



## STAFF REPORT

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To: SBWMA Board Members  
From: Kevin McCarthy, Executive Director  
Marshall Moran, Finance Manager  
Date: June 24, 2010 Board of Director's Meeting  
Subject: Resolution Approving FY 2011 Budget

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### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2010-23 attached hereto authorizing the following action:

Adoption of the Fiscal Year (FY) 2011 Budget.

If the Board decides to not approve the budget a budget continuation resolution is also attached.

### Analysis

Attached you will find a Budget Message providing an overview of the proposed FY 2011 budget (including revenues, expenditures, staffing, and program priorities). The actual proposed FY 2011 budget is **Attachment 1** to the Budget Message. The proposed 5-year capital budget is included in this budget along with reserve balance projections.

Our financial results are expected to be much improved in FY 2011 as compared to FY 2010 for several reasons as follows:

- Continued higher than expected commodity revenues due to higher tons and pricing.
- Lower Shoreway operating expenses with the new Operations Agreement starting January 1, 2011.
- Substantial completion of masterplan construction activities resulting in reduction of construction related operational impacts such as offsite shipment and processing of recyclables.

The proposed budget does not include any recommended changes to budget policy, nor a request for any new headcount. **Attachment 2** to the Budget Message provides a breakout on current staffing and budget assumptions related to salary and benefits. Salary expenses were discussed in closed session on May 27<sup>th</sup> and the Board provided direction in open session which this budget has conformed with.

There are a number of one-time or new budget items discussed further in the Budget Message that make it difficult for year over year comparisons in revenues and expenditures. These items include:

### *Revenues*

- Increase in our tipping fees to cover the County of San Mateo's recommended fee increase of \$2.81 per ton to cover their AB 939 and County Environmental Health programs; the County increase will be passed through in the disposal fees charged to us by Republic's Ox Mountain landfill. These additional fees total \$653,200 per year.
- Member Agency (i.e., Hillsborough, San Mateo, Belmont, San Carlos, and Menlo Park) remittance of fees to the SBWMA to pay for HHW door to door collection services provided by Curbside Inc. Fee revenue will be 100% offset by payment of fees to Curbside Inc. This fee revenue is shown in a new budget line item under Revenue Summary, Operations and totals \$320,100 for fee revenue collected from the five cities.

Shoreway Remediation funds of \$250,000 in FY 2011 will 100% match actual expenditures for monitoring and remediation. Since this is fully funded in advance, there are no budget line items but the project funds and expenses are shown separately on the Revenue detail. The funds are from the \$1,500,000 total settlement with Allied.

**Expenditures**

- Increased disposal costs of \$653,200 due to the County's fee increase of \$2.81 per ton.
- Payment of fees to Curbside Inc. for door to door HHW services totaling \$320,100.
- Quarterly load contamination monitoring per the new Collection Franchise agreements and Shoreway Operations Agreement totaling \$45,000.
- Carryover of \$225,000 of unspent funds in FY 2010 for the collection services public education campaign.

In order to make some of these new items more transparent in our budget, staff has created a new section of our program budget called Collection Operations. This section includes expenditures for the HHW door to door collection services by Curbside Inc. and payment of processing costs for the curbside battery collection program; outreach costs for these two programs continue to be broken out separately and included under Residential Programs.

SBWMA program expenditures will also be affected by how many Member Agencies decide to participate in efforts related to enhancing existing C&D ordinances, mandatory commercial recycling, and HHW door to door collection services. For example, we have budgeted \$90,000 to promote the existing (i.e., Hillsborough, San Mateo, Belmont, San Carlos, and Menlo Park) HHW door to door collection programs and potential new programs initiated by other Member Agencies. For example, East Palo Alto and West Bay Sanitary District are now expected to implement the door to door HHW program.

**Capital**

The Shoreway Master Plan capital project is expected to be completed in FY 2011. Due primarily to delays in the Transfer Station construction, spending in FY 2010 is projected to be \$6.2 million less than budgeted but this will be spent in FY 2011. There is no change to the total cost of the Master Plan project at \$46.972 million.

Other miscellaneous capital projects totaling \$560,000 include: Transfer Station floor repair \$150,000; truck shop air compressors \$80,000; truck wash roof repair \$75,000; and other projects listed in the budget detail document.

**Reserves Balances**

The reserve balance year end projections are shown below for FY 2010 and 2011.

<b>Reserve Balances (Year End Balance)</b>			
<u>Reserve Category</u>	<u>Approved FY 2010 Budget</u>	<u>Projected FY 2010 Actual</u>	<u>Proposed FY 2011 Budget</u>
Operating (10% of Ops. Expense)	\$3,346,555	\$1,803,675	\$4,090,916
Rate Stabilization (10% of Ops. Expense)			\$4,090,916
Equipment Replacement (12 year amortization)*			
Facilities Improvements**			
Undesignated			\$713,431
Revenue Transfer***		\$3,796,281	
Total	\$3,346,555	\$5,599,956	\$8,895,263
* Assumed in bond proforma to be funded starting in FY 2012.			
** Discontinued in FY 2010 per Board policy.			
*** Transfer to meet Bond covenant break-even test for the fiscal year.			

The FY2010 projections reflect substantially reduced reserve balances compared to prior budget years primarily due to reduced commodity revenue, payoff of the old bond, and Master Plan construction spending and operating impacts. A Revenue Transfer is expected to be needed in the amount of \$3,796,281.

The FY 2011 budgeted reserve balance reflects improving operating cash flows from higher tipping fees, higher commodity revenue, and lower operating expenses. We are pleased to report that the Operating Reserve and the Rate Stabilization Reserve will be fully funded. In addition, no revenue transfer is expected to be needed to meet the bond covenants for FY 2011. (A Revenue Transfer may be needed for calendar year 2010 to meet bond covenants).

The Board adopted a revised Unrestricted Cash Reserve Policy on October 22, 2009 as follows:

- Operating Reserve funded up to a maximum of 10% of operating expenses (budget)
- Rate Stabilization Reserve funded up to a maximum of 10% of operating expenses (budget)
- Equipment Replacement Reserve funded per a 12-year replacement schedule for the new MRF processing equipment.

After meeting all debt service obligations, these reserves would be funded in the order shown above. For example, once the Operating Reserve is funded up to the maximum level, then net operating cash flows would flow into the Rate Stabilization Reserve fund, and then into the Equipment Replacement reserve. Once maximum fund levels are reached for each of the three reserve accounts, then surplus cash would be available as undesignated (unallocated) cash reserves.

### Fiscal Impact

The FY 2011 proposed operating budget includes revenues of \$41,486,600 and operating expenses of \$40,909,156 resulting in an operating surplus of \$577,444. This compares to a projected operating loss in FY 2010 of \$3,380,876. The major explanations for the \$3,958,320 improvement are:

- Higher commodity revenue of \$2,038,300
- Higher tip fee revenue of \$2,712,700
- Lower Shoreway operating expense of \$1,966,700

The improvements above are partially offset by:

- Higher Bond Interest expense of \$1,132,200
- Higher SBWMA program expenses of \$1,271,474 due primarily to an additional \$450,000 for public education to support the collection services rollout, \$320,100 for HHW door to door collection services, \$240,000 increase for commercial recycling technical assistant, and 45,000 quarterly load contamination monitoring.

For additional financial overview information, please refer to the attached Budget Message and/or the various summary sections in the attached proposed budget document, including line item notes.

### Attachments:

- A. Resolution No. 2010-23
- B. Budget Message (includes attachments for the Proposed FY 2011 Budget, Personnel Summary, and Organization Chart).



RESOLUTION NO. 2010-23

RESOLUTION OF THE SOUTH BAYSIDE WASTE  
MANAGEMENT AUTHORITY BOARD OF DIRECTORS  
ADOPTING THE FY 2011 BUDGET

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

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of the South Bayside Waste Management Authority that the Board adopts the FY 2011 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 this 24<sup>th</sup> day of June, 2010, by the following vote:

<u>Agency</u>	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>	<u>Agency</u>	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary District				

I HEREBY CERTIFY that the foregoing Resolution No. 2010-23 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 24<sup>th</sup>, 2010.

ATTEST:

\_\_\_\_\_  
Jim Porter, Chairperson of SBWMA

\_\_\_\_\_  
Jeannene Minnix Kingston, Board Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Robert Lanzone, SBWMA Counsel



RESOLUTION NO. 2010-23

**RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
BOARD OF DIRECTORS GRANTING AUTHORITY FOR CONTINUED  
APPROPRIATIONS AND EXPENDITURES FOR SIXTY (60) DAYS**

**WHEREAS**, the South Bayside Waste Management Authority (SBWMA) is on a fiscal year July 1 - June 30th; and

**WHEREAS** a budget for FY 2011 will not be ready for review and approval by the Board of Directors until after the start of the 2011 fiscal year; and

**WHEREAS**, there is a continued need to conduct business by the SBWMA after the start of the 2011 fiscal year.

**THEREFORE, BE IT RESOLVED**, that the Board grants the Executive Director continued authority for appropriations and expenditures at the current level for the first sixty (60) days of the 2011 fiscal year of the SBWMA.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the this 24<sup>th</sup> day of June, 2010, by the following vote:

<u>Agency</u>	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>	<u>Agency</u>	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary District				

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Jim Porter, Chairperson of SBWMA

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Jeannene Minnix Kingston, Board Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Robert Lanzone, SBWMA Counsel



June 17, 2010

SBWMA Board of Directors  
South Bayside Waste Management Authority

Dear Chair and Members of the Board:

I am pleased to present for your consideration the proposed fiscal year (FY) 2011 Operating Budget (see **Attachment 1**) for the South Bayside Waste Management Authority (SBWMA). The operating budget includes revenues and expenditures, including the SBWMA program budget and the Shoreway operating budget. The proposed 5-year capital budget is included in the budget document as well as the projected reserve balances.

This budget document addresses key agency priorities and reflects our vision as detailed in our Strategic Plan approved on March 27, 2008. The most significant agency priorities remain successful future rollout of new collection services with a new service provider, transition to a new facility operator, and completion of the Shoreway master plan improvements. Thus, this budget reflects the culmination of the five plus year contractor selection process and substantial completion of the Shoreway master planning process initiated in 2006.

As in the past three budgets developed during my tenure, all budget line items have been built from the bottom up; we zero out each line item and rebuild the detail. This approach allows for a more thorough analysis of budget priorities and helps avoid any unnecessary cost inflationary pressures year over year. We also are able to modulate up or down the consultant support we need each year for major projects such as supporting the rollout of new collection services.

This budget also reflects the difficult economic times and the need for close management of expenses. Excluding one-time costs associated with development of the future collection services public education campaign and special program costs (i.e., HHW door to door collection costs) that are fully funded with separate revenue streams, this expense budget is \$47,820 lower than the projected year end FY 2010 results of \$40,186,876. Even with these special items included, the proposed FY 2011 budget is only 1.8% higher than the 2010 projection. Authorized staffing levels are proposed to remain the same.

**Attachment 2** provides a breakout on current staffing, and budget assumptions related to salary and benefits.

### Key Priorities
















The proposed budget funds the following key priorities:

- Oversight of the full rollout and delivery of the new franchised collection services by Recology San Mateo County (RSMC).
- Consultant support needed for development and implementation of the public education campaign to support the collection services rollout.
- Oversight of the South Bay Recycling (SBR) implementation plan to initiate Shoreway operations on January 1, 2011.
- Management of the Shoreway masterplan construction activities with key milestones including completion of the MRF building, installation of the single stream processing equipment, completion of the Public Recycling Center, and substantial completion of the Transfer Station expansion. Our budget assumes full-scale MRF and Transfer Station operations effective March 1, 2011 and April 1, 2011, respectively.
- Support of existing programs and establishment of new HHW door to door collection services.

- Continued significant staff and consultant support for Member Agency services related to the annual rate review, and contract compliance and administration.
- Focuses recycling and outreach efforts on program specific efforts for member agencies, including expanded commercial recycling and C&D technical assistance; seasonal events such as e-waste collection, venue and events recycling support, and compost give-away days; school assistance with purchasing recycling carts, and multi-family recycling and outreach support.

### FY 2011 BUDGET HIGHLIGHTS (Revenues and Expenditures)

The table below summarizes key FY 2011 Budget highlights. A discussion on revenues, and expenditures, is provided later in this document.

FY 2011 OPERATING BUDGET HIGHLIGHTS	
<b><i>Overall Revenues Totaling \$41.49 million</i></b>	
<ul style="list-style-type: none"> <li> <b>\$30.18 million</b> from Shoreway tipping fees, assumes tipping fee increases on Jan. 1<sup>st</sup> per the schedule shown on p. 8.</li> <li> <b>\$10.79 million</b> from Shoreway commodity revenues.</li> <li> <b>\$0.32 million</b> in dedicated revenue sources (i.e., HHW program fees).</li> <li> <b>\$0.20 million</b> from investment income.</li> </ul>	
<b><i>Shoreway Expenditures Totaling \$36.77 million</i></b>	
<ul style="list-style-type: none"> <li> Shoreway Operating Budget consisting of <b>\$13.98 million</b> for Republic Services compensation and disposal costs, <b>\$14.46 million</b> for SBR compensation and disposal costs, <b>\$3.54 million</b> for payments to Smurfit for offsite MRF processing services, <b>\$3.18 million</b> for debt service bond interest, <b>\$1.44 million</b> for franchise fees to San Carlos, and <b>\$0.18 million</b> for taxes and insurance expenses.</li> </ul>	
<b><i>SBWMA Expenditures (program budget) Totaling \$4.14 million</i></b>	
<ul style="list-style-type: none"> <li>• <b><i>Administrative Expenses (\$1.63 million, 39% of SBWMA program budget)</i></b> <ul style="list-style-type: none"> <li> No change in headcount.</li> <li> 1.6% increase in expenses compared to FY 2010, exclusive of staff wages and benefits.</li> </ul> </li> <li>• <b><i>Contract Compliance and Consultant Support (\$1.2 million, 29% of SBWMA program budget)</i></b> <ul style="list-style-type: none"> <li> \$675,000 for collection services rollout public education campaign which includes \$225,000 unspent in FY 2010.</li> <li> Slight increase in rate review consultant work to \$180,000. Actual 2009/2010 Republic rate review is \$140,000 with an additional \$40,000 budgeted for Member Agency support and 2010 rate closeout work in 2011.</li> <li> \$150,000 for auditing of new customer service systems and consultant support for oversight of field activities (e.g., cart assembly and distribution, cart recovery, routing, etc.) associated with the collection services rollout.</li> </ul> </li> <li>• <b><i>Recycling (diversion) Programs and Long Range Planning (\$0.949 million, 23% of SBWMA program budget)</i></b> <ul style="list-style-type: none"> <li> \$315,000 for commercial recycling technical assistance, including \$95,000 to support development of mandatory commercial recycling ordinances, \$150,000 for commercial recycling outreach, \$30,000 for deskside containers and slim jims, \$20,000 for business case studies, and \$20,000 for commercial account auditing.</li> <li> \$90,000 for outreach to support current and new HHW door to door collection programs.</li> <li> \$55,000 for supporting enhancement of Member Agency C&amp;D ordinances.</li> <li> \$20,000 to develop an RFQ for MSW processing and alternative technologies to substantially increase our diversion and/or reduce disposal costs.</li> </ul> </li> <li>• <b><i>Collection Operations (\$0.36 million, 9% of SBWMA program budget)</i></b> <ul style="list-style-type: none"> <li> \$320,100 for HHW door to door collection services fees for existing programs.</li> </ul> </li> </ul>	

**FY 2010 FINANCIAL PERFORMANCE**

The SBWMA's financial performance in FY 2010 is projected to be as follows:

Revenues:	\$36,806,000
Expenditures:	\$40,186,876
<b>Operating Surplus/(Deficit)</b>	<b>(\$3,380,876)</b>

These figures are based on final projections for FY 2010.

At the February 25, 2010 Board meeting the Board approved a revenue transfer of \$3,796,281 from reserves to help offset the projected deficit and primarily to achieve the bond covenant requirements.

**FISCAL YEAR 2011 BUDGET OVERVIEW**

The FY 2011 operating budget includes revenues of \$41.5 million, exclusive of non-operating receipts from new debt funding, and operating expenses of \$40.9 million leaving a \$0.6 million surplus for FY 2011.

<b>SBWMA 2011 GENERAL OPERATING BUDGET (in millions of dollars)</b>			
	<u>FY2010 Adopted</u>	<u>FY2010 Projected</u>	<u>FY2011 Proposed Budget</u>
<b>Revenues</b>	<b>36.7</b>	<b>36.8</b>	<b>41.5</b>
<b>Expenditures</b>	<b>39.1</b>	<b>40.2</b>	<b>40.9</b>
Shoreway Operations	35.7*	37.3**	36.8***
Administration	1.53	1.52	1.63
Contract Compliance	0.88	0.710	1.2
Recycling Programs	0.95	0.60	0.95
Collection Operations		0.04	0.36
<b>Operating Surplus/(Deficit)</b>	<b>(2.4)</b>	<b>(3.4)</b>	<b>0.6</b>
*Includes \$5.16 million for offsite MRF processing costs.			
**Includes \$4.53 million for offsite MRF processing costs.			
***Includes \$3.54 million for offsite MRF processing costs			
Debt service expense is also included in Shoreway Operations expenditures.			

**REVENUES**

Revenues for FY 2011 are expected to be significantly higher than FY 2010 due to increased tipping fee revenues and higher commodity revenues. Our assumed solid waste tipping fee increases include an initial increase of \$2.81 per ton on July 1, 2010 to offset the County's planned disposal fee increase of \$2.81 per ton.

Future Board consideration should address the equity issues associated with the County's fees on disposal and how this correlates with the delivery of "services" to SBWMA Member Agencies. Staff remains extremely concerned that future county disposal fee increases are inevitable unless County program priorities are better aligned with Member Agency needs and/or unless greater equity can be achieved in terms of the SBWMA only paying its fair share of program costs.

The proposed budget includes the tipping fee increases on January 1, 2011 that were assumed in our bond proforma cash flow projections. At this time, staff doesn't believe our projected operating results justify a reduction or increase in the assumed tipping fee increases shown on the following page, with the exception of the yardage rate for C&D. As discussed during the May 27<sup>th</sup> Board meeting, staff is proposing a reduced C&D rate to provide an economic incentive to retain existing and/or extract new public customers hauling mixed C&D materials.



**PROPOSED TIPPING FEES PER TON OR CUBIC YARD**

<b>Transfer Station Tip Fee Increases</b>	<b>Current Rates</b>	<b>Proposed Rates (7/1/10)*</b>	<b>Proposed Rates (1/1/11)**</b>
SBWMA Solid Waste Franchise	\$81.00 per ton	\$84.00 per ton	\$93.00 per ton
SBWMA Organics Franchise	\$69.50 per ton	\$70.00 per ton	\$79.00 per ton
Non-SBWMA Weighed Tons (Dirt, concrete, asphalt, roofing) non-Franchise	\$80.50 per ton	\$83.00 per ton	\$88.00 per ton
Public Solid Waste Yards Non-Franchise*	\$34.00 per yard	\$35.00 per yard	\$40.00 per yard
Construction and Demolition Non-Franchise	\$34.00 per yard	<b>\$28.00 per yard</b>	<b>\$28.00 per yard</b>
Public Green Waste Yards Non-Franchise	\$25.00 per yard	\$25.00 per yard	\$29.00 per yard
* To address County disposal fee increase of \$2.81 per ton			
** Same proposed tipping fee increases as projected in bond proforma			

These tipping fee increases detailed above are expected to increase gate revenues net of 24,000 lower tons by approximately \$2.1 million. Commodity revenues are projected to increase by \$2.0 million from FY 2010 levels due to higher tonnage and pricing.

***Tipping Fees***

A major source of revenue for the SBWMA is the revenue collected from solid waste delivered to the Shoreway facility which are consolidated and then transferred to disposal or processing sites. For the FY 2011 budget, tipping fee revenue is projected to be approximately \$30.2 million.

The table below summarizes the projected source and contribution percentage of the tipping fee revenue at the Shoreway facility for the FY 2011.

<b>Revenue Source</b>	<b>Amount (in millions)</b>	<b>% of Total</b>
SBWMA – Solid Waste	\$17.5	58%
SBWMA – Organics	\$6.5	22%
Non-SBWMA Weighed Tons (Dirt, concrete, rock & asphalt)	\$0.5	2%
Non-SBWMA Weighed Tons (Asphalt roofing)	\$0.4	1%
Public Solid Waste Yards	\$2.6	9%
Public Green Waste Yards	\$1.3	4%
Public – C&D	\$1.0	3%
Public - Other	\$0.4	1%
<b>Total</b>	<b>\$30.2</b>	<b>100.00%</b>

### ***Commodity Revenues***

The SBWMA also receives revenue from the sale of recyclable materials typically processed at the Shoreway facility, though, this budget assumes eight of the twelve months we are still receiving commodity revenue sharing per our offsite MRF processing agreement with Smurfit. For the FY 2011 budget, the commodity revenue is projected to be approximately \$10.8 million. Commodity prices have rebounded significantly since the collapse in markets in fall 2008 with current average revenue per ton of approximately \$167.76/ton compared to \$99/ton in November 2008. Average revenue per ton peaked at \$278 in August 2008. Tonnage is also budgeted to increase in FY 2011 by 7,700 tons (13.6%) valued at \$865,000.

### **EXPENDITURES**

The largest expense, comprising 78% of the operating budget, is for payments to the Shoreway operators (i.e., Republic thru 12/31/10, and SBR from 1/1/11 forward), offsite MRF processing, and disposal expenses. Such costs are budgeted at \$31.98 million for FY 2011 as compared to \$33.94 million in FY 2010. FY 2011 is a transition year with Republic's cost plus contract for six months, use of Smurfit for commodity processing for eight months (2.4 fewer months than in FY 2010), SBR's new contract for six months with fixed rates and compensation based on tonnage, and SBR's additional interim operating costs during construction. This changing cost structure makes it very difficult to compare cost variances at a detail level. One specific factor is 24,000 lower budgeted tons which reduces disposal expense and reduces the payment to SBR. Republic's operating portion of their compensation is not directly tied to tonnage.

Other significant expenditures include SBWMA program budget, debt service and capital outlays.

- **SBWMA Program Budget** – \$4.14 million
- **Debt Service** – This fiscal year will see much higher debt service of \$3.18 million vs. \$2.05 million in FY 2010 due to redemption of the old bond resulting in only one full interest payment in FY 2010 plus fees vs. two interest payments in FY 2011.

### **CAPITAL**

The five-year capital budget consists of Shoreway masterplan and non-masterplan projects. Total masterplan capital spending remains the same at \$46,971,000; however, non-masterplan capital spending has been reduced in total over the next two years for FY 2011 and FY 2012 as follows:

- FY 2011 is projected at \$560,000 vs. the previously approved amount of \$545,000.
- FY 2012 is projected at \$275,000 vs. the previously approved amount of \$475,000.

### **RESERVE BALANCES**

As shown in the Reserve Funds detail schedule, three fund categories are disclosed as well as the sources and uses of funds to arrive at the fund balances:

The Capital Improvement Fund reflects bond proceeds and internal funds needed for the Shoreway Master Plan project. Included in the FY 2010 balance is the \$1.7 million from internal funds that will be spent in FY 2011 to complete the project at the \$46.971 million original cost and bond proceeds net of payments. (Bond proceeds - \$40.6, spent from internal funds before bond sale - \$4.7, internal funds to be spent in FY11 - \$1.7). The FY 2011 fund balance is zero as the project is expected to be completed. The table on the next page shows the spending on the Shoreway Master Plan from internal funds and bond proceeds:

PROJECT FUNDS	INTERNAL FUNDS	BOND PROCEEDS - BNY	TOTAL
<b>Total Project Cost</b>			<b>46,971,863</b>
Spent pre FY2010 (internal)	4,695,900		4,695,900
Spent FY2010 (BNY) May YTD		14,643,700	
Estimate FY2010 (BNY) June		1,500,000	
Estimate FY2010 (BNY) Jul (Jun acc)		1,500,000	17,643,700
Estimate FY2011 (BNY)		22,946,300	22,946,300
Internal FY2011 (estimate)	1,685,963		1,685,963
<b>Total Project</b>	<b>\$6,381,863</b>	<b>\$40,590,000</b>	<b>\$46,971,863</b>

The Special Revenue Funds include the \$1.5 million Remediation funds from Allied and bond proceeds for capitalized interest, working capital, and reimbursement for capital spent. The FY 2011 balance reflects only the net Remediation Fund balance as the bond proceeds will have been fully absorbed for operating and interest expense during the construction period as projected in the bond proforma.

The General Operating Funds are what is available from cash flow after the other two fund categories are determined. For FY 2010, the total balance of \$5.6 million includes the approved Revenue Transfer amount of \$3.8 million for bond covenant requirements. As previously mentioned, the FY 2011 total General Operating Funds balance fully funds the Operating and Rate Stabilization Reserves with an additional \$0.7 million as undesignated. It is not expected that a Revenue Transfer will be needed in FY 2011.

### STAFFING

Effective October 1, 2008 the SBWMA became the employer of record for all employees currently under contract with RGS. One employee, Cliff Feldman, remains on the LGS payroll to maintain his Calpers benefits. We will continue to contract with CPEhr to manage HR and payroll. Benefits are administered internally by staff. Please see **Attachment 3** for a current organization chart.

The SBWMA continues to operate as a non-PERS agency with a lower benefit to wage cost ratio than other agencies. A recent comparison of the SBWMA's benefit package as a percent of wages vs. the City of San Carlos PERS package for new employees found the following: our benefits ratio was 26.8% vs. 33.4% for the City; the SBWMA plan is nearly 25% cheaper! To be clear, the SBWMA has no pension (defined benefit) or post-retirement plan for SBWMA employees. We have a defined contribution retirement plan. This is economically better but puts the Authority at a disadvantage when trying to hire from other municipal agencies.

### SBWMA JURISDICTION COMPLIANCE WITH AB 939 AND WASTE DIVERSION STATUS

- California legislation, AB 939, requires every California jurisdiction to divert from landfill (e.g. reduce, recycle, or compost) at least 50% of the solid waste generated each year. *Note each jurisdiction (each city and the unincorporated area of the county) in the SBWMA is required to individually meet and sustain this 50% waste diversion rate.*
- SBWMA jurisdictions need to meet and sustain the required 50% diversion rate, which requires continued diversion program development and implementation. Top priority programs include expansion of commercial and multi-family programs since a large portion of the commercial waste stream continues to be landfilled. The table below shows the per capita disposal rates per the CIWMB's revised diversion calculation methodology per SB 1016. All Member Agencies are below the primary and secondary per capital disposal metrics.

## SBWMA TARGETS & 2008 RESULTS

### SBWMA Per Capita Disposal Targets and Results

Jurisdiction	New Targets (50% Equivalents)		2008			
	Primary Indicator Per Capita Disposal (lbs/person/day)	Secondary Indicator Per Employee Disposal (lbs/employee/day)	Per Capita Disposal (lbs/person/day)	Primary Indicator Met (Yes/No)	Per Employee Disposal (lbs/employee/day)	Secondary Indicator Met (Yes/No)
Atherton	11.4	48.9	5.2	Yes	20.1	Yes
Belmont	5.3	20.2	3.8	Yes	15.1	Yes
Burlingame	8.3	6.6	6.8	Yes	5.3	Yes
East Palo Alto	8.5	119.4	2.6	Yes	32.5	Yes
Foster City	3.7	7.1	3.6	Yes	6.0	Yes
Hillsborough	6.4	28.2	3.9	Yes	20.4	Yes
Menlo Park	7.5	9.2	5.7	Yes	6.4	Yes
Redwood City	9.1	14.4	6.5	Yes	9.9	Yes
San Carlos	7.5	14.4	7.4	Yes	13.9	Yes
San Mateo	5.8	13.3	4.8	Yes	9.9	Yes
SBWMA Average			5.0			
Statewide Average*			NA			
<p>*Per CIWMB staff                      California's population of almost 38 million people disposed about 39.6 million tons (MT) in 2007, about 2.6 MT or 6.2 percent less than in 2006. This translates to a 2007 statewide per capital disposal rate of 5.8 pounds/person/day (PPD), which is about a half-pound (or 7.3%) lower than the 6.2 PPD rate in 2006.                      Rev. 5/18/10</p>						

Notes:

This table represents the new diversion calculation methodology implemented by the CIWMB for 2007 per SB 1016.

## **CONCLUSION**

In summary, the SBWMA is successfully moving through a difficult financial period given construction related impacts on cash flows. However, we have a thoughtful and detailed plan moving forward to regain positive cash flows and expect to begin leveraging our new infrastructure at Shoreway this fiscal year. Also, our JPA's financial model of pooling purchasing power and sharing administrative costs among 12 jurisdictions, has assisted in keeping garbage rates competitive and positions us well for the future. Finally, we are on track with all major Board priorities.

We continue to have a very bright and exciting future ahead of us!

Respectfully Submitted,

Kevin McCarthy, Executive Director

## **Attachments**

1. Proposed FY 2011 Budget
2. Personnel Summary
3. Organization Chart

	FY 2010 BEGINNING BALANCE	FY 2010 Estimated					FY 2010 ENDING BALANCE	
		Revenue	Other Sources	Expense	Other Uses	Transfer In		Transfer Out
		audited						estimated
<b>SOURCES &amp; USES</b>								
Operating Revenue / Expense		36,806,000		(40,186,876)		3,380,876		
Misc. capital projects				(195,193)		195,193		
Bond Proceeds, net <i>excl DSRF</i>			51,893,383				(51,893,383)	
2000 Bond Redemption					(11,737,105)	11,737,105		
Allied Settlement			1,500,000				(1,500,000)	
Debt Principal Payment								
		36,806,000	53,393,383	(40,382,069)	(11,737,105)	15,313,174	(53,393,383)	
<b>GENERAL OPERATING FUNDS</b>								
Operating Fund (10% of Operating Expense)	3,716,206						(1,912,531)	1,803,675
Rate Stabilization Fund (10% of Operating Expense)	146,083						(146,083)	-
Equipment Replacement Fund (12 Year Amortization)	1,858,103						(1,858,103)	-
Facilities Improvements Fund (discontinued in FY10)	2,439,334						(2,439,334)	-
Revenue Transfer (special fund) <i>bond covenant</i>	1,712,020					2,084,261		3,796,281
Undesignated								
<b>Subtotal</b>	<b>9,871,746</b>	-	-	-	-	2,084,261	(6,356,051)	5,599,956
<b>SPECIAL REVENUE FUNDS</b>								
Shoreway Remediation 1 <i>Allied settlement</i>						1,500,000		1,500,000
Capitalized Interest <i>bond proceeds</i>						4,533,383	(1,505,521)	3,027,862
Working Capital <i>bond proceeds</i>						2,800,000	(2,800,000)	-
MP Spending Reimbursement <i>bond proceeds</i>						3,970,000	(3,970,000)	-
<b>Subtotal</b>	-	-	-	-	-	12,803,383	(8,275,521)	4,527,862
<b>CAPITAL IMPROVEMENT FUNDS</b>								
Master Plan Shoreway project <i>bond proceeds</i>	4,451,826			(17,643,700)		40,590,000	(4,451,826)	22,946,300
Master Plan Shoreway project <i>Internal Funds</i>						1,685,963		1,685,963
<b>Subtotal</b>	<b>4,451,826</b>	-	-	(17,643,700)	-	42,275,963	(4,451,826)	24,632,263
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>14,323,572</b>	<b>36,806,000</b>	<b>53,393,383</b>	<b>(58,025,769)</b>	<b>(11,737,105)</b>	<b>72,476,781</b>	<b>(72,476,781)</b>	<b>34,760,081</b> <i>8,785,919</i>

NOTES:

1 The Shoreway Remediation Fund is not legally restricted but has been designated by Board for remediation purposes only

	FY 2011 BEGINNING BALANCE	FY 2011 Proposed Budget					FY 2011 ENDING BALANCE
		Revenue	Other Sources	Expense	Other Uses	Transfer In / Out	
		estimated					
<b>SOURCES &amp; USES</b>							
Operating Revenue / Expense		41,486,600		(40,909,156)		(577,444)	
Misc. capital projects				(560,000)		560,000	
Bond Proceeds, net <i>excl DSRF</i>						-	
2000 Bond Redemption							
Allied Settlement			250,000			(250,000)	
Debt Principal Payment				-		-	
		<b>41,486,600</b>	<b>250,000</b>	<b>(41,469,156)</b>	<b>-</b>	<b>(267,444)</b>	
<b>GENERAL OPERATING FUNDS</b>							
Operating Fund (10% of Operating Expense)	<b>1,803,675</b>					2,287,241	<b>4,090,916</b>
Rate Stabilization Fund (10% of Operating Expense)	-					4,090,916	<b>4,090,916</b>
Equipment Replacement Fund (12 Year Amortization)	-						-
Facilities Improvements Fund (discontinued in FY10)	-					-	-
Revenue Transfer (special fund) <i>bond covenant</i>	<b>3,796,281</b>		-			(3,796,281)	-
Undesignated						713,431	<b>713,431</b>
<b>Subtotal</b>	<b>5,599,956</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,295,306</b>	<b>8,895,262</b>
<b>SPECIAL REVENUE FUNDS</b>							
Shoreway Remediation 1 <i>Allied settlement</i>	<b>1,500,000</b>				(250,000)		<b>1,250,000</b>
Capitalized Interest <i>bond proceeds</i>	<b>3,027,862</b>					(3,027,862)	-
Working Capital <i>bond proceeds</i>						-	-
MP Spending Reimbursement <i>bond proceeds</i>						-	-
<b>Subtotal</b>	<b>4,527,862</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(250,000)</b>	<b>(3,027,862)</b>	<b>1,250,000</b>
<b>CAPITAL IMPROVEMENT FUNDS</b>							
Master Plan Shoreway project <i>bond proceeds</i>	<b>22,946,300</b>			(22,946,300)			-
Master Plan Shoreway project <i>Internal Funds</i>	<b>1,685,963</b>			(1,685,963)			-
<b>Subtotal</b>	<b>24,632,263</b>	<b>-</b>	<b>-</b>	<b>(24,632,263)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>34,760,081</b>	<b>41,486,600</b>	<b>250,000</b>	<b>(66,101,419)</b>	<b>(250,000)</b>	<b>0</b>	<b>10,145,262</b>

NOTES:

1 The Shoreway Remediation Fund is not legally restrict

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
REVENUE SUMMARY**

**FY 2011 PROSED BUDGET**

**REVENUES BY MAJOR CATEGORY**

REVENUE SUMMARY	ACTUAL	APPROVED	MID YEAR	PROJECTED	PROPOSED
	FY 2008-2009	FY 2009-2010	FY 2009-2010	FY 2009-2010	FY 2010-2011
	unaudited				
<b>ADMINISTRATIVE REVENUES</b>					
409100 INVESTMENT INCOME	117,128	120,500	93,830	350,400	200,900
409101 INVESTMENT (GASB 31) MARKET VALUE ADJ	(46,060)				
409200 INTEREST INCOME	-				
<b>TOTAL ADMINISTRATIVE</b>	<b>71,069</b>	<b>120,500</b>	<b>93,830</b>	<b>350,400</b>	<b>200,900</b>
<b>OPERATIONS</b>					
480007 TIPPING FEES	25,077,592	27,937,300	28,045,308	27,464,700	30,177,400
480023 COMMODITY SALES	9,625,554	8,661,500	8,735,841	8,749,900	10,788,200
480024 COMMODITY REVENUE SHARE - NEW					
OX MOUNTAIN	-				
HHW DOOR TO DOOR COLLECTION SERVICE - NEW				43,200	320,100
480008 MISCELLANEOUS REVENUE	275				
<b>TOTAL OPERATIONS</b>	<b>34,703,421</b>	<b>36,598,800</b>	<b>36,781,150</b>	<b>36,257,800</b>	<b>41,285,700</b>
<b>TOTAL OPERATING REVENUES</b>	<b>34,774,489</b>	<b>36,719,300</b>	<b>36,874,980</b>	<b>36,608,200</b>	<b>41,486,600</b>
MISCELLANEOUS - EQPT AUCTION			197,800	197,800	
<b>TOTAL REVENUE</b>	<b>34,774,489</b>	<b>36,719,300</b>	<b>37,072,780</b>	<b>36,806,000</b>	<b>41,486,600</b>
<b>NET OPERATING INCOME / &lt;LOSS&gt;</b>	<b>(1,748,444)</b>	<b>(2,375,809)</b>	<b>(3,695,786)</b>	<b>(3,380,876)</b>	<b>577,444</b>
<b>PROGRAM SPECIFIC BUDGET</b>					
SHOREWAY REMEDIATION MONITORING - NEW					250,000
					(250,000)
<b>TOTAL PROGRAM SPECIFIC BUDGET</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES**

mid-year projection was wrong - Mar qtr is \$100k

w/ April '10 actual deduction (NA for FY2011)

incl: SC, Hills, Bel, CSM, MP

4,413,820

4,273,230

Funds from Allied Settlement of \$1.5M FY10  
Estimated Environmental Costs for FY11



GENERAL OPERATING EXPENSES BY MAJOR CATEGORY							NOTES for FY2011
EXPENDITURE SUMMARY	ACTUAL FY 2008-2009	APPROVED FY 2009-2010	MID YEAR FY 2009-2010	PROJECTED FY 2009-2010	PROPOSED FY 2010-2011		
<b>ADMINISTRATIVE EXPENSES</b>							
520305 520305 ADMINISTRATIVE STAFF	477,000	560,764	563,200	567,200	592,600	Salary increases 1/1/11; est. benefit cost incr	
520306 520306 AB 939 PROGRAM STAFF	440,000	553,570	488,600	506,500	586,900	Salary increases 1/1/11; est. benefit cost incr	
520328 520328 EMPLOYEE RECRUITMENT/HR SUPPORT	550	8,000	8,000	8,000	5,000		
520337 520337 PEO COST (HR & PR FEES)	6,890	13,200	11,250	18,800	20,100	LGS - \$875 / month + CPE fee	
520312 520312 BOARD COUNSEL	52,891	50,000	75,000	75,000	60,000		
520300 520300 BOARD MEETINGS & RECORDINGS	-	12,600	12,600	11,410	6,000	Audio Only - Phase Out MCTV	
520310 520310 ACCOUNTING SERVICES	93,500	98,000	108,000	108,000	110,000	Includes calendar year at \$10k	
520334 520334 INFORMATION SYSTEMS	21,804	22,500	22,500	24,400	27,000	24K for IT Contract, \$3k for software upgrades	
520338 520338 WEBSITE	9,696	11,000	11,000	10,112	10,100	Maintenance only based on current use	
520301 520301 ANNUAL AUDIT	6,550	10,300	15,000	8,000	15,000		
520701 520701 INSURANCE	18,587	22,000	30,223	30,223	35,000	D&O and EPLi Coverage	
520202 520202 BANK FEES	9,117	12,000	12,000	9,000	12,000		
520203 520203 RENT	41,857	48,500	48,500	47,454	50,000	Add CPI prorated for current space only	
520204 520204 PRINTING AND POSTAGE	165	200	200	200	200		
520107 520107 UTILITIES	18,763	17,000	17,000	17,000	18,000		
520905 520905 OFFICE/TENANT IMPROVEMENTS	24,201	10,000	7,000	7,000	3,000	New items such as storage compartments	
520201 520201 OFFICE SUPPLIES	23,415	22,500	17,000	17,000	18,000		
520215 520215 OFFICE EQUIPMENT COSTS	14,131	12,600	12,600	13,777	17,000	\$5k to upgrade server	
520504 520504 PUBLICATIONS & PUBLIC NOTICES	2,499	2,000	2,000	1,000	2,000		
520501 520501 PROFESSIONAL DUES & MEMBERSHIPS	1,883	2,000	2,000	2,000	2,000		
520801 520801 VEHICLE MILEAGE & TOLLS	473	500	500	100	350		
520105 520105 CELL PHONES	4,306	5,000	5,000	6,000	6,000		
520503 520503 CONFERENCE & MEETINGS	16,118	15,000	12,000	11,000	12,000		
520502 520502 TRAINING	-	4,375	4,375	3,750	5,000	\$1,250 per employee	
520511 520511 SPONSORSHIPS & DONATIONS	12,500	12,500	12,500	10,250	12,500		
522706 522706 COMPUTER PURCHASE	20,334	5,000	2,500	2,500	3,000	Upgrades/replacement	
<b>TOTAL ADMINISTRATIVE</b>	<b>1,317,231</b>	<b>\$ 1,531,109</b>	<b>\$ 1,500,548</b>	<b>\$ 1,515,676</b>	<b>\$ 1,628,750</b>		
<b>CONTRACT COMPLIANCE AND SUPPORT</b>							
<b>RATES</b>							
520307 520307 RATE REVIEW	175,316	180,000	175,000	175,000	180,000	Fee est. of \$140k plus added 40k (20/20).	
<b>TOTAL RATE REVIEW</b>	<b>175,316</b>	<b>180,000</b>	<b>175,000</b>	<b>175,000</b>	<b>180,000</b>		
<b>CONTRACTOR</b>							
520308 520308 FACILITY IMPROVEMENT OVERSIGHT	5,936	75,000	75,000	70,000	40,000	David Langer	
520309 520309 BUSINESS CONSULTANT/HF&H	10,085	5,000	5,000	5,000	-		
520309 520309 CONTRACT MANAGEMENT SUPPORT	-	10,000	10,000	10,000	15,000		
520309 520309 CONTRACT NEGOTIATIONS/LEGAL REVIEW	150,593	30,000	60,000	60,000	15,000		
520309 520309 COLLECTION SERVICES RFP & IMPLEMENTATION	91,525	65,000	65,000	65,000	150,000	Ron Proto and outside auditing costs	
520309 520309 COLLECTION SERVICES PUBLIC EDUCATION FOR ROLLOUT	-	450,000	450,000	225,000	675,000	Includes \$225,000 unspent from FY0910	
520309 520309 FACILITY RFP & IMPLEMENTATION	130,117	25,000	25,000	25,000	40,000	Joe Sloan & David Langer	
520309 520309 SHOREWAY REMEDIATION LEGAL & TECHNICAL	39,794	30,000	30,000	70,000	40,000	Legal and Technical Review Only	
520329 520329 ANNUAL ALLIED PERFORMANCE HEARING	6,887	5,000	-	-	-		
<b>NEW NEW QUARTERLY LOAD CONTAMINATION MONITORING -- NEW</b>	<b>\$ -</b>				<b>45,000</b>	Quarterly monitoring per Franchise & Ops Agr.	
<b>TOTAL CONTRACTOR</b>	<b>434,937</b>	<b>695,000</b>	<b>720,000</b>	<b>530,000</b>	<b>1,020,000</b>		
<b>TOTAL CONTRACT COMPLIANCE &amp; SUPPORT</b>	<b>\$ 610,253</b>	<b>\$ 875,000</b>	<b>\$ 895,000</b>	<b>\$ 705,000</b>	<b>\$ 1,200,000</b>		

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY							NOTES for FY2011
EXPENDITURE SUMMARY	ACTUAL FY 2008-2009	APPROVED FY 2009-2010	MID YEAR FY 2009-2010	PROJECTED FY 2009-2010	PROPOSED FY 2010-2011		
<b>RECYCLING - AB939 COMPLIANCE</b>							
<b>RECYCLING ADMINISTRATION</b>							
520311 520311 CIWMB ANNUAL REPORTS	30,528	25,000	25,000	25,000	25,000		
520341 520341 SBWMA ANNUAL REPORT	-	7,500	7,500	7,500	5,000		
520309 520309 DIVERSION PROGRAM SUPPORT	-	20,000	20,000	10,000	10,000		
520604 520604 EVENT GIVEAWAYS	-	15,000	10,000	10,000	15,000		
<b>TOTAL RECYCLING ADMINISTRATION</b>	<b>30,528</b>	<b>67,500</b>	<b>62,500</b>	<b>52,500</b>	<b>55,000</b>		
<b>LONG RANGE PLAN/DIVERSION PROGRAMS</b>							
520340 520340 LONG RANGE PLAN UPDATE	49,287	45,000	35,000	35,000	20,000		RFQ for MSW Processing and Technology
520340 520340 ORGANICS PROCESSING <b>RFP</b>	11,379	20,000	20,000	15,000	7,500		Newby Island audit
520340 520340 MASTER PLAN OUTREACH	18,998	30,000	25,000	20,000	25,000		Public Education and Tour Program Develop.
<b>SOLAR SYSTEM ENGINEERING AND EVALUATION --NEW</b>					25,000		PPA Procurement Implementation
<b>TOTAL LONG RANGE PLAN/DIVERSION PROGRAMS</b>	<b>79,664</b>	<b>95,000</b>	<b>80,000</b>	<b>70,000</b>	<b>77,500</b>		
<b>COMMERCIAL PROGRAMS</b>							
520331 520331 LARGE EVENT/VENUE CONSULTING	18,351	25,000	20,000	18,000	20,000		
520342 520342 LARGE EVENT/VENUE RECYCLING SERVICES	-	60,000	50,000	35,000	25,000		
520608 520608 CLIMATE CHANGE POLICY OPTIONS	3,994	20,000	10,000	7,000	10,000		
520604 520604 COMMERCIAL RECYCLING TECHNICAL ASSIST	222,657	180,000	125,000	75,000	315,000		
520604 520604 C&D RECYCLING PROGRAM	-	22,000	5,000	3,000	55,000		No. of Member Agencies participating?
520604 520604 GREEN BUSINESS PROGRAM	-	15,000	10,000	5,000	10,000		
520604 520604 MULTI-FAMILY OUTREACH	-	30,000	10,000	-	20,000		
<b>TOTAL COMMERCIAL PROGRAMS</b>	<b>245,001</b>	<b>352,000</b>	<b>230,000</b>	<b>143,000</b>	<b>455,000</b>		
<b>RESIDENTIAL PROGRAMS</b>							
520604 520604 QUARTERLY NEWLESTTER DESIGN/SETUP	54,534	40,000	40,000	40,000	10,000		
520604 520604 QUARTERLY NEWLESTTER PRINTING/MAILING	193,221	150,000	150,000	150,000	205,000		Printing for four vs three
520604 520604 RESIDENTIAL OUTREACH PROGRAMS	97,553	36,000	20,000	20,000	31,000		
520604 520604 COMPOST GIVEAWAY	-	20,000	5,000	1,000	10,000		
520604 520604 HHW DOOR TO DOOR COLLECTION OUTREACH	-	125,000	125,000	70,000	90,000		Outreach only. Member Agencies participating?
520335 520335 CURBSIDE HOUSEHOLD BATTERY OUTREACH	56,495	48,000	48,000	48,000	8,000		Outreach only
520604 520604 ELECTRONIC COLLECTIONS EVENTS	29,316	15,000	10,000	8,000	7,500		
<b>TOTAL RESIDENTIAL PROGRAMS</b>	<b>431,119</b>	<b>434,000</b>	<b>398,000</b>	<b>337,000</b>	<b>361,500</b>		
<b>TOTAL RECYCLING - AB939 COMPLIANCE</b>	<b>\$ 786,312</b>	<b>\$ 948,500</b>	<b>\$ 770,500</b>	<b>\$ 602,500</b>	<b>\$ 949,000</b>		
<b>SUBTOTAL SBWMA PROGRAM BUDGET</b>	<b>\$ 2,713,795</b>	<b>\$ 3,354,609</b>	<b>\$ 3,166,048</b>	<b>\$ 2,823,176</b>	<b>\$ 3,777,750</b>		

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY							NOTES for FY2011
EXPENDITURE SUMMARY	ACTUAL FY 2008-2009	APPROVED FY 2009-2010	MID YEAR FY 2009-2010	PROJECTED FY 2009-2010	PROPOSED FY 2010-2011		
<b>COLLECTION OPERATIONS - NEW</b>							
NEW HHW DOOR TO DOOR COLLECTION SERVICES -- NEW				43,200	320,100		Payments to Curbside Inc.
NEW CURBSIDE HOUSEHOLD BATTERY RECYCLING SERVICES -- NEW					40,000		Payments to Allied/SBR for battery processing
<b>TOTAL COLLECTION OPERATIONS</b>			-	<b>43,200</b>	<b>360,100</b>		
<b>TO SBWMA PROGRAM BUDGET</b>	<b>\$ 2,713,795</b>	<b>\$ 3,354,609</b>	<b>\$ 3,166,048</b>	<b>\$ 2,866,376</b>	<b>\$ 4,137,850</b>		
<b>SHOREWAY OPERATIONS</b>							
522701 522701 OPERATING CONTRACT - ALLIED	31,492,620	27,553,700	29,513,600	29,614,600	13,976,000		Bimonthly payments thru 12/31/10
NEW OPERATOR COMPENSATION - SBR -- NEW					7,813,000		Contractor payments effective 1/1/11
NEW DISPOSAL & PROCESSING COSTS -- NEW					6,642,700		Effective 1/1/11
522708 522708 INTERIM OFFSITE MRF OPERATIONS	-	5,160,800	4,533,700	4,327,700	3,543,900		Smurfit payments
520710 520710 INSURANCE SHOREWAY	96,804	130,000	130,000	95,000	120,000		Increase for new building and eqt coverage
SHOREWAY FACILITY COST - NEW					15,806		Parking: Recology & SBR (temporary)
521104 521104 DEBT SERVICE BOND INTEREST	784,901	1,521,600	2,045,700	2,045,700	3,177,900		Offset by capitalized interest
521117 521117 AMORTIZATION OF BOND ISSUANCE	30,207						
521118 521118 Revenue Bond Arbitrage	15,812						
520320 520320 BOND REFINANCING	90,000	-	-	-	-		
520324 520324 TAXES (PROPERTY)	34,179	44,000	44,000	38,000	45,000		
522702 522702 FRANCHISE FEE	1,264,614	1,330,400	1,335,518	1,199,500	1,437,000		FY10 includes \$108k credit from city for overpmt
520327 520327 ARBITRAGE FEES	-						
<b>TOTAL SHOREWAY OPERATIONS</b>	<b>33,809,138</b>	<b>\$ 35,740,500</b>	<b>\$ 37,602,518</b>	<b>\$ 37,320,500</b>	<b>\$ 36,771,306</b>		
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 36,522,933</b>	<b>\$ 39,095,109</b>	<b>\$ 40,768,566</b>	<b>\$ 40,186,876</b>	<b>\$ 40,909,156</b>		

Note: FY 2009 unaudited

CAPITAL PROJECTS								
PROJECT DESCRIPTION	ACTUAL	ACTUAL	APPROVED	PROJECTED	PROPOSED	PROPOSED	PROPOSED	
	FY 2007-2008	FY 2008-2009	2009-2010	2009-2010	2010-2011	2011-2012	2012-2013	
570300 SF002 RC CONTAINER LINE INFEEED BALER	-	-	-	-	-	-	-	-
570300 SF005 TS FLOOR REPAIR	-	-	100,000	147,000	150,000	100,000	100,000	-
570300 SF006 INBOUND SCALE CONVERSION	-	-	-	-	-	-	-	-
570300 SF017 FACILITY IMPROVEMENT OVERSIGHT	-	-	-	-	-	-	-	-
570300 SF018 ROOF REPLACEMENT/REPAIRS	-	-	-	-	-	-	-	-
570300 SF019 CONTAINER SHOP ROLLUP DOOR RPLMNT	-	-	-	-	-	-	-	-
570300 SF020 TRANSFER STATION OUTBOUND SCALES	-	-	-	-	-	-	-	-
570300 SF021 TRANSFER STATION FALL PROTECTION	-	-	75,000	-	-	-	-	-
570300 SF022 RECYCLING PLANT BUILDING COLUMNS	-	-	-	-	-	-	-	-
570300 SF023 TUNNEL DRIVEWAY PAVING	-	-	45,000	-	25,000	25,000	25,000	-
570300 SF024 HOUSEHOLD HAZARDOUS WASTE BLDG	-	-	-	-	-	-	-	-
570300 SF026 TRUCK SHOP-REPLACE 2 AIR COMPRESSORS	-	-	-	-	80,000	-	-	-
570300 SF027 CONTAINER SHOP--REPAIR WALL	-	-	-	-	-	-	-	-
570300 SF028 TRUCK WASH BUILDING--ROOF REPAIR	-	-	-	-	75,000	-	-	-
570300 SF029 ONSITE CAMERA MONITORING SYSTEM	-	-	35,000	-	-	-	-	-
570300 SF030 CUT-BACK CURBING IN TS TUNNELS	-	-	-	-	-	-	-	-
570300 SF031 FRONTAGE LANDSCAPING	-	-	-	-	-	50,000	-	-
NEW ADMIN BLDG IMPROVE/REPAIRS	-	-	-	-	50,000	100,000	-	-
NEW PAVING PAINTING/STRIPING	-	-	-	-	20,000	-	-	-
NEW TRAFFIC CONTROL LIGHT FOR TRANSFER STATION	-	-	-	-	10,000	-	-	-
NEW HARRIS BALER REFURB. AND REPAIR	-	-	-	-	55,000	-	-	-
NEW OFFSITE PARKING	-	-	-	-	-	-	-	-
NEW MAINTENANCE BUILDING RELAMPING	-	-	-	-	10,000	-	-	-
NEW PUBLIC RECYCLING CENTER HHW STORAGE UNITS	-	-	-	-	10,000	-	-	-
NEW SBR MAINTENANCE BAY	-	-	-	-	15,000	-	-	-
520711 INSURANCE CONSTRUC FACILITY	-	-	120,000	48,193	60,000	-	-	-
<b>SUB-TOTAL CAPITAL PROJECTS</b>	-	-	375,000	195,193	560,000	275,000	125,000	<b>PROJECT TOTAL</b>
<b>MASTER PLAN</b>								
520339 MPPRE PRE CONSTRUCTION	175,569	-	-	-	-	-	-	175,569
520339 MP1DE PHASE 1 SCALE D&E	58,024	-	-	-	-	-	-	58,024
520339 MP1CN PHASE 1 SCALE CONSTRUCT	4,063	1,935,891	554,108	554,108	-	-	-	2,494,062
520339 MP2DE A&E SERVICES	316,356	1,410,042	202,130	202,130	-	-	-	1,928,528
520339 MP3DE PHASE 2 MRF REBUILD D&E	15,891	-	-	-	-	-	-	15,891
520339 MPCEN CONSTRUCTION MGT & ENG SUPPORT	-	560,513	1,281,235	1,665,512	572,323	-	-	2,798,348
520339 MPSNP MASTER PLAN STUDY AND PLANNING	221,878	-	-	-	-	-	-	221,878
520339 MP3EQ PHASE 3 MRF EQUIPMENT INSTALLATION	-	-	-	-	-	-	-	-
520339 MPMRF MRF CONSTRUCTION	-	-	7,001,800	7,000,000	3,072,000	-	-	10,072,000
520339 MP_TS TS CONSTRUCTION	-	-	3,547,700	1,000,000	4,458,000	-	-	5,458,000
520339 MPMOB Mobilization	-	-	280,000	350,000	-	-	-	350,000
520339 MPGEN Sitework/General Construction	-	-	369,995	210,000	847,000	-	-	1,057,000
520339 MPOCC Other Construction Costs (landscape,sign,roof,security)	-	-	275,345	-	786,700	-	-	786,700
520339 MPEQP Equipment Purchase	-	-	9,634,450	8,113,204	6,159,996	-	-	14,273,200
520339 MPEQI Equipment Installation	-	-	1,425,850	492,472	2,014,928	-	-	2,507,400
520320 BONDR Non-Contingent Bond Issuance Cost	-	90,500	-	-	-	-	-	90,500
520339 CNTGC Contingency - 10%	-	-	2,342,400	1,121,074	3,563,726	-	-	4,684,800
<b>SUB-TOTAL MASTERPLAN</b>	<b>\$ 791,781</b>	<b>\$ 3,996,946</b>	<b>\$ 26,915,013</b>	<b>\$ 20,708,500</b>	<b>\$ 21,474,673</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 46,971,900</b>

FORMULA For TOTAL Actual 2008 - Actual 2009+ Projected 2010 - Proposed 2011

## PERSONEL AND BENEFIT ASSUMPTIONS FOR FY 2011

No proposed changes in headcount. Our personnel summary is as follows:

	Mid Year Budget <u>FY 2010</u>	Proposed <u>FY 2011</u>
Administrative Assistant ( <i>hourly</i> )	1.0	1.0
Executive Director	1.0	1.0
Facility Operations Contract Manager	1.0	1.0
Finance Manager	1.0	1.0
Board Secretary/Recycling Specialist	1.0	1.0
Recycling Coordinator	1.0	1.0
Recycling Outreach & Sustainability Manager	1.0	1.0
Recycling Programs Manager*	<u>1.0</u>	<u>1.0</u>
	<b>8.0</b>	<b>8.0</b>

\* Contract employee supplied by Local Government Services, a public joint powers agency

### FY 2011 Proposed Position Changes

Administrative Assistant position filled on by 6/14/10.

### Budget Assumptions for Salary and Wages

The average salary adjustment assumed for our 7 non represented employees (no contracts) and 1 contract employee is 2.00%. There are no proposed changes to salary ranges.  
No proposed changes in benefits.

Benefit cost assumptions are as follows:

Medical (Health Net) HSA Plan	14.6% increase
Dental, vision, LTD, Life (Guardian)	5%

We continue to be a non-PERS agency.

# SBWMA Organization Chart (June 2010)

