



# Review: Draft FY2024 Budget, Capital Plan & Reserves

October 26, 2023



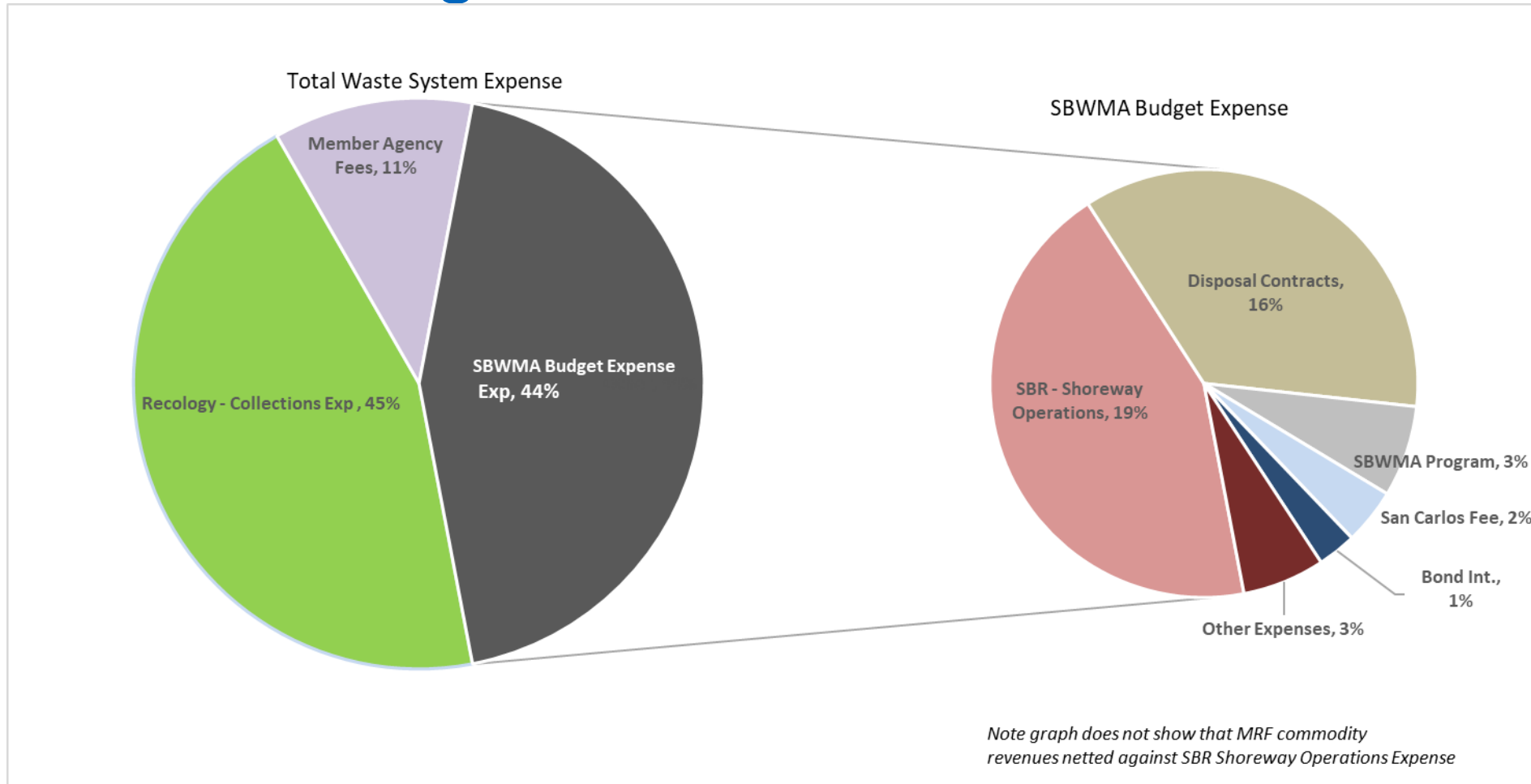
**A Public Agency**

# Budget Timeline

## Key SBWMA Budget Review Dates:

- October 10<sup>th</sup> Finance Committee review (*Cancelled*)
- October 26<sup>th</sup> Board/Finance Committee review:  
\* DRAFT FY 2024 Budget Study session review  
(*Info/Discussion*)
- November 16<sup>th</sup> Board consideration:  
\* FINAL FY 2024 Budget (*Action*)

# SBWMA Budget Allocation



The SBWMA total system revenue is approximately \$164 million

# Tipping Fee Increases

FY 2024 - Proposed Tip Fee Adjustments								
	Actual	Actual	Actual	Actual	Proposed			
	7/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	24 vs 23 \$	24 vs 23 %	
<b>Franchise Tip Fees / Ton</b>						incr.	%	
Solid Waste	\$ 121.00	\$ 127.00	\$ 130.00	\$ 139.00	\$ 165.00	\$ 26.00	18.7%	
Green Waste	\$ 126.00	\$ 139.00	\$ 143.00	\$ 150.00	\$ 178.00	\$ 28.00	18.7%	
Food	\$ 141.00	\$ 141.00	\$ 144.00	\$ 150.00	\$ 178.00	\$ 28.00	18.7%	
<b>3rd Party / Ton</b>								
Solid Waste	\$ 127.00	\$ 133.00	\$ 135.00	\$ 150.00	\$ 179.00	\$ 29.00	19.3%	
Green Waste	\$ 128.00	\$ 140.00	\$ 143.00	\$ 150.00	\$ 187.50	\$ 37.50	25.0%	
Food	\$ 141.00	\$ 141.00	\$ 144.00	\$ 152.00	\$ 187.00	\$ 35.00	23.0%	
C&D	\$ 121.00	\$ 127.00	\$ 130.00	\$ 142.00	\$ 177.00	\$ 35.00	24.6%	
Asphalt Roofing	\$ 123.00	\$ 128.00	\$ 131.00	\$ 136.00	\$ 170.00	\$ 34.00	25.0%	
<b>Public Dirt /Ton</b>	\$ 115.00	\$ 117.00	\$ 119.00	\$ 123.00	\$ 153.75	\$ 30.75	25.0%	
<b>Public Tip Fees / Yd</b>	7/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	24 vs 23 \$	24 vs 23 %	
Solid Waste	\$ 46.00	\$ 48.00	\$ 49.00	\$ 54.00	\$ 67.50	\$ 13.50	25.0%	
Green Waste	\$ 42.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 62.50	\$ 12.50	25.0%	
C&D	\$ 46.00	\$ 48.00	\$ 49.00	\$ 52.00	\$ 65.00	\$ 13.00	25.0%	

# Financial Summary

FY2024 FINANCIAL SUMMARY				
Categories	FY2023 Adopted Budget	FY2024 Proposed Budget	Variance to 2023 Adopted Budget	Variance %
<b>Total Revenue</b>	<b>\$ 58,978,487</b>	<b>\$ 71,192,423</b>	<b>\$ 12,213,936</b>	<b>21%</b>
SBWMA Program	4,386,681	4,400,412	13,731	0%
SB 1383 Compliance	1,180,228	568,070	(612,158)	-52%
Shoreway Operations	47,967,039	61,941,418	13,974,379	29%
<b>Total Operating Expense</b>	<b>\$ 53,533,948</b>	<b>\$ 66,909,900</b>	<b>\$ 13,375,952</b>	<b>25%</b>
Non-Operating Expense	4,655,315	5,140,653	485,338	10%
<b>Total Expense</b>	<b>\$ 58,189,263</b>	<b>\$ 72,050,554</b>	<b>\$ 13,861,291</b>	<b>24%</b>
<b>Net Revenue and Expense</b>	<b>\$ 789,224</b>	<b>\$ (858,131)</b>	<b>\$ (1,647,355)</b>	<b>-209%</b>
Capital Expenses (from reserves)	(\$1,645,000)	(\$2,821,360)		
Debt Principal Pmt Current	(\$1,325,000)	(\$1,395,000)		
<b>Change in Enterprise Fund Balance</b>	<b>(\$2,180,776)</b>	<b>(\$5,074,491)</b>		

## Key FY2024 Cost Considerations:

- Negative Net Revenue and Expense
  - Use of Rate Stabilization Reserve (\$2.4M)
- Tip Fee Increase to cover operating costs
  - New Shoreway Operations with SBI
- Property Insurance is now \$3.2M
- Disposal increase - Index and volume
  - Newby Island green waste processing (+11%)
- Shoreway Operations increase (+52% New SBI Contract)
- Staffing expense increase (+4.9%)
- Capital Expenditures
  - Misc. Projects (\$2.0M)
  - Underground Storage Tank (\$0.8M net of reserve)

# Revenue Sources

FY2024 REVENUE				
Revenue	FY2023 Adopted Budget	FY2024 Proposed Budget	Variance to 2023 Adopted Budget	Variance %
<b>Tip Fee Revenue</b>	<b>\$ 52,129,324</b>	<b>\$ 63,736,948</b>	<b>\$ 11,607,624</b>	<b>22%</b>
<i>Non Franchised</i>	12,455,833	17,223,494	4,767,661	38%
<i>Franchised</i>	39,673,491	46,513,455	6,839,963	17%
Net Commodity Sales Revenue*	6,595,968	6,877,632	281,664	4%
Interest Income	236,192	560,000	323,808	137%
Other Revenue	17,003	17,842	840	5%
<b>Total Revenue:</b>	<b>\$ 58,978,487</b>	<b>\$ 71,192,423</b>	<b>\$ 12,213,936</b>	<b>21%</b>

# Volume Projections

		FY2022 Actual	FY2023 Adopted Budget	FY2024 Proposed Budget	Variance to FY2023 Budget	%
<b>Total TS Tonnage and Yards Inbound</b>						
<b>Franchise</b>						
SBWMA Solid Waste	tons	161,043	173,006	166,099	-6,907	-3.99%
SBWMA Organics	tons	78,603	81,551	86,316	4,765	5.84%
SBWMA Food Waste	tons	16,120	19,678	17,867	-1,810	-9.20%
SBWMA Dirt, Inert, Other	tons	3,226	3,596	3,775	179	4.98%
<b>Sub-total Franchise</b>		<b>258,992</b>	<b>277,830</b>	<b>274,057</b>	<b>-3,773</b>	<b>-1.36%</b>
Non-SBWMA SW	tons	4,203	4,321	4,373	52	1.21%
Non-SBWMA Scrap	tons	4	104	4	-100	-96.15%
Non-SBWMA FOOD	tons	1,061	1,022	1,241	219	21.44%
Non-SBWMA C&D	tons	1,578	1,905	2,723	818	42.93%
Non-SBWMA ORGANIC	tons	1,949	360	7,986	7,626	2118.28%
Non-SBWMA Assphalt Roofing	tons	1,503	1,563	1,605	42	2.71%
Non-SBWMA Clean Wood	tons	0	0	0	0	0.00%
Public Weighed Dirt	tons	10,076	10,663	12,857	2,195	20.58%
<b>Sub-total non-Franchise (tons)</b>		<b>20,374</b>	<b>19,937</b>	<b>30,789</b>	<b>10,852</b>	<b>54.43%</b>
<b>Total Tons Inbound</b>		<b>279,365</b>	<b>297,767</b>	<b>304,846</b>	<b>7,080</b>	<b>2.38%</b>
<b>Public (Yards)</b>						
Public Solid Waste Yards	C/Yards	55,921	69,585	64,251	-5,334	-7.67%
Public Green Waste Yards	C/Yards	23,706	29,741	38,450	8,709	29.28%
Public C&D	C/Yards	71,062	82,376	77,033	-5,343	-6.49%
<b>Total Yards Inbound</b>		<b>150,688</b>	<b>181,702</b>	<b>179,734</b>	<b>-1,969</b>	<b>-1.08%</b>

# Shoreway Operations Expense Projections

FY2024 SHOREWAY OPERATIONS EXPENSE DETAIL				
Expenditures	FY2023 Adopted Budget	FY2024 Proposed Budget	Variance to 2023 Adopted Budget	Variance %
Shoreway Operations Compensation	\$ 20,819,899	\$ 31,639,040	\$ 10,819,141	52%
Disposal and Processing	23,547,649	25,819,957	2,272,308	10%
Property Insurance	2,200,000	3,224,850	1,024,850	47%
Education Center	100,000	75,000	(25,000)	-25%
Credit Cards Charge	74,920	74,920	-	0%
Other Operating Expense	582,220	590,000	7,780	1%
Sewer Charge	107,351	107,651	300	0%
Shoreway Projects	535,000	410,000	(125,000)	-23%
<b>Shoreway Operations:</b>	<b>\$ 47,967,039</b>	<b>\$ 61,941,418</b>	<b>\$ 13,974,379</b>	<b>29%</b>
Bond Interest Expense	2,172,917	2,105,500	(67,417)	-3%
Franchise Fee (San Carlos)	2,482,398	3,035,153	552,755	22%
<b>Total Shoreway Operations</b>	<b>\$ 52,622,354</b>	<b>\$ 67,082,072</b>	<b>\$ 14,459,718</b>	<b>27%</b>

- Operator Compensation and Disposal/Processing Expense
- Shoreway Insurance Coverage
- Shoreway Projects - TRP permit, SLCP modeling, ZWC planning, GHG assessment



# Projected Reserve Balance

FY2024 BUDGET: RESERVE BALANCES			
	MY2023 Budget Update	FY2024 Proposed Budget	Variance to 2023 Adopted Budget
<b>UNCOMMITTED RESERVE:</b>			
RATE STABILIZATON	\$ 5,237,034	\$ 2,837,034	\$ -
EMERGENCY RESERVE (7.5% of expense)	5,237,034	\$ 5,237,034	-
SELF INSURANCE FUNDING ACCOUNT	694,875	694,875	-
<b>CAPITAL RESERVE</b>	8,246,880	5,662,389	2,740,501
UNDESIGNATED RESERVE			
<b>TOTAL UNCOMMITTED RESERVES</b>	<b>\$ 19,415,823</b>	<b>\$ 14,431,332</b>	<b>\$ 2,740,501</b>
<b>COMMITTED RESERVE</b>			
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 1,166,789	\$ 1,076,789	\$ -
<b>TOTAL RESERVES</b>	<b>\$ 20,582,612</b>	<b>\$ 15,508,121</b>	<b>\$ 2,740,501</b>
<b>SHOREWAY REMEDIATION PROJECT</b>	<b>\$ 1,233,640</b>	<b>\$ -</b>	<b>\$ -</b>

**Bond Project Fund Balance is currently \$12 million**

CASH FLOW TO/FROM TOTAL RESERVE BAL	MY2023	FY2024
<b>Enterprise Fund Beginning Balance</b>	<b>\$ 21,297,375</b>	<b>\$ 20,582,612</b>
Operating Income	\$ 1,185,237	\$ (858,131)
Underground Storage Tank (net of reserves)		\$ (816,360)
Capital Expense (from reserves)	(575,000)	(2,005,000)
Debt Principal Pmt Current	(1,325,000)	(1,395,000)
<b>Enterprise Fund Ending Balance</b>	<b>\$ 20,582,612</b>	<b>\$ 15,508,121</b>

# Capital Improvement Plan: Shoreway Site

Shoreway Capital Projects Draft Budget 2024 - 2028							
	Year 1	Year 2	Year 2	Year 3	Year 4	Year 5	
	Current Year 2023	Proposed Budget 2024	Proposed Budget 2025	Proposed Budget 2026	Proposed Budget 2027	Proposed Budget 2028	
<b>FUNDS FOR UNANTICIPATED PROJECTS</b>							
Truck Shop Building	25,000	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	50,000	Repair reserve estimate
MRF Building	50,000	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	40,000	Repair reserve estimate
General Site Projects	100,000	100,000	100,000	100,000	100,000	100,000	Repair reserve estimate
<b>OPERATIONS CONTRACT TRANSITION</b>							
Parts Storage and Shelving		50,000					
MRF Sort System Assessment		100,000					See BHS \$ S/V assessment rp
Baler Refurbishment	65,000	65,000					
Site Pavement and Curb Repair		65,000					
Replace Shoreway Camera System		100,000					Full hardware replacement
<b>RECOLOGY</b>							
Parts Storage		50,000					
Dispatch Office Refurbishment	75,000						
HVAC system replacement at Administration building	75,000						
<b>UST REPLACEMENT PROJECT</b>							
UST Soil and Ground Water Testing	40,000						
UST Design/Bid support/CM services	50,000	50,000	50,000				
UST Construction Install		2,000,000	1,000,000				
<b>TRANSFER STATION</b>							
Floor Repair		400,000					
O2E System Equipment			2,000,000				Green Bond eligible
333 Shoreway Electrical Upgrades for New Evs			200,000	600,000			Replace switchgear
<b>MRF</b>							
MRF Fire Suppression Deluge System		400,000	250,000				Eng. TBD
Material Handler Install		750,000					Green Bond eligible
Phase II MRF Equipment - Container Sort System Replacement		3,500,000					Green Bond eligible
Phase II MRF Equipment - Fiber Sort System			6,000,000				Green Bond eligible
Baler Replacement				1,500,000			Green Bond eligible
Storage Area (by scalehouse) paving, fencing.		180,000					
<b>SHOREWAY BUILDINGS &amp; SITE WORK</b>							
Ventilation for MRF PV electrical room		45,000					
Tunnel Pump and Truck Wash Replacement			125,000				
Site Paving and Striping			1,500,000	1,500,000	1,500,000		work completed after UST
<b>OTHER</b>							
Refresh Site Signage	75,000	75,000					
Refurbishment of Landscape and Outdoor Ed Area	20,000	40,000					
Scalehouse Refurbishment		50,000					
MRF Office Ceiling Refurbishment		50,000					
Site Optimization Planning Construction		?	?	?	?	?	Design in process
ZEV Charging Infrastructure (2023 planning/engineering)	180,000	110,000	2,600,000	5,400,000			Tie to Recology EV Schedule
							<b>Five Year Total</b>
<b>TOTAL CAPITAL ITEMS</b>	<b>\$ 847,023</b>	<b>\$ 8,345,000</b>	<b>\$ 13,990,000</b>	<b>\$ 9,265,000</b>	<b>\$ 1,765,000</b>	<b>\$ 265,000</b>	<b>\$ 33,365,000</b>
<b>Funding Source / Estimated Reserve Balances</b>				<b>Estimated Project Cost Grouped by Funding Source</b>			
Green Bond Funds	\$ 12,000,000			\$ 12,250,000	Green Bond Eligible Project Total		
MRF Equipment Replacement Fund Reserve	\$ 760,000			\$ 1,500,000	MRF Equipment Replacement Costs		
Environmental Settlement Funds for UST	\$ 1,200,000			\$ 3,190,000	Total UST Cost Estimate		
Capital Reserve Fund	\$ 6,200,000						
<b>Total Funds in Reserve</b>	<b>\$ 20,160,000</b>						