



# Review: Draft FY2025 Budget, Capital Plan & Reserves

October 24, 2024



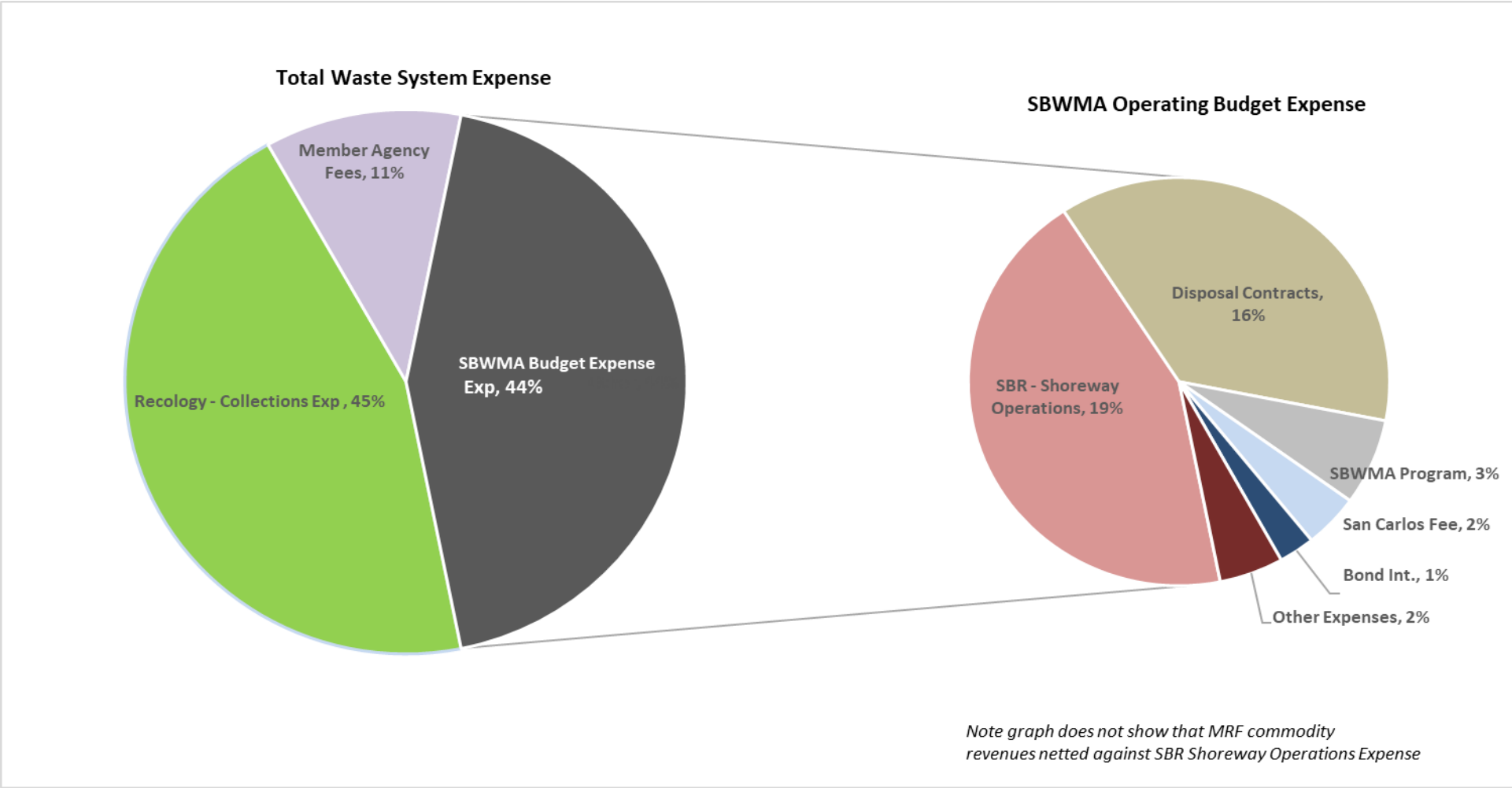
**A Public Agency**

# Budget Timeline

## Key SBWMA Budget Review Dates:

- October 8<sup>th</sup> Finance Committee review
- October 24<sup>th</sup> Board/Finance Committee review:  
\* DRAFT FY 2025 Budget Study session review  
*(Info/Discussion)*
- November 21<sup>st</sup> Board consideration:  
\* FINAL FY 2025 Budget *(Action)*

# SBWMA Budget Allocation



The SBWMA total system revenue is approximately \$168 million

# Revenue Sources

FY2025 REVENUE				
Revenue	FY2024 Mid-Year Budget	FY2025 Proposed Budget	Variance to 2024 Mid Year Budget	Variance %
<b>Tip Fee Revenue</b>	<b>\$ 61,655,308</b>	<b>\$ 65,860,229</b>	<b>\$ 4,204,921</b>	<b>7%</b>
<i>Non Franchised</i>	14,601,159	15,119,843	518,684	4%
<i>Franchised</i>	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%
<b>Total Revenue:</b>	<b>\$ 70,950,409</b>	<b>\$ 74,936,428</b>	<b>\$ 3,986,018</b>	<b>6%</b>

- Expanded CRV Program beginning 2025 (+\$1M)

# Tipping Fee Increases

	Actual	Actual	Actual	Proposed		
	1/1/2022	1/1/2023	1/1/2024	1/1/2025	25 vs 24 \$	25 vs 24 %
<b>Franchise Tip Fees / Ton</b>					<b>incr.</b>	<b>%</b>
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%
<b>3rd Party / Ton</b>						
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%
<b>Public Dirt /Ton</b>	\$ 119.00	\$ 123.00	\$ 153.75	\$ 161.40	\$ 7.65	5.0%
<b>Public Tip Fees / Yd</b>	<b>1/1/2022</b>	<b>1/1/2023</b>	<b>1/1/2024</b>		<b>25 vs 24 \$</b>	<b>25 vs 24 %</b>
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%

# Shoreway Operations Expense Projections

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%
<b>Shoreway Operations:</b>	<b>\$ 61,817,069</b>	<b>\$ 63,468,289</b>	<b>\$ 1,651,221</b>	<b>3%</b>
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%
<b>Total Shoreway Operations</b>	<b>\$ 66,858,594</b>	<b>\$ 68,639,153</b>	<b>\$ 1,780,559</b>	<b>3%</b>

- Operator Compensation and Disposal/Processing Expense
- Shoreway Insurance Coverage
- Shoreway Projects - Facility Master Planning

# Financial Summary

FY2025 FINANCIAL SUMMARY				
Categories	FY2024 Mid-Year Budget	FY2025 Proposed Budget	Variance to 2024 Mid Year Budget	Variance %
<b>Total Revenue</b>	<b>\$ 70,950,409</b>	<b>\$ 74,936,428</b>	<b>\$ 3,986,018</b>	<b>6%</b>
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%
<b>Total Operating Expense</b>	<b>\$ 66,717,617</b>	<b>\$ 68,510,555</b>	<b>\$ 1,792,938</b>	<b>3%</b>
Non-Operating Expense	5,041,526	5,170,864	129,338	3%
<b>Total Expense</b>	<b>\$ 71,759,143</b>	<b>\$ 73,681,419</b>	<b>\$ 1,922,276</b>	<b>3%</b>
<b>Net Revenue and Expense</b>	<b>\$ (808,733)</b>	<b>\$ 1,255,008</b>	<b>\$ 2,063,742</b>	<b>-255%</b>
Capital Expenditures (from reserves) *	(\$6,097,263)	(\$1,211,000)		
Debt Principal Pmt Current	(\$1,395,000)	(\$1,465,000)		
<b>Change in Enterprise Fund Balance</b>	<b>(\$8,300,996)</b>	<b>(\$1,420,992)</b>		

\* 2025 value includes an adjustment for projected unspent 2024 budgeted capital

## Key FY2025 Cost Considerations:

- Positive Net Revenue and Expense
- Tip Fee Increase to cover operating costs
  - New Shoreway Operations with SBI
- Property Insurance = \$2.5M
  - \$700K reduction
- Disposal increase - Index and volume
  - Newby Island green waste processing (+6%)
- Shoreway Operations increase (+3.1% SBI Contract Year 2)
- Staffing expense increase (+3.0%)
- Capital Expenditures
  - Misc. Projects (\$1.7M)
  - Green Bond Projects (\$2.0M)



# Projected Reserve Balance

FY2024 BUDGET: RESERVE BALANCES				
	FY2024 Proposed Budget	MY2024 Budget Update	FY2025 Proposed Budget	Variance to 2024 Adopted Budget
<b>UNCOMMITTED RESERVE:</b>				
RATE STABILIZATON	\$ 2,837,034	\$ 2,837,034	\$ 2,837,034	\$ -
EMERGENCY RESERVE	5,237,034	5,237,034	5,237,034	\$ -
SELF INSURANCE FUNDING ACCOUNT	694,875	694,875	694,875	\$ -
<b>CAPITAL RESERVE</b>	4,262,389	2,416,520	786,190	\$ (1,630,331)
UNDESIGNATED RESERVE				
<b>TOTAL UNCOMMITTED RESERVES</b>	<b>\$ 13,031,332</b>	<b>\$ 11,185,463</b>	<b>\$ 9,555,132</b>	<b>\$ (1,630,331)</b>
<b>COMMITTED RESERVE</b>				
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 1,076,789	\$ 567,450	\$ 776,789	\$ 209,339
<b>TOTAL RESERVES</b>	<b>\$ 14,108,121</b>	<b>\$ 11,752,913</b>	<b>\$ 10,331,921</b>	<b>\$ (1,420,992)</b>
SHOREWAY REMEDIATION (UST Project)	\$ -	\$ -		\$ -

**Bond Project Fund is projected to be \$10.5 million at the close of 2024**



# Capital Improvement Plan: Shoreway Site

Shoreway Capital Projects Draft Budget 2024 - 2028						
	Year 1	Year 2	Year 3	Year 4	Year 5	
	Mid-Year Update	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	
	2024	2025	2026	2027	2028	
	Update 9/15/2024					
<b>FUNDS FOR UNANTICIPATED PROJECTS</b>						
Truck Shop Building	8,524	25,000	25,000	25,000	25,000	Repair reserve estimate
Transfer Station Building	147,689	100,000	50,000	50,000	50,000	Repair reserve estimate
MRF Building	509,339	100,000	50,000	50,000	50,000	Repair reserve estimate
Administrative Building	97,463	75,000	40,000	40,000	40,000	Repair reserve estimate
General Site Projects	144,711	200,000	100,000	100,000	100,000	Repair reserve estimate
<b>OPERATIONS CONTRACT TRANSITION</b>						
Parts Storage and Shelving	1,871	-				
Sort System Assessment and Transition	251,797	100,000				See BHS \$ S/V assessment rpt.
Baler Refurbishment	93,705	100,000				
Site Pavement and Curb Repair	-	200,000				
Replace Shoreway Camera System	55,000					Full hardware replacement
<b>RECOLOGY</b>						
Parts Storage	610	100,000				
Dispatch Office Refurbishment	150,000	-				
HVAC system replacement at Administration building	75,000	-				
<b>TRANSFER STATION</b>						
Floor Repair	300,000					
O2E System Equipment	-		2,000,000			Green Bond eligible
333 Shoreway Electrical Upgrades for New Evs	-		600,000			Replace switchgear
<b>MRF</b>						
MRF Fire Suppression	625,000	500,000				
Material Handler Install						Green Bond eligible
Phase II MRF Equipment - Container Sort System Replacement		2,000,000				Green Bond eligible
Phase II MRF Equipment - Residue Recovery System	-		2,500,000			Green Bond eligible
Phase II MRF Equipment - Fiber High-grading Sort System	-		3,000,000			
Baler Replacement	-				2,000,000	Green Bond eligible
SBI Truck Shop	-			8,000,000		
<b>SHOREWAY BUILDINGS &amp; SITE WORK</b>						
Ventilation for MRF PV electrical room	9,361					
Tunnel Pump and Truck Wash Replacement	50,988					
Site Paving and Striping	1,219		1,500,000	1,500,000		work completed after UST
<b>OTHER</b>						
Refresh Site Signage	120,000	180,000				
Refurbishment of Landscape and Outdoor Ed Area	40,000	40,000				
Scalehouse Refurbishment	64,465					
MRF Office Refurbishment						
Site Optimization Planning Construction	20,000		TBD	TBD	TBD	Design in process
ZEV Charging Infrastructure (2023 planning/engineering)	110,000		5,400,000			Tie to Recology EV Schedule
						<b>Five Year Total</b>
<b>TOTAL CAPITAL ITEMS</b>	<b>\$ 5,676,742</b>	<b>\$ 3,720,000</b>	<b>\$ 15,265,000</b>	<b>\$ 9,765,000</b>	<b>\$ 2,265,000</b>	<b>\$ 36,691,742</b>
<b>TOTAL NON-GREEN BOND CAPITAL</b>	<b>\$ 5,676,742</b>	<b>\$ 1,720,000</b>	<b>\$ 7,765,000</b>	<b>\$ 9,765,000</b>	<b>\$ 265,000</b>	<b>\$ 25,191,742</b>



# Volume Projections

		FY2022 Actual	FY2023 Actual	MY2024 Budget Projection	FY2025 Proposed Budget	Variance to FY2024 Budget	%
<b>Total TS Tonnage and Yards Inbound</b>							
<b>Franchise</b>							
SBWMA Solid Waste	tons	161,043	164,502	168,318	171,323	3,006	1.79%
SBWMA Organics	tons	78,603	86,685	85,178	86,112	934	1.10%
SBWMA Food Waste	tons	16,120	17,076	19,874	17,987	-1,888	-9.50%
SBWMA Dirt, Inert, Other	tons	3,226	3,566	4,102	4,102	0	0.00%
<b>Sub-total Franchise</b>		<b>258,992</b>	<b>271,828</b>	<b>277,471</b>	<b>279,523</b>	<b>2,052</b>	<b>0.74%</b>
Non-SBWMA SW	tons	4,203	4,137	3,991	3,947	-44	-1.11%
Non-SBWMA Scrap	tons	4	4	4	4	0	0.00%
Non-SBWMA FOOD	tons	1,061	1,406	1,647	2,396	749	45.50%
Non-SBWMA C&D	tons	1,578	3,543	1,966	1,189	-777	-39.51%
Non-SBWMA ORGANIC	tons	1,949	7,140	713	564	-149	-20.91%
Non-SBWMA Asphalt Roofing	tons	1,503	2,185	1,764	2,195	431	24.43%
Non-SBWMA Clean Wood	tons	0	0	0	0	0	0.00%
Public Weighed Dirt	tons	10,076	12,304	11,115	11,934	819	7.37%
<b>Sub-total non-Franchise (tons)</b>		<b>20,374</b>	<b>30,719</b>	<b>21,200</b>	<b>22,229</b>	<b>1,029</b>	<b>4.86%</b>
<b>Total Tons Inbound</b>		<b>279,365</b>	<b>302,547</b>	<b>298,671</b>	<b>301,752</b>	<b>3,081</b>	<b>1.03%</b>
<b>Public (Yards)</b>							
Public Solid Waste Yards	C/Yards	55,921	58,081	55,636	52,543	-3,093	-5.56%
Public Green Waste Yards	C/Yards	23,706	42,429	35,844	33,670	-2,173	-6.06%
Public C&D	C/Yards	71,062	84,002	74,804	82,446	7,641	10.22%
<b>Total Yards Inbound</b>		<b>150,688</b>	<b>184,512</b>	<b>166,284</b>	<b>168,659</b>	<b>2,376</b>	<b>1.43%</b>