

# SBWMA FY 16/17 Budget

## Presentation of Preliminary Budget



April 28<sup>th</sup> 2016  
SBWMA Board of Directors Meeting

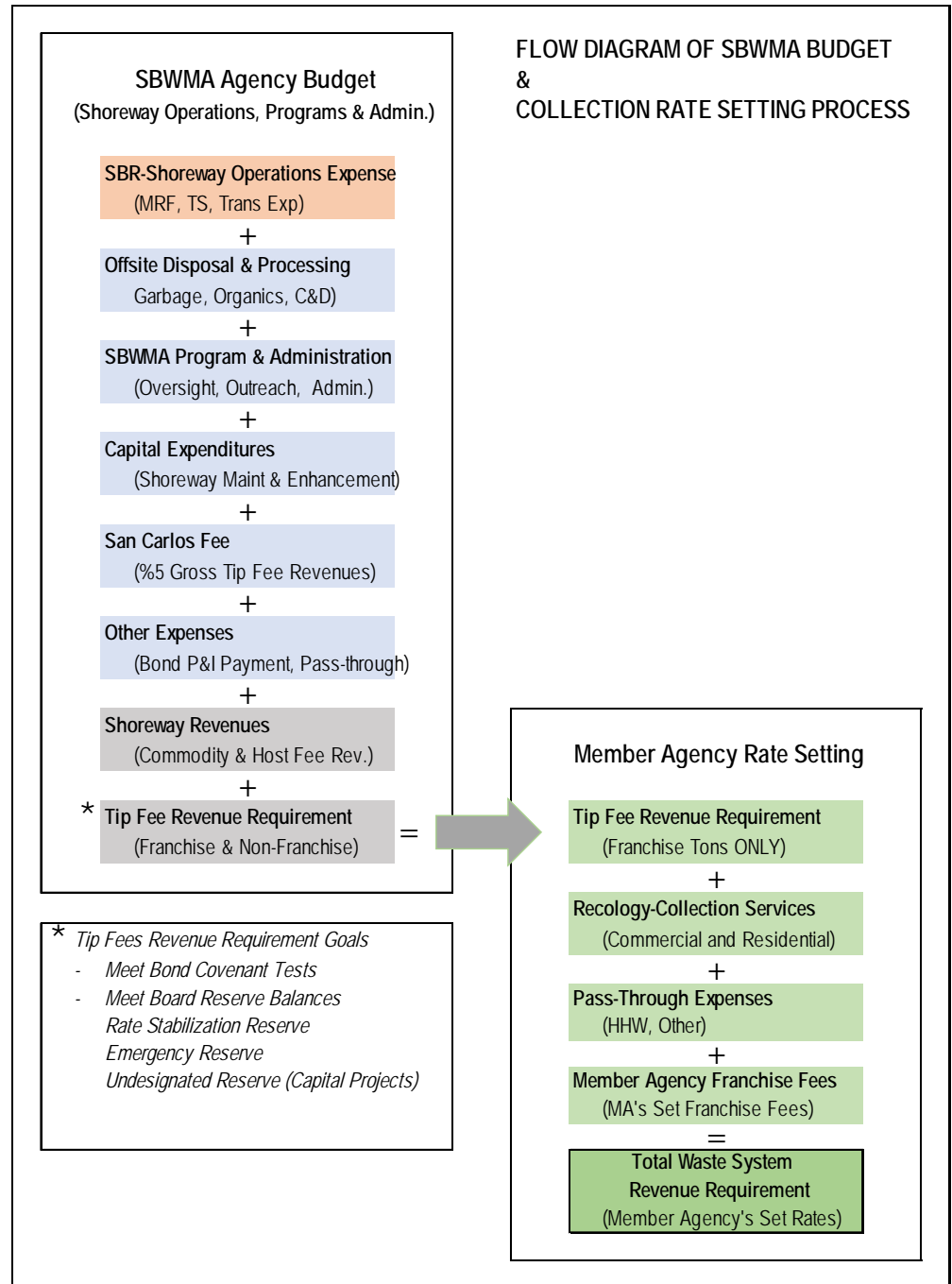
# Budget Overview

## Important Dates

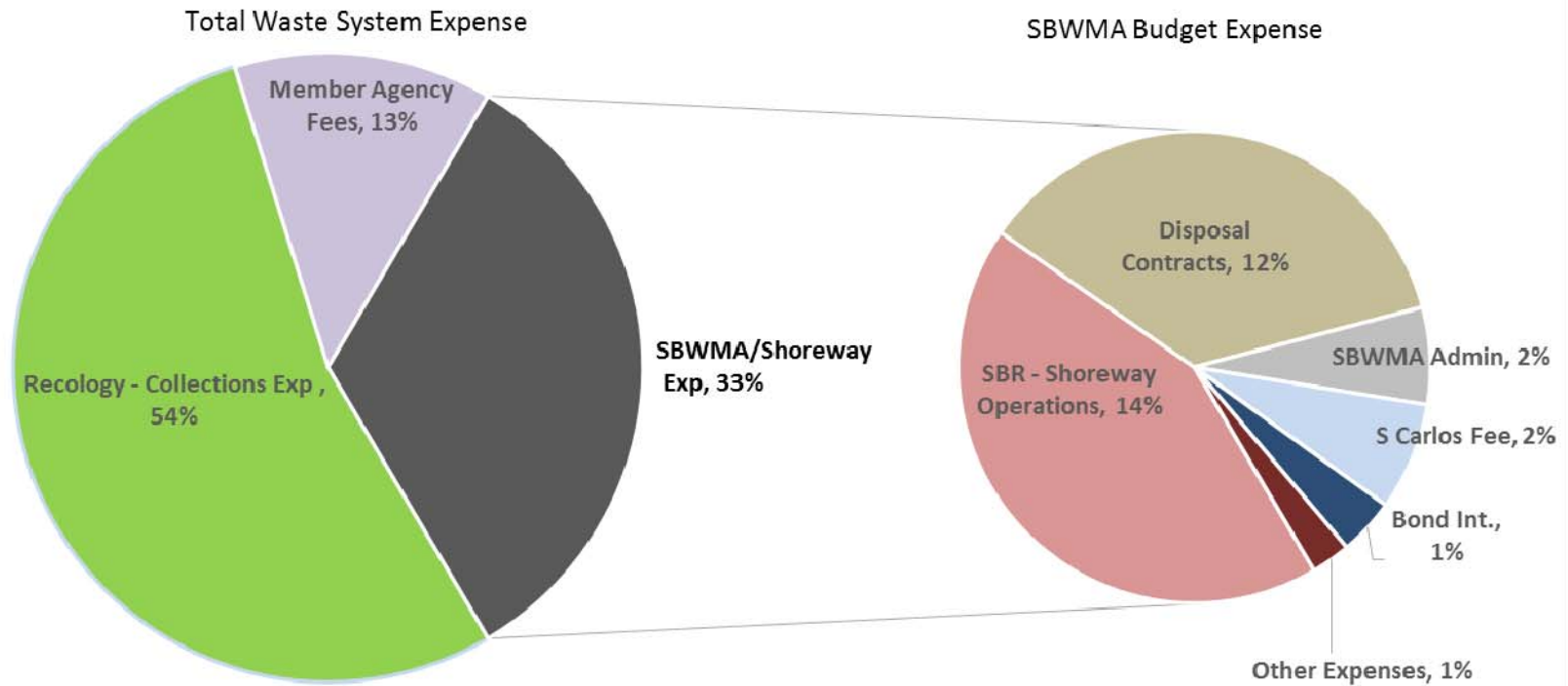
- April 28<sup>th</sup> BOD – Preliminary FY16/17 Budget Presentation
- Budget Workshops (voluntary, drop-in, informal discussion)
  - May 11<sup>th</sup> 2:00 – 4:00, San Carlos Library Conference Room B
  - May 12<sup>th</sup> 12:00 – 2:00, San Carlos Library Conference Room A
- May 24<sup>th</sup> BOD – Request Approval of Final FY16/17 Budget



# SBWMA Budget and Collection Services Rate Setting Process



# What Are You Paying For?



*Total Waste System Expense for 2016 approximately \$106 Million*

*Note graph does not show that MRF commodity revenues netted against SBR Shoreway Operations Expense*

# Expense Summary

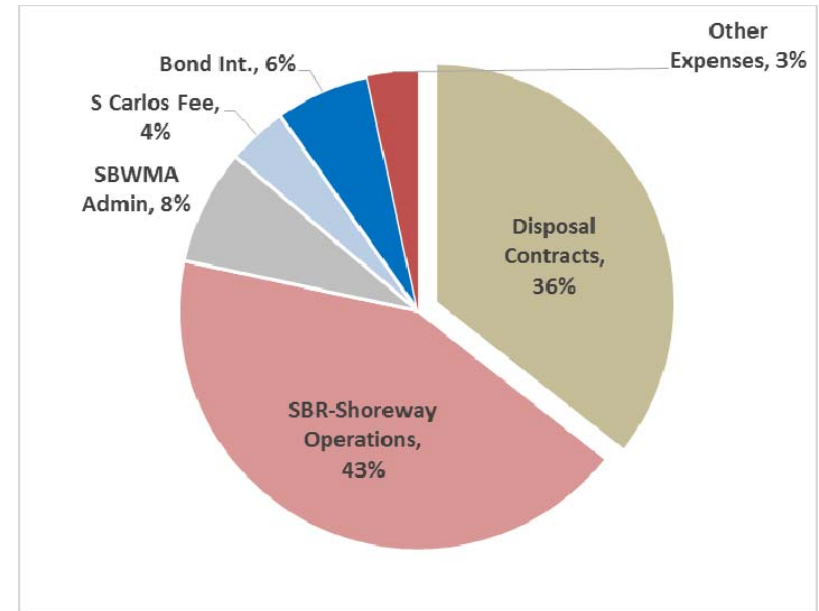


Table 6 FY16/17 Expense Summary

Major Expense Categories	FY15/16 Adopted Budget	FY15/16 Mid-Year Budget	FY16/17 Budget	Variance	FY16/17 Budget % of Total
Shoreway Operations & Disposal	\$32,760,200	\$33,444,370	\$34,529,270	\$1,769,070	80.2%
SBWMA Program & Admin	3,148,814	3,157,271	3,360,172	211,358	7.8%
Interest Expense	2,833,100	2,833,100	2,747,908	(85,192)	6.4%
Franchise Fees to San Carlos	1,594,600	1,627,230	1,738,513	143,913	4.0%
HHW Collection	666,300	666,300	688,054	\$21,754	1.6%
<b>Total Expenses</b>	<b>\$41,003,014</b>	<b>\$41,728,271</b>	<b>\$43,063,917</b>	<b>\$2,060,903</b>	<b>100.0%</b>

# Expense Detail

Table 7. FY16/17 Shoreway Operations Expense Detail					
Expenditures	FY15/16 Adopted Budget	FY15/16 Mid-Year Projections	FY16/17 Preliminary Budget	Variance	Variance %
SBR Compensation*	\$17,739,700	\$17,868,761	\$18,423,627	\$683,027	4%
Disposal and Processing*	14,472,300	14,988,225	15,329,602	857,302	6%
Insurance Shoreway	211,400	210,637	238,998	27,508	13%
Education Center	60,000	60,000	60,000	-	0%
Other Operating Expenses	241,000	241,000	416,400	175,400	73%
Taxes (Sewer)	35,800	57,747	60,643	24,643	69%
<b>Total Shoreway Operations:</b>	<b>\$ 32,760,200</b>	<b>\$ 33,444,370</b>	<b>\$ 34,529,270</b>	<b>\$ 1,769,070</b>	<b>5%</b>
Debt Service Bond Interest	2,833,100	2,833,100	2,747,908	(85,192)	-3%
Franchise Fee (San Carlos)**	1,594,600	1,627,230	1,738,513	143,913	9%
<b>Total Shoreway Operating Expenses</b>	<b>\$ 37,187,900</b>	<b>\$ 37,904,700</b>	<b>\$ 39,015,692</b>	<b>\$ 1,827,792</b>	<b>5%</b>
* Expense projection based on estimated facility tonnage					
** Expense projection based on estimated gate revenue (tipping fees x estimated tons)					

# SBWMA Program & Administrative Detail

- FY16/17 Budget Expense Detail (*Handout*)
  - SUBTOTAL SBWMA PROGRAM BUDGET (*line 114*)  
**\$3,360,172** (*Y-Y variance \$211,3582 (6%)*)
    - Staffing headcount unchanged
    - Similar program expense to prior year
    - LRP & ZLF similar to prior year
    - Routine Capital Expenditures (*Attachment A*)
    - *+\$100k Collection Services Franchise Admin (line 46)*
    - *+\$35k Rate Review (line 38)*
    - *+\$35k Finance Manager Support (line 46)*

# Revenues

Tip Fee Revenues assumes an increase of \$10.00 per ton for Franchised and Non-Franchised

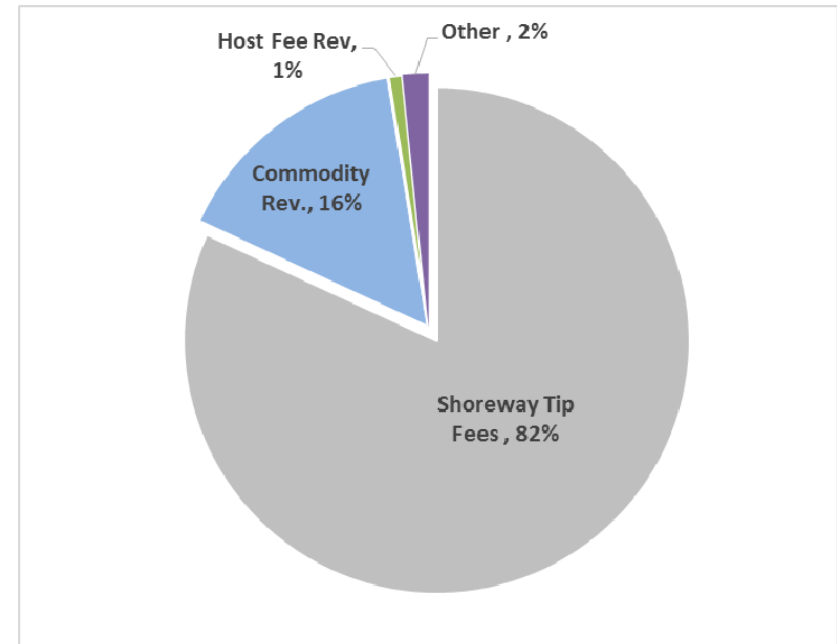


Table 5. FY15/16 Revenues

Revenues	FY15/16 Adopted Budget	FY15/16 Mid-Year Projections	FY16/17 Preliminary Budget	Variance	Variance %
Tip Fee Revenues	\$33,602,300	\$34,171,148	\$36,508,044	\$2,905,744	9%
Non Franchised	6,982,300	7,434,730	8,114,936	1,132,636	16%
Franchised	26,620,000	26,736,417	28,393,108	1,773,108	7%
Net Commodity Sales Revenues*	7,668,100	6,999,627	6,943,411	(724,689)	-9%
MRF - Host Fees	443,500	400,000	403,070	(40,430)	-9%
Interest Income	48,200	54,508	78,940	30,740	64%
HHW and Other Revenue	761,800	757,800	734,054	(27,746)	-4%
<b>Total Revenues:</b>	<b>\$42,523,900</b>	<b>\$42,383,083</b>	<b>\$44,667,519</b>	<b>\$2,143,619</b>	<b>5%</b>

\*Gross commodity sales – 28% revenue share with SBR and buyback payments.



# Net Revenue

Table 1					
FY16/17 SUMMARY					
Categories	FY15/16 Adopted Budget	FY15/16 Mid-Year Projections	FY16/17 Preliminary Budget	Variance	Variance %
Total Revenue	\$42,523,900	\$42,383,083	\$44,667,519	\$2,143,619	5%
Total Operating Expense	\$38,169,914	\$38,895,171	\$40,316,009	\$(2,146,095)	-6%
Interest Expense	2,833,100	2,833,100	2,747,908	85,192	3%
Total Expense	\$41,003,014	\$41,728,271	\$43,063,917	\$(2,060,903)	-5%
Net Income	\$1,520,886	\$654,811	\$1,603,601	\$82,715	5%
Bond Principal Payment	(1,303,000)	(1,303,000)	(1,355,833)	(52,833)	4%
Capital Expenditures, (adjusted) <sup>2</sup>	(1,204,000)	(1,204,000)	(515,000)	689,000	-57%
Net Cash Flow (Contribution to Reserves)	\$(986,114)	\$(1,852,189)	\$(267,232)	\$718,882	-73%
<sup>1</sup> Mid-year FY15/16 projection for capital spending is \$1,317,750. <sup>2</sup> FY16/17 capital net of MRF equipment replacement fund of \$515,000.					

# Reserves Balances

	ACTUAL FY14/15	ADOPTED BUDGET FY15/16	MID-YEAR BUDGET FY15/16	ADOPTED BUDGET FY16/17	VARIANCE
<b>Uncommitted Reserves</b>					
RATE STABILIZATON (10% of expense) <sup>1</sup>	\$ 3,887,542	\$ 4,033,671	\$ 3,186,197	\$ 4,237,586	\$ 1,051,389
RATE STABILIZATON - APPLIED <sup>1</sup>		-	920,000	-	\$ (920,000)
EMERGENCY RESERVE (10% of total expense)	3,887,542	4,033,671	4,106,197	4,237,586	\$ 131,389
UNDESIGNATED <sup>2</sup>	6,082,032	4,266,685	3,722,694	2,968,453	\$ (754,241)
<b>TOTAL UNCOMMITTED RESERVES</b>	<b>\$ 13,857,116</b>	<b>\$ 12,334,028</b>	<b>\$ 11,935,088</b>	<b>\$ 11,443,626</b>	<b>\$ (890,402)</b>
<b>Committed Reserves:</b>					
BOND PRINCIPAL PAYMENT FUND <sup>3</sup>	\$ 1,058,333	\$ 1,091,667	\$ 1,091,667	\$ 1,355,833	\$ 264,167
EQUIPMENT REPLACEMENT (ANNUAL)	1,429,675	1,499,514	1,499,514	1,723,744	\$ 224,231
<b>TOTAL COMMITTED RESERVES</b>	<b>\$ 2,488,008</b>	<b>\$ 2,591,180</b>	<b>\$ 2,591,180</b>	<b>\$ 3,079,578</b>	<b>\$ 488,398</b>
<b>TOTAL GENERAL RESERVES<sup>5</sup></b>	<b>\$ 16,345,124</b>	<b>\$ 14,925,208</b>	<b>\$ 14,526,268</b>	<b>\$ 14,523,203</b>	<b>\$ (3,065)</b>
<b>SHOREWAY REMEDIATION PROJECT</b>	<b>\$ 1,289,283</b>	<b>\$ 1,209,283</b>	<b>\$ 1,209,283</b>	<b>\$ 1,233,640</b>	<b>\$ 24,357</b>

	FY13/14 Actual	FY14/15 Actual	FY15/16 Adopted	FY16/17 Proposed
Undesignated Reserve Balance	\$ 5,593,600	\$ 6,082,032	\$ 4,266,685	\$ 2,968,453
Approved tip fee increase	3.2% tip fee increase	No tip fee increase	2% tip fee increase	10% (\$10.00) tip fee increase proposed
Collection Rate Impact of tip fee change	Unreported	0.00%	0.60%	2.80%
Reason for change in net income	Unreported	Expenses exceed revenues	Expenses exceed revenues, Comm. price drop midyear	Low commodity prices forecasted

# SBWMA's Collection Rates

Residential Collection Cost/month	30-35 Gallon Trash Container	
	Year 2016 Act.	Year 2017 Est.
SBWMA Average	\$32.55	\$33.44
SBWMA Average w/o Atherton & Hillsborough	\$28.48	\$29.25
*2016 Rate Survey Results (mean/50th Percentile)	\$33.04	NA
*Information found in 9A_Annual Solid Waste Rate Survey, Table 1.		

# The End

