



A Public Agency

SBWMA FINANCE COMMITTEE MEETING

TUESDAY OCTOBER 8, 2024 1:00pm

Place:
RethinkWaste Offices
1245 San Carlos Ave. Suite E
San Carlos, CA 94070

Teleconference Locations*
Grace Castaneda
Belmont City Hall
1 Twin Pines Lane
Belmont, CA 94002

Jon Froomin
40 Tower Road
San Mateo, CA 94402

Michael Brownrigg
1524 Columbus Ave
Burlingame, CA 94010

The public may observe/participate in Committee meetings using remote public comment options or attending in person. Committee members shall attend in person unless remote participation is permitted by law.

TO ADDRESS THE COMMITTEE IN PERSON

Masking is not required but according to the California Department of Public Health guidelines, people at higher risk for severe illness should consider masking. To help maintain public health and safety, we respectively request that people NOT attend in-person if they are experiencing symptoms associated with COVID-19 or are otherwise ill and likely contagious (e.g., respiratory illnesses).

To address the Committee on any item – whether on the posted agenda or not – please fill out a Request to Speak Form and submit it to the Board Clerk. Speakers are not required to submit their name or address.

REMOTE PARTICIPATION

Members of the public may participate in public Agency meetings by logging into the Zoom:

<https://us02web.zoom.us/j/86811795820?pwd=V0kzcjFna3ZnN01YMXA4eTFLZmcyQT09>

Meeting ID: 868 1179 5820 Passcode: 372388

Written public comments for the record may be submitted in advance by 11:00 a.m. on the meeting date by email to: rethinker@rethinkwaste.org and will be made part of the written record but will not be read verbally at the meeting. Written public comments submitted by email should adhere to the following: 1) Clearly indicate the Agenda Item No. or specify “Public” in the Subject Line for items not on the agenda and 2) Include the submitter’s full name. You may also use the raise hand feature on Zoom to enter a verbal public comment.

*Pursuant to Ralph M. Brown Act, government code section 54953, all votes shall be by roll call if any members of the board of directors are participating by teleconference and/or video conference.

AGENDA

MEMBER AGENCIES

BELMONT * BURLINGAME * EAST PALO ALTO * FOSTER CITY * HILLSBOROUGH * MENLO PARK * REDWOOD CITY
* SAN CARLOS * SAN MATEO * COUNTY OF SAN MATEO * WEST BAY SANITARY DISTRICT

October 7, 2024

1. Call to Order/Roll Call

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so. Each speaker is limited to three minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting. If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time. **Speakers may also submit comments via email prior to the meeting by sending those comments to rethinker@rethinkwaste.org.**

3. Executive Director’s Report (Verbal Update)

p. 3

4. Approval of Consent Calendar

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

A. Approval of the Minutes from the September 10, Finance Committee Meeting

ACTION p. 7

B. Approval of a 2025 Finance Committee Meeting Calendar

ACTION p. 15

5. Finance Committee Review of DRAFT FY 2025 Operating Budget and Review of Capital Improvement Plan Projects

ACTION p. 19

6. Follow up from September Board Meeting: Discussion on Reserves

ACTION p. 39

7. Committee Member Comments

8. Adjourn

MEMBER AGENCIES

BELMONT * BURLINGAME * EAST PALO ALTO * FOSTER CITY * HILLSBOROUGH * MENLO PARK * REDWOOD CITY
* SAN CARLOS * SAN MATEO * COUNTY OF SAN MATEO * WEST BAY SANITARY DISTRICT

October 7, 2024



A Public Agency

EXECUTIVE DIRECTOR'S UPDATE

Agenda Item 3 is a verbal report only at the
10/08/2024 SBWMA Finance Committee Meeting



A Public Agency

CONSENT CALENDAR



MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 MEETING OF THE FINANCE COMMITTEE
 Tuesday, September 10, 2024, 1:00PM
 610 Elm St. Suite 202 San Carlos, CA 94070

Call To Order: 1:03PM

1. Roll Call

Member	Present	Absent
Michael Brownrigg	X	
Jon Froomin	X	
Al Royse	X	
Rebecca Mendenhall	X	
Grace Castaneda	X	

Member Grace Castaneda attended via Zoom.

2. Public Comment

Pursuant to Government Code Section 54954.3(a), members of the public wishing to address the Committee may do so, and the comments shall be limited to the Special Meeting notice topic(s). Speakers may join the Zoom meeting via the meeting link and using the “raise hand” feature and the Clerk of the Board will call on people.

None

3. Executive Director La Mariana La Mariana’s Welcome (Verbal Only)

Executive Director La Mariana La Mariana La Mariana welcomed everyone to the meeting and made the following announcements:

- He updated the committee on the SBWMA office move, the final installation of the lift, and the final walk through for the punch list. Staff will start working from the office on Monday, September 16.
- The September Board meeting will be in the SamTrans building, and the October board meeting is planned to take place and be hosted in the new office conference room.
- He noted that steps are being taken to meet the EV clean vehicle requirements that are coming in the next few years. And announced that the Recology team looked at a Hydrogen fueled garbage truck. It has many pros and cons, but it is another step toward future Zero Waste vehicles.
 - Member Royse asked what the price comparison is between the Hydrogen and fully electric garbage trucks.
 - Executive Director La Mariana La Mariana La Marina answered that it is not much less than the electric, which are around \$922,000.00 currently.
 - Member Froomin asked the price on the current diesel fueled garbage trucks.
 - Executive Director La Mariana La Mariana La Mariana answered \$430,000.00, some savings are expected with the fuel itself, but staff will need to do that cost benefit analysis.

- Member Froom asked if there has been any movement on legislative requirements or deadlines.
- Executive Director La Mariana La Mariana La Mariana answered that there has been no indication of any deadline shifts.
- Staff Gans added that there are aspirations and reality, there is already a two-year backlog on the standard garbage truck which makes you wonder what the backlog will be for the electric version. It could take up to ten years to get one.
- Executive Director La Mariana La Mariana La Mariana added that Recology is working on getting fifty garbage trucks to be transitioned over to electric by 2028. Including 14-15 of the ancillary vehicles already in transition to EV, such as service pickup trucks for a total of 75 vehicles.
- He then gave an overview of upcoming projects at Shoreway. The underground storage tank (UST) replacement project work begins September 23 and will take four months and will be very impactful to Recology and SBI operations. He added that while the UST projected is mandated, the vision for 2035 is to convert the fleet to alternative fuel, likely electric power.
 - Member Froomin asked for clarification noting that the last report on EV there was progress but not yet meeting the standard needed to make it viable, how will it be possible then to transition the next few years.
 - Executive Director La Mariana La Mariana answered that the biggest standard that is not being met is the amount of payload that can be collected in the vehicle and that is what is being worked on. The last round tested were able to return to the yard with a 40% charge remaining. The issue now is the weight of the battery which is an additional 2 tons which diminishes the payload.
 - Member Froomin commented that it is interesting that fuel consumption is being analyzed, but he thought adding 20% more drivers who are driving gas powered vehicles to get to work, 20% more wear on the roadways need to be factored in as well.
 - Executive Director La Mariana La Mariana noted that Recology has an employee incentive to buy EV vehicles. So, it may not be accurate to assume that they are all driving gas powered vehicles.
- Rethink Recycle day will not be happening at the facility this year with all the things happening at the facility and the office move.
- The long-range plan is close to being completed and the Board will review the draft version in October.
- Lastly, he noted that a data breach with our bank occurred, but the fraudulent attempt was caught before anything financial was accessed.

4. Consent Calendar

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Committee, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

A. Approval of the Minutes from the June 11, 2024 Finance Committee Meeting

Motion/Second: Royse Mendenhall

Roll Call Vote: 4 – 0 – 1 – 0.

Member	Yes	No	Abstain	Absent
Michael Brownrigg			X	
Jon Froomin	X			

Al Roysse	X			
Rebecca Mendenhall	X			
Grace Castaneda	X			

5. Shoreway Site Planning and Source of Funds Discussion

- MRF Phase II –Sort System Automation Update
- Fire Risk Mitigation Projects
- Transfer Station Parking Area Redesign

Staff Gan gave an overview of the proposed Shoreway Capital Projects to improve and manage the facility and their estimated cost summaries.

Executive Director La Mariana noted that these will be submitted for consideration in the FY2025 capital budget, and this is being presented for the finance committee to provide feedback or if there are any questions prior to the board meeting.

Member Froomin asked regarding discussions on labor savings via eliminating positions. How does that play into the ability to reduce labor given that the CBA agreements have a set number of positions.

Staff Gans answered that reduced labor is from non-union positions.

Executive Director La Mariana informed the members that the nonunion positions were previously provided through a contract with the county of San Mateo. It was the vocational rehabilitation services; the county discontinued the contract with the operator transition after not being able to sustain a steady number of workers. Currently, these workers come through a temp agency.

Member Froomin and asked for clarification on how the proposed technology and how it would reduce costs.

Staff Gan answered that it would reduce residue (the garbage collected in blue bins) by about 40% of the cost of labor.

Member Brownrigg noted that staff should make it clear that the ROI is also on improved processing, better recovery upfront, and decreased landfill.

Member Roysse asked how long the equipment depreciation is?

Staff Gan stated that the current equipment is 20 years old, and it still has close to 10 years still available for use.

Member Roysse noted that means that the return annually is a lot better than what is written on the presentation. He added that previous conversations to control costs or to generate revenue including insurance programs, should be included for the net bottom line impact. Noting that a lot of residents are receiving increases in utilities, and this will show a detailed review of why increases are happening here.

Member Roysse states that

Member Froomin asked if there is still a MRF Phase III, noting that the green bond number is very close to the MRF Phase II balance.

Staff Gan we are waiting on the technology that is coming to determine if there will be a MRF Phase III, but the MRF Phase II plan is the current technology available to us now.

6. Follow up from June Board Meeting: 2025 Tip Fee Recommendations

Staff Mangini reported the request to review the reduction of tip fee as recommended by the board during the June 2024 meeting.

Member Froomin stated that there is an exact savings number written in the analysis and asked why the number isn't closer to \$700,000 reduction in insurance costs.

Staff Mangini reports that he could have written it out as a percentage, but it wouldn't have a big impact on the number.

Member Brownrigg states that he is in favor of doing it as it is proposed and as presented. Later on, there will have to be a change to the rate stabilization fund, and this might help with that.

Motion: Froomin/Brownrigg

Roll Call Vote: 5 – 0 – 0 – 0.

Member	Yes	No	Abstain	Absent
Michael Brownrigg	X			
Jon Froomin	X			
Al Royse	X			
Rebecca Mendenhall	X			
Grace Castaneda	X			

7. Follow up from June Board Meeting: Reserve Policy Best Practices and setting a Rate Stabilization Policy standard among the Member Agencies

Staff Mangini gave background that he received a request from a TAC member to have the finance committee review and discuss the rate stabilization reserve and best practices and a review of what the member agencies are doing regarding rate stabilization. He noted that none of the member agencies have responded that they have a specific rate stabilization reserve separate from the Recology surplus account, though not all member agencies have responded to date.

Member Froomin asked how long it took staff to get the data information for this presentation.

Staff Mangini answered that it was a quick search.

Member Froomin noted that city councils have a policy that no individual can request work of staff without board approval. And here we have one organization requesting work of staff that might not be supported by the board. He asked if the Agency has a policy set up around this type of ask.

Executive Director La Mariana answered no we do not, though it has been an issue in the past but not recently.

Member Froomin recommended that it should be something for a future board retreat, at least to touch base with the board. He then asked if there is a policy specific to replenishing reserves.

Staff Mangini answered there is no policy specific to replenishing reserves.

Member Froomin noted that one year ago the board authorized using the rate stabilization fund for a 5% reduction in rates to smooth the large increase, but it was just a delay because now that reserve needs to be replenished. So, he recommended having a policy specific to replenishing reserves. when they can be used.

Staff Mangini noted that there is policy in place to review the reserve policy annually, the replenishment will be reviewed in January 2025.

Member Brownrigg endorsed Member Froomin comments on creating a policy around when a member can request significant extra work to prevent wild goose chases. With respect to replenishment, he agrees with Member Froomin, it does not make sense to put all 5% back the next year.

Staff Mangini stated that the 5% needs to be put back to meet bond covenant ratios. No reserves have been replenished unless direction is given by the board to do so. The board has the ability to move reserve funds and emergency reserve for any purpose . Reserve policy states that both rate stabilization and emergency reserve will be funded up to 10%.

8. Staff Report on Bond Arbitrage and IRS Liability

Staff Mangini gave background on this topic.

Member Froomin stated that the bond is designed to buy things and do something with it, it's not designed to raise funds by taking more money than borrowed. He asked what the interest rate is and what is the amount of earned interest allowed.

Executive Director La Mariana noted that the net proceeds that came out of the secured green bonds are placed in a green bond reserve that can fund green bond reserve eligible projects. It was the intention to draw this out much sooner, but the pandemic other events that caused uncertainty the projects got delayed. Some of the reserve was drawn down with the MRF Phase I project, KNN public finance is always contacted to make sure that recommended projects are indeed a green bond fund eligible.

Member Froomin asked staff to ensure that the budget was properly reflecting interest earned on the bond balance and any interest payments that were being paid in arbitrage.

Staff Mangini answered that he will check in with the arbitrage calculators to see if they can give some direction. He recommended that this entry is booked as an interest revenue to budget for a lower investment income.

Member Froomin stated the greatest concern would be that an arbitrage payment will be calculated and the funds to pay the arbitrage are no longer available.

Executive Director La Mariana stated that the interest earned is problematic because the agency is a non-profit organization with more favorable tax exemption rates. That is why the arbitrage specialist and KNN have recommended to pay it back and move forward.

Member Royse asked if this was discovered by the agency filing the IRS form or, did they come to the agency directly requesting the payment.

Staff Mangini answered that it is a requirement to have an arbitrage calculation done, therefore a firm who does this specifically was hired to do this calculation for the Agency and helped fill out the IRS form.

Member Royse asked if it was interest only and if there were no penalties.

Staff Mangini answered that there are no penalties as of now but if no action is taken there could be penalties and there could be additional payments required.

Member Brownrigg commented that a lot of the bond fund was being held back for the ambition of Organic-to-Energy (O2E) E and there were other plans that did not work out which left unspent bond funds.

Member Froomin noted that the other concern was on BLX group payment due on or before September 2024.

Staff Mangini answered that it has been paid. BLX recommended that the agency should invest in an arbitrage investment fund rather than having it in the bond fund that earns more than it is legally able to earn. He asked for feedback from the committee if there was support for looking into setting up that account.

Member Mendenhall responded that it is something to look into, but without all of the facts it is tough to make a recommendation.

Member Castaneda stated that there is a similar situation in the City of Belmont where bond issuances need to be arbitrated every five years. 85% of the issuance was not spent down within the 3 years, so come arbitrage calculation time, the bond council instructed to have internal memos to prepare in case any tax audits come up. The first memo is to state why the bond proceeds were not spent down and the second thing the memo should address what the plan is to spend down the proceeds and the timeline. It's important to specify the cash flow not the commitment, when the cash will go out the door. Those are the projections that want to be seen per quarter. The bond proceeds can be parked depending on how fast those funds are planned to be spent. The alternative is to move the funds into an account that does not earn 4% interest.

Member Royse asked if this was done by a contractor, would they pay interest, which would not be subject to the same rules.

Member Castaneda answered that she was unsure how that transaction would be evaluated. Each bond has its own account and there is a limit on how much can be withdrawn each month.

Member Mendenhall recommended checking with Redwood City who does the Agency finances and investments to see what they recommend.

Finance Committee Input Session on the DRAFT 2025-2034 Long Range Plan

Staff Nghiem presented the draft Long Range Plan and asked for feedback on the draft prior to the October board meeting and Final approval in November.

The committee discussed the two proposed mission statements. They had a strong preference to leave in cost-effective.

The Committee then discussed the Long Range Plan goals and objectives.

Member Royse Asked if the goal is reduced plastic use what is the plan to measure that reduction.

Executive Director La Mariana stated that it goes through waste busters.

Member Froomin asked If member Royse is referring to the Member Agency's use of plastics,

Member Royse answered that his question is more about how it is measured.

Member Froomin stated that the focus of the Long Range Plan should be on what comes to the facility instead of what the community is using.

Executive Director La Mariana noted that both are important because what our Member Agency's uses is how it trickles down to what is collected at the facility, from environmental outreach and education as an upstream program.

Member Brownrigg asked if we believe that we as an Agency would be more financially efficient if there were more members. If yes, that could be an objective which is to expand membership.

Member Froomin responded that the first thing that comes to mind is site optimization study, and more Member Agencies would add more trucks in the space that is already constrained. There is much more capacity for material because the permit is at 50% but is there a enough space to run an additional 50% more material.

Member Brownrigg commented that from a practical point of view that is correct but whether the direction for a long-range plan should be do we want to stay the same or do we want to grow is a strategic question that may be missing.

Member Royse asked if these current objectives fulfill our mission. And if not, would accepting other members make a difference for our communities in the county. Additionally, he added that an objective of the finance committee is always how to fund it.

Member Brownrigg challenged the team to think about it and look at expansion as a point that drives this mission.

Staff Nghiem stated that she would evaluate it as an objective to see what that would look like.

Member Brownrigg suggested another goal is that the Agency be a test bed for new technologies if there is space for it since this is a mission driven agency and not a profit driven agency.

Member Froomin suggested innovation be a part of the guiding principles.

Member Brownrigg agreed that this approach works and would empower the agency to be aware of ideas from outside sources/startups.

Staff Gan noted that this approach sends a message to the staff that we should be talking to people at the state level and equipment manufacturers to work in partnerships with new technologies.

He noted that there is an opportunity in SB54 where \$500,000,000.00 is set aside for plastic packaging manufactures to create, and fund greater recovery of plastics packaging, if not they will be banned from the state of CA.

Member Froomin states the quality of the Long Range Plan product is great regardless of the comments he provided.

10. Committee Member Comments

11. Adjourn: 2:46 p.m.

STAFF REPORT

To: SBWMA Finance Committee Members
From: Dolores Molina Bucio, Administrative Associate
Cyndi Urman, Board Secretary
Date: October 08, 2024 Finance Committee Meeting
Subject: Approval of 2025 Finance Committee Meetings Calendar

Recommendation

It is recommended that the SBWMA Finance Committee approve a 2025 Finance Committee regular meeting calendar.

Summary

The SBWMA Finance Committee is a standing committee of the SBWMA. As such, the committee is required to follow Brown Act regulations, and have a posted schedule of regular meetings. It is recommended that the SBWMA Finance Committee adopt a calendar with three regular meetings in 2025. The first in June to discuss the 2025 mid-year budget, and the 2026 preliminary budget with tip fee projections for Member Agency's Revenue Requirement. The second meeting in September to review the compensation applications if necessary. And a final meeting in October to review the Calendar Year 2026 draft budget.

Additional Special Finance Committee meetings may be necessary for review of SBWMA financial related matters.

Staff recommends meeting on the second Tuesday of June, September and October 2025, as to provide enough time for necessary changes based on the Finance Committee's feedback prior to the next board meeting.

Staff recommends continuing to meet at 1PM during 2025.

Fiscal Impact

There is no fiscal impact associated with approving a regular meeting calendar for 2025.

Attachments:

Attachment A – 2025 Finance Committee Draft Meeting Calendar



SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
2025 Finance Committee MEETING SCHEDULE

Meetings of the South Bayside Waste Management Authority Finance Committee are held in the SBWMA Offices at 1245 San Carlos Ave. Suite E San Carlos, CA or Otherwise Noted on the Agenda

Please refer to each agenda for exact location information.

Meetings are held on the Second Tuesdays in January, June, September and October at 1:00PM

June	10	2025
September	9	2025
October	14	2025



A Public Agency

FINANCE COMMITTEE REVIEW OF DRAFT 2025 OPERATING BUDGET AND REVIEW OF CAPITAL IMPROVEMENT PLAN

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
John Mangini, Senior Finance Manager
Date: October 8, 2024 SBWMA Finance Committee Meeting
Subject: Resolution Approving of FY 2025 Operating Budget and Capital Improvement Plan

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2024-xx attached hereto authorizing the following action:

Approve the FY 2025 SBWMA Operating Budget and Capital Improvement Plan Budget with a positive net revenue and expense of \$1,255,008

Summary

The FY 2025 SBWMA Budget reflects Staff recommendations to manage revenues and expenses to meet these three goals during the period January 1, 2025 through December 31, 2025:

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.

Background

In November 2023, the SBWMA Board approved a FY 2024 Budget for the period of January 1, 2024 to December 31, 2024. The SBWMA Board approved a Mid-Year Budget update for FY 2024 and a FY 2025 Budget Projection at its June Board Meeting. The FY 2025 Budget Projections are necessary to estimate tipping fees on January 1, 2025 and estimate Member Agencies 2025 Total Revenue Requirement.

Proposed 2025 Tip Fees

Based on Staff's analysis of the projected FY 2025 costs submitted by our agency's two primary operational contractor's -- Recology of San Mateo County (Recology) and South Bayside Industries (SBI)-- an adjusted Franchise tip fee in FY 2025 is recommended to be increased 7% per ton over 2024 (**see Table 1 below**).

In the FY 2024 Adopted Budget, the Board elected to defer 5% of the overall recommended tip fee increase and utilize the Rate Stabilization Reserve to cover the deferred 5% to lessen the impact of increased ratepayer rates. The new Shoreway Operations Agreement in 2024 caused a significant increase in tip fees and the Board elected to smooth out a portion impact over the next year.

5% of the 2025 Franchise Tip Fee increase is due to the adjustment now required by this deferral in 2024, and the remaining 2% is due to projected overall increased costs.

Table 1

	Actual	Actual	Actual	Proposed		
	1/1/2022	1/1/2023	1/1/2024	1/1/2025	25 vs 24 \$	25 vs 24 %
Franchise Tip Fees / Ton					incr.	%
Solid Waste	\$ 130.00	\$ 139.00	\$ 165.00	\$ 176.55	\$ 11.55	7.0%
Green Waste	\$ 143.00	\$ 150.00	\$ 178.00	\$ 190.46	\$ 12.46	7.0%
Food	\$ 144.00	\$ 150.00	\$ 178.00	\$ 190.46	\$ 12.46	7.0%
3rd Party / Ton						
Solid Waste	\$ 135.00	\$ 150.00	\$ 179.00	\$ 187.50	\$ 8.50	4.7%
Green Waste	\$ 143.00	\$ 150.00	\$ 187.00	\$ 196.50	\$ 9.50	5.1%
Food	\$ 144.00	\$ 152.00	\$ 187.00	\$ 196.50	\$ 9.50	5.1%
C&D	\$ 130.00	\$ 142.00	\$ 177.00	\$ 186.00	\$ 9.00	5.1%
Asphalt Roofing	\$ 131.00	\$ 136.00	\$ 170.00	\$ 178.50	\$ 8.50	5.0%
Public Dirt /Ton	\$ 119.00	\$ 123.00	\$ 153.75	\$ 161.40	\$ 7.65	5.0%
Public Tip Fees / Yd	1/1/2022	1/1/2023	1/1/2024		25 vs 24 \$	25 vs 24 %
Solid Waste	\$ 49.00	\$ 54.00	\$ 67.50	\$ 68.00	\$ 0.50	0.7%
Green Waste	\$ 50.00	\$ 50.00	\$ 62.50	\$ 62.50	\$ -	0.0%
C&D	\$ 49.00	\$ 52.00	\$ 65.00	\$ 65.00	\$ -	0.0%

Fiscal Impact

This FY 2024 Budget forecasts a positive net revenue and expense of \$1,255,008. Notable variances to the approved FY 2025 Budget are outlined below:

Revenue:

- **Franchise Revenue** – Projecting volumes to be in line with the adopted Mid-Year (MY) 2024 Budget.
- **Non-Franchise Revenue** projecting a slight % increase in volume (combined tons and yards) over the MY2024 Budget. The remaining increase is due to the increased tip fees.
- **Commodity Revenue** is projected to be in line with than the MY2024 budget. The 2025 Proposed Budget contains a blended per ton revenue rate of \$170 per ton vs. the MY2023 Budget rate of \$172 per ton.

Expense:

Total SBWMA Program Expense is projected to be slightly higher than the MY2024 Budget.

- **Staffing Expense** overall is projected to increase 7% from the MY2024 Budget. The proposed DRAFT FY 2025 contains a 3% increase for most employees. The additional increase is due to an extended open position reflected in the MY2024 Budget.
- **Support and Contract Compliance Expense** is projected to increase slightly from the MY2024 Budget.

- **State Mandated Public Education and Outreach Expense** is projected to be consistent with the MY2024 Budget.
- **SB1383 Compliance Expense** is projected to be \$53K (10%) higher than the MY2024 Budget due to an open staff position reflected in the MY2024 Budget.

Shoreway Operations Expense:

- **Shoreway Operations Expense** is projected to be \$1.2M higher (3.8%) than MY2024 Budget mainly due to a new Shoreway Operations contractual cost basis.
- **Disposal and Processing Expense** is projected to be \$1.3M (5.1%) higher due to the projected increase in material volume and Newby organics rate increase of 5.6%.

Table 2

FY2025 NET REVENUE & EXPENSE				
Categories	FY2024 Mid-Year Budget	FY2025 Proposed Budget	Variance to 2024 Mid Year Budget	Variance %
Total Revenue	\$ 70,950,409	\$ 74,936,428	\$ 3,986,018	5.6%
Total Expenditures	\$ 71,759,143	\$ 73,681,419	\$ 1,922,277	2.7%
Net Revenue and Expense	\$ (808,733)	\$ 1,255,008	\$ 2,063,742	-255.2%

Overview of the FY 2025 Budget Review Process:

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

- October 8: Finance Committee review
- October 24: Board review and feedback of preliminary DRAFT FY2025 Budget
- October 24: Board discussion of the DRAFT planned FY2025 Capital Improvement Budget
- November 21: Final Board consideration of final FY2025 Budget

Organization of the FY2025 Budget Report:

Attachment A: You will find the preliminary FY2025 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, the Shoreway Operations budget and the non-operating expenses.

Attachment B: You will find further detail of the Program budget: staff resources, key projects and work activities. *This item is currently a work in progress and is not yet available for the Finance Committee Meeting. It will be presented during the Board Study Session on October 28.*

Attachment C: Provides the current organization chart and details on personnel related budget assumptions. *This item is currently a work in progress and is not yet available for the Finance Committee Meeting. It will be presented during the Board Study Session on October 28.*

Attachment D: Provides back up detail on commodity revenue and prices.

Attachment E: Provides important back up to other financial and operational data.

Financial Summary:

Overall, the Draft FY2025 Budget reflects an increase in net revenue and expense over the MY2024 Budget.

Table 3 below provides a financial summary of operations and a change in net position calculation.

Table 3

FY2025 FINANCIAL SUMMARY				
Categories	FY2024 Mid-Year Budget	FY2025 Proposed Budget	Variance to 2024 Mid Year Budget	Variance %
Total Revenue	\$ 70,950,409	\$ 74,936,428	\$ 3,986,018	6%
SBWMA Program	4,381,572	4,470,180	88,608	2%
SB 1383 Compliance	518,976	572,086	53,109	10%
Shoreway Operations	61,817,069	63,468,289	1,651,221	3%
Total Operating Expense	\$ 66,717,617	\$ 68,510,555	\$ 1,792,938	3%
Non-Operating Expense	5,041,526	5,170,864	129,338	3%
Total Expense	\$ 71,759,143	\$ 73,681,419	\$ 1,922,277	3%
Net Revenue and Expense	\$ (808,733)	\$ 1,255,008	\$ 2,063,742	-255%

Revenue:

Table 4 below provides a summary of revenue by source with total revenues for FY2025 increasing by \$3,986,018 (6%) from the MY2024 Budget. Projecting consistent franchise volumes as the MY2024 Budget.

Table 4

FY2025 REVENUE				
Revenue	FY2024 Mid-Year Budget	FY2025 Proposed Budget	Variance to 2024 Mid Year Budget	Variance %
Tip Fee Revenue	\$ 61,655,308	\$ 65,860,229	\$ 4,204,921	7%
Non Franchised	14,601,159	15,119,843	518,684	4%
Franchised	47,054,149	50,740,385	3,686,237	8%
Net Commodity Sales Revenue	8,117,260	8,258,299	141,040	2%
Interest Income	1,160,000	800,000	(360,000)	-31%
Other Revenue	17,842	17,900	58	0%
Total Revenue:	\$ 70,950,409	\$ 74,936,428	\$ 3,986,018	6%

Table 5 below summarizes the volume, tip fee and revenue change for franchise and public customers. Franchise tonnage is expected to increase slightly on higher tip fees resulting in 7.8% higher revenue. Public customer yardage volume remains consistent with MY2024 providing a 1.6% increase in public yardage revenue. Weighted 3rd party customer volume is expected to remain steady in 2025. Weighted 3rd party volume is mostly from Recology San Bruno and other jurisdictions.

Table 5

TIP FEE REVENUE				
	FY2024 Mid-Year Budget	FY2025 Proposed Budget	FY2025 vs. MY2024	Variance %
Franchise Revenue				
Tons	277,471	279,523	2,052	0.7%
Wtd Avg. Tip Fee	\$ 169.58	\$ 181.52	11.94	7.0%
Franchise Revenue	\$ 47,054,149	\$ 50,740,385	\$ 3,686,237	7.8%
Public Revenue				
Cu/Yards	166,284	168,659	2,376	1.4%
Wtd Avg. Tip Fee	\$ 66.67	\$ 66.76	0.08	0.1%
Public Revenue Cu/YDS	\$ 11,086,967	\$ 11,259,401	\$ 172,434	1.6%
Tons (3rd party)	10,085	10,295	210	2.1%
Wtd Avg. Tip Fee	\$ 179.10	\$ 187.85	8.74	4.9%
Public Revenue on Tons	\$ 1,806,247	\$ 1,933,836	\$ 127,589	7.1%
Public Dirt Tons	11,115	11,934	819	7.4%
Wtd Avg. Tip Fee	\$ 153.67	\$ 161.44	7.77	5.1%
Sub Total	\$ 1,707,945	\$ 1,926,606	\$ 218,660	12.8%
Public Revenue Total	\$ 14,601,159	\$ 15,119,843	\$ 518,684	3.6%
Total Tip Fee Revenue	\$ 61,655,308	\$ 65,860,229	\$ 4,204,921	6.8%

Table 6 below summarizes commodity revenue. Volume is 2.6% higher than the MY2024 Budget based on the recent average tons. Weighted average commodity prices are expected to be consistent with MY2024.

Table 6

COMMODITY REVENUE				
	FY2024 Mid-Year Budget	FY2025 Proposed Budget	Variance to MY2024 Adopted Budget	Variance %
COMMODITY REVENUE				
Tons Sold	47,159	48,402	1,244	2.6%
Wtd Avg. Price	\$ 172.13	\$ 170.62	\$ (1.51)	-1.1%
Gross Revenue	\$ 8,117,260	\$ 8,258,299	\$ 141,040	2.1%
Revenue Share w/Operator			\$ -	
Net Commodity Revenue	\$ 8,117,260	\$ 8,258,299	\$ 141,040	2.1%

SBWMA Total Expense

Table 7 below and **Chart 1** summarizes the total expenses for the FY2025 Budget by major category. The Total Expense is projected to be \$73.7M. Each expense category shown in the table below is discussed in more detail further on. Other expenses are mainly equipment maintenance and Shoreway project expenses.

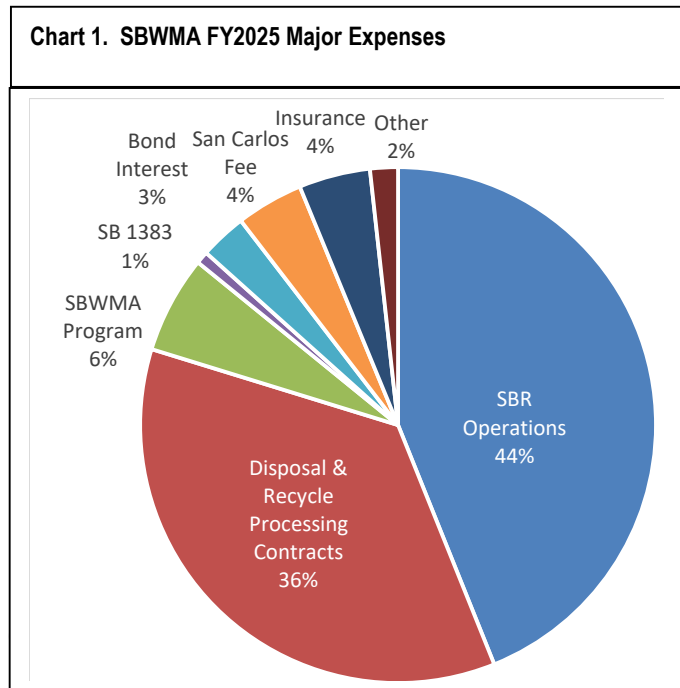


Table 7

FY2025 TOTAL EXPENSE SUMMARY		
EXPENSE CATEGORIES	FY2025 Proposed Budget	FY2025 Budget % of Total
Shoreway Operations	\$63,468,289	86.0%
SBWMA Program	4,470,180	6.1%
SB 1383 Compliance	572,086	0.8%
Bond Interest Expense	2,034,600	2.9%
Franchise Fees to San Carlos	3,136,264	4.2%
Total Expense	\$73,681,419	100.0%

Shoreway Operations Expense:

As shown in **Table 7** above, the Shoreway Operations expenses represent 86.0% of the FY 2024 SBWMA Total Expense Budget. Shoreway Operations includes all South Bayside Industries (SBI) 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 contractually and compliance-driven (and, therefore,) non-discretionary 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 FY2025. The total expense for the Shoreway operations is projected to be \$68,639,153 which is 3% more than the MY2024 Budget. Variances for each expense line are discussed below:

Tab

FY2025 SHOREWAY OPERATIONS EXPENSE DETAIL				
Expenditures	FY2024 Mid-Year Budget	FY2025 Proposed Budget	Variance to 2024 Mid Year Budget	Variance %
Shoreway Operations Compensation	\$ 31,189,220	\$ 32,365,597	\$ 1,176,377	4%
Disposal and Processing	26,095,427	27,424,242	1,328,815	5%
Property Insurance	3,224,850	2,524,850	(700,000)	-22%
Education Center	75,000	85,000	10,000	13%
Credit Cards Charge	74,920	121,000	46,080	62%
Other Operating Expense	740,000	515,000	(225,000)	-30%
Sewer Charge	107,651	97,600	(10,051)	-9%
Shoreway Projects	310,000	335,000	25,000	8%
Shoreway Operations:	\$ 61,817,069	\$ 63,468,289	\$ 1,651,221	3%
Bond Interest Expense	2,105,500	2,034,600	(70,900)	-3%
Franchise Fee (San Carlos)	2,936,026	3,136,264	200,238	7%
Total Shoreway Operations	\$ 66,858,594	\$ 68,639,153	\$ 1,780,559	3%

Shoreway Operator Compensation Expense: 4% increase in expense paid to SBI to operate the Shoreway facility and transport outbound materials to the disposal and processing facilities. SBI is paid on a per ton basis. 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 \$1.3M 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.

Table 9

FY2025 SHOREWAY DISPOSAL EXPENSE DETAIL				
Disposal Expense by Material Type	FY2024 Mid-Year Budget	FY2025 Proposed Budget	Variance to 2024 Mid Year Budget	Variance %
Solid Waste	\$ 11,927,460	\$ 12,484,356	\$ 556,896	5%
Organics	10,075,940	10,446,644	370,704	4%
C&D, dirt	3,478,787	3,916,249	437,462	13%
Other	830,139	801,253	(28,887)	-3%
Subtotal	\$ 26,312,326	\$ 27,648,501	\$ 1,336,175	5%
Paid by SBR (MRF residue)	(216,899)	(224,259)	(7,360)	3%
O2E Diversion	-	-	-	
TOTAL DISPOSAL EXPENSE	\$ 26,095,427	\$ 27,424,242	\$ 1,328,815	5.1%

Other Operating Expense (see Table 8):

- Property insurance premiums are projected to decrease 22% over the MY2024 Budget.
- Education Center expense is to provide bus service for school children tours.
- Credit card transaction fees paid by SBR for public/non-franchise customer transactions and reimbursed by the Agency.
- Other Operating Expense includes primarily facility and equipment maintenance; facility project assessment expenses are not covered by SBI 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 \$5,042,266, a 3% decrease over the MY2024 Budget. The FY 2023 SBWMA Program & Administrative Expense Budget Detail is shown in **Attachment A – FY2025 Operating & Capital Budget Detail** with expense variances described in line-by-line detail.

Table 10

FY2025 SBWMA PROGRAM EXPENDITURES				
Expenditures	FY2024 Mid-Year Budget	FY2025 Proposed Budget	Variance to 2024 Mid Year Budget	Variance %
Administrative Expense	\$ 3,295,772	\$ 3,369,880	\$ 74,108	2%
Member Agency Support & Contract Compliance	393,000	407,500	14,500	4%
State Manadated Public Education & Outreach	692,800	692,800	-	0%
SB1383 Expenses	518,976	572,086	53,109	10%
Total SBWMA Program Expense:	\$ 4,900,548	\$ 5,042,266	\$ 141,718	3%

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 2024 that are detailed in **Attachment B** – SBWMA Programmatic Detail.

Capital Expenditures:

The proposed FY 2024 Capital Expenditures budget is \$3,720,000. 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 reserve calculation is not available as of this writing.

Attachments:

Resolution 2024-xx

- A. SBWMA FY2025 Operating and Capital Budget Detail
- B. SBWMA Programmatic Detail (*Not available for October 8th Finance Committee*)
- C. Organization Chart & Personnel Summary (*Not available for October 8th Finance Committee*)
- D. Commodity Revenue
- E. Supporting Financial and Operational Data (Tonnage, Fees & Rates, Other)

REVENUE SUMMARY	MID-YEAR BUDGET FY2024	PROPOSED BUDGET FY2025	Variance to Adopted Budget	Variance % to Forecast Budget	Notes
ADMINISTRATIVE REVENUE:					
INVESTMENT INCOME	\$ 1,160,000	\$ 800,000	\$ (360,000)	-64.3%	
TOTAL ADMINISTRATIVE	\$ 1,160,000	\$ 800,000	\$ (360,000)	-64.3%	
OPERATIONS REVENUE:					
SHOREWAY TIP FEES - Non Franchised	\$ 14,601,159	\$ 15,119,843	\$ 518,684	3.0%	
SHOREWAY TIP FEES - Franchised	\$ 47,054,149	\$ 50,740,385	\$ 3,686,237	7.9%	
COMMODITY SALES REVENUE	8,117,260	8,258,299	141,040	2.1%	
MISCELLANEOUS REVENUE	17,842	17,900	58	0.3%	Mattress rebate revenue
SUBTOTAL OPERATIONS REVENUE	\$ 69,790,409	\$ 74,136,428	\$ 4,346,018	6.2%	
TOTAL REVENUE	\$ 70,950,409	\$ 74,936,428	\$ 3,986,018	5.6%	
TOTAL OPERATING EXPENSES	\$ 71,759,143	\$ 73,532,316	\$ 1,773,173	2.5%	
NET OPERATING	\$ (808,733)	\$ 1,404,111	\$ 2,212,845	257.9%	

2025 Budget

Revenues

10/1/2024
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line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2024	MID-YEAR BUDGET FY2024	PROPOSED BUDGET FY2025	Variance to Forecast Budget	Variance % to Forecast Budget	2025 Notes
1	ADMINISTRATIVE EXPENSES						
2	ADMINISTRATIVE STAFF	\$ 933,900	\$ 881,111	\$ 964,826	\$ 83,715	9.5%	One open position for 6 month in 2024. 3% annual increase in 2025.
3	MANDATED RECYCLING STAFF	1,472,107	1,474,658	1,516,202	41,544	2.8%	3% annual increase.
4	BOARD COUNSEL	170,000	170,000	170,000	-	0.0%	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	20,000	20,000	29,000	9,000	45.0%	Monthly recording services, TAC Board meeting snacks, retreat facilitator location and food, and Holiday Lunch
6	ACCOUNTING SERVICES	140,544	140,544	-	(140,544)	-100.0%	City of Redwood City Accounting Svcs Agreement
7	INFORMATION SYSTEMS	50,100	50,100	52,000	1,900	3.8%	CPI increase begins January 2023 and includes an additional \$75/month for storage and back up costs
8	WEBSITE	17,000	17,000	17,000	-	0.0%	Website hosting, maintenance, and updates/upgrades as needed
9	ANNUAL AUDIT	9,000	10,000	10,000	-	0.0%	Fees paid to auditors to prepare FY & CY financial statements. Full CY and FY audits in the period.
10	D&O INSURANCE	55,260	55,260	57,000	1,740	3.1%	Annual insurance premium for director's and officer's insurance
11	BANK FEES	7,500	7,500	7,500	-	0.0%	Bank fees on checking account and fees paid to BNY as the Bond Trustee
12	RENT / PROPERTY LOAN INTEREST	110,200	127,500	92,000	(35,500)	-27.8%	\$79K in mortgage interest. 8 months rent @ 610 Elm and HOA dues.
13	PRINTING AND POSTAGE	-	-	-	-	#DIV/0!	Cost is covered in the Accounting Services Agreement
14	UTILITIES	35,000	42,400	47,940	5,540	13.1%	PG&E, Janitorial, Univoip, Comcas
15	OFFICE/TENANT IMPROVEMENTS	5,000	59,000	5,000	(54,000)	-91.5%	Office move, Office permitting
16	OFFICE SUPPLIES	18,000	18,000	21,160	3,160	17.6%	Add to funds to pay for card reader access keys and system
17	OFFICE EQUIPMENT COSTS	12,000	12,000	12,000	-	0.0%	Base copier lease is \$600/month plus cost per copy
18	PUBLICATIONS & PUBLIC NOTICES	2,500	2,500	3,000	500	20.0%	Anticipated public procurement notices
19	PROFESSIONAL DUES & MEMBERSHIPS	10,000	10,000	10,250	250	2.5%	Memberships to trade and community organizations (CRRA, SWMA, NCRA, CCAC)
20	VEHICLE MILEAGE & TOLLS	3,000	4,700	6,400	1,700	36.2%	Expect to return to normal with fellows returning to in person schools/tours/audits
21	CELL PHONES	2,500	2,500	2,500	-	0.0%	Cell phone business expense.
22	CONFERENCE & MEETINGS	19,000	26,000	26,000	-	0.0%	
23	TRAINING	11,500	14,500	12,000	(2,500)	-17.2%	Professional development. CCAC training, etc. Retreat & additional mgmt leadership class. HR training etc.
24	SPONSORSHIPS & DONATIONS	55,000	55,000	55,000	-	0.0%	Industry Sponsorships: CAW, CRRA, SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA
25	LEGISLATIVE & REGULATORY ADVOCACY	72,000	72,000	78,000	6,000	8.3%	Mandated agency priorities include these initiatives : Extended Producer Responsibility (EPR)/Product Stewardship; Source Reduction Initiatives; Lithium-ion Battery regulations, SB 1383 imnd SB 54 implementation
26	COMPUTER PURCHASE	23,500	23,500	26,000	2,500	10.6%	New computers in 2025 is 7 - All Fellows Cyndi and Hilary one more than at mid-year
27	TOTAL ADMINISTRATIVE	\$ 3,254,612	\$ 3,295,772	\$ 3,220,777	\$ (74,995)	-2.3%	
28	MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE					#DIV/0!	
29	RATE REVIEW	\$ 27,000	\$ 27,000	\$ 27,000	\$ -	0.0%	Consultant Rate Application Support.
30	FACILITY IMPROVEMENT OVERSIGHT	150,000	150,000	150,000	-	0.0%	Engineering and construction management support.
31	CONTRACT ANNUAL AUDITING	48,000	48,000	52,000	4,000	8.3%	Annual Financial & Systems Audit of RSMC and SBR.
32	COLLECTION SERVICES FRANCHISE ADMIN.	35,000	25,000	25,000	-	0.0%	Franchise Administration compliance consulting.
33	FINANCE ANALYSIS SUPPORT	18,000	18,000	18,500	500	2.8%	On-Call consultant support as needed.
34	RECYCLING TECHNICAL ASSISTANCE	50,000	50,000	35,000	(15,000)	-30.0%	Diversion consultant support.
35	WASTE CHARACTERIZATION SUPPORT	50,000	50,000	50,000	-	0.0%	Waste composition testing (Recology Contract Compliance).
36	RFP CONSULTING SUPPORT	50,000	25,000	50,000	25,000	100.0%	Operating Agreement Transition Support
37					\$ -		
38	TOTAL MA SUPPORT & CONTRACT COMPLIANCE	\$ 428,000	\$ 393,000	\$ 407,500	\$ 14,500	3.7%	
39	STATE MANDATED PUBLIC EDUCATION & OUTREACH						
40	STATE'S REQUIRED ANNUAL REPORTS	\$ -					Moved to line 60
41	SBWMA ANNUAL REPORT	3,300	3,300	3,300	-	0.0%	Creation of SBWMA annual report

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2024	MID-YEAR BUDGET FY2024	PROPOSED BUDGET FY2025	Variance to Forecast Budget	Variance % to Forecast Budget	2025 Notes
42	DIVERSION PROGRAM SUPPORT	30,000	30,000	30,000	-	0.0%	Public spaces recycling assistance; Diversion program support.
43	EVENT GIVEAWAYS	7,500	7,500	7,500	-	0.0%	
44	DIVERSION/COMPLIANCE; ZERO WASTE PROGRAMS	75,000	50,000	50,000	-	0.0%	Zero Waste Committee initiatives - tech and consulting support. Alternative fuel site infrastructure consulting.
45	IN-SCHOOL ENVIRONMENTAL EDUCATION	32,000	32,000	32,000	-	0.0%	Materials (\$20K), school recognitions for green teams and custodians (\$7K), staff/technical support (\$5K)
46	CLIMATE ACTION PLANNING	10,000	10,000	10,000	-	0.0%	Member Agency support.
47	RECYCLING TECHNICAL ASSISTANCE	25,000	25,000	25,000	-	0.0%	Promote reusables for businesses and County Foodware Ordinance; Recycling Technical Assistance for general waste diversion/waste reduction projects
48	COMMERCIAL/MFD CONTAINERS	30,000	30,000	35,000	5,000	16.7%	MFD recycle bags, internal containers, MA containers per Franchise Agreements.
49	MULTI-FAMILY OUTREACH	90,000	90,000	90,000	-	0.0%	Education and outreach per FA ; compliance with state laws; MFD Toolkit updates and printing, and other outreach campaigns
50	MEMBER AGENCY & RATE PAYER EDUCATION	140,000	140,000	140,000	-	0.0%	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	90,000	-	0.0%	Education and outreach per FA, outreach campaigns
52	COMMUNITY EVENTS	35,000	35,000	30,000	(5,000)	-14.3%	Earth Day (\$10K), Rethink Recycling Day (\$7K), Fixit Clinics (\$15K), tabling event supplies and materials and virtual event/webinar (\$3K)
53	HHW PROGRAM OUTREACH	20,000	20,000	20,000	-	0.0%	Earth Day (\$10K), Rethink Recycling Day (\$7K), other events (\$10K), tabling event supplies, materials, and virtual event/webinar (\$3K)
54	BATTERY OUTREACH	90,000	90,000	90,000	-	0.0%	Educate residents and businesses about risk of battery fires and proper disposal options, including MFD battery bucket Shred and e-waste events for Member Agencies. Recology will reimburse up to \$1,275 (FY2023 rate) for first event and remainder billed to MA's (costs are pass-through). Consider shred vendor RFP.
55	SHRED EVENT SERVICE	40,000	40,000	40,000	-	0.0%	
56	TOTAL STATE MANDATED PUBLIC EDUCATION & OUTREACH	\$ 717,800	\$ 692,800	\$ 692,800	\$ -	0.0%	
57	SBWMA PROGRAM BUDGET - SUB TOTAL	\$ 4,400,412	\$ 4,381,572	\$ 4,321,077	\$ (60,495)	-1.4%	
58	SB 1383 ADMINISTRATIVE EXPENSES						
59	MANDATED 1383 COMPLIANCE STAFF	\$ 198,070	\$ 148,976	\$ 202,086	\$ 53,109	35.6%	Open position reflected in the MY2024 budget
60	SB1383 TECHNICAL ASSISTANCE	85,000	85,000	85,000	-	0.0%	FY 2025: SB 1383 Legal Counsel Support; \$45k Annual Reporting Consultant; 1383 Consulting; Other waste and planning capacity characterizations
61	SB1383 OUTREACH AND EDUCATION	75,000	75,000	75,000	-	0.0%	FY 2025: \$45k for Required Annual SB 1383 Outreach & Education; \$30k for other campaigning related outreach
62	SB1383 PROGRAMS	190,000	190,000	190,000	-	0.0%	FY 2025: \$95k Recyclist, \$40k Procurement Support; \$50k Organics Participation Analysis and other SB 1383 programming such as Edible Food Recovery
63	SB1383 MANDATED MATERIAL SAMPLING	20,000	20,000	20,000	-	0.0%	FY 2023: \$20k O2E Lab Sampling
64	ROUTE AUDITING, REPORTING, WAIVER PROCESSING	-	-	-	-	#DIV/0!	Contracted consultant services for Waivers, Contamination Monitoring and Technical Assistance. Cost will transition to Recology compensation for work performed by Zero Waste Team (Reso #2023-20)
65	TOTAL SB 1383 EXPENSES	\$ 568,070	\$ 518,976	\$ 572,086	\$ 53,109	10.2%	
66	TOTAL SBWMA PROGRAM BUDGET	\$ 4,968,482	\$ 4,900,548	\$ 4,893,163	\$ (7,385)	-0.2%	
67	SHOREWAY OPERATIONS						
68	SHOREWAY OPERATING CONTRACT	\$ 31,639,040	\$ 31,189,220	\$ 32,365,597	\$ 1,176,377	3.8%	New Operations Agreement
69	DISPOSAL	25,819,957	26,095,427	27,424,242	1,328,815	5.1%	
70	INSURANCE SHOREWAY	3,224,850	3,224,850	2,524,850	(700,000)	-21.7%	Property insurance premium. Estimated increase.
71	SHOREWAY FACILITY COST	200,000	350,000	200,000	(150,000)	-42.9%	Budget for unanticipated routine Shoreway maintenance items that are non-CapEx.
72	CREDIT CARDS CHARGES	74,920	74,920	121,000	46,080	61.5%	SBR pass through of credit card fees from their bank from public customers.

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2024	MID-YEAR BUDGET FY2024	PROPOSED BUDGET FY2025	Variance to Forecast Budget	Variance % to Forecast Budget	2025 Notes
73	SHOREWAY CHARGES	-	-	-	-	#DIV/0!	Amortize O2E equipment
74	EDUCATION CENTER OPERATIONS	75,000	75,000	85,000	10,000	13.3%	Tours program equipment (\$5K), school bus services (\$50K for full school year - Spring 2025 and Fall 2025), poster and art contests (\$5K), Ed Center upgrades (\$25K)
75	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k	200,000	200,000	200,000	-	0.0%	Unanticipated MRF equipment maintenance (non-CapEx) expense
76	SEWER FEES (PROPERTY TAX)	107,651	107,651	97,600	(10,051)	-9.3%	City of San Carlos on tax bill based on prior year water usage.
77	E-RECYCLING	110,000	110,000	115,000	5,000	4.5%	E-waste market has shifted from a revenue source to expense. Previously budgeted as revenue
78	O2E EQUIPMENT MAINTENANCE	80,000	80,000	-	(80,000)	-100.0%	Annual maintenance contract
79	FACILITY MASTER PLANNING PROJECT	250,000	-	250,000	250,000	#DIV/0!	Transition into year one of a multi-year Master Planning process
80	O2E PILOT TESTING	25,000	25,000	-	(25,000)	-100.0%	
81	MRF PHASE II INITIAL ASSESSMENT STUDIES	60,000	60,000	60,000	-	0.0%	RFP preparation, market assessment, system optimization consulting, contract preparation
82	CONSULTING AND OUTSIDE SUPPORT	25,000	25,000	25,000	-	0.0%	TRP permit updating, SLCP Modeling, ZWC planning, GHG Assessment
83	OPERATION CONTRACT TRANSITION	50,000	200,000	-	(200,000)	-100.0%	Site pressure washing and cleaning, MRF Operations transtion engineering support
84	SUB SHOREWAY OPERATIONS COST	\$ 61,941,418	\$ 61,817,069	\$ 63,468,289	\$ 1,651,221	2.7%	
85	TOTAL SHOREWAY OPERATION	\$ 61,941,418	\$61,817,069	\$ 63,468,289	\$ 1,651,221	2.7%	
86	TOTAL OPERATING EXPENSES	\$ 66,909,900	\$ 66,717,617	\$ 68,361,452	\$ 1,643,835	2.5%	
87	NON-OPERATING EXPENSES						
88	BOND ISSUANCE & LOSS ON DEBT REFUNDING						
89	DEBT SERVICE BOND INTEREST	\$ 2,105,500	\$ 2,105,500	\$ 2,034,600	\$ (70,900)	-3.4%	Budgeted interest expense. Bond Issuance
90	FRANCHISE FEE TO CITY OF SAN CARLOS	3,035,153	2,936,026	3,136,264	200,238	6.8%	5% Franchise Fees paid by JPA to the City of San Carlos on tip fee revenue.
91	TOTAL NON-OPERATING EXPENSES	\$ 5,140,653	\$ 5,041,526	\$ 5,170,864	\$ 129,338	2.6%	
92	TOTAL SHOREWAY OPERATING EXPENSES	\$ 67,082,072	\$66,858,594	\$ 68,639,153	\$ 1,780,559	2.7%	
92	TOTAL EXPENSES (SBWMA Program + All Shoreway Operations)	\$ 72,050,554	\$71,759,143	\$ 73,532,316	\$ 1,773,173	2.5%	

FY2025 BUDGET

Attachment D - FY2024 Budget Support Files: COMMODITY REVENUE, PRICING

Update: October 2024

Summary Tables

Table D.1

COMMODITY REVENUE				
<i>COMMODITY REVENUE</i>	FY2024 Mid-Year Budget	FY2025 Proposed Budget	Variance to MY2024 Adopted Budget	Variance %
Tons Sold	47,159	48,402	1,244	2.6%
Wtd Avg. Price	\$ 172.13	\$ 170.62	\$ (1.51)	-1.1%
Gross Revenue	\$ 8,117,260	\$ 8,258,299	\$ 141,040	2.1%
Revenue Share w/Operator			\$ -	
Net Commodity Revenue	\$ 8,117,260	\$ 8,258,299	\$ 141,040	2.1%

FY2025 BUDGET

Attachment E - FY2025 Budget Support Files: REVENUE, EXPENSE DETAIL

Update: October 2024

Summary Tables

Table E.1

TIP FEE REVENUE				
	FY2024 Mid-Year Budget	FY2025 Proposed Budget	FY2025 vs. MY2024	Variance %
Franchise Revenue				
<u>Tons</u>	277,471	279,523	2,052	0.7%
Wtd Avg. Tip Fee	\$ 169.58	\$ 181.52	11.94	7.0%
Franchise Revenue	\$ 47,054,149	\$ 50,740,385	\$ 3,686,237	7.8%
Public Revenue				
<u>Cu/Yards</u>	166,284	168,659	2,376	1.4%
Wtd Avg. Tip Fee	\$ 66.67	\$ 66.76	0.08	0.1%
Public Revenue Cu/YDS	\$ 11,086,967	\$ 11,259,401	\$ 172,434	1.6%
<u>Tons (3rd party)</u>	10,085	10,295	210	2.1%
Wtd Avg. Tip Fee	\$ 179.10	\$ 187.85	8.74	4.9%
Public Revenue on Tons	\$ 1,806,247	\$ 1,933,836	\$ 127,589	7.1%
<u>Public Dirt Tons</u>	11,115	11,934	819	7.4%
Wtd Avg. Tip Fee	\$ 153.67	\$ 161.44	7.77	5.1%
Sub Total	\$ 1,707,945	\$ 1,926,606	\$ 218,660	12.8%
Public Revenue Total	\$ 14,601,159	\$ 15,119,843	\$ 518,684	3.6%
Total Tip Fee Revenue	\$ 61,655,308	\$ 65,860,229	\$ 4,204,921	6.8%

FY2025 BUDGET

Table E.2

TRANSFER STATION VOLUME					
		FY2024 Mid-Year Budget	FY2025 Proposed Budget	FY2025 vs. MY2024	Variance %
Total TS Tonnage and Yards					
<u>Franchise tons</u>					
SBWMA Solid Waste	tons	168,318	171,323	3,006	2%
SBWMA Organics	tons	85,178	86,112	934	1%
SBWMA Food Waste	tons	19,874	17,987	(1,888)	-9%
SBWMA Dirt, Inert, Other	tons	4,102	4,102	-	0%
Sub-total Franchise		277,471	279,523	2,052	0.7%
<u>Public tons</u>					
Non-SBWMA SW	tons	3,991	3,947	(44)	-1%
Non-SBWMA Scrap	tons	4	4	-	0%
Non-SBWMA FOOD	tons	1,647	2,396	749	45%
Non-SBWMA C&D	tons	1,966	1,189	(777)	-40%
Non-SBWMA ORGANIC	tons	713	564	(149)	-21%
Non-SBWMA Asphalt Roofing	tons	1,764	2,195	431	24%
Non-SBWMA Clean Wood	tons	0	0	-	0%
Public Weighed Dirt	tons	11,115	11,934	819	7%
Sub-Total Public tons		21,200	22,229	1,029	5%
Total Tons		298,671	301,752	3,081	1.0%
<u>Public Cu/Yds.</u>					
Public Solid Waste Yards	C/Yds.	55,636	52,543	(3,093)	-6%
Public Green Waste Yards	C/Yds.	35,844	33,670	(2,173)	-6%
Public C&D	C/Yds.	74,804	82,446	7,641	10%
Total Cubic Yards		166,284	168,659	2,376	1.4%

FY2025 BUDGET

Table E.3

SHOREWAY OPERATING EXPENSE				
	FY2024 Mid-Year Budget	FY2025 Proposed Budget	FY2025 vs. MY2024	Variance %
A. Summary				
MRF	\$ 10,985,015	\$ 11,381,537	\$ 396,522	3.6%
Transfer Station	\$ 9,358,068	\$ 9,754,352	\$ 396,283	4.2%
Transportation	\$ 10,846,137	\$ 11,229,709	\$ 383,571	3.5%
TOTAL EXPENSE	\$ 31,189,220	\$ 32,365,597	\$ 1,176,377	3.8%
B. Expense Detail				
MRF				
Tons, Inbound	62,136	62,902	766	1.2%
Tons, residue	(15,000)	(14,500)	500	-3.3%
Tons, net sold	47,136	48,402	1,266	2.7%
Wtd Avg. Rate of net tons sold	\$ 233.05	\$ 235.14	\$ 2.10	0.9%
Expense	\$ 10,985,015	\$ 11,381,537	\$ 396,522	3.6%
MRF Additional Sorters	\$ -	\$ -	\$ -	0.0%
Transfer Station				
Tons	353,912	360,079	6,167	1.7%
Wtd Avg. Rate	\$ 26.44	\$ 27.09	\$ 0.65	2.4%
Expense	\$ 9,358,068	\$ 9,754,352	\$ 396,283	4.2%
O2E Processing & Transport (net)		\$ -	\$ -	0.0%
Transportation				
Tons	353,912	360,079	6,167	1.7%
Wtd. Avg. Rate	\$ 30.65	\$ 31.19	\$ 0.54	1.8%
Expense	\$ 10,846,137	\$ 11,229,709	\$ 383,571	3.5%
TOTAL SBR "PAID" TONS	754,960	768,561	13,601	1.8%
TOTAL SBR EXPENSE	\$ 31,189,220	\$ 32,365,597	\$ 1,176,377	3.8%

FY2025 BUDGET

Table E.4

DISPOSAL & PROCESSING EXPENSE				
	FY2024 Mid-Year Budget	FY2025 Proposed Budget	FY2025 vs. MY2024	Variance %
A. Summary				
Solid Waste	\$ 11,927,460	\$ 12,484,356	\$ 556,896	4.7%
Organics	\$ 10,075,940	\$ 10,446,644	\$ 370,704	3.7%
C&D, dirt	\$ 3,478,787	\$ 3,916,249	\$ 437,462	12.6%
Other	\$ 830,139	\$ 801,253	\$ (28,887)	-3.5%
Subtotal	\$ 26,312,326	\$ 27,648,501	\$ 1,336,175	5.1%
Paid by SBR on MRF residue	\$ (216,899)	\$ (224,259)	\$ (7,360)	3.4%
O2E Diversion	\$ -	\$ -	\$ -	0.0%
TOTAL DISPOSAL EXPENSE	\$ 26,095,427	\$ 27,424,242	\$ 1,328,815	5.1%
B. Detail				
<u>Solid Waste (Ox Mtn.)</u>				
Tons, net	202,366	204,863	2,497	1.2%
Wtd Avg. Rate	\$ 58.94	\$ 60.94	\$ 2.00	3.4%
Expense	\$ 11,927,460	\$ 12,484,356	556,896	4.7%
<u>Organics (Newby, BVON)</u>				
Tons, net	111,624	111,751	127	0.1%
Wtd Avg. Rate	\$ 90.27	\$ 93.48	\$ 3.21	3.6%
Expense	\$ 10,075,940	\$ 10,446,644	370,704	3.7%
<u>C&D (Zanker)</u>				
Tons, net	39,922	43,466	3,544	8.9%
Wtd Avg. Rate	\$ 87.14	\$ 90.10	\$ 2.96	3.4%
Expense	\$ 3,478,787	\$ 3,916,249	437,462	12.6%
<u>Other</u>				
Tires	\$ 4,992	\$ 6,579	\$ 1,587	31.8%
Appliances	\$ 56,326	\$ 53,880	\$ (2,446)	-4.3%
Hazardous Waste	\$ 753,243	\$ 723,243	\$ (30,000)	-4.0%
Sharps, Misc.	\$ 15,578	\$ 17,551	\$ 1,973	12.7%
			\$ -	0.0%
Expense	\$ 830,139	\$ 801,253	\$ (28,887)	-3.5%



A Public Agency

FOLLOW UP FROM SEPTEMBER BOARD MEETING: DISCUSSION ON RESERVES



Agenda Item 6

Follow up for September Board Meeting Discussion on Reserves

No Staff Report Discussion Item Only

Attachments:

- A. SBWMA Reserve Policy Approved June 2022
- B. FY 2024 Reserve Balances

SBWMA Reserve Policy – 2022

This policy replaces the previous policy approved by the Board in 2018.

The purpose of the Reserve Policy is to establish reserve funds to meet known and estimated future obligations or unknown events causing economic or physical disruption. This policy establishes the level of fund balances and the process whereby funds may be spent. The source of all SBWMA funds are tip fee revenue and commodity revenue.

After meeting all normal operating and debt service obligations of the SBWMA, the following reserve accounts shall be funded in the order of priority as shown below:

1. Rate Stabilization Reserve of up to a maximum of ten percent (10%) of budgeted operating expenses. This fund is available to help minimize Transfer Station tip fee increases resulting from significant one-time revenue shortfalls (e.g., commodity price decreases, loss of revenue due to short closure of the Shoreway facility, etc.). Staff shall propose use of this fund when warranted which will be approved by the Board during the budget approval process.

2. Emergency Reserve of up to a maximum of ten percent (10%) of budgeted operating expenses. This fund is established to make limited emergency capital repairs and reconstruct the Shoreway facility buildings and infrastructure that may be damaged by natural disasters, acts of war or terrorism, or other community emergency scenarios that are not covered by existing insurance policies. Such capital expenses would be those that could not be funded through an existing capital budget. This fund is also available to cover significant one-time increases in operating expenditures associated with the above scenarios.

2.a. Sub-Emergency Reserve – Self Insurance Fund is funded annually at the close of the fiscal year audit and increases annually by up to a maximum of 20% of the current property insurance deductible. This fund is established to be the first fund available in the event of a property insurance claim to cover a portion or all of the deductible expense. This is a cumulative fund as cash is added at the close of each fiscal year, up to a fund maximum of the prior year's property insurance deductible.

Use of the Emergency Reserve is approved by the Finance Committee on an emergency basis and subsequently approved by the Board at the next Board meeting.

3. Equipment Replacement Reserve is established to replace single stream MRF processing equipment based on a 12 year replacement schedule as recommended by the manufacturer. This reserve would also be available to fund any significant one-time unanticipated equipment repair (wear parts) costs not covered in our Shoreway capital budget. Use of this fund is for the actual replacement of existing MRF processing equipment above the \$10,000 maximum responsibility of SBR for any single item of equipment repair.

4. Capital Project Reserve is intended to fund future capital projects that need to be funded over a term longer than one year and cannot be absorbed by one budget period. The proposed balance and use of this fund shall be approved by the Board as a part of the annual budget process based on a five-year capital project plan.

5. Undesignated Reserve shall hold any excess funds after the above reserves are fully funded.

All reserve fund levels will be approved each year as part of the adoption of the fiscal year budget. During the budget process, projected net cash flow, reserve balances, and debt covenant requirements are considered when budgeting Shoreway tip fees which are the main source of reserve funds.

Operating expense for the purpose of funding the first two reserves are defined as all cash expenses including Shoreway operations, SBWMA program, bond interest and franchise fees. Excluded are non-cash expenses such as depreciation. Also excluded are any expenses that are 100% offset by revenue from the same source such as the now defunct HHW program.

It is important to note that funds 1 and 2 are basically static funds with minimal annual changes. Going forward, these balances will be established each year as part of the adoption of the fiscal year budget. Ten percent is not added each year – this is the fixed limit.

Funds 2a, 3 and 4 are cumulative funds as cash is added each year to reach the total amount needed and depleted by the approved and designated expenditures.

If a reserve fund is utilized to the extent the Board concludes that the fund requires replenishment, a plan to replenish the reserve over a three-year budget cycle to an appropriate level is to be established.

2024 BUDGET

FY2024 BUDGET: RESERVE BALANCES			
	FY2024 Proposed Budget	MY2024 Budget Update	Variance to 2024 Adopted Budget
UNCOMMITTED RESERVE:			
RATE STABILIZATON	\$ 2,837,034	\$ 2,837,034	\$ -
EMERGENCY RESERVE	5,237,034	5,237,034	\$ -
SELF INSURANCE FUNDING ACCOUNT	694,875	694,875	\$ -
CAPITAL RESERVE	4,262,389	2,416,181	\$ (1,846,208)
UNDESIGNATED RESERVE			
TOTAL UNCOMMITTED RESERVES	\$ 13,031,332	\$ 11,185,124	\$ (1,846,208)
COMMITTED RESERVE			
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 1,076,789	\$ 567,450	\$ (509,339)
TOTAL RESERVES	\$ 14,108,121	\$ 11,752,574	\$ (2,355,547)
SHOREWAY REMEDIATION (UST Project)	\$ -	\$ -	\$ -

Bond Project Fund is projected to be \$10.3 million at the close of 2024

CASH FLOW TO/FROM TOTAL RESERVE BAL	FY2024	MY2024
Enterprise Fund Beginning Balance	\$ 19,182,612	\$ 20,053,909
Operating Income	(858,131)	(808,733)
Underground Storage Tank (net of reserves)	(816,360)	(1,566,360)
MRF Equipment Replacement		(509,339)
1245 San Carlos Ave - Tenant Improvements		(1,654,500)
Capital Expense (from reserves)	(2,005,000)	(2,367,403)
Debt Principal Pmt Current	(1,395,000)	(1,395,000)
Enterprise Fund Ending Balance	\$ 14,108,121	\$ 11,752,574