



# ADMINISTRATION AND FINANCE



A Public Agency

## STAFF REPORT

**To:** SBWMA Board Members  
**From:** Farouk Fakira, Finance Manager  
**Date:** February 25, 2016 Board of Directors Meeting  
**Subject:** Resolution Accepting Mid-Year Review of FY15/16 Annual Operating Budget

### Board Action

It is recommended that the SBWMA Board of Directors approve Resolution No. 2016-08 attached hereto authorizing the following action:

Approval of the Mid-Year Budget Adjustments for FY15/16.

Board approval includes additional compensation to South Bay Recycling (SBR) to pay for higher glass handling costs (i.e., \$76,200 in transportation cost to send glass to Fairfield; \$37,600 additional lease expense for two tractors and two trailers to haul the glass, and \$35,000 hauling charge for disposal of batteries). Board approval also includes the addition to the Mid-Year budget of \$55,422 for the split-body pilot collection program that was included in the adopted 2015 Long Range Plan; the expense for this pilot program was previously included in the Board approved Recology compensation for 2016.

### Analysis

Staff has conducted a thorough analysis of year-to-date revenues and expenditures. **Attachment A** has been prepared to provide the Board with key budget and related information as follows:

- **Attachment A** contains budget worksheets providing line item detail for all projected revenues, expenditures, cash reserve balances and capital spending.

Net Income is projected at \$599,258 which is \$921,628 less than projected in the Approved FY15/16 Budget (see **Table 1**).

Table 1

| FY15/16 SUMMARY NET INCOME |                |                      |             |            |
|----------------------------|----------------|----------------------|-------------|------------|
| Revenues                   | Adopted Budget | Mid-Year Projections | Variance    | Variance % |
| Total Revenues             | \$42,523,900   | \$42,324,267         | (\$199,633) | -0.5%      |
| Total Expenditures         | \$41,003,014   | \$41,725,008         | \$721,994   | 1.8%       |
| <b>Net Income</b>          | \$1,520,886    | \$599,258            | (\$921,628) | -60.6%     |

As shown in **Table 2**, there was a Total Revenue variance of \$199,633 (due to a decrease of \$727,288 by a high drop in commodities, lower host fees of \$43,500; which were partially offset by higher than budgeted Non-Franchised and Franchised revenues of \$452,430 and \$116,417 respectively). Higher than budgeted Expenditures of \$721,994 are primarily due to \$510,662 in higher disposal costs.

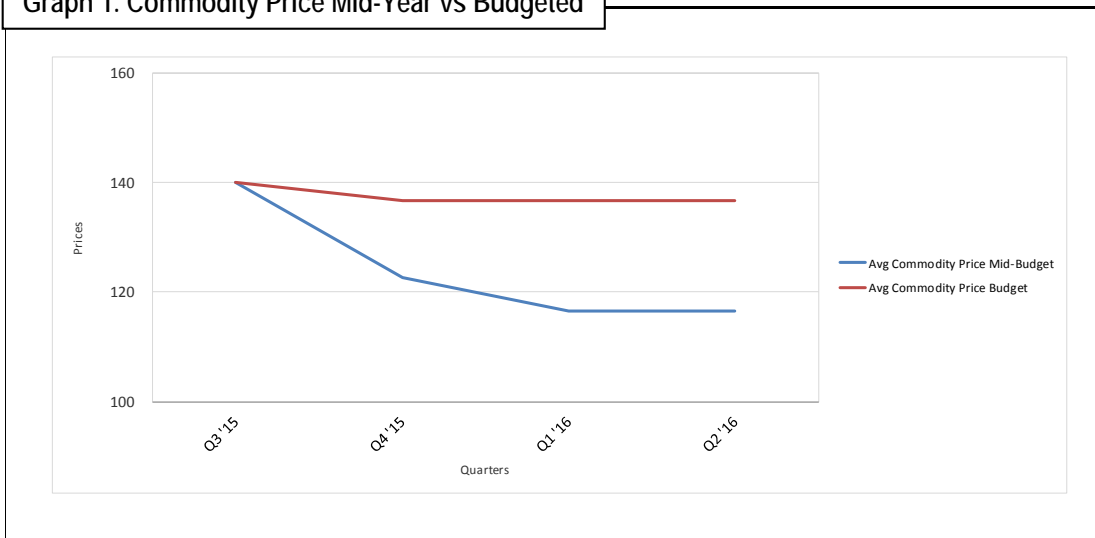
Table 2

| FY 15/16 SUMMARY - MAJOR BUDGET VARIANCES |                      |
|---|----------------------|
| <b>Expenditures</b>                       |                      |
| Commodity Revenue Prices Fall             | (\$727,288)          |
| Host fees                                 | (\$43,500)           |
| Split Body Pilot Program                  | (\$55,422)           |
| Glass Hauling & other to Fairfield        | (\$149,061)          |
| Disposal                                  | (\$510,662)          |
| <b>Total</b>                              | <b>(\$1,442,433)</b> |
| <b>Revenue Offsets</b>                    |                      |
| Tipping Fees - Non Franchised             | \$ 452,430           |
| Tipping Fees - Franchised                 | \$ 116,417           |
| <b>Gains</b>                              | <b>\$ 568,847</b>    |
| <b>Mid-Year Variances</b>                 | <b>(\$873,586)</b>   |

**Revenues**

Total operating revenues for FY15/16 are projected to be 0.5% lower than originally budgeted primarily due to declining commodity prices which have caused a revenue shortfall of \$727,288. As illustrated in **Graph 1** below, there is a negative variance of \$17.59 per ton from the adopted budget (Mid-Year Budget at \$125.10 vs Adopted Budget at \$142.70).

**Graph 1. Commodity Price Mid-Year vs Budgeted**



This revenue gap was partially offset by an increase in tip fee revenues resulting from higher than budgeted tonnage into Shoreway (see **Table 3**).

Table 3

| FY15/16 REVENUE SUMMARY   |                     |                      |                    |              |
|---|---------------------|----------------------|--------------------|--------------|
| Revenues  | Adopted Budget      | Mid-Year Projections | Variance           | Variance %   |
| Tip Fee Revenues  | \$33,602,300        | \$34,171,147         | \$568,847          | 1.7%         |
| <i>Non Franchised</i>   | \$6,982,300         | \$7,434,730          | \$452,430          | 6.5%         |
| <i>Franchised</i>   | \$26,620,000        | \$26,736,417         | \$116,417          | 0.4%         |
| Net Commodity Sales Revenues*   | \$7,668,100         | \$6,940,812          | (\$727,288)        | -9.5%        |
| MRF - Host Fees   | \$443,500           | \$400,000            | (\$43,500)         | -9.8%        |
| Interest Income   | \$48,200            | \$54,508             | \$6,308            | 13.1%        |
| HHW and Other Revenue   | \$761,800           | \$757,800            | (\$4,000)          | -0.5%        |
| <b>Total Revenues</b>   | <b>\$42,523,900</b> | <b>\$42,324,267</b>  | <b>(\$199,633)</b> | <b>-0.5%</b> |
| *Gross commodity sales – 28% revenue share with SBR and buyback payments. |                     |                      |                    |              |

### Expenditures

Table 4 below shows that the higher than budgeted Shoreway Operations expense of \$713,537 is primarily the result of \$149,061 in SBR compensation due to unforeseen glass handling and transportation expenses and \$510,662 in disposal expense payments to offsite disposal and processing facilities (\$297,760 from higher disposable volume of 3,712 tons, \$102,117 in higher pass-through disposal, and \$96,794 for composting of 2,000 unbudgeted tons). Other expense variances include: sewer taxes that were higher by \$21,947 due to higher sewage volume and higher San Carlos franchise fee payments of \$32,630 due to more tons than budgeted.

Table 4

| FY15/16 EXPENDITURE DETAIL FOR SHOREWAY OPERATIONS                                    |                     |                      |                  |             |
|---|---------------------|----------------------|------------------|-------------|
| Expenditures  | Adopted Budget      | Mid-Year Projections | Variance         | Variance %  |
| SBR Compensation*   | \$17,739,700        | \$17,888,761         | \$149,061        | 0.8%        |
| Disposal and Processing*  | \$14,472,300        | \$14,982,962         | \$510,662        | 3.5%        |
| Insurance Shoreway  | \$211,400           | \$210,637            | (\$763)          | -0.4%       |
| Education Center  | \$60,000            | \$60,000             | \$0              | 0.0%        |
| Debt Service Bond Interest  | \$2,833,100         | \$2,833,100          | \$0              | 0.0%        |
| Other Operating Expenses  | \$241,000           | \$241,000            | \$0              | 0.0%        |
| Taxes (Sewer)   | \$35,800            | \$57,747             | \$21,947         | 61.3%       |
| Franchise Fee (San Carlos)**  | \$1,594,600         | \$1,627,230          | \$32,630         | 2.0%        |
| <b>Total Shoreway Operations:</b>   | <b>\$37,187,900</b> | <b>\$37,901,437</b>  | <b>\$713,537</b> | <b>1.9%</b> |
| * Expense projection based on estimated facility tonnage                              |                     |                      |                  |             |
| ** Expense projection based on estimated gate revenue (tipping fees x estimated tons) |                     |                      |                  |             |

As shown in Table 5 below, the SBWMA budget has a Mid-Year Budget variance that include a \$16,965 savings in Administrative Expenses due the vacancy in the Recycling Outreach and Sustainability Manager and Executive Director positions. Recycling & AB 939 Compliance expense is \$55,422 higher than originally budgeted due to the addition of the split-body collection pilot program expense.

Table 5

| FY15/16 EXPENDITURE SUMMARY   |                     |                      |                  |             |
|-------------------------------|---------------------|----------------------|------------------|-------------|
| Expenditures                  | Adopted Budget      | Mid-Year Projections | Variance         | Variance %  |
| Administrative Expenses       | \$1,766,814         | \$1,749,849          | (\$16,965)       | -1.0%       |
| Contract Compliance & Support | \$291,000           | \$261,000            | (\$30,000)       | -10.3%      |
| Recycling & AB 939 Compliance | \$1,091,000         | \$1,146,422          | \$55,422         | 5.1%        |
| Collection Operations         | \$666,300           | \$666,300            | \$0              | 0.0%        |
| <b>Total SBWMA Expenses</b>   | <b>\$3,815,114</b>  | <b>\$3,823,571</b>   | <b>\$8,457</b>   | <b>0.2%</b> |
| Shoreway Operations           | \$37,187,900        | \$37,901,437         | \$713,537        | 1.9%        |
| <b>Total Expenses</b>         | <b>\$41,003,014</b> | <b>\$41,725,008</b>  | <b>\$721,994</b> | <b>1.8%</b> |

### Capital Spending

No change in projected capital spending. Please see **Attachment A** for a worksheet on our capital projects.

### Reserve Balances

Table 6 below captures the Mid-Year reserve balance projections for FY15/16 compared to the Approved Budget reserve balance. The projected Total Unrestricted General Reserve variance of \$454,492 primarily due to not implementing tipping fee increase at Shoreway for year 2015.

Table 6

| RESERVE BALANCE                            |                      |                           |                            |                     |              |
|--|----------------------|---------------------------|----------------------------|---------------------|--------------|
|  | ACTUAL<br>FY14/15    | ADOPTED BUDGET<br>FY15/16 | MID-YEAR BUDGET<br>FY15/16 | Variance            | Variance %   |
| <b>Unrestricted</b>                        |                      |                           |                            |                     |              |
| Rate Sstabilization (10% of expense)       | \$ 3,887,542         | \$ 4,033,671              | \$ 4,105,871               | \$ 72,199           | 1.8%         |
| Emergency Reserve (10% of total expense)   | \$ 3,887,542         | \$ 4,033,671              | \$ 4,105,871               | \$ 72,199           | 1.8%         |
| Equipment Replacement (Annual)             | \$ 1,429,675         | \$ 1,499,514              | \$ 1,499,514               | \$ -                | 0.0%         |
| Facilities Improvements (discontinued)     |                      |                           |                            |                     |              |
| Undesignated                               | \$ 5,023,699         | \$ 3,175,018              | \$ 2,576,127               | \$ (598,891)        | -18.9%       |
| <b>Total Unrestricted General Reserves</b> | <b>\$ 14,228,458</b> | <b>\$ 12,741,874</b>      | <b>\$ 12,287,382</b>       | <b>\$ (454,492)</b> | <b>-3.6%</b> |
| <b>Committed:</b>                          |                      |                           |                            |                     |              |
| Bond Principal Payment Fund                | \$ 1,058,333         | \$ 1,091,667              | \$ 1,091,667               | \$ -                | 0.0%         |
| <b>TOTAL GENERAL RESERVES</b>              | <b>\$ 15,286,791</b> | <b>\$ 13,833,541</b>      | <b>\$ 13,379,049</b>       | <b>\$ (454,492)</b> | <b>-3.3%</b> |

### Background

On June 25, 2015, the SBWMA Board of Directors adopted the FY15/16 Annual Operating Budget. Mid-year budget was reviewed at the last Board on January 28, 2016 and staff has updated the Mid-Year Budget to include more current financial and tonnage information.

### Fiscal Impact

The Mid-Year Budget for FY15/16 shows Net Income of \$599,258 which is \$921,628 less than the Adopted FY15/16 Budget.

**Attachments:**

Resolution 2016-08

Attachment A – FY15/16 Budget Worksheets



A Public Agency

## RESOLUTION NO. 2016-08

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ACCEPTING MID-YEAR REVIEW OF FY1516 ANNUAL OPERATING BUDGET

**WHEREAS**, the South Bayside Waste Management Authority proposed budget adjustments as presented is balanced and provided sufficient funds for normal operations.

**NOW THEREFORE, BE IT RESOLVED**, the South Bayside Waste Management Authority hereby approves the adjustments to the fiscal year 2015/2016 operating budget.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25<sup>th</sup> day of February, 2016, by the following vote:

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

I HEREBY CERTIFY that the foregoing Resolution No. 2016-08 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on February 25, 2016.

ATTEST:

\_\_\_\_\_  
Bob Grassilli, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Board Secretary

| RESERVE BALANCE                            |                      |                           |                            |                     |              |
|--|----------------------|---------------------------|----------------------------|---------------------|--------------|
|  | ACTUAL FY14/15       | ADOPTED BUDGET<br>FY15/16 | MID-YEAR BUDGET<br>FY15/16 | Variance            | Variance %   |
| <b>Unrestricted</b>                        |                      |                           |                            |                     |              |
| Rate Sstabilization (10% of expense)       | \$ 3,887,542         | \$ 4,033,671              | \$ 4,106,197               | \$ 72,526           | 1.8%         |
| Emergency Reserve (10% of total expense)   | \$ 3,887,542         | \$ 4,033,671              | \$ 4,106,197               | \$ 72,526           | 1.8%         |
| Equipment Replacement (Annual)             | \$ 1,429,675         | \$ 1,499,514              | \$ 1,499,514               | \$ -                | 0.0%         |
| Facilities Improvements (discontinued)     |                      |                           |                            |                     |              |
| Undesignated                               | \$ 5,023,699         | \$ 3,175,018              | \$ 2,572,212               | \$ (602,806)        | -19.0%       |
| <b>Total Unrestricted General Reserves</b> | <b>\$ 14,228,458</b> | <b>\$ 12,741,874</b>      | <b>\$ 12,284,119</b>       | <b>\$ (457,755)</b> | <b>-3.6%</b> |
| <b>Committed:</b>                          |                      |                           |                            |                     |              |
| Bond Principal Payment Fund                | \$ 1,058,333         | \$ 1,091,667              | \$ 1,091,667               | \$ -                | 0.0%         |
| <b>TOTAL GENERAL RESERVES</b>              | <b>\$ 15,286,791</b> | <b>\$ 13,833,541</b>      | <b>\$ 13,375,786</b>       | <b>\$ (457,755)</b> | <b>-3.3%</b> |

Reserves Cash Flow - Md Yr



SBWMA - FY2014 BUDGET  
Revenue Summary

**REVENUES BY MAJOR CATEGORY AND SOURCE**

| REVENUE SUMMARY                      |   | ACTUAL FY14/15       | ADOPTED BUDGET       | YTD 12/10/15         | MID-YEAR PROJECTION  | Variance to Adopted | Variance to Appvd | Notes  |
|--------------------------------------|---|----------------------|----------------------|----------------------|----------------------|---------------------|-------------------|--|
| <b>ADMINISTRATIVE REVENUES</b>       |   |                      |                      |                      |                      |                     |                   |  |
| 1                                    | 409100 INVESTMENT INCOME                        | \$ 70,405            | \$ 48,200            | \$ 39,654            | \$ 54,508            | \$ 6,308            | 13.1%             |  |
|                                      | 409101 INVESTMENT (GASB 31) MARKET VALUE ADJ    |                      |                      |                      |                      | -                   |                   |  |
|                                      | 409200 INTEREST INCOME                          |                      |                      |                      |                      |                     |                   |  |
| <b>TOTAL ADMINISTRATIVE</b>          |   | <b>\$ 70,405</b>     | <b>\$ 48,200</b>     | <b>\$ 39,654</b>     | <b>\$ 54,508</b>     | <b>\$ 6,308</b>     | <b>13.1%</b>      |  |
| <b>OPERATIONS</b>                    |   |                      |                      |                      |                      |                     |                   |  |
| 2                                    | 480026 TIPPING FEES - Non Franchised            | \$ 6,528,891         | 6,982,300            | 3,712,849            | 7,434,730            | 452,430             | 6.5%              | <p>Mainly due to favorable volume increase of 7.4K tons mainly from third party customers and unfavorable decrease from public in Cubic yards of SW (5.5K), GW (.149K) and fav C&amp;D 1.4K. Due to increase in volume of SW .7K tons, GW (.4K), C&amp;D 1K, and .13K wood. Mainly due to a dip of \$.98 per ton resulting in (\$66.4K) drop in revenue. The rest is a drop of 56 tons in volume. Budget didn't reflect the \$59K in quality incentive.</p> <p>Third pary volume is lower (3.5K) tons than what was forecasted.</p> <p>Fee revenue from commercial recyclers per Ordinance CA Paint Care program payments.</p> |
|                                      | 480027 TIPPING FEES - Franchised                | 26,140,918           | 26,620,000           | 13,192,466           | 26,736,417           | 116,417             | 0.4%              |  |
| 3                                    | 480028 COMMODITY SALES                          | 10,722,198           | 9,630,400            | 3,980,805            | 8,899,603            | (730,797)           | -7.6%             |  |
|                                      | 480029 COMMODITY REVENUE SHARING - NEW          | (1,846,342)          | (1,064,400)          | 839,319              | (1,070,551)          | (6,151)             | 0.6%              |  |
|                                      | 522717 Buyback Payment                          | (879,726)            | (897,900)            | 418,574              | (888,242)            | 9,658               | -1.1%             |  |
|                                      | 480024 OX MOUNTAIN                              |                      |                      |                      |                      | -                   | 0.0%              |  |
|                                      | 480025 E Recycling                              | 66,085               | 50,000               | 10,450               | 50,000               | -                   | 0.0%              |  |
|                                      | 480033 MRF Host Fee                             | 456,509              | 443,500              | 198,931              | 400,000              | (43,500)            | -9.8%             |  |
|                                      | 480031 HHW ON-CALL COLLECTION SERVICE - NEW     | 546,029              | 662,800              | 330,000              | 662,800              | -                   | 0.0%              |  |
|                                      | 406001 COMMERCIAL RECYCLING REPORTING ORDINANCE | 4,500                | 25,000               | 1,125                | 15,000               | (10,000)            | -40.0%            |  |
| 4                                    | 480008 MISCELLANEOUS REVENUE                    | 29,240               | 24,000               | 27,383               | 30,000               | 6,000               | 25.0%             |  |
| <b>TOTAL OPERATIONS</b>              |   | <b>\$ 41,768,302</b> | <b>\$ 42,475,700</b> | <b>\$ 22,711,903</b> | <b>\$ 42,269,758</b> | <b>\$ (205,942)</b> | <b>-0.5%</b>      |  |
| <b>TOTAL OPERATING REVENUES</b>      |   | <b>41,838,707</b>    | <b>42,523,900</b>    | <b>22,751,558</b>    | <b>42,324,267</b>    | <b>(199,633)</b>    | <b>-0.5%</b>      |  |
| <b>NON-OPERATING RECEIPTS</b>        |   |                      |                      |                      |                      |                     |                   |  |
|                                      | 520509 MISC - EQUIPMENT AUCTION                 |                      |                      |                      |                      | -                   |                   |  |
| <b>NON-OPERATING RECEIPTS</b>        |   |                      |                      |                      |                      |                     |                   |  |
| <b>TOTAL REVENUE</b>                 |   | <b>\$ 41,838,707</b> | <b>\$ 42,523,900</b> | <b>\$ 22,751,558</b> | <b>\$ 42,324,267</b> | <b>\$ (199,633)</b> | <b>-0.5%</b>      |  |
| <b>CONTRIBUTION TO CASH RESERVES</b> |   | <b>\$ 2,438,047</b>  | <b>\$ 1,520,886</b>  | <b>\$ 3,127,690</b>  | <b>\$ 595,995</b>    | <b>\$ (924,891)</b> | <b>-60.8%</b>     |  |

REVENUE

| EXPENDITURE SUMMARY                            |         |   | ACTUAL<br>FY14/15   | BUDGET              | YTD<br>12/31/2015 | Mid-Yr BUD          | Variance           | Notes   |
|--|---------|---|---------------------|---------------------|-------------------|---------------------|--------------------|---|
| <b>ADMINISTRATIVE EXPENSES</b>                 |         |   |                     |                     |                   |                     |                    |   |
| 511810   | 511810  | ADMINISTRATIVE STAFF                    | \$ 564,358          | \$ 565,798          | \$ 309,526        | \$ 572,764          | \$ 6,966           | Adjustment for Salary variance vs. Kevin's offset by \$43K in unaccrued sick pay PTO.   |
| 511820& 520306                                 | 511820& | AB 939 PROGRAM STAFF                    | 664,388             | 731,661             | 363,383           | 715,342             | (16,319)           | Mainly saving of four months salary for Monica offset by \$19.5K in unaccrued sick pay PTO.   |
| 520328   | 520328  | EMPLOYEE RECRUITMENT / HR SUPPORT       | 37,801              | 5,000               | 421               | 7,500               | 2,500              | Anticipated recruiting for ED replacement.  |
| 520337   | 520337  | PEO COST (RGS/LGS ADMIN FEES)           | 9,000               | 19,900              | 3,393             | 19,900              | -                  | Fees paid to contract HR and payroll service provider.  |
| 520312   | 520312  | BOARD COUNSEL                           | 34,616              | 55,000              | 7,718             | 45,000              | (10,000)           | Contracted legal counsel services.  |
| 520300   | 520300  | BOARD MEETINGS                          | 2,710               | 3,000               | 2,050             | 3,000               | -                  |   |
| 520310   | 520310  | ACCOUNTING SERVICES                     | 131,900             | 136,530             | 68,265            | 136,530             | -                  | Estimated fees paid to current vendor (City of San Carlos).   |
| 520334   | 520334  | INFORMATION SYSTEMS                     | 25,096              | 28,000              | 13,030            | 27,000              | (1,000)            | Fees paid to IT service provider.   |
| 520338   | 520338  | WEBSITE                                 | 12,578              | 11,500              | 8,555             | 12,100              | 600                | Fees paid to website management service provider.   |
| 520301   | 520301  | ANNUAL AUDIT                            | 9,000               | 9,300               | 4,950             | 9,300               | -                  | Fees paid to auditors to complete FY & calendar year financial statements.  |
| 520701   | 520701  | D&O INSURANCE                           | 34,570              | 39,000              | 42,898            | 42,888              | 3,888              | Annual insurance premium for Director's and Officer's insurance.  |
| 520202   | 520202  | BANK FEES                               | 7,312               | 8,000               | 4,062             | 8,000               | -                  | Bank fees inclusive of fees paid to BNY as the Bond Trustee.  |
| 520203   | 520203  | RENT                                    | 52,419              | 54,300              | 26,732            | 53,500              | (800)              | Assumes one-year extension on lease with one option year at current terms.  |
| 520204   | 520204  | PRINTING AND POSTAGE                    | 219                 | 150                 | 123               | 150                 | -                  |   |
| 520107   | 520107  | UTILITIES                               | 16,299              | 17,500              | 7,093             | 17,500              | -                  | Utilities and janitorial services by the City.  |
| 520905   | 520905  | OFFICE/TENANT IMPROVEMENTS              | 1,034               | 1,000               | 400               | 1,000               | -                  |   |
| 520201   | 520201  | OFFICE SUPPLIES                         | 16,904              | 15,500              | 5,447             | 15,000              | (500)              |   |
| 520215   | 520215  | OFFICE EQUIPMENT COSTS                  | 19,544              | 24,300              | 9,121             | 24,300              | -                  |   |
| 520504   | 520504  | PUBLICATIONS & PUBLIC NOTICES           | 970                 | 3,000               | 49                | 3,000               | -                  | Assumes notice for 2 bids.  |
| 520501   | 520501  | PROFESSIONAL DUES & MEMBERSHIPS         | 1,311               | 2,300               | 424               | 2,000               | (300)              |   |
| 520801   | 520801  | VEHICLE MILEAGE & TOLLS                 | 39                  | 75                  | 37                | 75                  | -                  |   |
| 520105   | 520105  | CELL PHONES                             | 4,131               | 4,500               | 1,524             | 4,000               | (500)              | Reimbursement for employee work related cell phone costs.   |
| 520503   | 520503  | CONFERENCE & MEETINGS                   | 6,300               | 10,500              | 4,913             | 9,500               | (1,000)            | Staff attendance at trade conferences and travel related to budgeted projects.  |
| 520502   | 520502  | TRAINING                                | 1,724               | 5,500               | 1,299             | 5,000               | (500)              | Up to \$1250/employee per year for qualified educational, job related development activities, and personal development as approved by Executive Director. |
| 520511   | 520511  | SPONSORSHIPS & DONATIONS                | 8,500               | 9,500               | 1,000             | 9,500               | -                  | Sponsorships for Acterra, SSMC, CAW and CPSC.   |
| 522706   | 522706  | COMPUTER PURCHASE                       | 8,610               | 6,000               | 3,098             | 6,000               | -                  | Two new laptops. Minor other hardware.  |
| <b>TOTAL ADMINISTRATIVE</b>                    |         |   | <b>\$ 1,671,334</b> | <b>\$ 1,766,814</b> | <b>\$ 889,511</b> | <b>\$ 1,749,849</b> | <b>\$ (16,965)</b> |   |
| <b>CONTRACT COMPLIANCE AND SUPPORT</b>         |         |   |                     |                     |                   |                     |                    |   |
| 520307   | 520307  | RATE REVIEW                             | \$ 13,501           | \$ 25,000           | \$ 7,610          | \$ 15,000           | (10,000)           | 3rd party consulting support if needed.   |
| <b>TOTAL RATE REVIEW</b>                       |         |   | <b>\$ 13,501</b>    | <b>\$ 25,000</b>    | <b>\$ 7,610</b>   | <b>\$ 15,000</b>    | <b>\$ (10,000)</b> |   |
| <b>CONSULTANT SUPPORT</b>                      |         |   |                     |                     |                   |                     |                    |   |
| 520308   |         | FACILITY IMPROVEMENT OVERSIGHT          | \$ 23,641           | \$ 50,000           | \$ 1,355          | \$ 50,000           | \$ -               | Operations assessment @\$20K, disaster mgt. plan, utility analysis for CNG and mixed waste processing.  |
| 520309   | HCM01   | CONTRACT MANAGEMENT SUPPORT             | 52,627              | 55,000              | -                 | 55,000              | -                  | Annual financial audit of RSMC and SBR at \$40k. \$15k for reviewing annual route assessment.   |
| 520309   | HCS02   | COLLECTION SERVICES FRANCHISE ADMIN.    | 54,653              | 80,000              | 2,027             | 80,000              | -                  | \$15k call center monitoring. \$40k annual reporting system audit. \$25k operational assessment.  |
| 520309   | HFM01   | FINANCE MANAGER SUPPORT - NEW           |                     | 35,000              | -                 | 15,000              | (20,000)           | On-call consultant support as needed.   |
| 520336   | HCM01   | QUARTERLY LOAD CONTAMINATION MONITORING | 43,895              | 46,000              | 10,000            | 46,000              | -                  | Bi-annual Recology contamination sampling.  |
| <b>TOTAL CONSULTANT</b>                        |         |   | <b>\$ 174,816</b>   | <b>\$ 266,000</b>   | <b>\$ 13,381</b>  | <b>\$ 246,000</b>   | <b>\$ (20,000)</b> |   |
| <b>TOTAL CONTRACT COMPLIANCE &amp; SUPPORT</b> |         |   | <b>\$ 188,317</b>   | <b>\$ 291,000</b>   | <b>\$ 20,991</b>  | <b>\$ 261,000</b>   | <b>(30,000)</b>    |   |

## EXPENSES

| EXPENDITURE SUMMARY   | ACTUAL<br>FY14/15 | BUDGET       | YTD<br>12/31/2015 | Mid-Yr BUD   | Variance  | Notes  |
|---|-------------------|--------------|-------------------|--------------|-----------|--|
| <b>RECYCLING - AB939 COMPLIANCE</b>                             |                   |              |                   |              | -         |  |
| <b>RECYCLING ADMINISTRATION</b>                                 |                   |              |                   |              | -         |  |
| 520311 CIWMB 520311 C CIWMB ANNUAL REPORTS                      | \$ 25,000         | \$ 25,000    | \$ 19,734         | \$ 25,000    | \$ -      | CalRecycle Electronic Annual Report for 10 Member Agencies.  |
| 520341 520341 SBWMA ANNUAL REPORT                               | 8,010             | 5,000        | 270               | 5,000        | -         |  |
| 520309 HDV01 520309 H DIVERSION PROGRAM SUPPORT                 | 4,643             | 45,000       | -                 | 45,000       | -         | Public Spaces pilot and related Member Agency Assistance.  |
| 520508 520508 RECYCLING REPORTING ORDINANCE EXPENSES            | 200               | 15,000       | 165               | 15,000       | -         |  |
| 522705 522705 EVENT GIVEAWAYS                                   |                   | 1,500        |                   | 1,500        | -         |  |
| <b>TOTAL RECYCLING ADMINISTRATION</b>                           | \$ 37,852         | \$ 91,500    | \$ 20,168         | \$ 91,500    | -         |  |
| <b>LONG RANGE PLAN/DIVERSION PROGRAMS</b>                       |                   |              |                   |              | -         |  |
| 520340 LRP01 520340 L LONG RANGE PLAN ALTERNATIVES              | \$ 146,600        | \$ 460,000   | \$ 55,285         | \$ 515,422   | \$ 55,422 | EOW Pilot - \$120k; \$55.4K Split-Body Pilot Outreach - \$17k; Commercial Outreach - \$60k; Education stakeholder engagement process - \$25k. \$183k mixed waste processing system project development to 30% design level and estimate. \$25k to further refine admin. building options. Zero landfill analysis/taskforce at \$30k. |
| <b>TOTAL LONG RANGE PLAN/DIVERSION PROGRAMS</b>                 | \$ 146,600        | \$ 460,000   | \$ 55,285         | \$ 515,422   | \$ 55,422 |  |
| <b>COMMERCIAL PROGRAMS</b>                                      |                   |              |                   |              | -         |  |
| 520331 520331 LARGE EVENT/VENUE CONSULTING                      | \$ -              | \$ 7,500     | \$ -              | \$ 7,500     | \$ -      | MD Note - Carry over project from FY1415. If done before end of FY, not needed then. Repurpose 2nd trailer as mobile education trailer, will explore grant funding opportunities.  |
| 520608 520608 CLIMATE CHANGE POLICY OPTIONS                     | 15,636            | 27,000       | 9,135             | 27,000       | -         | Incorporating all of Shoreway requires much more reporting requirements and review by outside auditors.  |
| 520604 COE01 520604 C COMMERCIAL RECYCLING TECHNICAL ASSIST     | 35,885            | 75,000       | 3,745             | 75,000       | -         | \$15k-AB1826 and AB341 Compliance Outreach; \$20K commercial toolkit; \$10k-business awards program; \$30k-commercial accounts research.   |
| 520604 COE02 520604 C PURCHASE COMM/MFD CONTAINERS FOR RECOLOGY | 21,440            | 60,000       | 18,717            | 60,000       | -         | Includes \$10K AB1826 and AB 341 compliance, \$20K MFD toolkit updates/additions; \$10K battery/cell outreach; \$10K-MFD awards program.   |
| 520604 CDRCY 520604 C C&D RECYCLING PROGRAM                     |                   | -            |                   | -            | -         |  |
| 520604 MF001 520604 M MULTI-FAMILY OUTREACH                     | 14,729            | 50,000       |                   | 50,000       | -         | Includes \$10K AB1826 and AB 341 compliance, \$20K MFD toolkit updates/additions; \$10K battery/cell outreach; \$10K-MFD awards program.   |
| <b>TOTAL COMMERCIAL PROGRAMS</b>                                | \$ 87,690         | \$ 219,500   | \$ 31,597         | \$ 219,500   | -         |  |
| <b>RESIDENTIAL PROGRAMS</b>                                     |                   |              |                   |              | -         |  |
| 520604 QNL01 520604 Q QUARTERLY NEWLESTTER DESIGN/SETUP         | \$ 11,176         | \$ 20,000    | \$ 2,593          | \$ 20,000    | \$ -      | Design/produce 3 newsletters.  |
| 520604 QNLP01 520604 Q QUARTERLY NEWLESTTER PRINTING/MAILING    | 80,016            | 90,000       | 44,964            | 90,000       | -         | Assumes 2 direct mail newsletters and one sent via bill insert.  |
| 520604 RES01 520604 R RESIDENTIAL OUTREACH PROGRAMS             | 74,030            | 120,000      | 31,450            | 120,000      | -         | Includes \$70K on-going outreach/support for existing programs; \$12K annual residential service notice development; \$15K website/social media maintenance and updates; \$23,000 mobile phone app annual fee.   |
| 520604 COMPS 520604 C COMMUNITY EVENTS                          | 675               | 5,000        | -                 | 5,000        | -         | Covers compost giveaway, e-scrap/shred and coats drive promotion.  |
| 520604 HHWUW 520604 H HHW DOOR TO DOOR COLLECTION OUTREACH      | 121,438           | 80,000       | 14,006            | 80,000       | -         | Ongoing promotion for in program, includes direct mail, print and outdoor advertisements.  |
| 520335 520335 CURBSIDE HOUSEHOLD BATTERY OUTREACH               | 3,200             | 5,000        | 1,450             | 5,000        | -         |  |
| 520604 ECE01 520604 E ELECTRONIC COLLECTIONS EVENTS             | 945               | -            |                   |              | -         | Included under "Community Events" line item.   |
| <b>TOTAL RESIDENTIAL PROGRAMS</b>                               | 291,481           | 320,000      | 94,464            | 320,000      | -         |  |
| <b>TOTAL RECYCLING - AB939 COMPLIANCE</b>                       | \$ 563,624        | \$ 1,091,000 | \$ 201,514        | \$ 1,146,422 | \$ 55,422 |  |
| <b>SUBTOTAL SBWMA PROGRAM BUDGET</b>                            | \$ 2,423,275      | \$ 3,148,814 | \$ 1,112,017      | \$ 3,157,271 | \$ 8,457  |  |
| <b>COLLECTION OPERATIONS</b>                                    |                   |              |                   |              | -         |  |
| 522710 HHW/U-WASTE ON-CALL COLLECTION SERVICES -- NEW           | \$ 545,327        | \$ 662,800   | \$ 320,433        | \$ 662,800   | \$ -      |  |
| 522719 SHRED EVENT SERVICE                                      | 2,278             | 3,500        | 4,459             | 3,500        | \$ -      |  |
| <b>TOTAL COLLECTION OPERATIONS</b>                              | 547,605           | 666,300      | 324,892           | 666,300      | -         |  |
| <b>TOTAL SBWMA PROGRAM BUDGET</b>                               | \$ 2,970,880      | \$ 3,815,114 | \$ 1,436,909      | \$ 3,823,571 | \$ 8,457  |  |

EXPENSES

| EXPENDITURE SUMMARY   |  | ACTUAL<br>FY14/15    | BUDGET               | YTD<br>12/31/2015    | Mid-Yr BUD           | Variance          | Notes   |
|---|--|----------------------|----------------------|----------------------|----------------------|-------------------|---|
| <b>SHOREWAY OPERATIONS</b>  |  |                      |                      |                      |                      |                   |   |
| 522712  | OPERATING CONTRACT - SBR                       | \$ 17,445,438        | \$ 17,739,700        | \$ 9,071,713         | \$ 17,888,761        | \$ 149,061        | Mainly \$76.2K transport to fairfield, \$37.8K two tractors and two trailers, and \$35K disposing of batteries.   |
| 522713  | DISPOSAL                                       | 14,059,470           | 14,472,300           | 7,722,623            | 14,986,225           | 513,925           | Lower volume of SW (2.8K), GW 2.96K, and C&D 2.3K for \$27.4K, higher disposal due to GW product mix (\$262K). higher other disposals of \$102.1K, lower residue disposal paid by SBR for MRF and third party for \$14K.. |
| 520710  | INSURANCE SHOREWAY                             | 211,439              | 211,400              | 134,697              | 210,637              | (763)             |   |
| 522714  | SHOREWAY FACILITY COST                         | 154,939              | 175,000              | 66,991               | 175,000              | -                 | Facility repair and maintenance projects not treated as "capital" projects.   |
| 570300  | SHOREWAY MAINTENANCE - New                     | 13,301               | -                    | -                    | -                    | -                 |   |
| 522718  | 522718 EDUCATION CENTER OPERATIONS             | 42,315               | 60,000               | 19,639               | 60,000               | -                 | Budget for three special public events, school busing (\$19k), tour supplies, etc.  |
| 522716  | 522716 MAINTENANCE - OX MTN TIPPER             | 30,021               | 36,000               | 5,706                | 36,000               | -                 | Monthly maintenance charge for truck tipper that JPA owns and Republic operates at Ox. Mtn.   |
| 520901  | 520901 SHOREWAY MRF EQUIP. MAINTENANCE > \$10k | 18,501               | 30,000               | -                    | 30,000               | -                 | Unplanned MRF equipment repairs greater than \$10k are responsibility of JPA.   |
| 520324  | 520324 TAXES (SEWER) PROPERTY TAX              | 33,630               | 35,800               | 28,874               | 57,747               | 21,947            | Sewage water has doubled up causing higher charge.  |
| <b>TOTAL SHOREWAY OPERATIONS</b>                                      |  | <b>\$ 32,009,054</b> | <b>\$ 32,760,200</b> | <b>\$ 17,050,242</b> | <b>\$ 33,444,370</b> | <b>\$ 684,170</b> |   |
| <b>TOTAL OPERATING EXPENSES</b>                                       |  | <b>\$ 34,979,934</b> | <b>\$ 36,575,314</b> | <b>\$ 18,487,150</b> | <b>\$ 37,267,941</b> | <b>\$ 692,627</b> |   |
| <b>NON-OPERATING EXPENSES</b>   |  |                      |                      |                      |                      |                   |   |
| 521116  | BONDR 521116 B DEBT SERVICE BOND INTEREST      | \$ 2,865,404         | \$ 2,833,100         | \$ 475,894           | \$ 2,833,100         | -                 | Solid Waste Enterprise Revenue Bond interest payments.  |
| 522702  | 522702 FRANCHISE FEE                           | 1,555,322            | 1,594,600            | 660,824              | 1,627,230            | 32,630            | 5% franchise fee payments by JPA to City of San Carlos. Higher in line with revenue.  |
| <b>NON-OPERATING EXPENSES</b>   |  | <b>4,420,725.77</b>  | <b>\$ 4,427,700</b>  | <b>\$ 1,136,718</b>  | <b>\$ 4,460,330</b>  | <b>\$ 32,630</b>  |   |
| <b>TOTAL SHOREWAY OPERATING EXPENSES</b>                              |  | <b>\$ 36,429,780</b> | <b>\$ 37,187,900</b> | <b>\$ 18,186,959</b> | <b>\$ 37,904,700</b> | <b>\$ 716,800</b> |   |
| <b>TOTAL OPERATING EXPENSES (SBWMA Program + Shoreway Operations)</b> |  | <b>\$ 39,400,660</b> | <b>\$ 41,003,014</b> | <b>\$ 19,623,868</b> | <b>\$ 41,728,271</b> | <b>\$ 725,257</b> |   |

EXPENSES

**FY1516 BUDGET**

| CAPITAL PROJECTS   |                           |                            |                                 |                     |                     |                     |                     |
|--|---------------------------|----------------------------|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| PROJECT DESCRIPTION  | ADOPTED BUDGET<br>FY14/15 | PROPOSED BUDGET<br>FY15/16 | MID YEAR PROJECTIONS<br>FY15/16 | FORECAST<br>FY16/17 | FORECAST<br>FY17/18 | FORECAST<br>FY18/19 | FORECAST<br>FY19/20 |
| 570300 SF044 Transfer Station (TS)Tipping floor resurfacing  | 200,000                   | 100,000                    | 100,000                         | 100,000             | 100,000             | 100,000             | 100,000             |
| 570300 SF045 Site paving repairs and restriping <sup>3</sup>   |                           |                            |                                 |                     | 600,000             |                     | 1,400,000           |
| 570300 SF047 Site signage  | 40,000                    | -                          | -                               |                     |                     |                     |                     |
| 570300 SF049 Truck shop building maintenance   | 20,000                    | 20,000                     | 20,000                          | 20,000              | 20,000              | 20,000              | 20,000              |
| 570300 SF050 TS building maintenance   | 20,000                    | 20,000                     | 20,000                          | 20,000              | 20,000              | 20,000              | 20,000              |
| 570300 SF051 MRF building maintenance  | 25,000                    | 225,000                    | 225,000                         | 125,000             | 125,000             | 125,000             | 125,000             |
| 570300 SF052 Admin building maintenance  | 40,000                    | 20,000                     | 20,000                          | 115,000             | 40,000              | 40,000              | 40,000              |
| 570300 SF053 Site maintenance  | 25,000                    | 65,000                     | 65,000                          | 30,000              | 30,000              | 30,000              | 30,000              |
| 570300 SF055 Fire suppression  |                           | 15,000                     | 15,000                          |                     | 15,000              |                     |                     |
| 570300 SF056 Repairs to landfill tipper  | 70,000                    | 15,000                     | 15,000                          | 15,000              | 15,000              | 15,000              | 15,000              |
| 570300 SF060 Education center exhibits   | 15,000                    | -                          | -                               |                     | 15,000              |                     |                     |
| 570300 SF061 MRF tip area canopy   | 450,000                   | 450,000                    | 450,000                         |                     |                     |                     |                     |
| 570300 SF062 Electric charging station   | 20,000                    | -                          | -                               |                     | 15,000              |                     |                     |
| 570300 SF063 Replace diesel fuel storage and dist. System <sup>3</sup>   |                           | -                          | -                               |                     |                     |                     | 275,000             |
| SF066 CNG fueling station <sup>1,3</sup>   |                           |                            | -                               |                     |                     |                     | 1,312,500           |
| 570300 SF064 Energy storage system   |                           | -                          | -                               |                     |                     |                     |                     |
| 570300 SF065 Baler reline  |                           | -                          | -                               |                     | 120,000             |                     |                     |
| 570300 new Mixed waste processing equipment <sup>3</sup>   |                           | -                          | -                               |                     | 10,984,400          |                     |                     |
| new Transfer Station building improvements <sup>3</sup>  |                           |                            | -                               | 2,532,200           |                     |                     |                     |
| new LED Lighting retrofit <sup>3</sup>   |                           | 274,000                    | 274,000                         |                     |                     |                     |                     |
| new MRF equipment replacement <sup>2</sup>   |                           | 113,750                    | 113,750                         | 207,500             | 407,500             | 199,167             | 472,917             |
| 520321 SF013 PROGRAM CONTINGENCY   |                           |                            |                                 |                     |                     |                     |                     |
| <b>SUBTOTAL CAPITAL PROJECTS:</b>  | <b>925,000</b>            | <b>1,317,750</b>           | <b>1,317,750</b>                | <b>3,164,700</b>    | <b>12,506,900</b>   | <b>549,167</b>      | <b>3,810,417</b>    |
| <sup>1</sup> \$1,209,283 available in Shoreway Remediation fund to help cover capx.<br><sup>2</sup> Equipment Replacement cash reserve funds will cover these expenses.<br><sup>3</sup> 2015 Long Range Plan recommended projects. |                           |                            |                                 |                     |                     |                     |                     |

CAPITAL