

PROPOSED FY1415 BUDGET



2013: A Year in Pictures



Continued Strong Diversion Results



Local, State and National Recognition for Shoreway Facility



6,000+ Tour Visitors in 2013



Higher Tons and More Public Business

Key Budget Assumptions

- **Revenue:**

- No tipping fee increases assumed effective January 1, 2015
- Tonnage relatively flat overall (slightly lower franchise tons, slightly higher franchise MRF tons, and modestly higher public yards) compared to FY1314
- Commodity revenues in line with historical averages, but slightly below FY1314
- Board approval in June of long-term third party processing agreement with SBR at a higher host fee than current

- **Expenditures:**

- Assumed fee increase to SBR on 1/1/2015 is 2.5% (half of the fiscal year)
- Contractually defined CPI adjustments on most third party processing and disposal agreements
- Rebuilt each budget line item; did not assume any flat % increase over prior year except as related to personnel merit increase pool
- Personnel merit increase pool assumed to be 3%

Financial Summary

- Net income at \$2.39 million (5.7% of revenue) as compared to \$2.71 million (6.4% of revenue) projected for FY1314
- No tipping fee increases assumed for 1/1/15; Board typically reviews and considers calendar year tipping fee adjustments at November Board meeting
- No tipping fee increases means no projected collection rate impact associated with tipping fees charged by SBWMA
- Fully funded cash reserves plus \$2.6 million in undesignated cash reserve

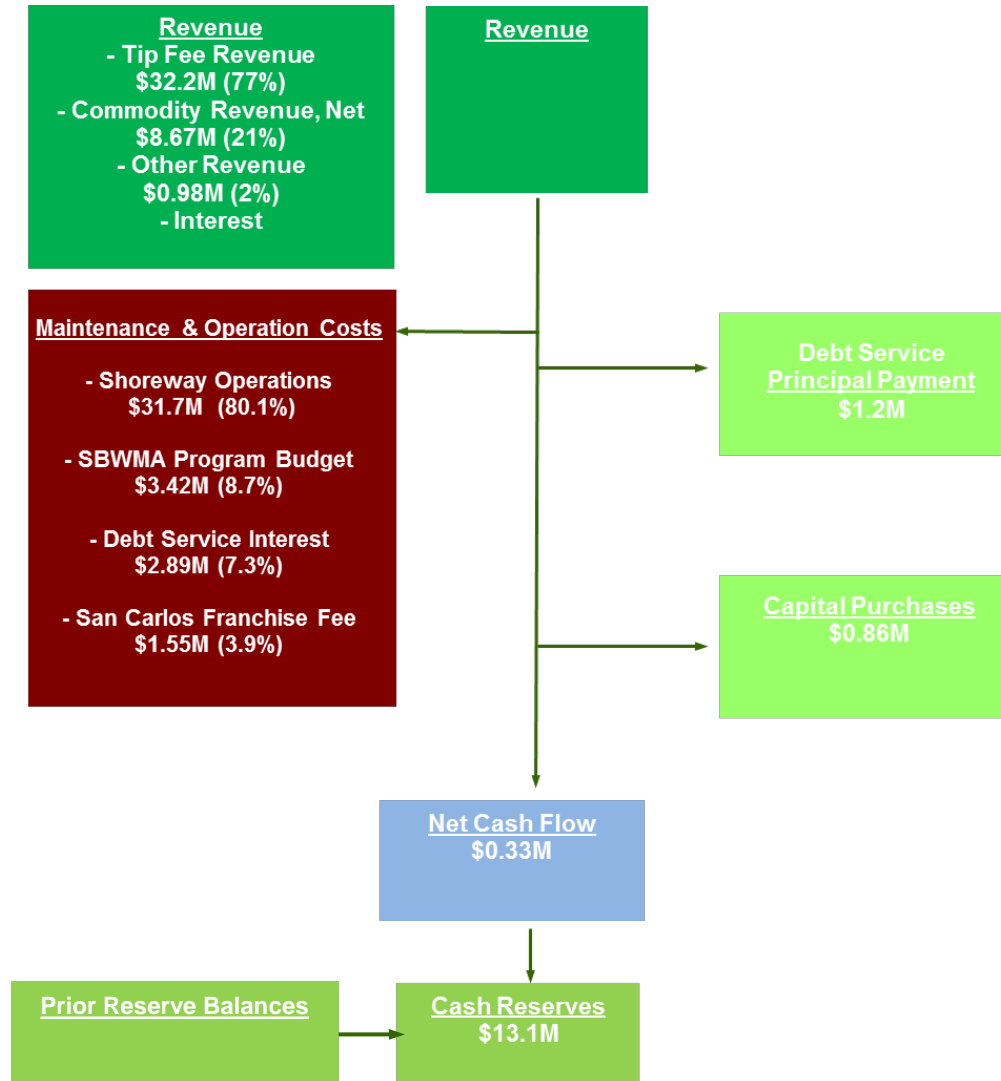
Financial Summary Continued

- Proposed SBWMA program budget expenditures are 3.9% higher than FY1314 adopted budget, only 1.8% higher if you exclude one-time costs associated with transition to new Finance Manager.
- Proposed Shoreway operating budget expenditures are 1.9% higher than FY1314 adopted budget. Expenditures are largely based on tonnage assumptions and projected compensation adjustments for SBR and third party disposal and processing vendors (e.g., Ox Mountain landfill).
- Proposed capital budget of \$855,000 of which \$450,000 is for proposed MRF tipping area canopy. Canopy needed if Board approves long-term third party MRF processing agreement with SBR.

Proposed Fy1415 Operating Budget

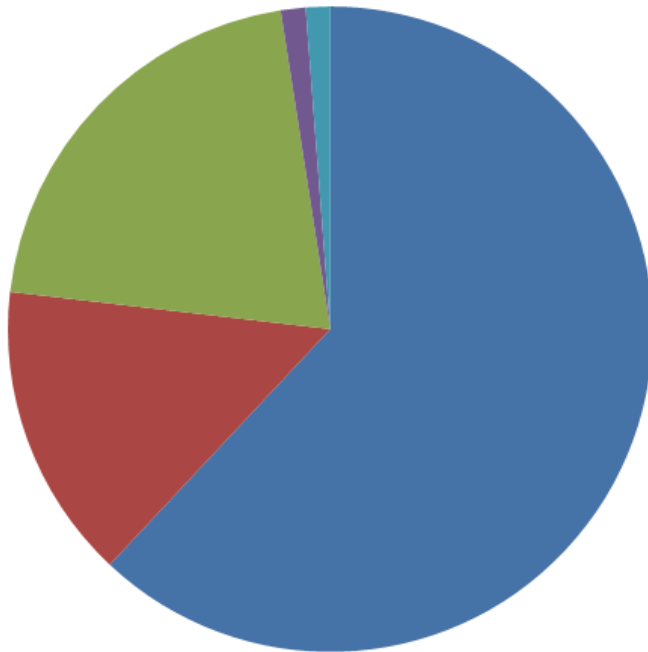
<u>SBWMA FY1415 OPERATING BUDGET (in millions of dollars)</u>			
	<u>FY1314 Adopted</u>	<u>FY1314 Mid-Year</u>	<u>FY1415 Proposed Budget</u>
Revenues	41.58	42.1	41.93
Expenditures	<u>38.7</u>	<u>39.4</u>	<u>39.5</u>
Shoreway Operations Budget*	35.43	36.1	36.1
SBWMA Program Budget	3.30	3.27	3.42
Administration	1.64	1.71	1.76***
Contract Compliance	0.30	0.25	0.26
Recycling Programs	0.86	0.82	0.88
Collection Operations**	<u>0.50</u>	<u>0.50</u>	<u>0.52</u>
Operating Income/(Loss)	2.86	2.71	2.39
<p>* Debt service expense is included in Shoreway Operations expenditures. ** Pass thru expense for the Door-to-Door HHW program for 10 Member Agencies. ***1.7 million if exclude one-times costs with Finance Manager transition.</p>			

Cash Flow



Proposed FY1415 Operating Budget - Revenue

SBWMA FY1415 PROPOSED BUDGET REVENUE



REVENUE

■ \$26.0	62%	Shoreway Franchise Revenue
■ \$ 6.2	15%	Shoreway Public Revenue
■ \$ 8.7	21%	Commodity Sales, Net
■ \$ 0.5	1%	HHW Revenue
■ \$ 0.5	1%	SBWMA Other Revenue
■ \$41.9		TOTAL REVENUE

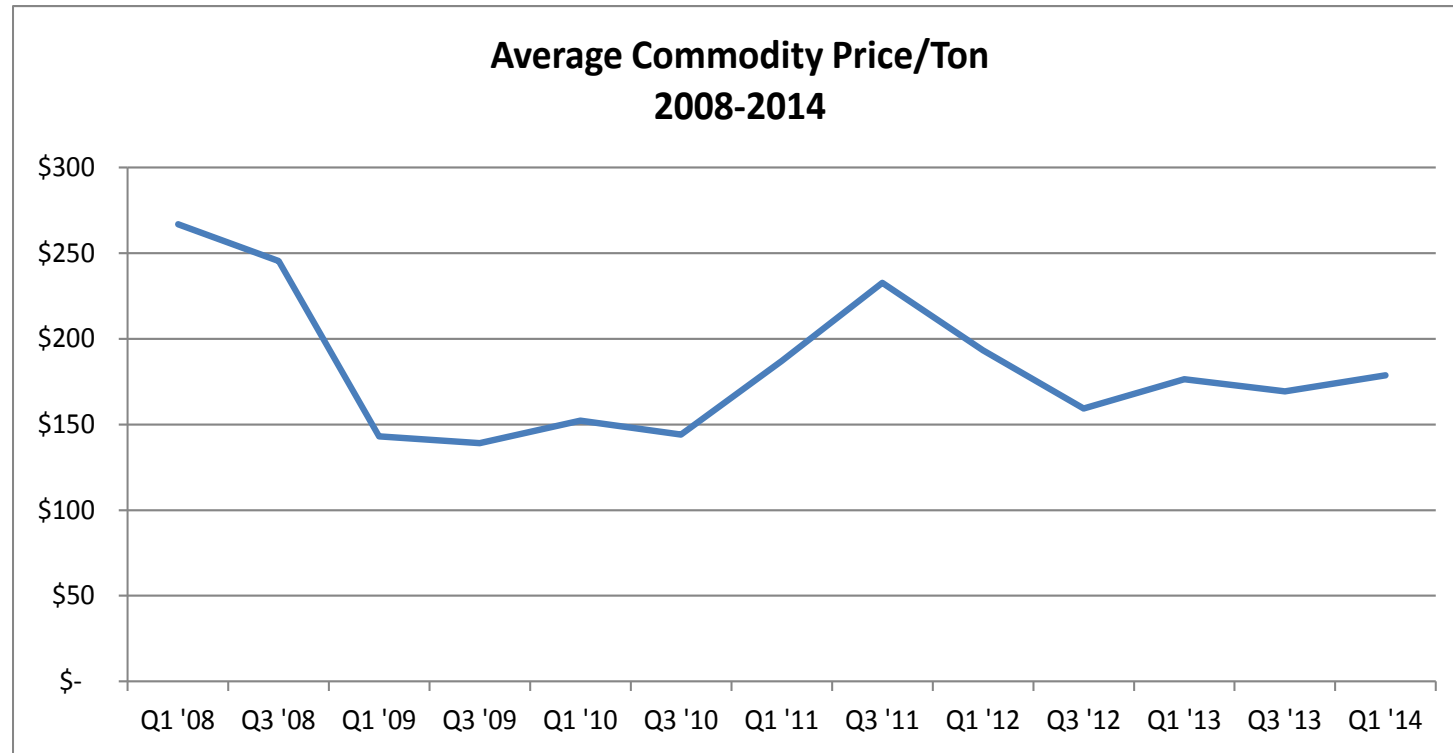
Operating Budget – Revenue Detail (Tons/Yards)

Total TS Tonnage and Yardage		FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
Franchise		<i>estimate</i>	<i>estimate</i>	<i>estimate</i>		
SBWMA Solid Waste	<i>tons</i>	181,396	175,298	176,143	-5,253	-2.9%
SBWMA Organics	<i>tons</i>	100,721	103,238	100,815	94	0.1%
SBWMA Food Waste	<i>tons</i>	302	555	0	-302	
SBWMA Dirt, Inert, Other	<i>tons</i>	3,418	3,834	3,790	372	10.9%
sub-total Franchise		285,837	282,925	280,747	-5,090	-1.8%
Non-SBWMA Weighed Dirt	<i>tons</i>	3,756	4,940	5,099	1,343	35.8%
Total Tons		289,593	287,865	285,846	-3,747	-1.3%
Public						
Public Solid Waste Yards	<i>yards</i>	40,916	70,683	67,277	26,361	64.4%
Public Green Waste Yards	<i>yards</i>	58,986	62,987	48,209	-10,777	-18.3%
Public C&D	<i>yards</i>	75,322	66,973	67,490	-7,832	-10.4%
Total Yards		175,224	200,643	182,976	7,752	4.4%

Operating Budget – Revenue Detail Continued

COMMODITY REVENUE		FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
	Tons Sold	60,340	61,692	62,672	2,332	3.9%
	Wtd Avg. Price	\$ 179.20	\$ 171.52	\$ 172.52	\$ (6.68)	-3.7%
	Gross Revenue	\$ 10,813,172	\$ 10,581,344	\$ 10,812,190	\$ (982)	0.0%
	Revenue Share w/ SBR	\$ (1,498,880)	\$ (1,388,725)	\$ (1,521,368)	\$ (22,488)	1.5%
	Buyback Payments	\$ (591,229)	\$ (599,532)	\$ (615,972)	\$ (24,743)	4.2%
	Net Commodity Revenue	\$ 8,723,063	\$ 8,593,087	\$ 8,674,850	\$ (48,213)	-0.6%
Price / Volume Impact			Volume	Price	Total	
	Tonnage Change		2,332	\$ 172.52	\$ 402,317	
	Price Change		60,340	\$ (6.68)	\$ (403,299)	
	Total Change (Gross)				\$ (982)	

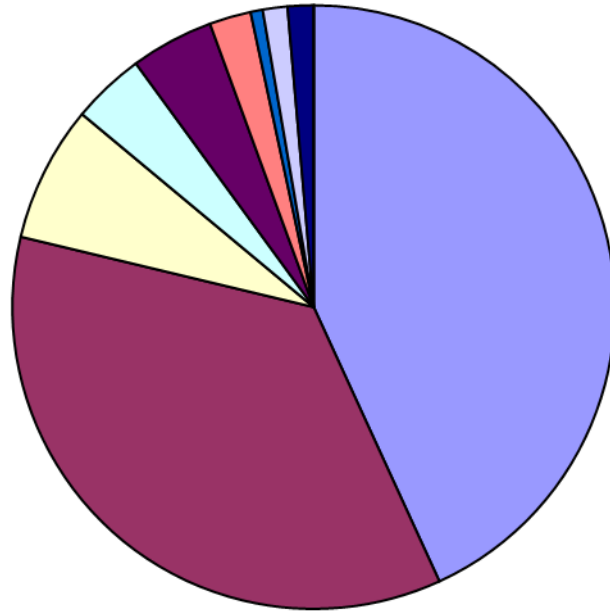
Historical Commodity Prices



- Our projected average commodity revenue per ton of \$172.52 in FY1415 is in line with historical averages.

Proposed FY1415 Operating Budget - Expense

SBWMA FY1415 PROPOSED BUDGET EXPENSE



EXPENSE

\$17.1	44%	SBR Shoreway Operating Contract
\$14.1	36%	Shoreway Disposal and Processing Expense
\$2.9	7%	Shoreway Bond Interest Expense
\$1.5	4%	Franchise Fee to City San Carlos
\$1.8	5%	SBWMA PROGRAM: Administration
\$0.9	2%	SBWMA PROGRAM: Recycling & AB939
\$0.3	1%	SBWMA PROGRAM: Contract Management
\$0.5	1%	SBWMA: HHW Collection Service
\$0.5	1%	Shoreway Other Operating Expense
\$39.6		TOTAL EXPENSE

Shoreway operating expenses comprise 92% (80% of which comes from Shoreway operator and disposal and processing expense) of the total budget.

Operating Budget – Expense Detail

SBR OPERATING EXPENSE						
		FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
a. Summary						
	MRF	\$ 4,303,844	\$ 4,254,012	\$ 4,434,402	\$ 130,558	3.0%
	Transfer Station	\$ 5,108,802	\$ 5,237,726	\$ 5,502,124	\$ 393,322	7.7%
	Transportation	\$ 6,620,915	\$ 6,714,878	\$ 6,913,235	\$ 292,320	4.4%
	Interest	\$ 240,791	\$ 240,791	\$ 211,488	\$ (29,304)	-12.2%
TOTAL SBR EXPENSE		\$ 16,274,352	\$ 16,447,407	\$ 17,061,249	\$ 786,897	4.8%
		FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
b. Detail						
<u>MRF</u>						
	Tons, net	60,340	61,692	62,672	2,332	3.9%
	Rate	\$ 71.33	\$ 68.96	\$ 70.76	\$ (0.57)	-0.8%
	Expense	\$ 4,303,844	\$ 4,254,012	\$ 4,434,402	\$ 130,558	3.0%
<u>Transfer Station</u>						
	Tons	357,281	352,595	353,556	(3,725)	-1.0%
	Rate	\$ 14.30	\$ 14.85	\$ 15.56	\$ 1.26	8.8%
	Expense	\$ 5,108,802	\$ 5,237,726	\$ 5,502,124	\$ 393,322	7.7%
<u>Transportation</u>						
	Tons	357,281	352,595	353,556	(3,725)	-1.0%
	Wtd. Avg. Rate	\$ 18.53	\$ 19.04	\$ 19.55	\$ 1.02	5.5%
	Expense	\$ 6,620,915	\$ 6,714,878	\$ 6,913,235	\$ 292,320	4.4%
	Interest	\$ 240,791	\$ 240,791	\$ 211,488	\$ (29,304)	-12.2%
TOTAL SBR EXPENSE		\$ 16,274,352	\$ 16,447,407	\$ 17,061,249	\$ 786,897	4.8%

Operating Budget – Expense Detail Continued

DISPOSAL & PROCESSING EXPENSE						
		FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
Summary						
	TS Tons	357,281	364,666	353,556	-3,725	-1.0%
	Wtd Avg.Rate	\$ 39.85	\$ 39.17	\$ 39.80	\$ (0.05)	-0.1%
	Disposal Expense	\$ 14,238,468	\$ 14,283,775	\$ 14,072,800	-165,668	-1.2%
Detail - 2015 Budget		FY 1314 Bud Rate	FY1415 Tons	FY1415 Rate	FY1415 Expense	%
	Ox Mountain MSW	\$ 38.95	209,704	\$ 39.08	\$ 8,195,189	58%
	Ox Mountain Aggregates	\$ 25.00	2,322	\$ 26.89	\$ 62,438	0%
	Organics (wtd avg)	\$ 39.49	112,774	\$ 39.46	\$ 4,450,553	32%
	C&D	\$ 47.41	28,756	\$ 49.32	\$ 1,418,321	10%
	Other (misc disposal less MRF & 3rd party residue paid by SBR)				\$ (53,701)	0%
	TOTAL	\$ 39.85	353,556	\$ 39.80	\$ 14,072,800	100%

Questions



Questions?