



A Public Agency

RETHINKWASTE FINANCE COMMITTEE MEETING

TUESDAY JUNE 10, 2025 1:00pm

Place:

Teleconference Locations*

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

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 respectfully 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

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.*

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

June 3, 2025

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 of October 08, 2024, Finance Committee Meeting **ACTION p. 7**
 - B. Approval of the Minutes of December 04, 2024, Finance Committee Meeting **ACTION p. 13**
 - C. Approval of the Minutes of March 13, 2025, Finance Committee Meeting **ACTION p. 17**
5. **Finance Committee Review of DRAFT Resolution Approving the 2025 Mid-Year Budget Adjustments** p. 23
6. **Finance Committee Review of DRAFT Resolution Approving 2025-2026 Reserve Policy Updates** p. 40
7. **Finance Committee Review of MRF Phase II Project and Financial Pro Forma** p. 48
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

June 3, 2025



A Public Agency

EXECUTIVE DIRECTOR'S UPDATE

Agenda Item 3 is a verbal report only at the 06/10/2024
RethinkWaste Finance Committee Meeting

Agenda Item 3



A Public Agency

CONSENT CALENDAR



MINUTES
RETHINKWASTE
FINANCE COMMITTEE MEETING
 October 8, 2024 – 2:00 p.m.
 Via Zoom Tele or Video Conference

Location:

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

Al Royce
 Hillsborough Town Hall
 1600 Floribunda Ave.
 Hillsborough, CA 94010

Jon Froomin
 1363 Tarpon St. Foster City, CA 94404

Michael Brownrigg
 1524 Columbus Ave, Burlingame, CA 94010

AGENDA

1. Call to Order/Roll Call CTO: 1:01PM

| Member | Present | Absent |
|--------------------|--------------|--------|
| Michael Brownrigg | X | |
| Jon Froomin | X | |
| Al Royce | 1:05p | |
| Rebecca Mendenhall | X | |
| Grace Castaneda | X | |

Others Present:

Executive Director Joe La Mariana
 Staff John Mangini
 Staff Cyndi Urman
 Staff Julia Au
 Staff Dolores Molina-Bucio

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)

The executive director La Mariana welcomed the committee to the new RethinkWaste administrative office and expressed gratitude and appreciation to the finance committee for their support and looking at the financial considerations. The executive director reminded the committee of the openings that will be available in 2025 as two members will be departing. The 2025 Finance Committee meeting calendar approval with a possible addition in March or April 2025 date provided soon to focus on capital projects.

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 of September 10, 2024 - Finance Committee Meeting.
- B. Approval of a 2025 Finance Committee Meeting Calendar

Motion: Royse
Second: Mendenhall
Motion passes 5 - 0

| Member | Yes | No |
|--------------------|-----|----|
| Michael Brownrigg | X | |
| Jon Froomin | X | |
| Al Royse | X | |
| Rebecca Mendenhall | X | |
| Grace Castaneda | X | |

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

The Executive Director, La Mariana provided opening remarks on the proposed draft 2025 operating budget being aligned with the marketplace and inflation, much of which focuses on the possibility of EV and Hydrogen options.

Member Froomin inquired if the agency has an opportunity to share EV resources with Samtrans as their facility is near the agency.

Executive Director La Mariana stated that this idea has been discussed with Samtrans and speaking to PG&E about the options available.

Executive Director La Mariana provided a closing thought for the draft discussion, stating that allocating reserves, anticipated reserves including the green bond reserve. Stating that it is expected to address gaps in funding for conventional commercial vending options and marketed bonds.

Staff Mangini reviewed the draft with the committee of operating budget and capital improvement plan.

Member Mendenhall inquired about the email they had sent staff to expand on the section for other operating costs have gone down by a significant amount.

Staff Mangini explained that in 2024 the amount found in other operating costs was due to the amount of projects completed for the facility with the new contractor (SBI) that included refurbishment etc.

Member Royse requested clarification on the deferment and whether it was paid with a reserve.

Member Mendenhall inquired if the equipment maintenance was left blank for a reason as it is typically paid annually.

Staff Mangini stated that the item is related to the organics to energy project that has been on hold.

Member Mendenhall inquired if the equipment would still require maintenance even when not in use.

Executive Director La Mariana stated that there are expenses that are ongoing, and staff will work on including that in the final report.

Member Mendenhall inquired if the contract for the pressure washer and site cleaning would be ongoing.

Executive Director La Mariana explained that four major expense areas that impacted the reserves, including the office build out, underground storage tank, rate stabilization fund, and service transition maintenance.

Member Mendenhall confirmed that they were looking at the ongoing maintenance that occurs annually.

Staff Mangini states that after the initial costs are paid, the contractor is responsible for facility maintenance.

Executive Director La Mariana confirmed that if it is a structural part of the facility, the agency covers the cost and if it's an operational factor, it is on the contractor.

Staff Gans states that the agency has no cost for O2E Equipment unless it's operating.

Member Mendenhall recommends staff change the comment.

Member Castaneda inquired on whether there is a line item for accounting services in the budget.

Staff Mangini confirmed that line item was discussed.

Executive Director and Staff Mangini presented the Shoreway Capital Projects Draft Budget 2024-2028

Executive Director La Mariana highlighted line 22; floor repair of the facility and describing the cost totaling \$300,000.00 for an ongoing bi-annual patching of the floor.

Member Royse inquired about the patch work and asked if it does not cause any safety concerns.

Executive Director La Mariana confirmed that the patch fixes safety concerns until a new patch needs to be fixed.

Staff Urman stated that it is currently flagged by the LEA and the agency is receiving bids until Friday.

Member Royse inquired on how the complete replacement of the floor is compared to the depreciable life.

Staff Mangini informed the committee that the assets for the refurbishment of the building are in the budget as a lump sum from the loan of 2010.

Member Royse inquired if the need is to replace the assets before the assigned depreciable life and the funding for buildings is after the depreciable life is restored.

The Executive Director informed the committee of the similar work completed by Sunnyvale Smart Station

Member Brownrigg noted that the agency currently does not have a 5 -10 year view on when a big investment is required and how it should be financed. Stating that would be responsible budgeting.

Member Froomin affirmed member Brownrigg's comments recommending a life expectancy on all equipment and infrastructure which should be included in the capital improvement plan.

Member Royse suggested rough guidance by the non-cash depreciation cost and that is equating to the actual life and that money could be the starting point for the reserve build up.

Member Brownrigg inquired if a public agency uses depreciation.

Member Royse clarified that a public agency does use depreciation for book purposes when net income loss or surplus is equated that concludes in an expense.

Executive Director La Mariana states that the capital budget is projection for the next five years. Stating that the core of the discussion is to explore how to fill the gap in on how to pay for the upcoming expenses. Requesting the committee follow up on the current discussion early to mid-spring.

Member Froomin states that the five-year plan works except for the big-ticket items, stating that five years is not long enough time to reach the amounts needed and recommends 10 – 15 years.

Member Mendenhall recommends amortization as a guide, setting aside money in a reserve and checking it annually to determine if changes are needed for necessary amounts.

Executive Director La Mariana acknowledged Member Mendenhall's comments, stating that the process is being done with the MRF equipment and that the approach should be taken on for the rest of the facility. The executive director informed the committee that the current focus by the engineering and planning team is for the zero-emission hydrogen and vehicle charging infrastructure. Stating that the team is identifying the projects along with their estimated cost and completion time. Along the way the team will identify the technology and cost associated with it and the possible co-funding opportunities.

Member Froomin states that the approach taken between hydrogen and electric give widely different opportunities. Emphasizing that charging stations for EV would need to be on the property compared to the fueling stations which could be shared with SamTrans.

Executive director La Mariana informed the committee that the amount of requested hydrogen fueled vehicles would determine the decision on installation of a hydrogen fueling station or sharing a station with SamTrans.

Member Brownrigg recommends the agency begin setting aside money for these future infrastructure projects, stating that the agency should identify an actionable figure or percentage goal.

Member Royse requested that staff identify what the annual depreciation amount is and what percentage it equates to.

Staff Mangini recommends the committee consider adding dollars to the tipping fee to help build reserves for future expenditures. A one dollar per ton increase would increase reserves by approximately \$450K was mentioned as an example.

Member Brownrigg recommends there should be a ratio to create this policy to help figure out how much money to save.

Member Froomin is concerned about the coming up with a number i.e. a dollar per ton is a good start but acknowledged that Member Mendenhall's recommendation on listing the important assets and determining their cost is preferred to drive how much money should be set aside.

Member Brownrigg agreed with member Froomin but stated that more needs to be done to catch up.

Member Froomin stated that the reserves policy should be looked at as some are reserves and others are equipment replacement funds.

Executive Director La Mariana recommended making a matrix of funding needs.

Member Froomin stated that many of the cities within the JPA have other sources that can be drawn from for funding opportunities.

Member Brownrigg asked the executive director what the agency's proposal for process and how it will be presented and brought forward.

Staff Mangini states that the current approach is identifying how year one will look and how to approach it moving forward.

Executive Director La Mariana stated that the staff will implement a more refined approach in terms of the funding for upcoming large-scale equipment replacement projects that previously were not a part of the budget.

Member Mendenhall inquired if the agency is looking for approval for an appropriation year and suggested that a financial goal should be a five or ten-year outlook for capital to set the reserves.

Member Brownrigg recommended bonds be avoided.

Member Royse recommends the annual depreciation amount should be identified to set aside a non-spendable replacement fund and identify how much money is needed to catch up. Member Royse additionally recommended the agency begin identifying grants at a state level to fund for the hydrogen and EV projects.

Executive Director La Mariana asked the committee how they would like to proceed with voting and whether they would be comfortable voting on this day or waiting until the next finance committee meeting.

Member Royse motioned an approval of the budget to be posted to the board and recommend with the caveat that work will be done to identify a replacement fund to the assets, additionally recommending the staff that when presenting the funding to include talking points over what has been done to control the spending such as the insurance premiums.

Member Mendenhall added an addendum to the motion that the changes that staff Mangini has agreed to will be made prior to being presented to the board.

Motion: Al Royse 1:57p

Second: Rebecca Mendenhall

Motion passed: 5 - 0

| Member | Yes | No |
|--------------------|-----|----|
| Michael Brownrigg | X | |
| Jon Froomin | X | |
| Al Royse | X | |
| Rebecca Mendenhall | X | |
| Grace Castaneda | X | |

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

Member Froomin recommended there be a name change of the reserve policy as some are equipment savings accounts.

7. Committee Member Comments

N/A

8. Adjourn: 2:02 p.m.



A Public Agency

Minutes

SPECIAL RETHINKWASTE FINANCE COMMITTEE MEETING

WEDNESDAY DECEMBER 4, 2024 10:00am

Location:

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

Al Royce
 Hillsborough Town Hall
 1600 Floribunda Ave.
 Hillsborough, CA 94010

Jon Froomin
 1363 Tarpon St. Foster City, CA 94404

Michael Brownrigg
 1524 Columbus Ave, Burlingame, CA 94010

1. Call to Order/Roll Call : 10:03 a.m.

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

RethinkWaste Staff: Joe La Mariana, John Mangini, Cyndi Urman, Dolores Molina-Bucio, Jean Savaree

Others Present: Andra Lorenz, Adam Lorraine, Adam Rak

2. Public Comment

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Member Froomin inquired on the extent of participation for TAC member Lorenz and Board Member Lorrain participating in the meeting.

Attorney Savaree advised that board member Lorrain sitting in and listening to the meeting without comments is accepted under Brown Act rules, additionally stating that TAC member Lorenz may join the conversation and provide public comment.

3. Executive Director's Report (Verbal Update)

The Executive Director briefed the committee members on the upcoming agency events and projects. First of which is the community movie night hosted by the agency's environmental education team at the Redwood Shores library on Thursday, December 12, 2024, from 4 - 6:30 p.m. Followed by informing the members of the completion of the office project. Stating that the project manager, Rob Kalkbrenner has reported that claims for additional change order payments by both the contractor and architect have been retracted. The Executive Director informed the members of the underground storage tank project and it's ongoing progression with a target end date of December 31, 2024 and acknowledging the work of staff Gans. Ending the report with an announcement of vacancies for the Finance Committee in the new year.

4. Analysis on Increasing Tip Fees to Replenish and Fund Reserves and Discussion on Best Practices to Replenish Agency Reserves.

Staff Mangini provided an overview of the feedback and concerns brought up by the board regarding replenishing reserves, funding capital projects and creating an equipment replacement fund. With the attachments provided,

Staff Mangini gave an overview of the 2025 budgeted reserves and the budgeted positive and negative impacts on reserves through the year and finally the projected ending reserve balance at the close of 2025 as a framework for the next discussion. Adding that the 2024 results will be stronger than what was estimated during the mid-year review. Staff Mangini presented a table illustrating a mechanism to increase tip fees by either \$1, \$2, or \$3 and the amount of funds that each scenario could provide to increase reserve levels.

The Executive Director added that historically the agency has focused on one to one million and a half dollar's worth toward site improvements and emphasizing that the amount will rise due to upcoming mandated, marketed, and operational requirements in the next three to ten years. Stating that through discussions with consultants, they have confirmed the impact of statewide mandates affecting similar agencies.

Staff Mangini added that there is money in the green bond fund if needed for MRF operational improvements.

Member Froomin requested clarification on attachment A regarding operating income when it relates to reserves.

Staff Mangini clarified that the net of revenue projected to the net of expense projected in the operating budget.

Member Froomin confirmed that means if money is removed from reserves to balance the budget or if there is a surplus being put in.

Staff Mangini confirmed.

Member Froomin acknowledged the existence of the green bonds and having money in case, stating that there should be a clear designation of funds in preparation for future site improvements. Member Froomin proposed that the agency identify a minimum value list equipment, it's expected lifespan, expected replacement cost and how much should be saved annually for its future replacement. Member Froomin added that large scale projects should be seen long term and setting up a ten-year window in preparation for its cost. Further, member Froomin recommended adding a project budget into the books and setting money aside every year as the time comes to begin the project. Lastly, member Froomin stated that there should be an emergency reserve for unanticipated site improvements, requesting staff identify an estimate amount and when needed, staff can decide how much to raise tip fees.

Member Brownrigg agreed with much of what Member Froomin shared. Shared that if we have to make some massive investment in capital that will require a bond and a bond issuance would could be very difficult in the current environment and states a reserve allows for a cushion of built money within the system to create a smooth path in case a bond is needed within the next five to ten years.

Member Froomin affirmed member Brownrigg's point stating financing large projects can arise quickly, stating it may be best to start adding amounts to the books to allow for ongoing savings and acknowledging that this will be a tough task with the large pieces of equipment found on site.

Member Froomin expanded on his comments suggesting creating equipment replacement worksheets and use the worksheets to develop a plan to raise funds over time to pay for the equipment when needed.

Public Comment: A. Rak proposed this discussion should be brought to the board during the March retreat.

Member Froomin inquired if the discussion brought to the board will be on the philosophy of the reserves or the construct of what will go into each account.

Public Comment: A. Rak clarified that there is an overall facility plan being worked on and we need to develop that plan and then tie in the financing with recommendations from the finance committee.

Member Froomin recommends examples be available to the board as most member agencies have similar programs in place.

Member Brownrigg affirmed and recommended the following be identified, when the green bond runs out and when the amounts of capital will be needed and how much should be saved.

Member Froomin acknowledged that the topics member Brownrigg relied on are important and the board should be provided foundational information with a concrete list of current and future expected cost and funding.

Member Brownrigg states a retreat allows conversations to be more expansive than just operational and will allow a discussion on how to raise rates as a government agency. A slow and steady approach to raising rates and funds should start now and continue over time.

Member Froomin confirmed through slow and steady rates is the best with the benefit of accumulated interest assist with paying a portion of the rates.

Member Casteneda recommended providing numbers and scenarios which would provide a helpful comprehensive outlook for the board. Adding that logical groundwork with a list for yearly views of expenditures including a CIP, equipment replacement, operations, plus scenarios that focus on all those bonding, and what the coverage then followed by reserves.

Member Royse reaffirmed member comments and ideas, stating that bonds should be the agency's final resort.

Member Brownrigg states that based on the current master site plan saving that high amount is uncertain.

Member Froomin advises the staff to prepare a financial plan that includes lists projects that fall under CIP funding, green bond, and future bonds with the goal to save a percentage, including which infrastructure and what other major expenses are included in a bond measure.

Member Brownrigg recommended the retreat should include a discussion on rate stabilization in alignment with reserve funding as it pertains to rate increases.

Member Froomin recommends the board make two policy decisions regarding rate stabilization that include when the rate stabilization can be used and a payback policy.

Member Royse acknowledged member Froomin's comment and added that rate stabilization is designed to smooth out bubbles.

Member Froomin reaffirmed member Royse's comments stating that its use is to lower the impact of the interest.

Staff Mangini informed the committee of the bond indenture which requires the agency to hold a rate stabilization fund in case the agency needs help to meet the bond covenant requirements.

Member Froomin informed staff that information should be included in the policy for the board understands what options the agency has regarding rate stabilization.

Member Brownrigg recommends that this should be separately accounted for bond holders if it's not a rate stabilization fund.

Staff Mangini confirms that there needs to be a rate stabilization fund maintained for that purpose though it does not state the amount that it should have.

Public Comment: A Lorenz – agrees on member Froomin's points. Adding that the current rate payers are paying for the equipment use, stating that there is a compelling argument to charge rate payers for future improvement to equipment. A. Lorenz also recommend a minimum reserve policy to make sure there is a percentage of operating expenses or a specific amount to have in case of unexpected and immediate needs.

The Executive Director acknowledged the members' comments and feedback, adding that there is a responsibility to inform rate payers of the changes incrementally what they pertain to.

Member Froomin recommends including a generic line item for regulatory or legislative change. Member Froomin also acknowledged the executive directors' comments on providing community notice and added the agency should include information on increases during outreach events to inform rate payers of the upcoming increases.

5. Committee Member Comments

N.A.

6. Adjourn 11:04 p.m.



A Public Agency

Minutes

RETHINKWASTE SPECIAL FINANCE COMMITTEE MEETING

TUESDAY MARCH 13, 2025, 1:00pm

1. Call to Order/Roll Call : 1:02 PM

| Member | Present | Absent |
|--------------------|---------|--------|
| Michael Brownrigg | | X |
| Art Kiesel | X | |
| Adam Lorraine | X | |
| Al Royse | X | |
| Helen Yu Scott | X | |
| Rebecca Mendenhall | | X |

RethinkWaste Staff: Joe La Mariana, John Mangini, Cyndi Urman, Dolores Molina-Bucio, Jean Savaree, Hilary Gans, Julia Au, Joanne Nghiem.

Others Present :

2. Public Comment

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N/A

3. Executive Director's Report (Verbal Update)

The Executive Director informed the committee that the special meeting was scheduled as recommended by the board to create a streamlined and detailed approach to planning funding strategies for future large-scale facility projects. The executive director informed the committee that the Recology general manager, John Zirelli, will be retiring, adding that the executive director and board chair were included in the interview process for the final candidate. The executive director reminded the committee of the Board/TAC retreat planned for the end of March 2025 which will include a tour of the back end of the Shoreway Environmental Center and discussions on levels of funding for big-ticket items.

Member Lorraine recommended the discussion items 6 and 7 orders should be switched.

4. The committee voted to move item 6. Discussion on the Function of the RethinkWaste's Finance Committee after item 7.

5. 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. No Consent Items.

The executive director noted that minutes from the previous two meetings were delayed and would be provided to the committee in the next meeting packet.

6. Discussion on the Function of the RethinkWaste Finance Committee

7. Capital Planning Schedules for Equipment Replacement and Large Capital

Staff Mangini informed the committee on the board's request for the agency to track and map out a timeline of future equipment replacement and or major repair projects. Staff presented the members with a drafted schedule as modeled after a member agency for equipment and material maintenance or replacement based on staff equipment assessment stating that implementation of this tool will guide the agency to forecast the amount the reserve needs to have for upcoming and future facility projects.

Member Royse inquired if the number is an original cost estimate or assumption.

Staff Mangini confirmed that it is an assumption.

Member Royse inquired about what the new replacement line item is.

Staff Mangini confirmed that the amount is what the cost would be after 5-6 years with an inflation of 2.5% adder per year.

Member Loraine inquired if 2.5% is the standard average to account for future costs.

Member Yu Scott noted that it is the average and could be up to 3%.

The committee recommended the average percentage should be 3% and compounded.

Staff Mangini acknowledged the suggestion, and stated updates would be made.

Member Kiesel requested clarification on the column verbiage.

Committee members recommended a change in column headings and terminology usage so it may be more easily interpreted, i.e. using maintenance instead of replacement.

Member Royse inquired if there are any assets that will need to be replaced and if there are any, if so recommended it be included in another schedule.

Staff Mangini described how the maintenance would be funded through the tipping fee and public yardage rate.

Member Yu Scott inquired on how the funds are structured in accounting.

Staff Mangini informed the committee on the status of the capital reserve and that the board requested staff to determine how the reserve will be replenished for upcoming and future projects.

Member Yu Scott recommended two separate funds, one for maintenance and another for asset replacement.

Staff Gans described the maintenance items listed that require future replacement.

Member Loraine inquired if the current capital reserve and annual equipment replacement reserve are factored into the presentation.

Staff Mangini stated that it was not factored in but staff plans to include it on an allocation basis as the 2026 budget is prepared.

Member Loraine inquired on how staff decided on the raise for ton and yardage.

Staff Mangini informed the committee that staff decided to not have a steep increase of the franchise tip fee as the new contractor onboard after using reserves to catch up for the year.

Member Royse recommended staff keep reserves and annual maintenance cost separate.

Staff Mangini asked the committee if they would recommend staff build annual maintenance based on what is coming in the new fiscal year and use the increase of tip fees to fund for future projects.

Member Royse stated that the upcoming year would fall under the operating budget and 2–3-year projections are looked at annually, additionally looking at how to fund a reserve for future projects.

Member Loraine added that the reserve could be used in case of emergency repairs and replacements.

Member Yu Scott inquired if staff has a capital asset policy and recommended it should be compounded with 3% and to make sure you have a reasonable amount.

Member Royse added that staff should make sure to plan for spikes.

Staff Mangini inquired if the committee is supportive of putting money aside for when the large projects are due.

Member Royse stated the maintenance amount is part of the operating cost, which should be assessed annually, and asset replacement is where money will need to be set aside in a reserve.

Member Kiesel recommended lookout projections for operational maintenance and its fluctuations.

Member Royse stated the maintenance cost included in the annual tip fee and asset replacement is something that is currently not in the annual tip fee and needs to be planned for sooner rather than later.

Staff Mangini recommended that it can be called a fund and not a reserve, stating that a reserve policy will be presented to the committee based on the board feedback to restructure a reserve and fund policy.

Executive Director La Mariana added rate stabilization fund and its compounding effect that can be reviewed by the committee to possibly restructure it.

Staff Mangini stated the bond covenants require a bond indenture to maintain a rate stabilization reserve.

Member Loraine confirmed that there is a need to determine whether there are two separate costs. An annual maintenance of various things that should be placed in tip fees and do not necessarily need to save for. Replacement items that need to be funded for in the way that staff Mangini has set up.

Staff Mangini informed the committee that the items listed need to be done periodically and recurring every 2-3 years, it is not an annual cost.

Member Royse inquired if the total is the same every year.

The Executive Director added that if that fund is completely used one year, it can be moved over to the following year to build for future sudden expenses.

Member Loraine inquired what is the difference between setting aside a fund for replacement of line items and annual maintenance as it would pertain to maintenance occurring every few years.

Member Yu Scott recommended including the life expectancy and streamlining depreciation and amount needed for replacement of line items expected.

Staff Mangini stated what has been presented is the amortization and depreciation schedule for items anticipated to happen incrementally.

The Executive Director inquired whether the committee was agreeable to extend the meeting beyond the scheduled time and continue discussing the remaining agenda items.

Staff Mangini discussed the capital list including capital projects planned and funded by the green bond fund, capital projects that are planned but not funded, capital projects under the site master plan, and future projects that are projected for in 10 years.

The Executed Director described these projects driven by different aspects, including wear and tears from a heavy work environment, modernizing with new technology, and increasing the work efficiency for the facility. Stating that bond financing was used for redesign and upgrade of the facility in 2008-2010 and the agency is looking to further upgrade the facility with the direction of the committee's and board.

Staff Mangini acknowledged the feedback provided by the finance committee which will be introduced in the presentation during the upcoming board retreat.

Member Royse acknowledged the work done and presented by staff additionally stating that staff provided the exact information requested by the board which included a list of future projects and the cost, adding that the next steps should be researching funding options.

Member Loraine acknowledges the sequence in which staff have presented to the committee and plans to present to the board.

The Executive Director described that the goal for the retreat to provide a base level knowledge, with the hopes that a subcommittee of the board to serve as a master plan development entity to identify a master plan process and eventually including experts to identify and guide a funding process.

Staff Mangini added that if any additional funds are needed through a loan or bond, all eleven member agencies will be contacted by the agency to make a case.

The Executive Director stated the input and planning considerations will be worked into the annual budgeting process.

Member Royse recommended a discussion on what are the tactics and strategies on how it can be funded and how quickly it will be built up.

The Executive Director inquired if the committee recommends a meeting in May to discuss what will be brought up during the board/tac retreat.

Staff Mangini added that a 2026 forecast will be provided with the midyear budget in June 2025 to forecast one of the main revenue sources, the tipping fee to be approved by the board by fall 2025.

The Executive Director stated that if the board approves the tipping fee rate change, the fee will be synced on January first. Adding that if the number is too large of a rate change, the amount may be split in two through the year.

Member Keisel inquired whether there is a restriction on the number of meetings a committee has.

The Executive Director informed the committee that there are typically four meetings in a year unless there is a special topic to cover then a special meeting will take place.

Staff Mangini provided the committee with the finance committee description and definition and requested any feedback the committee may have.

Member Royse acknowledged staff for providing this description, recommending staff identify examples of the committee's purpose such as reviewing the budget and identifying financial implications and risks for budgets.

8. Committee Member Comments

N/A

9. Adjourn 2:26 PM



A Public Agency

Finance Committee Review of DRAFT Resolution Approving the 2025 Mid-Year Budget Adjustments

STAFF REPORT

To: RethinkWaste Finance Committee Members
From: John Mangini, Senior Finance Manager
 Joe LaMariana, Executive Director
Date: June 26, 2025 Board of Directors Meeting
Subject: Resolution Approving Mid-Year 2025 Budget Adjustments and the FY2026 Budget Forecast with 2026 Member Agency Tip Fee Projections

Recommendation

It is recommended that the RethinkWaste Board of Directors approve Resolution No. 2025-xx attached hereto authorizing the following action:

1. Approval of the Mid-Year Budget Adjustments for FY2025
2. Approval of the FY2026 Budget Forecast

Analysis

Staff has conducted a thorough analysis of year-to-date budgeted revenues and expenditures, and has made projections through year-end (December 31st, 2025) and forecast projections for FY2026. Staff is seeking the Finance Committee’s review and if appropriate a recommendation to the Board of Directors.

Staff is presenting a FY2026 Budget Forecast for the purpose of estimating 2026 tipping fees. Tipping fees are an essential component of the 2026 Member Agency Annual Revenue Requirement which is typically calculated and approved by the Board at its September meeting in conjunction with the approval of Recology’s Annual Compensation Adjustment Application.

- **Attachment A** contains budget worksheets providing line-item detail for all projected revenues, expenditures and capital spending for FY2025 and the FY2026 Forecast.

Table 1

| MY2025 FINANCIAL SUMMARY | | | | | FY2026 Forecast Budget |
|--------------------------------|-----------------------------|--------------------------------|---------------------------------|------------|------------------------------|
| Categories | FY2025 Adopted Budget | FY2025 Mid-Year Proposed | Variance to FY2025 Budget | Variance % | |
| Total Revenue | \$ 74,936,428 | \$ 72,487,452 | \$ (2,448,976) | -3% | \$ 77,038,889 |
| SBWMA Program | 4,413,947 | 4,293,357 | (120,590) | -3% | 4,596,538 |
| SB 1383 Compliance | 572,086 | 572,086 | - | 0% | 583,148 |
| Shoreway Operations | 63,468,289 | 60,893,160 | (2,575,129) | -4% | 64,317,211 |
| Total Operating Expense | \$ 68,454,322 | \$ 65,758,603 | \$ (2,695,719) | -4% | \$ 69,496,897 |
| Non-Operating Expense | 5,170,864 | 4,994,732 | (176,132) | -3% | 5,156,002 |
| Total Expense | \$ 73,625,186 | \$ 70,753,335 | \$ (2,871,852) | -4% | \$ 74,652,900 |
| Net Revenue and Expense | \$ 1,311,241 | \$ 1,734,117 | \$ 422,876 | 32% | \$ 2,385,989 |

Table 1 illustrates the 2025 Net Revenue and Expense projected at \$1,734,117 which is an improvement than was projected in the Adopted FY2025 Budget. The forecasted 2026 Net Revenue and Expense is calculated to be \$2,385,989 with a \$4 million increase in revenue due to 5% increase in Franchise tip fees and increased volume projections. Tip fee increases are shown in **Table 7**.

Revenues

As shown **Table 2 below**, there is a negative revenue variance of **\$2,448,976** due to the following:

1. \$3.7 million revenue decrease due to reduced material volume. Self-haul volume has dropped off beginning in Q4 2024 and continues to remain lower than anticipated to start 2025. Also, experiencing lower Franchise volumes during the same period. The Mid-Year update projects volumes to recover slightly from current levels.
2. \$1.0 million increase in commodity revenue partially due increased CRV revenue resulting from expanded glass redemption program. This favorable increase is a direct result of agency-supported legislation SB 1013 (Atkins, 2022) and SB 353 (Dodd, 2023) that expressly expanded eligible CRV materials to now include wine/distilled spirit bottles and other categories of beverage containers. In addition, we are experiencing stronger pricing on sold materials. A commodity revenue summary is provided in **Table 3** below.

Table 2

| MY2025 REVENUE | | | | | |
|-----------------------------|-----------------------|--------------------------|---------------------------|------------|------------------------|
| Revenue | FY2025 Adopted Budget | FY2025 Mid-Year Proposed | Variance to FY2025 Budget | Variance % | FY2026 Forecast Budget |
| Tip Fee Revenue | \$ 65,860,229 | \$ 62,161,523 | \$ (3,698,706) | -6% | \$ 67,112,960 |
| <i>Non Franchised</i> | 15,119,843 | 12,812,445 | (2,307,398) | -15% | 14,243,089 |
| <i>Franchised</i> | 50,740,385 | 49,349,077 | (1,391,308) | -3% | 52,869,871 |
| Net Commodity Sales Revenue | 8,258,299 | 9,309,129 | 1,050,830 | 13% | 8,909,129 |
| Interest Income | 800,000 | 1,000,000 | 200,000 | 25% | 1,000,000 |
| Other Revenue | 17,900 | 16,800 | (1,100) | -6% | 16,800 |
| Total Revenue: | \$ 74,936,428 | \$ 72,487,452 | \$ (2,448,976) | -3% | \$ 77,038,889 |

Table 3

| COMMODITY REVENUE | | | | | |
|------------------------------|------------------------|--------------------------|---------------------------|--------------|------------------------|
| | FY2025 Proposed Budget | FY2025 Mid-Year Proposed | Variance to FY2025 Budget | Variance % | FY2026 Forecast Budget |
| COMMODITY REVENUE | | | | | |
| Tons Sold | 48,402 | 46,066 | (2,336) | -4.8% | 46,066 |
| Wtd Avg. Price | \$ 170.62 | \$ 202.08 | \$ 31.46 | 18.4% | \$ 193.40 |
| Net Commodity Revenue | \$ 8,258,299 | \$ 9,309,129 | \$ 1,050,830 | 12.7% | \$ 8,909,129 |

Expenses

Lower than budgeted Expenditures of \$2,871,852 are primarily due to the following (see **Table 4** and **Table 5**):

1. A decrease in SBI compensation mainly due to lower projected Franchise and Non-Franchise volume received at Shoreway - Because SBI is compensated on a per ton basis, this expense reduction dropped in direct correlation with the reduction in tons received.
2. A decrease in disposal and processing cost due to lower projected Franchise and Non-Franchise volume.

Table 4

| MY2025 SBWMA PROGRAM EXPENDITURES | | | | | |
|---|-----------------------|--------------------------|---------------------------|------------|------------------------|
| Expenditures | FY2025 Adopted Budget | FY2025 Mid-Year Proposed | Variance to FY2025 Budget | Variance % | FY2026 Forecast Budget |
| Administrative Expense | \$ 3,313,647 | \$ 3,253,057 | \$ (60,590) | -2% | \$ 3,435,038 |
| Member Agency Support & Contract Compliance | 407,500 | 367,500 | (40,000) | -10% | 398,500 |
| State Mandated Public Education & Outreach | 692,800 | 672,800 | (20,000) | -3% | 763,000 |
| SB1383 Expenses | 572,086 | 572,086 | - | 0% | 583,148 |
| Total SBWMA Program Expense: | \$ 4,986,033 | \$ 4,865,443 | \$ (120,590) | -2% | \$ 5,179,687 |
| Total Shoreway Operations: | 68,639,153 | 65,887,892 | (2,751,262) | -4% | 69,473,213 |
| Total Expenses: | \$ 73,625,186 | \$ 70,753,335 | \$ (2,871,852) | -4% | \$ 74,652,900 |

Table 5

| MY2025 SHOREWAY OPERATIONS EXPENSE DETAIL | | | | | |
|---|-----------------------|--------------------------|---------------------------|------------|------------------------|
| Expenditures | FY2025 Adopted Budget | FY2025 Mid-Year Proposed | Variance to FY2025 Budget | Variance % | FY2026 Forecast Budget |
| Shoreway Operations Compensation | \$ 32,365,597 | \$ 31,078,230 | \$ (1,287,367) | -4% | \$ 32,751,886 |
| Disposal and Processing | 27,424,242 | 26,309,080 | (1,115,162) | -4% | 27,789,475 |
| Property Insurance | 2,524,850 | 2,524,850 | - | 0% | 2,524,850 |
| Education Center | 85,000 | 85,000 | - | 0% | 65,000 |
| Credit Cards Charge | 121,000 | 121,000 | - | 0% | 121,000 |
| Other Operating Expense | 515,000 | 515,000 | - | 0% | 505,000 |
| Sewer Charge | 97,600 | 75,000 | (22,600) | -23% | 85,000 |
| Shoreway Projects | 335,000 | 185,000 | (150,000) | -45% | 475,000 |
| Shoreway Operations: | \$ 63,468,289 | \$ 60,893,160 | \$ (2,575,129) | -4% | \$ 64,317,211 |
| Bond Interest Expense | 2,034,600 | 2,034,600 | - | 0% | 1,960,083 |
| Franchise Fee (San Carlos) | 3,136,264 | 2,960,132 | (176,132) | -6% | 3,195,919 |
| Total Shoreway Operations | \$ 68,639,153 | \$ 65,887,892 | \$ (2,751,262) | -4% | \$ 69,473,213 |

Capital Spending

One change was made to the capital spending budget to add the Agency’s 1/3rd portion of the unplanned MRF Screen Disk project (\$357K) which was approved by the Board at the March BOD Meeting. Green bond funds will be used to pay for this project. See **Attachment A**.

Reserve Balances

Table 6 below captures the Mid-Year reserve balance projections for FY2025 compared to the Adopted Budget reserve balance. The variance from the Adopted Budget is mainly due to the increase in commodity revenue offset by reduced non-commodity operating income. The Shoreway Remediation Reserve was established to co-fund the replacement of the underground fuel storage tanks at Shoreway. This fund will be depleted for that project in 2025.

Table 6

| Table 11. SBWMA RESERVES | | | |
|---|--------------------------------------|---------------------------------------|--|
| MY2025 BUDGET: RESERVE BALANCES | | | |
| | FY2025 Adopted Budget | MY2025 Proposed Budget | Variance to 2025 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 | 642,422 | 1,065,298 | \$ 422,876 |
| UNDESIGNATED RESERVE | | | |
| TOTAL UNCOMMITTED RESERVES | \$ 9,411,365 | \$ 9,834,241 | \$ 422,876 |
| COMMITTED RESERVE | | | |
| EQUIPMENT REPLACEMENT (ANNUAL) | \$ 776,789 | \$ 776,789 | \$ - |
| TOTAL RESERVES | \$ 10,188,154 | \$ 10,611,030 | \$ 422,876 |
| SHOREWAY REMEDIATION (UST Project) | | | \$ - |

Green Bond Project Fund is projected to be \$10 million at the close of 2025

| CASH FLOW TO/FROM TOTAL RESERVE BALANCE | | | |
|--|----------------------|----------------------|--|
| Enterprise Fund Beginning Balance | \$ 11,752,913 | \$ 11,752,913 | |
| Operating Income | 1,311,241 | 1,734,117 | |
| Underground Storage Tank (net of reserves) | | | |
| MRF Equipment Replacement | 509,000 | 509,000 | |
| 1245 San Carlos Ave - Tenant Improvements | | | |
| Capital Expense (from reserves) | (1,920,000) | (1,920,000) | |
| Debt Principal Pmt Current | (1,465,000) | (1,465,000) | |
| Enterprise Fund Ending Balance | \$ 10,188,154 | \$ 10,611,030 | |

2025 Forecasted Tip Fees

Tipping fees are an essential component of 2026 Member Agency Annual Revenue Requirement which is typically calculated and approved by the Board at the September Board Meeting in conjunction with the approval of Recology’s Annual Compensation Adjustment Application. The 2026 Forecasted tipping fees are on **Table 7** below. **The Board typically approves the actual tip fees at the September Board Meeting.**

The 2026 forecasted Franchise tip fees have increased 5% over 2025. Staff considered additional increases in tip fees to fund the newly proposed Maintenance and Equipment Sinking fund and also considered the Board’s comfort level of a larger increase and impact on rates. Staff ultimately settled at a 5% increase to Franchise tip fees.

Table 7

| | Actual | Actual | Actual | Proposed | | |
|---------------------------------|-----------------|-----------------|-----------|-----------|--------------------|-------------------|
| | 1/1/2023 | 1/1/2024 | 1/1/2025 | 1/1/2026 | 26 vs 25 \$ | 26 vs 25 % |
| Franchise Tip Fees / Ton | | | | | incr. | % |
| Solid Waste | \$ 139.00 | \$ 165.00 | \$ 176.55 | \$ 185.38 | \$ 8.83 | 5.0% |
| Green Waste | \$ 150.00 | \$ 178.00 | \$ 190.46 | \$ 199.98 | \$ 9.52 | 5.0% |
| Food | \$ 150.00 | \$ 178.00 | \$ 190.46 | \$ 199.98 | \$ 9.52 | 5.0% |
| | | | | | | |
| 3rd Party / Ton | | | | | | |
| Solid Waste | \$ 150.00 | \$ 179.00 | \$ 187.50 | \$ 194.25 | \$ 6.75 | 3.6% |
| Green Waste | \$ 150.00 | \$ 187.00 | \$ 196.50 | \$ 203.57 | \$ 7.07 | 3.6% |
| Food | \$ 152.00 | \$ 187.00 | \$ 196.50 | \$ 203.57 | \$ 7.07 | 3.6% |
| C&D | \$ 142.00 | \$ 177.00 | \$ 186.00 | \$ 192.70 | \$ 6.70 | 3.6% |
| Asphalt Roofing | \$ 136.00 | \$ 170.00 | \$ 178.50 | \$ 184.93 | \$ 6.43 | 3.6% |
| | | | | | | |
| Public Dirt /Ton | \$ 123.00 | \$ 153.75 | \$ 161.40 | \$ 169.51 | \$ 8.11 | 5.0% |
| | | | | | | |
| Public Tip Fees / Yd | 1/1/2023 | 1/1/2024 | | | 26 vs 25 \$ | 26 vs 25 % |
| Solid Waste | \$ 54.00 | \$ 67.50 | \$ 68.00 | \$ 72.00 | \$ 4.00 | 5.9% |
| Green Waste | \$ 50.00 | \$ 62.50 | \$ 62.50 | \$ 64.00 | \$ 1.50 | 2.4% |
| C&D | \$ 52.00 | \$ 65.00 | \$ 65.00 | \$ 67.00 | \$ 2.00 | 3.1% |

Fiscal Impact

The Mid-Year Budget for 2025 shows a net revenue and expense of \$1,734,117, which is \$422,876 higher than the FY2025 Adopted Budget.

Attachments:

Resolution 2025-xx

Attachment A – Mid-Year 2025 Budget Worksheets

Attachment B – Mid-Year 2025 Budget Table



RESOLUTION NO. 2025-xx

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (RETHINKWASTE) BOARD OF DIRECTORS ACCEPTING MID-YEAR REVIEW OF FY2025 ANNUAL OPERATING BUDGET AND APPROVING THE 2026 OPERATING BUDGET FORECAST

WHEREAS, the South Bayside Waste Management Authority proposed FY2025 budget adjustments as presented provide sufficient funds for normal operations, and

WHEREAS, the South Bayside Waste Management Authority proposed FY2026 budget forecast as presented provide sufficient funds for normal operations and projects tipping fees for calculating the 2026 Member Agency Revenue Requirement

NOW THEREFORE, BE IT RESOLVED, the South Bayside Waste Management Authority hereby approves the adjustments to the fiscal year 2025 operating budget and the FY2026 budget forecast.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 26th day of June 2025, 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. 2025-xx was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 26, 2025.

ATTEST:

Adam Rak, Chairperson of RethinkWaste

Cyndi Urman, Clerk of the Board

| REVENUE SUMMARY | ADOPTED BUDGET FY2025 | MID-YEAR BUDGET FY2025 | Variance to Adopted Budget | Variance % to Mid-Year Budget | Notes | FORECAST BUDGET FY2026 |
|------------------------------------|-----------------------------|------------------------------|----------------------------------|-------------------------------------|-------------------------|------------------------------|
| ADMINISTRATIVE REVENUE: | | | | | | |
| INVESTMENT INCOME | \$ 800,000 | \$ 1,000,000 | \$ 200,000 | 25.0% | | \$ 1,000,000 |
| TOTAL ADMINISTRATIVE | \$ 800,000 | \$ 1,000,000 | \$ 200,000 | 25.0% | | \$ 1,000,000 |
| OPERATIONS REVENUE: | | | | | | |
| SHOREWAY TIP FEES - Non Franchised | \$ 15,119,843 | \$ 12,812,445 | \$ (2,307,398) | -15.3% | | \$ 14,243,089 |
| SHOREWAY TIP FEES - Franchised | \$ 50,740,385 | \$ 49,349,077 | \$ (1,391,308) | -2.7% | | 52,869,871 |
| COMMODITY SALES REVENUE | 8,258,299 | 9,309,129 | 1,050,830 | 12.7% | | 8,909,129 |
| MISCELLANEOUS REVENUE | 17,900 | 16,800 | (1,100) | -6.1% | Mattress rebate revenue | 16,800 |
| SUBTOTAL OPERATIONS REVENUE | \$ 74,136,428 | \$ 71,487,452 | \$ (2,648,976) | -3.6% | | \$ 76,038,889 |
| TOTAL REVENUE | \$ 74,936,428 | \$ 72,487,452 | \$ (2,448,976) | -3.3% | | \$ 77,038,889 |
| TOTAL OPERATING EXPENSES | \$ 73,625,186 | \$ 70,753,335 | \$ (2,871,852) | -3.9% | | \$ 74,652,900 |
| NET OPERATING | \$ 1,311,241 | \$ 1,734,117 | \$ 422,876 | 32.3% | | \$ 2,385,989 |

| line | EXPENDITURE SUMMARY | Adopted Budget FY2025 | Mid Year Budget FY2025 | Variance to Mid-Year Budget | Variance % to Mid-Year Budget | Staff | 2025 Notes | FORECAST BUDGET FY2026 |
|------|--|-----------------------|------------------------|-----------------------------|-------------------------------|-------|--|------------------------|
| 1 | ADMINISTRATIVE EXPENSES | | | | | | | |
| 2 | ADMINISTRATIVE STAFF | \$ 964,826 | \$ 964,826 | \$ - | 0.0% | Jm | Staffing is expected to remain consistent with FY2025 budget | \$ 993,770 |
| 3 | MANDATED RECYCLING STAFF | 1,459,969 | 1,459,969 | - | 0.0% | Jm | Staffing is expected to remain consistent with FY2025 budget | \$ 1,503,768 |
| 4 | BOARD COUNSEL | 170,000 | 120,000 | (50,000) | -29.4% | JLM | 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). | 200,000 |
| 5 | BOARD MEETINGS | 29,000 | 29,000 | - | 0.0% | DMB | Monthly recording services, TAC Board meeting snacks, retreat facilitator location and food, and Holiday Lunch | 30,000 |
| 6 | ACCOUNTING SERVICES | 149,103 | 149,103 | - | 0.0% | Jm | City of Redwood City Accounting Svcs Agreement | 160,000 |
| 7 | INFORMATION SYSTEMS | 52,000 | 45,000 | (7,000) | -13.5% | DMB | | 46,500 |
| 8 | WEBSITE | 17,000 | 17,000 | - | 0.0% | JA | Website hosting, maintenance, and updates/upgrades as needed | 17,000 |
| 9 | ANNUAL AUDIT | 10,000 | 10,000 | - | 0.0% | Jm | Fees paid to auditors to prepare FY & CY financial statements. Full CY and FY audits in the period. | 10,000 |
| 10 | D&O INSURANCE | 57,000 | 72,000 | 15,000 | 26.3% | Jm | Annual insurance premium for director's and officer's insurance. Added cyber insurance to this line | 72,000 |
| 11 | BANK FEES | 7,500 | 7,500 | - | 0.0% | Jm | Bank fees on checking account and fees paid to BNY as the Bond Trustee | 7,500 |
| 12 | RENT / PROPERTY LOAN INTEREST | 92,000 | 85,000 | (7,000) | -7.6% | DMB | \$79K in mortgatg interest. HOA dues. | 85,000 |
| 13 | UTILITIES | 47,940 | 51,000 | 3,060 | 6.4% | DMB | PG&E, Janitorial, Univoip, Comcast, HVAC maintenance | 52,000 |
| 14 | OFFICE/TENANT IMPROVEMENTS | 5,000 | 2,500 | (2,500) | -50.0% | JLM | Misc expenses | 20,000 |
| 15 | OFFICE SUPPLIES | 21,160 | 21,160 | - | 0.0% | DMB | Add to funds to pay for card reader access keys and system | 21,000 |
| 16 | OFFICE EQUIPMENT COSTS | 12,000 | 10,000 | (2,000) | -16.7% | DMB | Base copier lease is \$600/month plus cost per copy | 10,000 |
| 17 | PUBLICATIONS & PUBLIC NOTICES | 3,000 | 3,000 | - | 0.0% | CU | Anticipated public procurement notices | |
| 18 | PROFESSIONAL DUES & MEMBERSHIPS | 10,250 | 5,000 | (5,250) | -51.2% | DMB | Memberships to trade and community organizations (CRRA, SWMA, NCRA, CCAC) | 7,500 |
| 19 | VEHICLE MILEAGE & TOLLS | 6,400 | 4,500 | (1,900) | -29.7% | DMB | Expect to return to normal with fellows returning to in-person schools/tours/audits | 4,500 |
| 20 | CELL PHONES | 2,500 | 2,500 | - | 0.0% | DMB | Cell phone business expense. | 2,500 |
| 21 | CONFERENCE & MEETINGS | 26,000 | 26,000 | - | 0.0% | DMB | | 30,000 |
| 22 | TRAINING | 12,000 | 9,000 | (3,000) | -25.0% | DMB | Professional development. CCAC training, etc. Retreat & additional mgmt leadership class. HR training etc. | 12,000 |
| 23 | SPONSORSHIPS & DONATIONS | 55,000 | 55,000 | - | 0.0% | DMB | Industry Sponsorships: CAW,CRRA,SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA | 60,000 |
| 24 | LEGISLATIVE & REGULATORY ADVOCACY | 78,000 | 78,000 | - | 0.0% | JA | 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 | 78,000 |
| 25 | COMPUTER PURCHASE | 26,000 | 26,000 | - | 0.0% | CU | New computers in 2025 is 7 - All Fellows Cyndi and Hilary | 12,000 |
| 26 | TOTAL ADMINISTRATIVE | \$ 3,313,647 | \$ 3,253,057 | \$ (60,590) | -1.8% | | | \$ 3,435,038 |
| 27 | MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE | | | | | | | |
| 28 | RATE REVIEW | \$ 27,000 | \$ 27,000 | \$ - | 0.0% | Jm | Consultant Rate Application Support. | \$ 27,000 |
| 29 | FACILITY IMPROVEMENT OVERSIGHT | 150,000 | 150,000 | - | 0.0% | HG | Engineering and construction management support. | 150,000 |
| 30 | CONTRACT ANNUAL AUDITING | 52,000 | 52,000 | - | 0.0% | Jm | Annual Financial & Systems Audit of RSMC and SBI. | 52,000 |
| 31 | COLLECTION SERVICES FRANCHISE ADMIN. | 25,000 | 25,000 | - | 0.0% | JLM | Franchise Administration compliance consulting. | 25,000 |
| 32 | FINANCE ANALYSIS SUPPORT | 18,500 | 18,500 | - | 0.0% | Jm | On-Call consultant support as needed. | 19,500 |
| 33 | RECYCLING TECHNICAL ASSISTANCE | 35,000 | 35,000 | - | 0.0% | JLM | Diversion consultant support. | 35,000 |
| 34 | WASTE CHARACTERIZATION SUPPORT | 50,000 | 50,000 | - | 0.0% | RC | Waste composition testing (Recology Contract Compliance). | 50,000 |
| 35 | RFP CONSULTING SUPPORT | 50,000 | 10,000 | (40,000) | -80.0% | JLM | Ongoing technical support for RFP and bid projects | 40,000 |
| 36 | | | | | | | | |

| line | EXPENDITURE SUMMARY | Adopted Budget FY2025 | Mid Year Budget FY2025 | Variance to Mid-Year Budget | Variance % to Mid-Year Budget | Staff | 2025 Notes | FORECAST BUDGET FY2026 |
|------|--|-----------------------|------------------------|-----------------------------|-------------------------------|--------|---|------------------------|
| 37 | TOTAL MA SUPPORT & CONTRACT COMPLIANCE | \$ 407,500 | \$ 367,500 | \$ (40,000) | -9.8% | | | \$ 398,500 |
| 38 | STATE MANDATED PUBLIC EDUCATION & OUTREACH | | | | | | | |
| 40 | SBWMA ANNUAL REPORT | 3,300 | 3,300 | - | 0.0% | JRJ | Creation of SBWMA annual report | 3,500 |
| 41 | DIVERSION PROGRAM SUPPORT | 30,000 | 30,000 | - | 0.0% | JRJ | Public spaces recycling assistance; Diversion program support. | 30,000 |
| 42 | EVENT GIVEAWAYS | 7,500 | 7,500 | - | 0.0% | JRJ | | 7,500 |
| 43 | DIVERSION/COMPLIANCE; ZERO WASTE PROGRAMS | 50,000 | 30,000 | (20,000) | -40.0% | JLM | Zero Waste Committee initiatives - tech and consulting support. Alternative fuel site infrastructure consulting. | 50,000 |
| 44 | IN-SCHOOL ENVIRONMENTAL EDUCATION | 32,000 | 32,000 | - | 0.0% | EH | Materials (\$20K), school recognitions for green teams and custodians (\$7K), staff/technical support (\$5K). 2026 forecast > Consulting for school reusables | 77,000 |
| 45 | CLIMATE ACTION PLANNING | 10,000 | 10,000 | - | 0.0% | JN | Member Agency support. | 10,000 |
| 46 | RECYCLING TECHNICAL ASSISTANCE | 25,000 | 25,000 | - | 0.0% | JA | Promote reusables for businesses and County Foodware Ordinance; Recycling Technical Assistance for general waste diversion/waste reduction projects, 2026 forecast > includes reusable foodware. | 50,000 |
| 47 | COMMERCIAL/MFD CONTAINERS | 35,000 | 35,000 | - | 0.0% | JRJ | MFD recycle bags, internal containers, MA containers per Franchise Agreements. | 35,000 |
| 48 | MULTI-FAMILY OUTREACH | 90,000 | 90,000 | - | 0.0% | JA | Education and outreach per FA ; compliance with state laws; MFD Toolkit updates and printing, and other outreach campaigns | 90,000 |
| 49 | MEMBER AGENCY & RATE PAYER EDUCATION | 140,000 | 140,000 | - | 0.0% | JRJ | MA education includes: Bill insert costs (printing) and direct mailings to Member Agency residents who don't bill via Recology and electronic newsletter costs | 140,000 |
| 50 | RESIDENTIAL OUTREACH PROGRAMS | 90,000 | 90,000 | - | 0.0% | JA | Education and outreach per FA, outreach campaigns | 90,000 |
| 51 | COMMUNITY EVENTS | 30,000 | 30,000 | - | 0.0% | JRJ/EH | Earth Day (\$10K), Rethink Recycling Day (\$7K), Fixit Clinics (\$15K), tabling event supplies and materials and virtual event/webinar (\$3K) | 30,000 |
| 52 | HHW PROGRAM OUTREACH | 20,000 | 20,000 | - | 0.0% | JA | | 20,000 |
| 53 | BATTERY OUTREACH | 90,000 | 90,000 | - | 0.0% | JA | Educate residents and businesses about risk of battery fires and proper disposal options, including MFD battery bucket | 90,000 |
| 54 | SHRED EVENT SERVICE | 40,000 | 40,000 | - | 0.0% | EH | 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. | 40,000 |
| 55 | TOTAL STATE MANDATED PUBLIC EDUCATION & OUTREACH | \$ 692,800 | \$ 672,800 | \$ (20,000) | -2.9% | | | \$ 763,000 |
| 56 | SBWMA PROGRAM BUDGET - SUB TOTAL | \$ 4,413,947 | \$ 4,293,357 | \$ (120,590) | -2.7% | | | \$ 4,596,538 |
| 57 | SB 1383 ADMINISTRATIVE EXPENSES | | | | | | | |
| 58 | MANDATED 1383 COMPLIANCE STAFF | \$ 202,086 | \$ 202,086 | \$ - | 0.0% | Jm | SB1383 personnel expense | 208,148 |
| 59 | SB1383 TECHNICAL ASSISTANCE | 85,000 | 85,000 | - | 0.0% | RC | FY 2025: SB 1383 Legal Counsel Support; \$45k Annual Reporting Consultant; 1383 Consulting; Other waste and planning capacity characterizations | 90,000 |
| 60 | SB1383 OUTREACH AND EDUCATION | 75,000 | 65,000 | (10,000) | -13.3% | RC | FY 2025: \$45k for Required Annual SB 1383 Outreach & Education; \$30k for other campaigning related outreach | \$ 65,000 |
| 61 | SB1383 PROGRAMS | 190,000 | 200,000 | 10,000 | 5.3% | RC | FY 2025: \$95k Recyclist, \$40k Procurement Support; \$50k Organics Participation Analysis and other SB 1383 programming such as Edible Food Recovery | \$ 200,000 |
| 62 | SB1383 MANDATED MATERIAL SAMPLING | 20,000 | 20,000 | - | 0.0% | RC | FY 2023: \$20k O2E Lab Sampling | 20,000 |
| 63 | TOTAL SB 1383 EXPENSES | \$ 572,086 | \$ 572,086 | \$ - | 0.0% | | | \$ 583,148 |
| 64 | TOTAL SBWMA PROGRAM BUDGET | \$ 4,986,033 | \$ 4,865,443 | \$ (120,590) | -2.4% | | | \$ 5,179,687 |
| 65 | SHOREWAY OPERATIONS | | | | | | | |

| line | EXPENDITURE SUMMARY | Adopted Budget FY2025 | Mid Year Budget FY2025 | Variance to Mid-Year Budget | Variance % to Mid-Year Budget | Staff | 2025 Notes | FORECAST BUDGET FY2026 |
|------|---|-----------------------|------------------------|-----------------------------|-------------------------------|-------|--|------------------------|
| 66 | SHOREWAY OPERATING CONTRACT | \$ 32,365,597 | \$ 31,078,230 | \$ (1,287,367) | -4.0% | Jm | SBI contract rates. Decrease in volume vs. adopted 2025 budget | \$ 32,751,886 |
| 67 | DISPOSAL | 27,424,242 | 26,309,080 | (1,115,162) | -4.1% | Jm | Decrease in volume vs. adopted 2025 budget | 27,789,475 |
| 68 | INSURANCE SHOREWAY | 2,524,850 | 2,524,850 | - | 0.0% | Jm | Property insurance premium expected to remain flat. | 2,524,850 |
| 69 | SHOREWAY FACILITY COST | 200,000 | 200,000 | - | 0.0% | HG | Budget for unanticipated routine Shoreway maintenance items that are non-CapEx. | 200,000 |
| 70 | CREDIT CARDS CHARGES | 121,000 | 121,000 | - | 0.0% | Jm | SBI pass through of credit card fees from their bank from public customers. | 121,000 |
| 71 | EDUCATION CENTER OPERATIONS | 85,000 | 85,000 | - | 0.0% | EH | 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) | 65,000 |
| 72 | SHOREWAY MRF EQUIP. MAINTENANCE > \$10k | 200,000 | 200,000 | - | 0.0% | HG | Unanticipated MRF equipment maintenance (non-CapEx) expense | 200,000 |
| 73 | SEWER FEES (PROPERTY TAX) | 97,600 | 75,000 | (22,600) | -23.2% | Jm | City of San Carlos on tax bill based on prior year water usage. | 85,000 |
| 74 | E-RECYCLING | 115,000 | 115,000 | - | 0.0% | JN | E-waste market has shifted from a revenue source to expense. Previously budgeted as revenue | 105,000 |
| 75 | FACILITY MASTER PLANNING PROJECT | 250,000 | 100,000 | (150,000) | -60.0% | JLM | Transition into year one of a multi-year Master Planning process | 450,000 |
| 76 | MRF PHASE II INITIAL ASSESSMENT STUDIES | 60,000 | 60,000 | - | 0.0% | HG | RFP preparation, market assessment, system optimization consulting, contract preparation | - |
| 77 | CONSULTING AND OUTSIDE SUPPORT | 25,000 | 25,000 | - | 0.0% | HG | TRP permit updating, SLCP Modeling, ZWC planning, GHG Assessment | 25,000 |
| 79 | SUB SHOREWAY OPERATIONS COST | \$ 63,468,289 | \$ 60,893,160 | \$ (2,575,129) | -4.1% | | | \$ 64,317,211 |
| 80 | TOTAL SHOREWAY OPERATION | \$ 63,468,289 | \$ 60,893,160 | \$ (2,575,129) | -4.1% | | | \$ 64,317,211 |
| 81 | TOTAL OPERATING EXPENSES | \$ 68,454,322 | \$ 65,758,603 | \$ (2,695,719) | -3.9% | | | \$ 69,496,897 |
| 82 | NON-OPERATING EXPENSES | | | | | | | |
| 83 | BOND ISSUANCE & LOSS ON DEBT REFUNDING | | | | | | | |
| 84 | DEBT SERVICE BOND INTEREST | \$ 2,034,600 | \$ 2,034,600 | \$ - | 0.0% | Jm | Budgeted interest expense. Bond Issuance | \$ 1,960,083 |
| 85 | FRANCHISE FEE TO CITY OF SAN CARLOS | 3,136,264 | 2,960,132 | (176,132) | -5.6% | Jm | 5% Franchise Fees paid to the City of San Carlos on tip fee revenue. | 3,195,919 |
| 86 | TOTAL NON-OPERATING EXPENSES | \$ 5,170,864 | \$ 4,994,732 | \$ (176,132) | -3.4% | | | \$ 5,156,002 |
| 87 | TOTAL SHOREWAY OPERATING EXPENSES | \$ 68,639,153 | \$ 65,887,892 | \$ (2,751,262) | -4.0% | | | \$ 69,473,213 |
| 88 | TOTAL EXPENSES (SBWMA Program + All Shoreway Operations) | \$ 73,625,186 | \$ 70,753,335 | \$ (2,871,852) | -3.9% | | | \$ 74,652,900 |

Shoreway Capital Projects Draft Budget 2024 - 2028

| Line | | 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 | | | | |
| 1 | FUNDS FOR UNANTICIPATED PROJECTS | | | | | | |
| 2 | Truck Shop Building | 8,524 | 25,000 | 25,000 | 25,000 | 25,000 | Repair reserve estimate |
| 3 | Transfer Station Building | 147,689 | 100,000 | 50,000 | 50,000 | 50,000 | Repair reserve estimate |
| 4 | MRF Building | 509,339 | 100,000 | 50,000 | 50,000 | 50,000 | Repair reserve estimate |
| 5 | Administrative Building | 97,463 | 75,000 | 40,000 | 40,000 | 40,000 | Repair reserve estimate |
| 6 | General Site Projects | 144,711 | 200,000 | 100,000 | 100,000 | 100,000 | Repair reserve estimate |
| | Office 2nd Floor Buildout | | | 235,000 | | | |
| 7 | OPERATIONS CONTRACT TRANSITION | | | | | | |
| 8 | Parts Storage and Shelving | 1,871 | - | | | | |
| 9 | Sort System Assessment and Transition | 251,797 | 100,000 | | | | See BHS \$ S/V assessment rpt. |
| 10 | Baler Refurbishment | 93,705 | 100,000 | | | | |
| 11 | Site Pavement and Curb Repair | - | 200,000 | | | | |
| 12 | Replace Shoreway Camera System | 55,000 | | | | | Full hardware replacement |
| 13 | RECOLOGY | | | | | | |
| 14 | Tunnel Curbing (formerly Parts Storage) | 610 | 300,000 | | | | |
| 15 | Dispatch Office Refurbishment | 150,000 | - | | | | |
| 16 | HVAC system replacement at Administration building | 75,000 | - | | | | |
| 21 | TRANSFER STATION | | | | | | |
| 22 | Floor Repair | 300,000 | | | 3,500,000 | | |
| 23 | O2E System Equipment | - | | 2,000,000 | | | Green Bond eligible |
| 24 | 333 Shoreway Electrical Upgrades for New Evs | - | | 600,000 | | | Replace switchgear |
| 25 | MRF | | | | | | |
| 26 | MRF Fire Suppression | 625,000 | 500,000 | | | | |
| 27 | Material Hander Install | | | | | | Green Bond eligible |
| 28 | Phase II MRF Equipment - Container Sort System Replacement | | 2,000,000 | | | | Green Bond eligible |
| 29 | 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 | | | Green Bond eligible |
| 30 | Baler Replacement | - | | | | 2,000,000 | Green Bond eligible |
| 31 | SBI Truck Shop | - | | | 8,000,000 | | |
| | Screen Disks | | 357,000 | | | | |
| 32 | SHOREWAY BUILDINGS & SITE WORK | | | | | | |
| 33 | Ventilation for MRF PV electrical room | 9,361 | | | | | |
| 34 | Tunnel Pump and Truck Wash Replacement | 50,988 | | | | | |
| 35 | Site Paving and Striping | 1,219 | | 1,500,000 | 1,500,000 | | work completed after UST |
| 36 | OTHER | | | | | | |
| 37 | Refresh Site Signage | 120,000 | 180,000 | | | | |
| 38 | Refurbishment of Landscape and Outdoor Ed Area | 40,000 | 40,000 | | | | |
| 39 | Scalehouse Refurbishment | 64,465 | | | | | |
| 40 | MRF Office Refurbishment | | | | | | |
| 41 | Site Optimization Planning Construction | 20,000 | | TBD | TBD | TBD | Design in process |
| 42 | ZEV Charging Infrastructure (2023 planning/engineering) | 110,000 | | 5,400,000 | | | Tie to Recology EV Schedule |
| | | | | | | | Five Year Total |
| | TOTAL CAPITAL ITEMS | \$ 5,676,742 | \$ 4,277,000 | \$ 15,500,000 | \$ 13,265,000 | \$ 2,265,000 | \$ 40,983,742 |
| | TOTAL NON-GREEN BOND CAPITAL | \$ 5,676,742 | \$ 1,920,000 | \$ 8,000,000 | \$ 13,265,000 | \$ 265,000 | \$ 29,126,742 |

FY2025 BUDGET

Attachment B - MY2025 Budget Support Files: REVENUE, EXPENSE DETAIL

Update: May 2025

Summary Tables

Table B.1

| TIP FEE REVENUE | | | | |
|-------------------------------|-----------------------------|------------------------------|-------------------------|---------------|
| | FY2025 Adopted Budget | FY2025 Mid-Year Budget | MY2025 vs. FY2025 | Variance % |
| Franchise Revenue | | | | |
| <u>Tons</u> | 279,523 | 271,785 | (7,738) | -2.8% |
| Wtd Avg. Tip Fee | \$ 181.52 | \$ 181.57 | 0.05 | 0.0% |
| Franchise Revenue | \$ 50,740,385 | \$ 49,349,077 | \$ (1,391,308) | -2.7% |
| Public Revenue | | | | |
| <u>Cu/Yards</u> | 168,659 | 140,224 | (28,435) | -16.9% |
| Wtd Avg. Tip Fee | \$ 66.76 | \$ 67.16 | 0.40 | 0.6% |
| Public Revenue Cu/YDS | \$ 11,259,401 | \$ 9,417,752 | \$ (1,841,650) | -16.4% |
| <u>Tons (3rd party)</u> | 10,295 | 8,798 | (1,497) | -14.5% |
| Wtd Avg. Tip Fee | \$ 187.85 | \$ 188.21 | 0.36 | 0.2% |
| Public Revenue on Tons | \$ 1,933,836 | \$ 1,655,782 | \$ (278,055) | -14.4% |
| <u>Public Dirt Tons</u> | 11,934 | 10,825 | (1,109) | -9.3% |
| Wtd Avg. Tip Fee | \$ 161.44 | \$ 160.63 | (0.80) | -0.5% |
| Sub Total | \$ 1,926,606 | \$ 1,738,912 | \$ (187,693) | -9.7% |
| Public Revenue Total | \$ 15,119,843 | \$ 12,812,445 | \$ (2,307,398) | -15.3% |
| Total Tip Fee Revenue | \$ 65,860,229 | \$ 62,161,523 | \$ (3,698,706) | -5.6% |

FY2025 BUDGET

Table B.2

| TRANSFER STATION VOLUME | | | | | |
|-------------------------------------|--------|--------------------------------------|---------------------------------------|----------------------------------|-------------------|
| | | FY2025 Adopted Budget | FY2025 Mid-Year Budget | MY2025 vs. FY2025 | Variance % |
| Total TS Tonnage and Yards | | | | | |
| <u>Franchise tons</u> | | | | | |
| SBWMA Solid Waste | tons | 171,323 | 166,513 | (4,810) | -3% |
| SBWMA Organics | tons | 86,112 | 83,092 | (3,020) | -4% |
| SBWMA Food Waste | tons | 17,987 | 18,764 | 777 | 4% |
| SBWMA Dirt, Inert, Other | tons | 4,102 | 3,417 | (685) | -17% |
| <u>Sub-total Franchise</u> | | 279,523 | 271,785 | (7,738) | -2.8% |
| <u>Public tons</u> | | | | | |
| Non-SBWMA SW | tons | 3,947 | 3,143 | (804) | -20% |
| Non-SBWMA Scrap | tons | 4 | 4 | - | 0% |
| Non-SBWMA FOOD | tons | 2,396 | 2,544 | 148 | 6% |
| Non-SBWMA C&D | tons | 1,189 | 862 | (327) | -28% |
| Non-SBWMA ORGANIC | tons | 564 | 423 | (141) | -25% |
| Non-SBWMA Asphalt Roofing | tons | 2,195 | 1,821 | (373) | -17% |
| Non-SBWMA Clean Wood | tons | 0 | 0 | - | 0% |
| Public Weighed Dirt | tons | 11,934 | 10,825 | (1,109) | -9% |
| <u>Sub-Total Public tons</u> | | 22,229 | 19,623 | (2,606) | -12% |
| <u>Total Tons</u> | | 301,752 | 291,408 | (10,344) | -3.4% |
| <u>Public Cu/Yds.</u> | | | | | |
| Public Solid Waste Yards | C/Yds. | 52,543 | 44,704 | (7,840) | -15% |
| Public Green Waste Yards | C/Yds. | 33,670 | 27,611 | (6,059) | -18% |
| Public C&D | C/Yds. | 82,446 | 67,909 | (14,536) | -18% |
| <u>Total Cubic Yards</u> | | 168,659 | 140,224 | (28,435) | -16.9% |

FY2025 BUDGET

Table B.3

| SHOREWAY OPERATING EXPENSE | | | | | |
|----------------------------|--------------------------------|-----------------------------|------------------------------|-------------------------|--------------|
| | | FY2025 Adopted Budget | FY2025 Mid-Year Budget | MY2025 vs. FY2025 | Variance % |
| A. Summary | | | | | |
| | MRF | \$ 11,381,537 | \$ 11,198,367 | \$ (183,169) | -1.6% |
| | Transfer Station | \$ 9,754,352 | \$ 9,470,536 | \$ (283,816) | -2.9% |
| | Transportation | \$ 11,229,709 | \$ 10,627,399 | \$ (602,309) | -5.4% |
| | TOTAL EXPENSE | \$ 32,365,597 | \$ 31,296,303 | \$ (1,069,294) | -3.3% |
| B. Expense Detail | | | | | |
| | MRF | | | | |
| | Tons, Inbound | 62,902 | 61,066 | (1,836) | -2.9% |
| | Tons, residue | (14,500) | (15,000) | (500) | 3.4% |
| | Tons, net sold | 48,402 | 46,066 | (2,336) | -4.8% |
| | Wtd Avg. Rate of net tons sold | \$ 234.15 | \$ 242.09 | \$ 7.95 | 3.4% |
| | Expense | \$ 11,381,537 | \$ 11,198,367 | \$ (183,169) | -1.6% |
| | Transfer Station | | | | |
| | Tons | 360,079 | 346,867 | (13,212) | -3.7% |
| | Wtd Avg. Rate | \$ 27.09 | \$ 27.30 | \$ 0.21 | 0.8% |
| | Expense | \$ 9,754,352 | \$ 9,470,536 | \$ (283,816) | -2.9% |
| | Transportation | | | | |
| | Tons | 360,079 | 346,867 | (13,212) | -3.7% |
| | Wtd. Avg. Rate | \$ 31.19 | \$ 30.64 | \$ (0.55) | -1.8% |
| | Expense | \$ 11,229,709 | \$ 10,627,399 | \$ (602,309) | -5.4% |
| | TOTAL SBR "PAID" TONS | 768,561 | 739,801 | (28,760) | -3.7% |
| | TOTAL SBR EXPENSE | \$ 32,365,597 | \$ 31,296,303 | \$ (1,069,294) | -3.3% |

FY2025 BUDGET

Table B.4

| DISPOSAL & PROCESSING EXPENSE | | | | |
|--------------------------------------|-----------------------------|------------------------------|-------------------------|---------------|
| | FY2025 Adopted Budget | FY2025 Mid-Year Budget | MY2025 vs. FY2025 | Variance % |
| A. Summary | | | | |
| Solid Waste | \$ 12,484,356 | \$ 12,196,444 | \$ (287,911) | -2.3% |
| Organics | \$ 10,446,644 | \$ 10,069,662 | \$ (376,982) | -3.6% |
| C&D, dirt | \$ 3,916,249 | \$ 3,366,791 | \$ (549,458) | -14.0% |
| Other | \$ 801,253 | \$ 898,197 | \$ 96,944 | 12.1% |
| Subtotal | \$ 27,648,501 | \$ 26,531,095 | \$ (1,117,407) | -4.0% |
| Paid by SBR on MRF residue | \$ (224,259) | \$ (222,014) | \$ 2,245 | -1.0% |
| O2E Diversion | \$ - | \$ - | \$ - | 0.0% |
| TOTAL DISPOSAL EXPENSE | \$ 27,424,242 | \$ 26,309,080 | \$ (1,115,162) | -4.1% |
| B. Detail | | | | |
| <u>Solid Waste (Ox Mtn.)</u> | | | | |
| Tons, net | 204,863 | 202,162 | (2,701) | -1.3% |
| Wtd Avg.Rate | \$ 60.94 | \$ 60.33 | \$ (0.61) | -1.0% |
| Expense | \$ 12,484,356 | \$ 12,196,444 | (287,911) | -2.3% |
| <u>Organics (Newby, BVON)</u> | | | | |
| Tons, net | 111,751 | 106,969 | (4,781) | -4.3% |
| Wtd Avg.Rate | \$ 93.48 | \$ 94.14 | \$ 0.65 | 0.7% |
| Expense | \$ 10,446,644 | \$ 10,069,662 | (376,982) | -3.6% |
| <u>C&D (Zanker)</u> | | | | |
| Tons, net | 43,466 | 37,736 | (5,730) | -13.2% |
| Wtd Avg.Rate | \$ 90.10 | \$ 89.22 | \$ (0.88) | -1.0% |
| Expense | \$ 3,916,249 | \$ 3,366,791 | (549,458) | -14.0% |
| <u>Other</u> | | | | |
| Tires | \$ 6,579 | \$ 8,863 | \$ 2,284 | 34.7% |
| Appliances | \$ 53,880 | \$ 60,760 | \$ 6,880 | 12.8% |
| Hazardous Waste | \$ 723,243 | \$ 810,482 | \$ 87,239 | 12.1% |
| Sharps, Misc. | \$ 17,551 | \$ 18,092 | \$ 542 | 3.1% |
| Expense | \$ 801,253 | \$ 898,197 | \$ 96,944 | 12.1% |



A Public Agency

Finance Committee Review of DRAFT Resolution Approving 2025-2026 Reserve Policy Updates

STAFF REPORT

To: RethinkWaste Finance Committee Members
From: Joe LaMariana, Executive Director
 John Mangini, Senior Finance Manager
Date: June 10, 2025 Board of Director’s Meeting
Subject: Resolution Approving the Revised Reserve Policy

Recommendation

It is recommended that the RethinkWaste Board of Directors approve Resolution No. 2025-xx attached hereto authorizing the following action:

Resolution approving the revised Reserve Policy on a going forward basis, as found in **Exhibit A**.

Summary

With previous Finance Committee input, Staff recommends revising the RethinkWaste Reserve Policy to replace the MRF Equipment Replacement Reserve account with an Equipment Maintenance and Replacement Fund to include maintenance and equipment for all Shoreway site expenditures. Staff also recommends that the proposed new policy title be renamed to a Fund and Reserve Policy, as some of the accounts are sinking funds designed to be drawn upon as needed. Lastly, Staff has taken this opportunity to cleanup sections of the language in the policy. The recommended changes are redlined in **Exhibit A**.

Budgeted 2025 Reserves

Table 1 (below) shows the final adopted FY2025 budget reserves.

Table 1

| FY2025 BUDGET: RESERVE BALANCES | | | |
|-----------------------------------|----------------------------|------------------------------|---------------------------------------|
| | MY2024 Budget Update | FY2025 Proposed Budget | 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 | 2,416,520 | 642,423 | \$ (1,774,098) |
| UNDESIGNATED RESERVE | | | |
| TOTAL UNCOMMITTED RESERVES | \$ 11,185,463 | \$ 9,411,365 | \$ (1,774,098) |
| COMMITTED RESERVE | | | |
| EQUIPMENT REPLACEMENT (ANNUAL) | \$ 567,450 | \$ 776,789 | \$ 209,339 |
| TOTAL RESERVES | \$ 11,752,913 | \$ 10,188,154 | \$ (1,564,759) |

Current Policy Description

The current cash reserve policy encompasses five designated reserve accounts as follows – the purpose of each reserve does not change in the new policy:

The Rate Stabilization Reserve is to set aside funds to minimize Transfer Station rate increases resulting from significant one-time revenue shortfalls (e.g., commodity price decreases, loss of tipping fee revenues due to short or long-term closure of the Shoreway facility, etc.). Maintaining this fund is a requirement of our current outstanding bond indenture to be available to meet bond covenant ration if necessary.

The Emergency Reserve is to address limited capital needs or significant one-time increases in Shoreway operating expenses as a result of damage caused by natural disasters, acts of war or terrorism, or other community emergency scenarios that are not covered by existing insurance policies. Notably, we currently do not have insurance coverage for damage from a seismic event, flood damage, and damage caused by an act of terrorism. Seismic insurance coverage is reviewed annually but has been declined by the Board due to the high cost (i.e., last quote was \$450,000 per year with a 10 percent deductible). We do maintain coverage for fire; natural gas explosion; a plane crashing into our property; and weather related damage from wind, lightening, or a severe storm.

Sub-Emergency Reserve – Self Insurance Fund is designed 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.

The Equipment Replacement Reserve (Staff recommends replacing this reserve with an **Equipment Maintenance and Replacement Fund** that would include maintenance and equipment for all Shoreway site expenditures and not just MRF equipment as is currently constituted.) The recommended change is redlined in **Exhibit A**.

This fund is currently a sinking fund that is funded annually and then drawn down as monies are needed for major MRF equipment capital repairs, and eventually for partial replacement of the single stream processing equipment within the Material Recovery Facility (MRF). The Equipment Replacement Reserve covers the expected equipment replacement costs after the assumed 12-year depreciable life of the single stream processing equipment installed in 2011 plus any significant one-time equipment repair (wear parts) costs not covered in our Shoreway capital budget. Per the Operations Agreement with SBR, is responsible for any repair expenses to stationary equipment when the repair for a single item exceeds \$10,000.

Capital Projects 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.

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

Background

The policy was revised at the May 23, 2013 Board Meeting to reflect more clarity in defining the purpose and use of each reserve account. Key changes were made to the reserve policy as follows:

- Maintained two previous reserve accounts (Rate Stabilization Reserve and Equipment Replacement Reserve) and replaced the Operating Reserve with an Emergency Reserve Account.
- Changed the priority order of the accounts so the Rate Stabilization Reserve is first in priority followed by the Emergency Reserve.

- Excluded certain operation expenses (i.e., Shoreway buyback payments to customers expenses) in the calculation of the fund levels for each account (i.e., up to maximum of 10% of Operating Expenses) for the Rate Stabilization Reserve and the new Emergency Reserve.

The policy was further revised at the November 15, 2018 Board Meeting to establish a Capital Projects Reserve intended for future capital projects. The previous policy combined the Undesignated Reserve with the Capital Reserve, and the 2018 revision made these two separate reserves.

The policy was last revised at the June 23, 2022 Board Meeting to establish a Sub-Emergency Reserve – Self Insurance Fund.

Fiscal Impact

There is no direct fiscal impact from maintaining the reserve policy other than it's intended when needed and approved by the Board. A change in the reserve policy could have a one-time impact to tip fees at Shoreway if the reserves are increased or decreased.

Attachments:

Resolution 2025-xx

Exhibit A – South Bayside Waste Management Authority (RethinkWaste) Reserve Policy Proposed Draft (redlined)



RESOLUTION NO. 2025-xx

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (RETHINKWASTE) BOARD OF DIRECTORS AUTHORIZING THE RESOLUTION APPROVING THE REVISED RESERVE POLICY

WHEREAS, the South Bayside Waste Management Authority (RethinkWaste) last revised the Reserve Policy at the June 23, 2022 Board of Directors Meeting, and

WHEREAS, the current reserve policy does not fully meet the needs of the RethinkWaste, and

WHEREAS, the revised reserve policy establishes a **new Equipment Maintenance and Replacement Sinking Fund** replacing the current Equipment Replacement Reserve, and

NOW THEREFORE, BE IT RESOLVED, the South Bayside Waste Management Authority (RethinkWaste) hereby approves the Revised Reserve Policy as found in Exhibit A.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 26th day of June 2025, 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. 2025-XX was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 26, 2025.

ATTEST:

Adam Rak, Chairperson of SBWMA

Cyndi Urman, Clerk of the Board

South Bayside Waste Management Authority (RethinkWaste)SBWMA Fund and Reserve Policy – 20252

This policy replaces the previous policy approved by the Board in 202248.

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 RethinkWasteSBWMA funds are tip fee revenue and commodity revenue.

After meeting all normal operating and debt service obligations of the RethinkWasteSBWMA, 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 Maintenance and Replacement Sinking Fund** is funded annually through Shoreway tip fees and is used established to maintain and replace Shoreway equipment and infrastructure based on the Replacement and Maintenance Schedule maintained by Staff. The fund is designed to fund necessary site expenditures that are expected to occur every three or more years. The fund will be funded annually through Shoreway tip fees and be drawn upon for future planned expenditures.~~

~~**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 ~~is intended to~~ 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 ~~establishing 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, ~~RethinkWasteSBWMA~~ 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 that the Rate Stabilization Reserve and the Emergency Reserve funds 1 and 2~~ are ~~designed to remain static with~~ basically static funds with minimal annual changes. ~~Going forward, these b~~ Balances ~~are will be~~ established each year as part of the adoption of the fiscal year budget so that they remain funded at a maximum of 10% of budgeted operating expenses. ~~Ten percent is not added each year — this is the fixed limit.~~

The Sub-Emergency Reserve-Self Insurance Fund and the Equipment Maintenance and Replacement Sinking Fund Funds 2a, 3 and 4 are cumulative funds ~~with~~ as cash ~~is~~ added each year to reach the total amount needed and depleted by the approved and designated expenditures.

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



A Public Agency

Finance Committee Review of MRF Phase II Project and Financial Pro Forma

Agenda Item 7 does not include Staff Report, verbal report and presentation at the 06/10/2024 RethinkWaste Finance Committee Meeting

Agenda Item 7

Agenda Item 7

Follow up Committee Review of MRF Phase II Project and Financial Pro Forma

No Staff Report Discussion Item Only

Attachments:

A - Finance Committee Review of MRF Phase II Project and Financial Pro Forma



Finance Committee Meeting



A Public Agency

June 10, 2025

Hilary Gans, Senior Engineering and Operations Manager

MRF Sort Automation Project

Sources of Funds

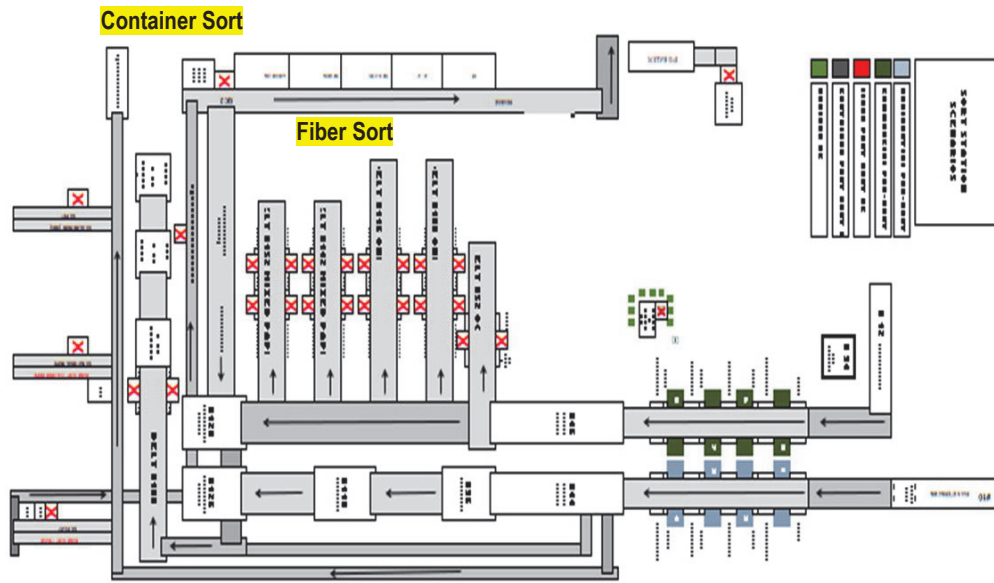
Green Bond Current Fund Balance = ~\$12M

MRF Sort System Automation Projects:

- a) Container Optical Replacement
- b) Residue Recovery Automation
- c) Container QC Automation
- d) Fiber QC Automation



Overview MRF Automation Projects



Sort Automation Goals

1. Replace obsolete equipment
2. Recover more recyclable materials
3. Reduce costs / increases revenues
4. Reduce dependence on contract labor
5. Improve working condition



MRF Automation Estimated ROI (current & future labor rates)

ROI on MRF Automation Projects

| Capital Expense | |
|--|--------------|
| MRF Phase II Automation Capital Investment | \$12,000,000 |

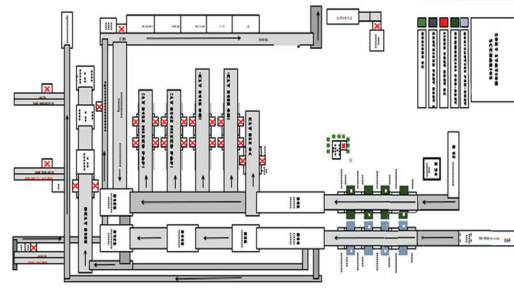
| Income / Savings | \$/year | |
|---|--------------------|--------------------|
| Fiber Commodity Sales Revenue | \$70,678 | |
| Container Commodities Sales Revenue | \$540,929 | |
| Disposal Savings | \$118,448 | |
| Labor Cost Savings (<i>Estimated Future Labor Cost</i>) | \$1,383,200 | \$3,191,844 |
| Total Income and Cost Savings | \$2,113,255 | \$3,921,899 |

| | | |
|----------------------------------|------------|------------|
| ROI on Capital Investment | 5.7 | 3.1 |
|----------------------------------|------------|------------|



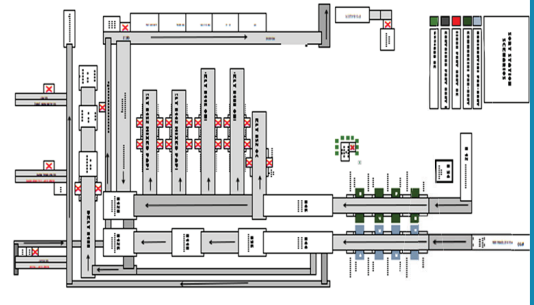
a) Container Sort Optical Replacement

- **Description:** Replace 3 obsolete container sort optical units
- **Benefits:**
 - Replace obsolete optical sort equipment (must do)
 - Add new commodity recovery capabilities
 - (grant funding opportunity for new commodities)
 - Improved recovery of containers/reduce disposal



b) Residue Recovery Sort Automation

- **Description:** New Residue Recovery Automation
- **Benefits:**
 - Reduce current MRF disposal/reside
 - Recover additional commodity revenue (container recovery only)
 - Reduce MRF contract labor expense

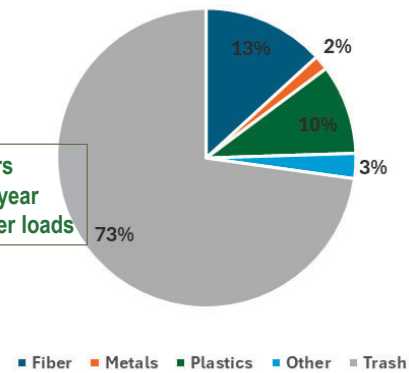


MRF Residue Composition

| Material Type | Tons/Yr. | % |
|--------------------------|---------------|-------------|
| Mixed Fiber & Cardboard | 640 | 6.2% |
| OCC | 722 | 7.0% |
| Aluminum UBCs | 41 | 0.4% |
| Tin/Steel | 124 | 1.2% |
| PET Plastic | 196 | 1.9% |
| HDPE - Natural | 21 | 0.2% |
| HDPE - Color | 186 | 1.8% |
| PP Plastic #5 | 0 | 0.0% |
| Waste Film Plastic | 475 | 4.6% |
| Other Plastic | 124 | 1.2% |
| Scrap Metal | 62 | 0.6% |
| Glass | 21 | 0.2% |
| Aspectic (Juice Boxes) | 196 | 1.9% |
| Trash | 7,513 | 72.8% |
| Total Tons / Year | 10,320 | 100% |

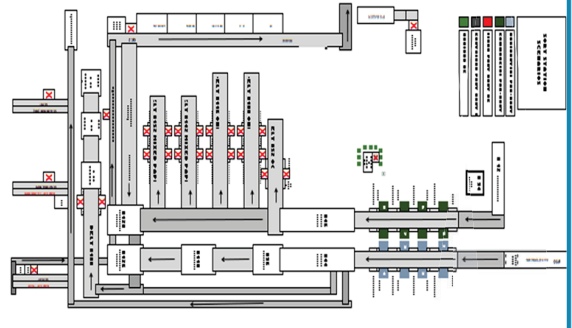
~6% Containers
568 tons total/year
25 tractor trailer loads

Percent Composition of MRF Residue



c) Container QC Automation

- **Description:** Automate 3-Container QC sort lines
- **Benefits:**
 - Improve container recovery
 - Improve container commodity purity
 - Reduce MRF contract labor expense



d) FUTURE Fiber QC Automation

- **Description:** Automate 4-fiber QC sort
(4-sort lines, BHS proposal only automates 1-sort line)
- **Benefits:**
 - Cleaner fiber commodity
 - Higher commodity revenue from the recovery of OCC from mixed paper
 - Reduce MRF contract labor expense

