	55,000	45,000	\$ (10,000)	-18.2%	Annual Financial & Systems Audit of RSMC and SBR. Slight decrease with new 2022 contract (RRS Consulting)
32	COLLECTION SERVICES FRANCHISE ADMIN.	75,000	75,000	\$ -	0.0%	Franchise Administration compliance consulting. Alternative Fuels Consultation \$50K.
33	FINANCE ANALYSIS SUPPORT	21,600	22,000	\$ 400	1.9%	On-Call consultant support as needed.
34	RECYCLING TECHNICAL ASSISTANCE	50,000	50,000	\$ -	0.0%	Diversions consultant support.
35	WASTE CHARACTERIZATION SUPPORT	50,000	100,000	\$ 50,000	100.0%	Waste composition testing (Recology Contract Compliance).
36	COLLECTION RFP CONSULTING SUPPORT	200,000	100,000	\$ (100,000)	-50.0%	Operating Agreement RFP
37						
38	TOTAL MA SUPPORT & CONTRACT COMPLIANCE	\$ 628,600	\$ 569,000	\$ (59,600)	-9.5%	
39	STATE MANDATED PUBLIC EDUCATION & OUTREACH					
40	STATE'S REQUIRED ANNUAL REPORTS	\$ 33,000	\$ -	\$ (33,000)	-100.0%	Moved to line 60
41	SBWMA ANNUAL REPORT	2,500	2,500	-	0.0%	Creation of SBWMA annual report
42	DIVERSION PROGRAM SUPPORT	30,000	30,000	-	0.0%	Public spaces recycling assistance; Diversion program support.
43	EVENT GIVEAWAYS	7,500	7,500	-	0.0%	
44	DIVERSION/COMPLIANCE; ZERO WASTE PROGRAMS	75,000	75,000	-	0.0%	Zero Waste Committee initiatives - tech and consulting support. Alternative fuel site infrastructure consulting.
45	IN-SCHOOL ENVIRONMENTAL EDUCATION	32,000	28,000	(4,000)	-12.5%	Materials (\$13K), transportation (\$1K), school recognitions (\$4K), staff/technical support (\$10K)
46	CLIMATE ACTION PLANNING	20,000	20,000	-	0.0%	Annual climate register & Member Agency support.
47	RECYCLING TECHNICAL ASSISTANCE	35,000	30,000	(5,000)	-14.3%	Promote reusables for businesses and County Foodware Ordinance; Recycling Technical Assistance
48	COMMERCIAL/MFD CONTAINERS	34,000	30,000	(4,000)	-11.8%	MFD recycle bags, internal containers, MA containers per Franchise Agreements.
49	MULTI-FAMILY OUTREACH	90,000	90,000	-	0.0%	Education and outreach per FA ; compliance with state laws; MFD Toolkit updates and printing, and other outreach
50	MEMBER AGENCY & RATE PAYER EDUCATION	125,000	140,000	15,000	12.0%	MA education includes: Bill insert costs (printing) and direct mailings to Member Agency residents who don't bill via Recology and electronic newsletter costs
51	RESIDENTIAL OUTREACH PROGRAMS	90,000	90,000	-	0.0%	Education and outreach per FA, Pub Ed Plan and recycling outreach campaign
52	COMMUNITY EVENTS	35,000	37,000	2,000	5.7%	Earth Day (\$7K), Rethink Recycling Day (\$7K), Fixit Clinics (\$20K), tabling event supplies and materials and virtual event/webinar (\$3K)
53	HHW PROGRAM OUTREACH	25,000	20,000	(5,000)	-20.0%	Annual promotion of local HHW disposal options for all ratepayers, including joint outreach with San Mateo County
54	BATTERY OUTREACH	90,000	90,000	-	0.0%	Educate residents and businesses about risk of battery fires and proper disposal options, including MFD battery bucket
55	SHRED EVENT SERVICE	30,000	30,000	-	0.0%	Shred, e-waste, and compost events for Member Agencies (coordination, support, outreach, etc.). Shred vendor RFP.
56	TOTAL STATE MANDATED PUBLIC EDUCATION & OUTREACH	\$ 754,000	\$ 720,000	\$ (34,000)	-4.5%	
57	SBWMA PROGRAM BUDGET - SUB TOTAL	\$ 4,136,100	\$ 4,386,681	\$ 250,581	6.1%	
58	SB 1383 ADMINISTRATIVE EXPENSES					
59	MANDATED 1383 COMPLIANCE STAFF	\$ 138,835	\$ 146,228	\$ 7,394	5.3%	SB1383 Program Manager II loaded cost.
60	SB1383 TECHNICAL ASSISTANCE	150,000	100,000	(50,000)	-33.3%	FY 2023: SB1383 Legal counsel support + annual 1383 reporting consultant

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2022	PROPOSED BUDGET FY2023	Variance to Adopted Budget	Variance % to Adopted Budget	2023 Notes
61	SB1383 OUTREACH AND EDUCATION	124,000	100,000	(24,000)	-19.4%	FY 2023: \$100k for Required Annual SB 1383 Outreach & Education
62	SB1383 PROGRAMS	510,000	380,000	(130,000)	-25.5%	FY 2023: \$95k Recyclist, \$130k Edible Food Recovery; \$40k Procurement Support; \$40k Reporting; \$50k Organics Participation Analysis and other SB 1383 programming
63	SB1383 MANDATED MATERIAL SAMPLING	210,000	54,000	(156,000)	-74.3%	FY 2023: \$39k SBR Sampling; \$15k O2E Lab Sampling
64	ROUTE AUDITING, REPORTING, WAIVER PROCESSING	400,000	400,000	-	0.0%	FY 2023: Contracted consultant services for Waivers, Contaminatin Monitoring and Technical Assistance
65	TOTAL SB 1383 EXPENSES	\$ 1,532,835	\$ 1,180,228	\$ (352,606)	-23.0%	
66	TOTAL SBWMA PROGRAM BUDGET	\$ 5,668,935	\$ 5,566,909	\$ (102,026)	-1.8%	
67	SHOREWAY OPERATIONS					
68	OPERATING CONTRACT - SBR OPERATIONS	\$ 19,218,059	\$ 20,819,899	1,601,840	8.3%	Increased tonnage projections. SBR 2023 Compensation increase of 6.5%
69	DISPOSAL	21,548,002	23,547,649	1,999,646	9.3%	Increases tonnage projections. Higher CPI adjustment projections. Newby organics rate increasing 21%
70	INSURANCE SHOREWAY	1,770,442	2,200,000	429,558	24.3%	Property insurance premium. Estimated increase.
71	SHOREWAY FACILITY COST	230,000	250,000	20,000	8.7%	Budget for unanticipated routine Shoreway maintenance items that are non-CapEx.
72	CREDIT CARDS CHARGES	79,920	74,920	(5,000)	-6.3%	SBR pass through of credit card fees from their bank from public customers.
73	SHOREWAY CHARGES	22,220	22,220	-	0.0%	Amortize O2E equipment
74	EDUCATION CENTER OPERATIONS	85,000	100,000	15,000	17.6%	Tours program equipment (\$5K), school bus services (\$25K for half school year), poster and art contests (\$5K), Ed Center upgrades (\$65K)
75	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k	150,000	150,000	-	0.0%	Unanticipated MRF equipment maintenance (non-CapEx) expense
76	SEWER FEES (PROPERTY TAX)	107,351	107,351	-	0.0%	City of San Carlos on tax bill based on prior year water usage.
77	E-RECYCLING	95,000	110,000	15,000	15.8%	E-waste market has shifted from a revenue source to expense. Previously budgeted as revenue
78	O2E EQUIPMENT MAINTENANCE	50,000	50,000	-	0.0%	Annual maintenance contract
79	FACILITY MASTER PLANNING PROJECT	150,000	200,000	50,000	33.3%	Transition into year one of a multi-year Master Planning process
80	O2E PILOT TESTING	60,000	-	(60,000)	-100.0%	Anaergia marketing support to WWTP (\$60K).
81	MRF PHASE II INITIAL ASSESSMENT STUDIES	60,000	-	(60,000)	-100.0%	RFP preparation, market assessment, system optimization consulting, contract preparation
82	CONSULTING AND OUTSIDE SUPPORT	-	150,000	150,000		TRP permit updating, SLCP Modeling, ZWC planning, GHG Assessment
83	OPERATION CONTRACT TRANSITION	-	185,000	185,000		Site pressure washing and cleaning, MRF Operations transtion engineering support
84	SUB SHOREWAY OPERATIONS COST	\$ 43,625,994	\$ 47,967,039	\$ 4,341,045	10.0%	
85	TOTAL SHOREWAY OPERATION	\$ 43,625,994	\$ 47,967,039	\$ 4,341,045	10.0%	
86	TOTAL OPERATING EXPENSES	\$ 49,294,929	\$ 53,533,948	\$ 4,239,019	8.6%	
87	NON-OPERATING EXPENSES					
88	BOND ISSUANCE & LOSS ON DEBT REFUNDING					
89	DEBT SERVICE BOND INTEREST	\$ 2,237,167	\$ 2,172,917	(64,250)	-2.9%	Budgeted interest expense 2019 Bond Issuance
90	FRANCHISE FEE TO CITY OF SAN CARLOS	2,284,409	2,482,398	197,989	8.7%	5% Franchise Fees paid by JPA to the City of San Carlos on tip fee revenue.

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2022	PROPOSED BUDGET FY2023	Variance to Adopted Budget	Variance % to Adopted Budget	2023 Notes
91	TOTAL NON-OPERATING EXPENSES	\$ 4,521,576	\$ 4,655,315	\$ 133,739	3.0%	
92	TOTAL SHOREWAY OPERATING EXPENSES	\$ 48,147,570	\$ 52,622,354	\$ 4,474,784	9.3%	
93	TOTAL EXPENSES (SBWMA Program + All Shoreway Operations)	\$ 53,816,505	\$ 58,189,263	\$ 4,372,758	8.1%	

Shoreway Capital Projects Draft Budget 2023

	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	
FUNDS FOR UNANTICIPATED PROJECTS						
Truck Shop Building	25,000	25,000	25,000	25,000	25,000	Repair reserve estimate
Transfer Station Building	50,000	50,000	50,000	50,000	50,000	Repair reserve estimate
MRF Building	50,000	50,000	50,000	50,000	50,000	Repair reserve estimate
Administrative Building	40,000	40,000	40,000	40,000	40,000	Repair reserve estimate
General Site Projects	100,000	100,000	100,000	100,000	100,000	Repair reserve estimate
OPERATIONS CONTRACT TRANSITION						
Parts Storage and Shelving		50,000	50,000			
MRF Equipment Assessment Work Projects		275,000	275,000			See BHS assessment rpt.
Baler Reline			125,000			
Building Vacuum System			100,000			
Education Center improvements (on line 74)						
Curb, Pavement and Striping Repair		65,000				
Replace Shoreway Camera System		150,000				Full hardware replacement
RECOLOGY						
Parts Storage		50,000	50,000			
Dispatch Office Refurbishment		100,000				
UST REPLACEMENT PROJECT						
UST Construction Management			200,000			Complete before 2026
UST Soils Testing		40,000				
UST Design/Bid Docs		85,000				
UST Laydown Rental Space (1 acre - 6 months)		75,000				
UST Construction Install			2,500,000			
TRANSFER STATION						
Floor Repair (north side - split over two budget years)			1,500,000	1,500,000		Mass resurfacing plan
O2E Preprocessing System Cost				2,000,000		Green Bond eligible
333 Shoreway Electrical Upgrades Phase I				200,000		Extend power to O2E
333 Shoreway Electrical Upgrades Phase II				800,000		Replace switchgear
MRF						
MRF Fire Suppression Deluge System			250,000	250,000		Eng. TBD
Phase II MRF Equipment - Container Sort System Replacement				3,500,000	3,500,000	Green Bond eligible
Baler Replacement					1,500,000	Green Bond eligible
Aluminum Magnets					350,000	Green Bond eligible
SHOREWAY BUILDINGS & SITE WORK						
Ventilation for MRF PV electrical room		45,000				
Fence Replacement and Repair		40,000				
Tunnel Pump and Truck Wash Replacement				125,000		
ZEV Charging Infrastructure (2023 planning/engineering)		180,000	2,600,000	5,400,000		Tie to Recology schedule
Site Paving and Striping					1,500,000	work completed after UST
OTHER						
Refresh Site Signage		75,000	75,000			
Refurbishment of Landscape and Outdoor Ed Area		50,000				
Scalehouse Refurbishment		50,000				
MRF Office Ceiling Replacement		50,000				
CARB Required Air Treatment System				?	?	?
Stormwater Treatment				?	?	?
Truck Shop Reconfiguration				?	?	?
Site Optimization Planning Construction				?	?	?
						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	
Green Bond Funds	\$ 12,000,000
MRF Equipment Replacement Fund Reserve	\$ 760,000
Environmental Settlement Funds for UST	\$ 1,200,000
Potential Funds from Operations Services RFP	?
Capital Reserve Fund	\$ 6,200,000
Total Funds in Reserve	\$ 20,160,000

Estimated Project Cost Grouped by Funding Source	
\$ 10,850,000	Green Bond Eligible Project Total
\$ 675,000	MRF Equipment Replacement Costs
\$ 2,900,000	Total UST Cost Estimate
\$ 14,425,000	Total Earmarketed Projects

Budget Expense Category	Description of Program for FY2023 <i>(Proposed Expense Line Items 1-26)</i>
ADMINISTRATIVE EXPENSE: \$3,097,681 <i>(Proposed Expense line item 27)</i>	
Staff Resources: Joe La Mariana, Executive Director; John Mangini, Sr. Finance Manager; Joanne Nghiem, Management Analyst III; Cyndi Urman, Clerk of the Board/Executive Assistant	
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.	
<u>Executive Director:</u>	
<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. 	
<u>Sr. Finance Manager:</u>	
<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 following fiscal 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. 	
<u>Management Analyst II/III:</u>	
<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. • Provide critical path support for broad-ranging agency initiatives, e.g. Long Range Planning process. • Identify, win and manage grants to mitigate the future cost impacts on ratepayers. 	
<u>Clerk of the Board/Executive Assistant:</u>	
<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 FY2023 <i>(Proposed Expense Line Items 29-37)</i>
MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE: \$569,000 <i>(Proposed Expense Line Item 38)</i>	
Staff Resources: Joe La Mariana, Executive Director; Hilary Gans, Sr. Operations and Engineering Manager; John Mangini, Sr. Finance Manager; Julia Au, Sr. Outreach, Education and Compliance Program Manager; Tj Carter, Program Manager II (Recycling and Compliance); Joanne Nghiem, Management Analyst III	
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 16 separate shred and compost giveaway events with Recology per the Franchise Agreement (electronic waste recycling and battery collection also included, but not required per Agreement). 	
<u>New Efforts in FY2023:</u>	
<ul style="list-style-type: none"> • Continue expansion of Public Spaces Recycling Program based on data and other feasibility analysis. • Provide proactive legislative and regulatory support for various agency priorities, including the safe handling and disposal of EV batteries and solar panels. 	

Budget Expense Category	Description of Program for FY2023 <i>(Proposed Expense line items 40-55 and 57-64)</i>
STATE MANDATED PUBLIC EDUCATION & OUTREACH and SB1383 ADMINISTRATION: \$1,90014,228 <i>(Proposed Expense Line Item 56 plus 65)</i>	
Staff Resources: Joe La Mariana, Executive Director; Julia Au, Sr. Outreach, Education and Compliance Program Manager; Emi Hashizume, Program Manager II (Environmental Education and Non-Franchise Recyclables); Tj Carter, Program Manager II (Recycling and Compliance); Joanna Rosales-Jose, (Program Manager I: Outreach and Communications)	
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 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.	
Key Program Efforts: <ul style="list-style-type: none"> • Develop, implement, and manage on-going outreach activities related to California State Laws, including but not limited to AB 939, AB 1826, AB 341, and SB 1383, through production and distribution via various and appropriate print, media, and in-person or digital channels, including but not limited to brochures/flyers, social media/website and community event tabling throughout the Member Agencies. • Manage SB 1383 requirements including outreach and education, recordkeeping, procurement planning, route reviews, customer waiver applications. • Manage SB 1383 compliance for organics collection and sampling at Shoreway Environmental Center with Recology and SBR contracts. • Manage and provide outreach for residential and commercial/multi-family collection services to meet specific community needs through on-going and targeted campaigns. • Develop, submit, and manage with Recology a three-year Public Education and Recycling Technical Assistance Plan that includes methods of tracking effectiveness and engagement levels on outreach campaigns and tools. • Promote residential collection services through newsletters, direct mail and bill inserts in collaboration with Recology. • Continue publishing Agency annual report. • Engage Public Education and Outreach Committee on outreach campaigns and efforts. • Continue ongoing 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. • Support implementation of County of San Mateo Environmental Health’s Food Share Table Program at schools in RethinkWaste service area, as permitted during COVID-19. New Efforts in FY2023: <ul style="list-style-type: none"> • Continue to review and update core Pub Ed materials with Public Education and Outreach Committee and Recology engagement. Develop new materials as needed to implement SB 1383 outreach. • Engage in future 1383 procurement planning for Member Agencies and Edible Food Recovery program support and outreach to the County of San Mateo’s Office of Sustainability (OSS). • Continue to develop and execute targeted outreach campaigns and materials to Multi-Family residents, non-English speakers, high contamination rate areas/groups, and commercial business owners for proper sorting. • Continued collaboration and partnership with agencies such as the County’s OSS and Environmental Health, member agency staff, and community groups. 	

Budget Expense Category	Description of Program for FY2023 <i>(Proposed Expense line items 68-82)</i>
SHOREWAY OPERATIONS: \$47,967,039 <i>(Proposed Expense Line Item 84)</i>	
Staff Resources: Hilary Gans, Sr. Operations and Engineering Manager; Matt Southworth, Sr. Facility Projects Engineer; John Mangini, Sr. Finance Manager; Vacant, Facility Project Engineer; Joanne Nghiem, Management Analyst III; Emi Hashizume, Program Manager II <i>(Environmental Education and Non-Franchise Recyclables)</i> ; Reyna Ocegüera, Coordinator <i>(Environmental Education)</i>	
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.	
Key Details:	
<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. 	
Environmental Education and Community Events:	
<ul style="list-style-type: none"> • Conduct the Shoreway tours program virtually and in-person. • Manage community events virtually and in-person to promote resource conservation including the following: Earth Day and Rethink Recycling Day events; Trash to Art and Poster contests; educational workshops and webinars; expansion of compost donation program throughout Member Agency schools and community gardens. 	
New Efforts in FY2023:	
<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. • Manage the transition tasks of the new Agreement for Operation of the Shoreway Environmental Center. • Manage the anticipated master planning of the facility, based on the results of the Site Optimization Study conducted in 2022. • Continue to develop and solidify in-person Shoreway tour programming to accommodate new COVID safety considerations, with a particular focus on school group tours and re-introducing no-cost transportation for schools visiting from campuses located in the service area. • Continue to implement new environmental-themed art and refresh outdoor garden area at the Shoreway facility to compliment tours and educational event programming. • Update and add directional signage at the Shoreway facility to better direct customers to the correct entrances/facilities for proper disposal. 	

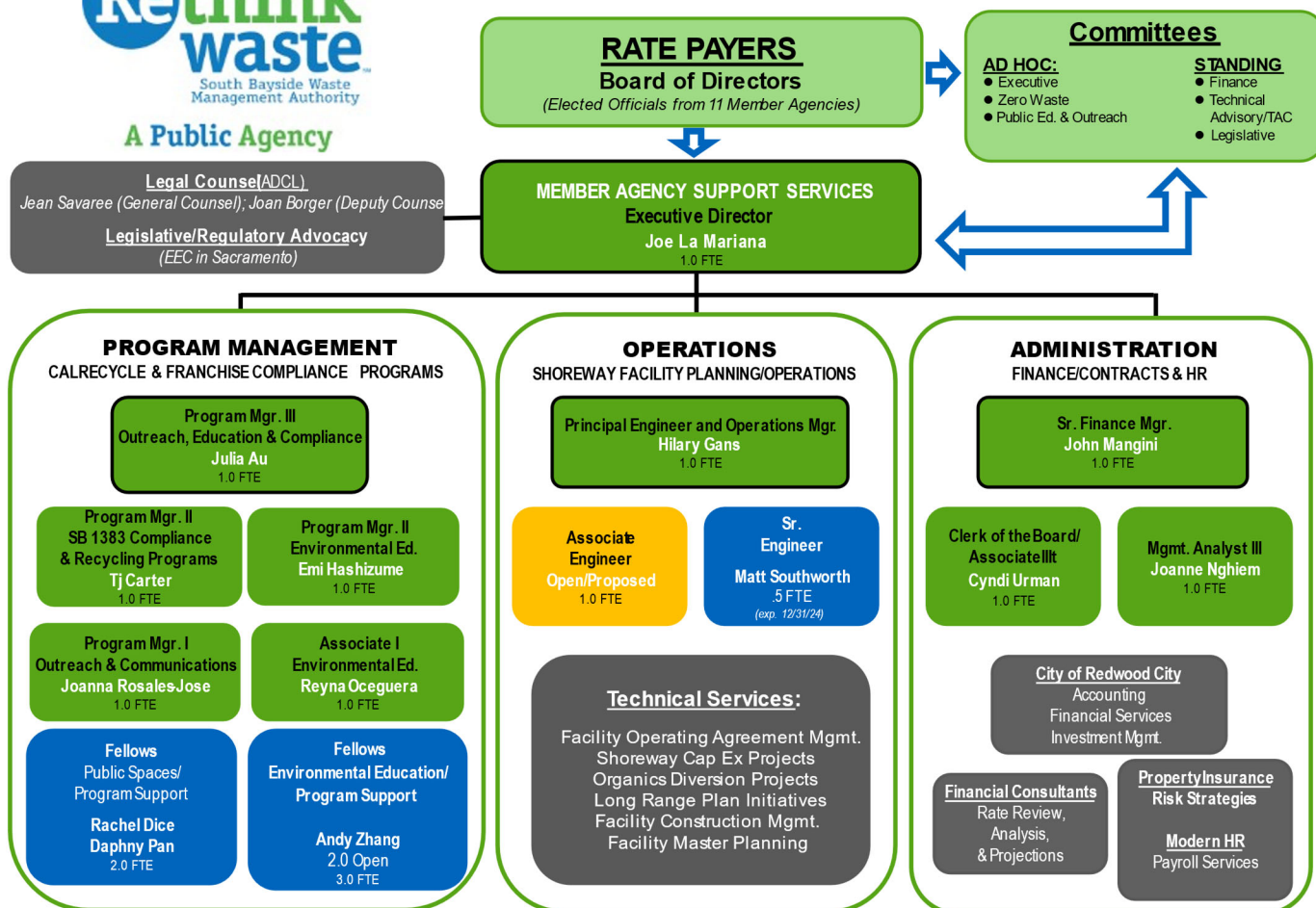
ATTACHMENT C: Proposed Organization Chart/Personnel Summary for FY2023



A Public Agency

SBWMA Organization Chart

Proposed: January 1, 2023



Notes: Green = SBWMA Core Staff(10 FTE); Blue = Temporary/Limited Term(.5 FTE); Grey = Consultants/Technical Services.Black Outline = Sr. Leadership Team
Orange = Proposed New Staff(1 FTE)

FY2023 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 and operational agreement contractual obligation; and by virtue of the Agency's facility ownership. Delivery of the Agency's financial, environmental and service standard goals have historically been Staff's top priority. In FY2023, Staff's emphasis will continue to include implementing the vast compliance requirements of SB 1383, expanded environmental education and public outreach requirements, and extensive new planned Facilities Capital Projects and engineering projects. The Executive Director strongly recommends creating an Associate Engineer position in FY2023 to address a significant gap between planned facility repair, maintenance and capital projects and current staff capacity. Public and environmental education continues to be in high demand as organizations and schools return to in-person activities. The Fellowship program will be fully-staffed as the Public Spaces and Environmental Education teams continues to offer both virtual and in-person tours and presentations.

This 2023 Staffing plan assumes 1. the Environmental Education and Public Outreach programs will return to operate at pre-COVID levels and will, in fact, expand, as we continue to offer both virtual and in-person programs to be more accessible and better engage the public in positive behavior change and 2. a proposed newly created Facility Project Engineer position due

to an increase in the number and scale of capital projects occurring at the facility. The above change is reflected on the proposed organizational chart in this Staffing Plan (above) and in **Table 1** (below).

Staff Position Title	FY19/20 <i>Actual</i>	FY20/21 <i>Actual</i>	FY2022 <i>Actual</i>	FY2023 <i>Proposed</i>
Executive				
Executive Director	1.0	1.0	1.0	1.0
Administration				
Sr. Finance Manager	1.0	1.0	1.0	1.0
Management Analyst III <i>(formerly Recycling Programs Manager)</i>	1.0	1.0	1.0	1.0
Clerk of the Board/Associate III <i>(formerly titled "Clerk of the Board/Executive Assistant")</i>	1.0	1.0	1.0	1.0
Operations				
Principal Engineer & Operations Manager <i>(formerly titled "Sr. Operations & Engineering Manager")</i>	1.0	1.0	1.0	1.0
Sr. Engineer (Limited Term) <i>Formerly titled "Sr. Facility Projects Engineer-Ltd. Term"</i>	0	0.5	0.5	0.5
Associate Engineer <i>(newly proposed in FY 2023)</i>	0	0	0	1.0
Program Management				
Sr. Program Manager III <i>(Outreach, Education, Compliance)</i>	1.0	1.0	1.0	1.0
Program Manager II <i>(Environmental Education; Recycling & Compliance)</i>	1.0	1.0	2.0	2.0
Program Manager I* <i>(Outreach/Communications—formerly O/C Coordinator)</i>	1.0	1.0	1.0	1.0
Associate I <i>(formerly EE Associate)</i>	1.0	1.0	0	1.0
Sub-Total Agency Staff (Regular Status):	9.0	9.5*	10.5**	11.5***
Long Range Plan Program Fellowships <i>(Limited terms-1-3yrs)</i>	5.0	5.0	5.0	5.0
Total Agency Staff	14.0	14.5	15.5	16.5

*Net add=Temporary/Part time Engineer position

**Net add=Recycling/Compliance position (SB 1383)

***Proposed net add=Associate Engineer position

Salary Ranges by Position

The salary ranges for all Agency Staff positions (some are currently vacant) are presented below for FY2023 (see **Table 2**). Historically, independent salary surveys have been conducted every three years to ensure that Staff salaries and benefits are competitively priced within market. Multiple datapoints are collected and averaged with a strategic goal of aligning within the mid-point of each position's market range (not high or low). Due to the unusual economic impacts of COVID-19, and with concurrence with the agency's senior management team, the Executive Director choose to commission the most recent salary survey in October 2022 (four years after the last salary survey was conducted in Spring 2019) to establish the current, adjusted market-based salary ranges for each position.

All job titles and salary ranges presented in this staffing plan are adopted from this survey's recommendations with special consideration given to creating clearly defined career path steps, when possible. Salary ranges and benefits were evaluated to "like" solid waste public agencies and/or departments in the greater Bay Area. This survey was independently conducted by Steve Sherman Consulting in October 2022. Over 200 data points were secured from over 25 jurisdictions including four waste management authorities, eight SBWMA member agencies, and six city and county governments from four neighboring counties.

Table 2 SBWMA Staff: Salary Ranges by Position	
Staff Position	Salary Range
Executive	
*Executive Director <i>(Determined by professional services agreement)</i>	N/A
Administrative	
*Sr. Finance Manager	\$145,436-183,609
Management Analyst III	\$114,578-\$148,777
*Clerk of the Board/Associate III--Confidential <i>(formerly titled "Clerk of the Board/Executive Assistant")</i>	\$100,800-\$116,000
Operations	
*Principal Engineer & Operations Manager <i>(formerly titled "Sr. Operations & Engineering Manager")</i>	\$156,436-194,601
Sr. Facility Projects Engineer <i>(Ltd. term part-time; expires 12/31/24; non-benefitted)</i>	\$136,790-\$172,762
Associate Engineer <i>(Newly proposed in FY2023 budget)</i>	\$113,302 – \$140,783
Program Management	
*Sr. Program Manager III	\$133,249 – \$166,117
Program Manager II	\$110,942 – \$127,584
Program Manager I	\$91,878 – \$105,650
Associate III	\$100,800-\$116,000
Associate II	\$83,500-\$96,000
Associate I	\$69,000-\$79,500
Long Range Plan-based Fellowships**	\$54,685

*Designated member of SBWMA Senior Management team.

**Fellowship positions are fulltime and, by mutual agreement, can be renewed for 1 to 3 years. This program has been modeled after other similar local programs including the County of San Mateo's Office of Sustainability program. These temporary positions provide important environmental industry-based, independent work assignments for recent college graduates to help the agency achieve its critical long-term goals.

Budget Assumptions for Merit Increases

A merit increase pool of 4% of wages is assumed for all positions within the current salary ranges for January 1, 2023. 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 4% 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 29% for FY2023. NOTE: This proposed FY2023 budget modification includes providing full benefits on a going forward basis for the five limited term Fellowship positions. These positions have frequent turnover due to the previous lack of health and welfare benefits as expressed in exit interviews. The aggregate annual cost of this change is about \$50k. This change is viewed as an important employee retention measure. A summary of the current benefits for all agency employees./ 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 FY2023, this annual savings for the Agency projects out to be \$84,595.**

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, six employees participate in the plan and five employees have opted out. The premium is age based – the average premium is \$1,131 per month plus the HSA average contribution of \$288 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 \$97.

Vision Plan:

Vision insurance is provided by **VSP** for employees and their families. A \$10 copay applies to most services. Frames are covered up to \$120 once per year. The average monthly premium per employee is \$18.

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 \$58.

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 \$112/month per employee for their services.

FY 2023 BUDGET

Attachment D - FY2023 Budget Support Files: COMMODITY REVENUE, PRICING

Update: October 2022

Summary Tables

Table D.1

COMMODITY REVENUE				
<u>COMMODITY REVENUE</u>	FY2022 Adopted Budget	FY2023 Proposed Budget	FY2023 vs. FY2022	Variance %
Tons Sold	52,874	50,716	(2,158)	-4.1%
Wtd Avg. Price	\$ 137.53	\$ 142.57	\$ 5.04	3.7%
Gross Revenue	\$ 7,271,884	\$ 7,230,821	\$ (41,063)	-0.6%
Revenue Share w/ SBR	\$ (645,119)	\$ (634,853)	\$ 10,266	-1.6%
Net Commodity Revenue	\$ 6,626,765	\$ 6,595,968	\$ (30,797)	-0.5%

FY2023 BUDGET

Attachment E - FY2023 Budget Support Files: REVENUE, EXPENSE DETAIL

Update: September 2022

Summary Tables

Table E.1

TIP FEE REVENUE				
	FY2022 Adopted Budget	FY2023 Proposed Budget	Proposed vs. Adopted	Variance %
Franchise Revenue				
Tons	269,233	277,830	8,597	3.2%
Wtd Avg. Tip Fee	\$ 134.56	\$ 142.80	8.24	6.1%
Franchise Revenue	\$ 36,227,327	\$ 39,673,491	\$ 3,446,165	9.5%
Public Revenue				
Cu/Yards	182,282	181,702	(580)	-0.3%
Wtd Avg. Tip Fee	\$ 50.92	\$ 53.91	3.00	5.9%
Public Revenue Cu/YDS	\$ 9,280,959	\$ 9,795,861	\$ 514,902	5.5%
Tons (3rd party)	8,704	9,274	571	6.6%
Wtd Avg. Tip Fee	\$ 133.64	\$ 145.40	11.76	8.8%
Public Revenue on Tons	\$ 1,163,128	\$ 1,348,465	\$ 185,337	15.9%
Public Dirt Tons	10,926	10,663	(264)	-2.4%
Wtd Avg. Tip Fee	\$ 119.00	\$ 123.00	4.00	3.4%
Sub Total	\$ 1,300,215	\$ 1,311,507	\$ 11,292	0.9%
Public Revenue Total	\$ 11,744,301	\$ 12,455,833	\$ 711,532	6.1%
Total Tip Fee Revenue	\$ 47,971,628	\$ 52,129,324	\$ 4,157,696	8.7%

FY2023 BUDGET

Table E.2

TRANSFER STATION VOLUME					
		FY2022 Adopted Budget	FY2023 Proposed Budget	Proposed vs. Adopted	Variance %
Total TS Tonnage and Yards					
Franchise tons					
SBWMA Solid Waste	tons	168,765	173,006	4,241	3%
SBWMA Organics	tons	83,533	81,551	(1,982)	-2%
SBWMA Food Waste	tons	13,368	19,678	6,309	47%
SBWMA Dirt, Inert, Other	tons	3,567	3,596	29	1%
Sub-total Franchise		269,233	277,830	8,597	3.2%
Public tons					
Non-SBWMA SW	tons	3,607	4,321	714	20%
Non-SBWMA Scrap	tons	120	104	(16)	-13%
Non-SBWMA FOOD	tons	948	1,022	73	8%
Non-SBWMA C&D	tons	1,804	1,905	101	6%
Non-SBWMA ORGANIC	tons	403	360	(43)	-11%
Non-SBWMA Asphalt Roofing	tons	1,821	1,563	(258)	-14%
Non-SBWMA Clean Wood	tons	0	0	-	0%
Public Weighed Dirt	tons	10,926	10,663	(264)	-2%
Sub-Total Public tons		19,630	19,937	307	2%
Total Tons		288,863	297,767	8,904	3.1%
Public Cu/Yds.					
Public Solid Waste Yards	C/Yds.	70,683	69,585	(1,098)	-2%
Public Green Waste Yards	C/Yds.	33,090	29,741	(3,349)	-10%
Public C&D	C/Yds.	78,509	82,376	3,867	5%
Total Cubic Yards		182,282	181,702	(580)	-0.3%

FY2023 BUDGET

Table E.3

SBR OPERATING EXPENSE				
A. Summary	FY2022 Adopted Budget	FY2023 Proposed Budget	Proposed vs. Adopted	Variance %
MRF	\$ 7,012,345	\$ 7,185,025	\$ 172,681	2.5%
Transfer Station	5,417,345	\$ 5,660,203	\$ 242,858	4.5%
Transportation	6,788,370	\$ 7,974,671	\$ 1,186,301	17.5%
TOTAL SBR EXPENSE	\$ 19,218,059	\$ 20,819,899	\$ 1,601,840	8.3%
B. SBR Expense Detail	FY2022 Adopted Budget	FY2023 Proposed Budget	Proposed vs. Adopted	Variance %
MRF				
Tons, Inbound	65,498	63,577	(1,921)	-2.9%
Tons, residue	(12,625)	(12,861)	(236)	1.9%
Tons, net sold	52,874	50,716	(2,157)	-4.1%
Wtd Avg. Rate of net tons sold	\$ 128.99	\$ 138.36	\$ 9.36	7.3%
Expense	\$ 6,820,345	\$ 7,017,025	\$ 196,681	2.9%
MRF Additional Sorters	\$ 192,000	\$ 168,000	\$ (24,000)	-12.5%
Transfer Station				
Tons	345,772	355,708	9,936	2.9%
Wtd Avg. Rate	\$ 13.76	\$ 15.00	\$ 1.24	9.0%
Expense	\$ 4,757,345	\$ 5,334,298	\$ 576,954	12.1%
O2E Processing & Transport (net)	\$ 660,000	\$ 325,905	\$ (334,095)	-50.6%
Transportation				
Tons	345,772	355,708	9,936	2.9%
Wtd. Avg. Rate	\$ 19.63	\$ 22.42	\$ 2.79	14.2%
Expense	\$ 6,788,370	\$ 7,974,671	\$ 1,186,301	17.5%
TOTAL SBR "PAID" TONS	744,418	762,132	17,714	2.4%
TOTAL SBR EXPENSE	\$ 19,218,059	\$ 20,819,899	\$ 1,601,840	8.3%

FY2023 BUDGET

Table E.4

DISPOSAL & PROCESSING EXPENSE				
	FY2022 Adopted Budget	FY2023 Proposed Budget	Proposed vs. Adopted	Variance %
A. Summary				
Solid Waste	\$ 11,226,118	\$ 11,834,323	\$ 608,204	5.4%
Organics	\$ 7,428,806	\$ 8,855,175	\$ 1,426,369	19.2%
C&D, dirt	\$ 3,369,020	\$ 3,403,006	\$ 33,986	1.0%
Other	\$ 554,690	\$ 550,670	\$ (4,020)	-0.7%
Subtotal	\$ 22,578,634	\$ 24,643,174	\$ 2,064,540	9.1%
Paid by SBR on MRF residue	\$ (560,715)	\$ (585,839)	\$ (25,124)	4.5%
O2E Diversion	\$ (469,917)	\$ (509,687)	\$ (39,770)	8.5%
TOTAL DISPOSAL EXPENSE	\$ 21,548,002	\$ 23,547,649	\$ 1,999,646	9.3%
B. Detail				
<u>Solid Waste (Ox Mtn.)</u>				
Tons, net	202,209	207,838	5,629	2.8%
Wtd Avg. Rate	\$ 55.52	\$ 56.94	\$ 1.42	2.6%
Expense	\$ 11,226,118	\$ 11,834,323	608,204	5.4%
<u>Organics (Newby, BVON)</u>				
Tons, net	101,623	106,968	5,345	5.3%
Wtd Avg. Rate	\$ 73.10	\$ 82.78	\$ 9.68	13.2%
Expense	\$ 7,428,806	\$ 8,855,175	1,426,369	19.2%
<u>C&D (Zanker)</u>				
Tons, net	41,940	40,902	(1,038)	-2.5%
Wtd Avg. Rate	\$ 80.33	\$ 83.20	\$ 2.87	3.6%
Expense	\$ 3,369,020	\$ 3,403,006	33,986	1.0%
<u>Other</u>				
Tires	\$ 2,000	\$ 7,829	\$ 5,829	291.4%
Appliances	\$ 60,560	\$ 61,280	\$ 720	1.2%
Hazardous Waste	\$ 479,695	\$ 463,436	\$ (16,259)	-3.4%
Sharps, Misc.	\$ 12,435	\$ 18,125	\$ 5,690	45.8%
Expense	\$ 554,690	\$ 550,670	\$ (4,020)	-0.7%

FY2023 BUDGET

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

ORGANICS PROCESSING EXPENSE DETAIL				
	FY2022 Adopted Budget	FY2023 Proposed Budget	Proposed vs. Adopted	Variance %
Organics (Newby)				
Tons, net	39,659	36,448	(3,211)	-8.1%
Wtd Avg.Rate	\$ 74.59	\$ 90.00	\$ 15.41	20.7%
Expense	\$ 2,958,151	\$ 3,280,333	322,182	10.9%
Organics (BVON)				
Tons, net	47,648	49,821	2,173	4.6%
Wtd Avg.Rate	\$ 71.42	\$ 74.51	\$ 3.09	4.3%
Expense	\$ 3,402,769	\$ 3,711,910	309,142	9.1%
Food				
Tons, net	14,317	20,699	6,382	44.6%
Wtd Avg.Rate	\$ 74.59	\$ 90.00	\$ 15.41	20.7%
Expense	\$ 1,067,886	\$ 1,862,931	795,045	74.5%
Total Organics				
Tons, net	101,623	106,968	5,345	5.3%
Wtd Avg.Rate	\$ 73.10	\$ 82.78	\$ 9.68	13.2%
Total Organics Expense	\$ 7,428,806	\$ 8,855,175	1,426,369	19.2%