



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: June 27, 2013 Board of Director's Meeting
Subject: Resolution Adopting FY 2014 Budget

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2013-15 attached hereto authorizing the following action:

Adoption of the FY 2014 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 2014 budget (including cash reserve balances, capital budget, revenues, and expenditures). The actual proposed FY 2014 budget is **Attachment A to the Budget Message**.

This proposed budget was built within the framework of our Strategic Plan 2013-2020 (see **Attachment B to the Budget Message**) and reflects the budget priority worksheets shared at the April 25, 2013 Board meeting which captured proposed key projects and work activities by the five main areas of our budget (i.e., Administration, Contract Compliance and Support, Recycling - AB 939 and AB 341 Compliance, Collection Operations, and Shoreway Operations). These first four areas of our budget are referred to as our SBWMA program budget, exclusive of Shoreway Operations. Shoreway Operations include all contractor related expense, disposal and processing expense and all other direct expenses related to RethinkWaste's responsibilities and obligations as the owner of the facility. The April 25th budget priority worksheets have been updated to reflect budget figures by line item within each of the budget areas/categories as shown in **Attachment C to the Budget Message**.

The proposed budget does not include any recommended changes to budget policy, or a change in headcount. However, cash flow assumptions captured in the cash reserve worksheet reflects two key assumptions: Board adoption of the revised cash reserve policy which occurred at the May 23rd Board meeting, and future Board approval, see agenda item 7B, of the early payoff of the subordinate bond obligation to the City of Burlingame. There have been some line item changes to the May 23rd draft budget but no resulting impact on total budgeted program expenditures or capital dollars.

Overall, the proposed FY 2014 proposed budget reflects substantially improved financial results as compared to FY 2013 with higher net income and fully funded cash reserves. Revenues are up due to higher volumes at the Transfer Station and higher commodity revenues for recyclables. Prudent management of controllable expenditures and operating and disposal and processing contracts tied to CPI has also constrained costs.

Attachment D 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 at the May 23rd Board meeting. A current organization chart is captured in **Attachment E to the Budget Message**.

Capital

The Shoreway Master Plan capital project is effectively complete with less than \$100,000 in spending remaining for “soft cost” related items. We are very pleased to report that we will complete the project approximately \$1,082,000 under budget with \$515,000 from the bid deduct alternate for the transfer station and \$567,037 unspent from other contingency funds and “soft costs.” These savings have been incorporated into our cash reserve projections.

Non-Master Plan proposed capital projects for FY 2014 total \$570,000 and includes: \$150,000 for Transfer Station tipping floor replacement that typically occurs every other year, \$140,000 in fire suppression upgrades at the MRF based on our review of the April 29th fire at the MRF, \$80,000 for an engine replacement for the hydraulic tipper we own at the Ox Mountain Landfill, \$40,000 for Shoreway Administration building improvements, and \$40,000 for site signage. A complete listing of capital projects can be found in the capital budget worksheet found in **Attachment A**.

Reserves Balances

The table below captures the reserve balance year end projections for FY 2014 with figures shown under the May 23rd Board adopted revised policy.

	Mid-Year FY 2012-2013	BUDGET PROPOSED FY2014
		New Policy
UNRESTRICTED:		
OPERATING RESERVE (10% of total expense)	\$ 3,785,881	
RATE STABILIZATON (10% of expense)	\$ 3,383,036	\$ 3,822,605
EMERGENCY RESERVE (10% of total expense)		\$ 3,822,605
EQUIPMENT REPLACEMENT (ANNUAL) ¹	\$ 1,799,028	\$ 1,130,726
UNDESIGNATED	\$ 198,300	\$ 426,572
TOTAL UNRESTRICTED GENERAL RESERVES	\$ 9,166,245	\$ 9,202,508
COMMITTED:		
MASTER PLAN INTERNAL CAPITAL SPENDING		
BOND PRINCIPAL PAYMENT FUND	\$ 958,333	\$ 1,004,167
BURLINGAME BOND REPAYMENT FUND	\$ 1,945,946	
TOTAL GENERAL RESERVES	\$ 12,070,524	\$ 10,206,674

Background

The proposed budget was reviewed at the May 23rd Board meeting. Previously, the budget priority worksheets were reviewed at the April 25, 2013 Board meeting.

Fiscal Impact

The FY 2014 proposed operating budget includes revenues of \$41,579,200 and operating expenses of \$38,723,050 (SBWMA program budget of \$3,295,950 + Shoreway operations budget of \$35,427,100) resulting in net income of \$2,856,150. This compares to a projected net operating income in FY 2013 of \$1,400,291. This 104% increase in net income is due in large part to higher than expected commodity revenues from higher average prices and higher public volumes into the Transfer Station.

Non-operating obligations (i.e., bond principal payment and capital expenditures) are not included in the operating income but would be paid out of operating income to arrive at Net Cash Flow. These obligations include: bond principal payment (\$1,004,167) and capital expenditures (\$570,000). Net Cash Flow after deducting these items for FY 2014 is \$985,000.

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

Attachments:

Resolution 2013-15

Budget Message (includes attachments for the Proposed FY 2014 Budget, Strategic Plan 2013-2020, Budget Worksheets by program area, Personnel Summary, and Organization Chart).



RESOLUTION NO. 2013-15
RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
BOARD OF DIRECTORS
ADOPTING THE FY 2014 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 2014 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 27th day of June, 2013, 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. 2013-15 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 27, 2013.

ATTEST:

 John Doughty, Chairperson of SBWMA

 Cyndi Urman, Board Secretary



RESOLUTION NO. 2013-17
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 2014 will not be ready for review and approval by the Board of Directors until after the start of the 2014 fiscal year; and

WHEREAS, there is a continued need to conduct business by the SBWMA after the start of the 2014 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 2014 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 27th day of June, 2013, 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. 2013-17 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 27, 2013.

ATTEST:

 John Doughty, Chairperson of SBWMA

 Cyndi Urman, Board Secretary



June 27, 2013

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) 2014 Operating Budget (**see Attachment A**) for the South Bayside Waste Management Authority (SBWMA). The operating budget includes cash reserve balances, capital spending, revenues and expenditures, including the SBWMA program budget and the Shoreway operating budget. This budget document addresses key agency priorities and reflects our vision as detailed in our Strategic Plan 2013-2020 (**see Attachment B**) approved by the Board on March 22, 2012.

This budget reflects the strong foundation now in place with the third year of new franchised collection services and Shoreway operations, and completion of all major Shoreway master planned capital improvements. It also reflects improvements in the local economy reflected in higher than expected solid waste volumes and public loads into the Transfer Station. Commodity revenue prices have recovered more quickly than projected since a market down-turn last summer and early fall. Expenditures have been closely managed and the proposed budget reflects cost increases at or below the Bay Area CPI.

As in the past six budgets developed during my tenure, all discretionary 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 long range planning, etc.

Our budget also reflects a continued focus on ensuring our costs remain a small portion of the overall collection costs for the service area. As shown in the table below, our proposed program budget of \$2,798,950, exclusive of the pass through costs for the door to door HHW collection program, is estimated to be 2.82% of total Member Agency collection costs. The balance of the SBWMA budget of \$35,427,100 is Shoreway operating expense of which 87% of that expense is non-discretionary (contractually obligated) costs to pay the Shoreway operator and disposal and processing expense.

	Actual FY0910	Actual FY1011	Actual FY1112	Adopted FY1213	Proposed FY1314
Subtotal SBWMA Program Budget	\$2,823,176	\$2,995,999	\$2,354,621	\$2,721,700	\$2,798,950
Collection Operations (HHW)	\$43,200 ^{1'}	\$373,789 ^{2'}	\$374,298	\$442,400	\$497,000
Total SBWMA Program Budget	\$2,866,376	\$3,369,788	\$2,728,919	\$3,164,100	\$3,295,950
Approved Headcount	7.8	7.8	7.8	7.8	7.8
Calendar Year	2010	2011	2012	2013	2014
Member Agency Total Collection Costs	80,885,000	\$86,889,907	\$91,295,855	\$96,794,633	\$99,300,000
SBWMA Program Budget % of Total Collection Costs	3.85%	3.51%	3.23%	3.27%	3.32%
w/o HHW pass thru costs	3.60%	3.08%	2.78%	2.81%	2.82%
^{1'} Household battery recycling costs.; starting in 2011 this is included in SBR operating budget.					
^{2'} Door-to-Door HHW program costs. This program is managed by SBWMA, but actual operations contracted out. Revenue from Member Agencies paid to the SBWMA 100% offset costs so this line item is budget neutral.					

This year's budget documents also reflect greater detail in each budget area as shown in **Attachment C** budget worksheets.

Attachment D provides a breakout on current staffing, and budget assumptions related to salary and benefits. No changes are proposed in staffing levels or in employee benefits. The proposed SBWMA program budget assumes adjustments to salary ranges which have remained unchanged the previous three budget years and modest merit increases. The merit increases in aggregate total \$25,557 and is included within the Administrative portion of the SBWMA program budget.

The SBWMA continues to have a very sustainable and cost effective business model for how the Agency manages its employee costs with key points as follows:

- The SBWMA is a non-PERs agency. Our seven current employees are offered a self-directed 401(a) and 457(b) plans, very similar to private sector 401(k) plans. We have no employee pensions and thus no long term pension obligations. There are no post-retirement benefits.
- All employees are non-represented; we have no collective bargaining agreements with our employees.
- There are no automatic salary adjustments for employees such as a COLA adjustment or step increases. Employee performance is evaluated each year and merit increases are granted on a calendar year basis using the Board approved merit increase pool and if salary ranges allow for an adjustment.

Key Priorities

The proposed budget funds the following key priorities:

- Continued oversight and contract administration support for the 12 collection services franchise agreements with Recology San Mateo County (RSMC), including follow-up work on audit findings and financial auditing. This work is accomplished with two full-time employees, one fewer than when the 12 new franchise agreements went into effect on January 1, 2011. SBWMA staff has also taken over from Recology full responsibility for all public education activities given the elimination of the Recology Public Education Manager position. Recology still maintains full management responsibility for the Commercial Recycling Outreach program.
- Continued oversight of the South Bay Recycling (SBR) Shoreway operations and management of all disposal and processing contracts with one full-time employee.
- Closeout of the Shoreway masterplan construction activities with key milestones including completion of the landscaping and signage, and public education areas in front of the Transfer Station.
- Management of the annual contractor compensation adjustment process, including review of the 2014 RSMC and SBR compensation applications, and completion of final reports (RSMC, SBR and consolidated report) for 2014. This is accomplished in-house with one full-time employee which has **saved ratepayers \$200,000 per year** for an outside rate consultant.
- Support of existing recycling programs, notably ongoing residential public outreach; AB 341 commercial recycling outreach; expanded outreach to support multi-family recycling; research and develop a non-exclusive franchise permit system for commercial recyclers; and oversight and expanded outreach for the HHW door to door collection services for 10 Member Agencies.
- Management of the Shoreway Education Center tour program, including the school tours and public tours. This program is managing over 5,000 tour visitors per year with one full-time employee and one part-time employee.
- Continuing the long range planning process including analyzing existing collection and processing systems, evaluating new processing technologies, and investigating policy and outreach tools to support higher diversion levels in a cost effective manner.
- Management of all ongoing capital repairs and maintenance at the 16-acre Shoreway facility, including nearly 200,000 square feet of building space and \$20 million in equipment owned by the SBWMA. This work is managed by the same employee that manages the SBR contract and all disposal and processing contracts.
- Management of a procurement process for the processing of our residential and commercial organics; existing contracts with two compost facility operators expire at the end of 2014.
- Approval of a closure plan for the Shoreway remediation work which is expected to be more than **\$1 million under budget.**
- Continue to identify and pursue new third party tonnage into the Shoreway facility to help offset our fixed costs.

FY 2013 FINANCIAL PERFORMANCE

Based on updated mid-year financial projections we expect our financial performance in FY 2013 to be as follows:

Revenues:	\$39,752,700
Expenditures:	\$38,352,409
Operating Income/ (Loss)	\$1,400,291

This compares favorably to budgeted net income of \$1,004,000. The 40% increase in net income is largely due to higher than expected commodity revenue and higher transfer station volumes.

FISCAL YEAR 2014 BUDGET OVERVIEW

The FY 2014 operating budget includes revenues of \$41.58 million and operating expenses of \$38.72 million leaving \$2.86 million in net operating income to cover bond principal payments, fund reserves, and capital improvements.

SBWMA FY 2014 GENERAL OPERATING BUDGET (in millions of dollars)			
	<u>FY2013 Adopted</u>	<u>FY2013 Mid-Year</u>	<u>FY2014 Proposed Budget</u>
Revenues	38.68	39.75	41.58
Expenditures	37.68	38.35	38.72
Shoreway Operations Budget*	34.51	35.14	35.43
SBWMA Program Budget	3.16	3.21	3.29
Administration	1.60	1.63	1.64
Contract Compliance	0.34	0.36	0.31
Recycling Programs	0.78	0.73	0.86
Collection Operations **	<u>0.44</u>	<u>0.49</u>	<u>0.49</u>
Operating Income/(Loss)	1.00	1.40	2.86
* Debt service expense is included in Shoreway Operations expenditures.			
** Pass thru for disposal and processing expenses for the Door to Door HHW program for 10 Member Agencies.			

REVENUES

Total operating revenues for FY 2014 are expected to be \$1.83 million higher than our mid-year FY 2013 budget projections. Higher tipping fee revenue of \$1.05 million is a result of higher franchise revenue of \$249,000 (0.9% higher) and higher public revenue of \$802,000 (16.7% higher). The balance of the higher revenue is from net (after revenue share) commodity revenue increase of \$782,000. Our revenue sources consist of 77% from tipping fees, 21% from commodity revenues (net of revenue share and cost of goods sold), and 2% from various other sources (e.g., investment income).

Proposed tipping fee adjustments effective January 1, 2014 are shown in the table below. The Board typically reviews potential tipping fee adjustments at the November Board meeting each year as fees are set on a calendar year basis.

PROPOSED TIPPING FEES PER TON OR CUBIC YARD			
Transfer Station Tip Fee Increases	Current Rates	Proposed Rates (1/1/14)	Percent Increase
SBWMA Solid Waste, <i>Franchise</i>	\$91.00 per ton	\$94.00 per ton	3.3%
SBWMA Residential Organics, <i>Franchise</i>	\$92.00 per ton	\$95.00 per ton	3.3%
Non-SBWMA Weighed Tons <i>non-Franchise</i>	\$91.00 per ton	\$94.00 per ton	3.3%
Public Solid Waste Yards, <i>non-Franchise</i>	\$34.00 per yard	\$35.00 per yard	2.9%
Public Green Waste Yards, <i>non-Franchise</i>	\$23.00 per yard	\$24.00 per yard	4.2%
Construction and Demolition, <i>non-Franchise</i>	\$30.00 per yard	\$31.00 per yard	3.3%

Tip fee revenue is budgeted to increase \$1.05 million or 3.4% over FY 2013 mid-year projected levels. Gross (before revenue sharing) commodity revenues are projected to increase by \$824,300 from FY 2013 mid-year levels with a higher commodity revenue share of \$41,700 with SBR. FY 2013 actual average commodity revenue per ton is projected at \$167.31 versus a budgeted average price of \$154.30 in FY 2013. For FY 2014, we are assuming \$179.20 per ton.

We continue to have some downside revenue exposure (\$64k in 2012) for mixed plastics (plastics marketed with the symbol 3-7 that mostly are composed of packaging and containers) due to government-imposed restrictions in China. The import restrictions on recyclable materials, collectively termed “the Green Fence,” have not lessened since they first impacted SBR’s materials marketing efforts in March. There is little official information about the duration of the enforcement but at this point it is expected to last for much of 2013.

Tip Fees

A major source of revenue for the SBWMA is the revenue collected from franchised solid waste and organics and public (self-haul) loads delivered to the Shoreway facility which are consolidated and then transferred to disposal or processing sites. For the FY 2014 budget, tip fee revenue is projected to be approximately \$32.15 million.

The table below summarizes the projected source and contribution percentage of the tip fee revenue at the Shoreway facility for FY 2014.

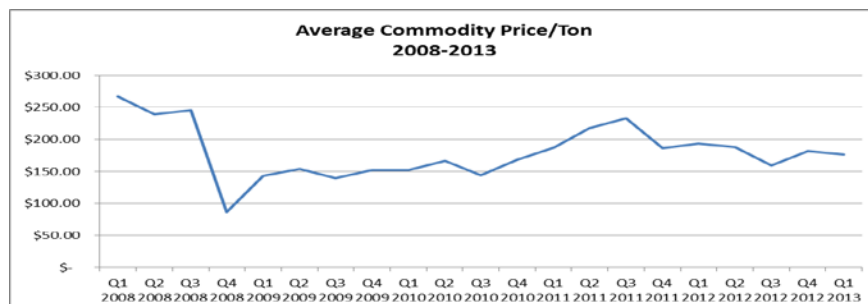
Revenue Source	Amount (in millions)	% of Total
SBWMA – Franchise Solid Waste	\$16.80	52%
SBWMA – Franchise Organics	\$9.30	29%
Miscellaneous Weighed Tons	\$0.66	2%
Public Solid Waste Yards	\$1.40	4%
Public Green Waste Yards	\$1.40	4%
Public – C&D, Other	\$2.59	9%
Total	\$32.15	100.0%

We are seeing higher franchise organics tons, and higher public solid waste and green waste tons. The table below shows the annual public yardage (loads are measured not weighed) for 2007-2012 and volumes through May 2013 that are annualized for all of 2013.

Total Public Yardage	2007	2008	2009	2010	2011	2012	2013 (projection)
Solid Waste	152,580	121,833	91,928	67,053	33,787	31,982	53,357
Green Waste	98,115	82,152	62,254	49,395	39,431	50,642	58,498
C&D, dirt	55,695	51,249	43,651	40,126	58,414	71,066	60,540
Total Yards	306,390	255,233	197,832	156,574	131,632	153,689	172,394

Commodity Revenues

The chart below captures the decline in commodity pricing last summer and fall with prices recovering into the first part of 2013. Our projected average commodity revenue per ton of \$179.20 in FY 2014 is in line with historical averages.



EXPENDITURES

Shoreway operating expenses comprise **91.5%** (over 87% of which comes from Shoreway operator and disposal and processing expense) of our total budget with the balance from the SBWMA program budget. Significant year over year differences in our expenses include:

- Higher Shoreway operating expenses (operator payments and disposal and processing expense) of \$997,500 million (compared to adopted FY 2013 budget) due to higher franchised organic tons and tip fee increases partially offset by no Allied Waste balancing account payment. Such Shoreway expenses are up slightly by \$445,000 since our mid-year projections or 1.5%.
- SBWMA program expenses 2.8% higher or \$77,250 (**0.20% of the total operating budget**) compared to the FY 2013 adopted budget.
- Collection operations expenses up \$54,600 compared to the adopted FY 2013 adopted budget due to the full year effect of Burlingame rolling out the door to door HHW expenses to its residents which is totally offset by the same increase in revenue.

SBWMA JURISDICTION COMPLIANCE WITH AB 939 AND WASTE DIVERSION STATUS

All of our 12 Member Agencies are in compliance with the state mandated AB 939 diversion requirements.

CONCLUSION

In summary, the proposed FY 2014 operating budget reflects substantially improved financial results as compared to the prior year with higher Shoreway facility tonnages and recovering commodity pricing. We are projected to fully fund our cash reserves. Shoreway operating expenses are also increasing less than 2%. **Due to exceptional project management by staff, we are also completing the Shoreway masterplan more than \$1 million under budget and expect to complete the Shoreway remediation project more than \$1 million under our designated fund balance.**

SBWMA staff also continues to do more with less as we have taken on greater franchise agreement contract administration responsibility with reduced staffing since the inception of the 12 new franchise agreements on January 1, 2011. These franchise agreements have more robust performance and reporting standards than the Allied Waste franchise agreements and SBWMA staff performs all the annual compensation adjustment review process in-house saving ratepayers \$200,000 per year. Staff also manages all public education activities related to the franchise agreements.

The Board, elected officials, staff and our customers should be pleased with our significant achievements to date, including strong financial results, and a bright future ahead.

Respectfully Submitted, Kevin McCarthy, Executive Director

Attachments

- A. Proposed FY 2014 Budget
- B. Strategic Plan 2013-2020
- C. Budget Worksheets by Program area
- D. Personnel Summary
- E. Organization Chart

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
RESERVE SUMMARY

FY2014 PROPOSED BUDGET

	MID-YEAR PROJECTION FY 2013	PROPOSED BUDGET FY 2014
		New Policy
UNRESTRICTED:		
OPERATING RESERVE (10% of total expense)	\$ 3,785,881	
RATE STABILIZATON (10% of expense)	\$ 3,383,036	\$ 3,822,605
EMERGENCY RESERVE (10% of total expense)		\$ 3,822,605
EQUIPMENT REPLACEMENT (ANNUAL) ¹	\$ 1,799,028	\$ 1,130,726
UNDESIGNATED	\$ 198,300	\$ 426,572
TOTAL UNRESTRICTED GENERAL RESERVES	\$ 9,166,245	\$ 9,202,508
COMMITTED:		
MASTER PLAN INTERNAL CAPITAL SPENDING		
BOND PRINCIPAL PAYMENT FUND	\$ 958,333	\$ 1,004,167
BURLINGAME BOND REPAYMENT FUND	\$ 1,945,946	
TOTAL GENERAL RESERVES	\$ 12,070,524	\$ 10,206,674
<i>proof</i>	\$ 12,070,524	\$ 10,206,674
Other LT Projects (Fully Funded)		
SHOREWAY REMEDIATION PROJECT	\$ 1,289,283	\$ 1,209,283
CASH FLOW TO TOTAL RESERVE BALANCE		
Beginning Balance 7/1	\$ 13,055,019	\$ 12,070,524
add - Operating Income	\$ 1,400,291	\$ 2,856,150
add - capitalized interest		
add - TBT Payment from Recology	\$ 59,519	
less - non-MP capital exp	\$ (150,000)	\$ (570,000)
less - internal spend on MP capital	\$ (1,199,305)	
less - debt principal pmt	\$ (1,095,000)	\$ (1,150,000)
less - "B" bond redemption on 8/1/2013		\$ (3,000,000)
adjust to final audited Balance		
Ending Balance 6/30	\$ 12,070,524	\$ 10,206,674
<i>original FY13 Budget</i>		
¹ estimated cost of replacement capital equipment has been reduced for FY2014 based on a detailed review.		

Reserves Cash Flow

	FY 2014
OPERATING REVENUES	
Tip Fee Revenue	32,148,400
Sales of Recyclable , net	8,723,100
Other	651,800
Total Operating Revenues	41,523,300
OPERATING EXPENSES	
Operation & Administration	34,223,050
Franchise Fee-Transfer Station	1,530,900
Taxes	24,700
Total operating expenses	35,778,650
OPERATING INCOME	5,744,650
NON-OPERATING REVENUES	
Gain (loss) in sale of capital assets	
Misc	
Investment Inc Adjustment	
Investment Income	55,900
Total Nonoperating Revenues	55,900
NET INCOME	5,800,550
Net Income (use to verify)	2,856,150
NON-OPERATING EXPENSES	
Interest-2000 Bond	(2,944,400)
Capitalized Interest	
Total Non-Operating Expenses	(2,944,400)
MODIFIED CHANGE IN NET ASSET ⁽²⁾	2,856,150
Table 5	
Total Revenues (from Table 4)	\$41,523,300
Non-Operations Revenue	\$55,900
Additional Revenue transfers from reserves or other funds	
Total Revenues and Additional Revenues	41,579,200
<u>Expenses</u>	
O&M Cost	34,247,750
Debt Service Interest Expense	2,944,400
Debt Service, Principal Payment	1,150,000
Subordinate Charges	1,530,900
Total Expenses	39,873,050
Coverage (Total Revenues/Total Expenses) ⁽¹⁾	1.04
Operating & Non-operating Revenues	41,579,200
<i>plus</i> Additional Revenue transfers from reserves or other funds	0
Total Revenues	41,579,200
<i>less</i> O&M Expenses	34,247,750
<i>equals</i> Net Revenues	7,331,450
Debt Service	4,094,400
Coverage (Net Revenues/Debt Service) ⁽²⁾	1.79
Ending Unreserved Fund Balance	
1 Required to be 1.0 or greater	
2 Required to be 1.4 or greater	

Bond Covenant Test

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
REVENUE SUMMARY**

FY 2014 PROPOSED BUDGET

		<i>revised 8/29/12</i>	<i>1/17/13</i>	<i>6/27/13</i>	
REVENUE SUMMARY	ACTUAL FY 2012	APPROVED BUDGET FY 2013	MID-YEAR PROJECTION FY 2013	PROPOSED BUDGET FY 2014	Variance to Approved Budget
ADMINISTRATIVE REVENUES					
409100 INVESTMENT INCOME	200,323	181,600	79,800	55,900	(125,700)
409101 INVESTMENT (GASB 31) MARKET VALUE ADJ	1,595				-
409200 INTEREST INCOME	7,586		600		-
TOTAL ADMINISTRATIVE	209,504	181,600	80,400	55,900	(125,700)
OPERATIONS					
480026 TIPPING FEES - Non Franchised	4,467,606	4,789,900	4,809,600	5,611,600	821,700
480027 TIPPING FEES - Franchised	24,772,600	25,689,300	26,288,300	26,536,800	847,500
480028 COMMODITY SALES	11,124,160	9,068,600	9,988,900	10,813,200	1,744,600
480029 COMMODITY REVENUE SHARE	(1,040,025)	(1,089,200)	(1,457,200)	(1,498,900)	(409,700)
522717 BUYBACK PAYMENTS (moved from Shoreway Expense)	(583,297)	(563,500)	(583,800)	(591,200)	(27,700)
480025 E-SCRAP REVENUE	95,764	70,000	65,500	70,000	-
480033 MRF Host Fee - 3RD PARTY TONS	57,125	65,000	55,900	74,800	9,800
480031 HHW DOOR TO DOOR COLLECTION SERVICE	407,866	442,400	493,600	497,000	54,600
480032 PERFORMANCE INCENTIVE / DISINCENTIVE	25,790	25,000	11,200	10,000	(15,000)
480008 MISCELLANEOUS REVENUE	9,278		300		-
TOTAL OPERATIONS	39,336,868	38,497,500	39,672,300	41,523,300	3,025,800
TOTAL REVENUE	39,546,372	38,679,100	39,752,700	41,579,200	2,900,100
NET OPERATING INCOME / <LOSS>	3,707,052	1,004,000	1,400,291	2,856,150	1,852,150
% OF REVENUE					4.62%

REVENUES

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY						
	ACTUAL 2012	FY APPROVED BUDGET FY 2013	MID-YEAR PROJECTION FY 2013	PROPOSED BUDGET FY 2014	Variance to Approved Bud	Notes
EXPENDITURE SUMMARY						
ADMINISTRATIVE EXPENSES						
			Jan 2013	June 2013	vs Approved Budget	
520305	499,532	501,000	492,000	505,300	4,300	Staff wages and benefits for Exec. Dir., Finance Manager & Board Sec.
520306	670,724	662,200	671,800	672,900	10,700	Staff wages and benefits for Recycling, Outreach, Compliance and Shoreway.
520328	1,796	5,000	5,000	2,000	(3,000)	
520337	18,846	16,500	19,300	19,000	2,500	Fees paid to contract HR and payroll service provider.
520312	27,262	50,000	85,000	70,000	20,000	Fees paid for contract legal counsel support.
520300	4,911	6,000	6,000	7,150	1,150	
520310	115,766	125,000	125,000	128,500	3,500	Fees paid to City of San Carlos for annual accounting and finance support.
520334	33,380	32,000	32,000	27,000	(5,000)	Fees paid to contract IT management service provider.
520338	10,454	10,100	10,100	15,000	4,900	Fees paid to website management service provider.
520301	4,640	9,100	9,100	9,000	(100)	Fees paid to auditors to complete FY & Calendar year financial statements.
520701	22,798	31,500	24,800	23,500	(8,000)	Annual insurance premium for Director's and Officer's insurance.
520202	7,475	6,800	7,109	7,500	700	Bank fees exclusive of fees paid to BNY as the Bond Trustee.
520203	48,475	50,100	50,100	51,500	1,400	Lease payments to City of San Carlos to lease office space in library.
520204	77	150	150	150	-	
520107	12,112	15,000	15,000	17,500	2,500	Phone and janitorial expenses.
520905	2,040	1,500	1,500	1,000	(500)	
520201	18,766	15,000	15,000	17,000	2,000	
520215	25,262	25,500	25,500	25,500	-	Copier, phone and postage machine lease and expenses.
520504	2,685	1,000	1,000	2,500	1,500	
520501	1,263	1,500	1,800	2,100	600	
520801	312	250	250	250	-	
520105	5,280	4,000	4,000	4,000	-	
520503	12,720	8,000	8,000	8,000	-	Trade conferences and local meetings & events.
520502	9,511	8,000	7,500	6,500	(1,500)	Employee professional development.
520511	7,500	6,000	6,000	9,000	3,000	Sponsorships for Acterra, SSMC, CAW and CPSC.
522706	14,018	8,000	8,000	8,000	-	New SBS Server and Remote Access.
TOTAL ADMINISTRATIVE	\$ 1,577,607	\$ 1,599,200	\$ 1,631,009	\$ 1,639,850	\$ 40,650	
CONTRACT COMPLIANCE AND SUPPORT RATES						
520307	52,817	50,000	70,000	53,000	3,000	
TOTAL RATE REVIEW	52,817	50,000	70,000	53,000	3,000	
CONSULTANT SUPPORT						
520308		20,000	10,000	30,000	10,000	
520309	HCM01	60,000	60,000	67,600	7,600	
520309	HCM01		15,000	-	(15,000)	
520309	HCS02	164,437	120,000	130,000	100,000	(20,000)
520309	HCS03	2,032		-	-	
520309	HSHOR	(8,409)		-	-	Remediation cost charged to Remediation Reserve account
520329				-	-	
520336		77,000	77,000	50,000	(27,000)	
TOTAL CONSULTANT	253,235	292,000	292,000	247,600	(44,400)	
TOTAL CONTRACT COMPLIANCE & SUPPORT	\$ 306,052	\$ 342,000	\$ 362,000	\$ 300,600	\$ (41,400)	

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY							Notes	
EXPENDITURE SUMMARY	ACTUAL 2012	FY	APPROVED BUDGET FY 2013	MID-YEAR PROJECTION FY 2013	PROPOSED BUDGET FY 2014	Variance to Approved Bud		
RECYCLING - AB939 AND AB 341 COMPLIANCE							Technology analysis, disposal and program cost forecasting	
RECYCLING ADMINISTRATION								
520311		CIWMB ANNUAL REPORTS	10,250	25,000	25,000	25,000		-
520341		SBWMA ANNUAL REPORT	0	5,000	5,000	5,000		-
520309	HDV01	DIVERSION PROGRAM SUPPORT		30,000	30,000	60,000		30,000
520604		EVENT GIVEAWAYS	11,863	1,500	1,500	1,500		-
TOTAL RECYCLING ADMINISTRATION			22,113	61,500	61,500	91,500		30,000
LONG RANGE PLAN/DIVERSION PROGRAMS								
520340		LONG RANGE PLAN ALTERNATIVES	17,410	50,000	50,000	80,000		30,000
520340	MPOTR	MASTER PLAN OUTREACH	29,762			-		-
520344		SOLAR SYSTEM ENGINEERING AND EVALUATION	5,075			-		-
TOTAL LONG RANGE PLAN/DIVERSION PROGRAMS			52,247	50,000	50,000	80,000		30,000
COMMERCIAL PROGRAMS								
520331		LARGE EVENT/VENUE CONSULTING	515	10,000	5,000	5,000		(5,000)
520342		LARGE EVENT/VENUE RECYCLING SERVICES	3,023			-		-
520608		CLIMATE CHANGE REPORTING & POLICY OPTIONS	9,441	15,000	15,000	15,000		-
520604	COE01	COMMERCIAL RECYCLING TECHNICAL ASSIST	142,850	190,000	170,000	140,000		(50,000)
		NEW - PURCHASE COMM/MFD CONTAINERS FOR RECOLOGY				40,000		40,000
520604	CDRCY	C&D RECYCLING PROGRAM	7,036	25,000	12,500	10,000		(15,000)
520604	GREEN	GREEN BUSINESS PROGRAM	1,209	0		-		-
520604	MF001	MULTI-FAMILY OUTREACH	26,493	85,000	85,000	100,000		15,000
TOTAL COMMERCIAL PROGRAMS			190,567	325,000	287,500	310,000		(15,000)
RESIDENTIAL PROGRAMS								
520604	QNL01	QUARTERLY NEWLESTTER DESIGN/SETUP	375	10,000	10,000	10,000	-	
520604	QNLPM	QUARTERLY NEWLETTER PRINTING/MAILING	106,183	110,000	110,000	110,000	-	
520604	RES01	RESIDENTIAL OUTREACH PROGRAMS	88,490	140,000	130,000	165,000	25,000	
520604	COMPS	COMPOST GIVEAWAY	2,408	3,000	3,000	1,000	(2,000)	
520604	HHWUW	HHW DOOR TO DOOR COLLECTION OUTREACH	8,579	75,000	70,000	85,000	10,000	
520335		CURBSIDE HOUSEHOLD BATTERY OUTREACH	0	5,000	5,000	5,000	-	
520604	ECE01	ELECTRONIC COLLECTIONS EVENTS	0	1,000	1,000	1,000	-	
TOTAL RESIDENTIAL PROGRAMS			206,035	344,000	329,000	377,000	33,000	
TOTAL RECYCLING - AB939 AND AB 341 COMPLIANCE			\$ 470,962	\$ 780,500	\$ 728,000	\$ 858,500	\$ 78,000	
SUBTOTAL SBWMA PROGRAM BUDGET			\$ 2,354,621	\$ 2,721,700	\$ 2,721,009	\$ 2,798,950	\$ 77,250	
COLLECTION OPERATIONS								
522710		HHW DOOR TO DOOR COLLECTION SERVICES	374,298	442,400	493,600	497,000	54,600	
522711		CURBSIDE HOUSEHOLD BATTERY RECYCLING SERVICES	0					
TOTAL COLLECTION OPERATIONS			374,298	442,400	493,600	497,000	54,600	
TOTAL SBWMA PROGRAM BUDGET			\$ 2,728,920	\$ 3,164,100	\$ 3,214,609	\$ 3,295,950	\$ 131,850	

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY							Notes
EXPENDITURE SUMMARY	ACTUAL 2012	FY	APPROVED BUDGET FY 2013	MID-YEAR PROJECTION FY 2013	PROPOSED BUDGET FY 2014	Variance to Approved Bud	
SHOREWAY OPERATIONS							
522712 OPERATOR COMPENSATION - SBR	13,971,093		15,401,800	15,848,300	16,274,400	872,600	
522713 DISPOSAL & PROCESSING COSTS	13,355,474		13,762,000	14,096,100	14,238,500	476,500	
520710 INSURANCE SHOREWAY	140,083		197,300	193,100	204,200	6,900	
522714 SHOREWAY FACILITY COST	(20,887)		160,000	100,000	100,000	(60,000)	
522701 ALLIED WASTE BALANCING ACCOUNT	1,154,189		320,500	160,300	-	(320,500)	
522718 EDUCATION CENTER OPERATIONS	44,578		60,000	60,000	65,000	5,000	
522716 MAINTENANCE - OX MTN TIPPER	-		25,000	25,000	45,000	20,000	
520901 SHOREWAY MRF EQUIPMENT MAINTENANCE > \$10k						-	
520324 TAXES (SEWER)	26,977		27,700	23,600	24,700	(3,000)	
SUBTOTAL SHOREWAY OPERATIONS	\$ 28,671,507		\$ 29,954,300	\$ 30,506,400	\$ 30,951,800	\$ 997,500	
SHOREWAY OTHER							
521104 DEBT SERVICE BOND INTEREST	3,027,863		3,150,500	3,150,500	2,944,400	(206,100)	
521117 AMORTIZATION OF BOND ISSUANCE	22,222				-	-	
522702 FRANCHISE FEE	1,388,809		1,406,200	1,480,900	1,530,900	124,700	
SUBTOTAL SHOREWAY OTHER	\$ 4,438,893		\$ 4,556,700	\$ 4,631,400	\$ 4,475,300	\$ (81,400)	
TOTAL SHOREWAY OPERATING EXPENSE	\$ 33,110,400		\$ 34,511,000	\$ 35,137,800	\$ 35,427,100	\$ 916,100	
TOTAL OPERATING EXPENSES (SBWMA Program + Shoreway Operations)	\$ 35,839,320		\$ 37,675,100	\$ 38,352,409	\$ 38,723,050	\$ 1,047,950	

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
CAPITAL BUDGET**

FY 2014 PROPOSED BUDGET

CAPITAL PROJECTS				
PROJECT DESCRIPTION	ACTUAL FY 2012	BUDGET FY 2013	PROJECTED FY 2013	PROPOSED FY 2014
570300 MISCELLANEOUS				
570300 SF005 TS FLOOR REPAIR				
570300 SF023 TUNNEL DRIVEWAY PAVING AND SCALE	25,000	-		
570300 SF026 TRUCK SHOP-REPLACE 2 AIR COMPRESSORS	11,969	-		
570300 SF028 TRUCK WASH BUILDING--ROOF REPAIR	75,900	-		
570300 SF031 FRONTAGE LANDSCAPING	36,266			
570300 SF032 ADMIN BLDG IMPROVE/REPAIRS	11,172			
570300 SF039 MAINTENANCE BUILDING RELAMPING				
570300 SF041 SBR MAINTENANCE BAY	-			
570300 SF042 MRF Equipment repair budget	3,483	40,000	30,000	-
570300 SF043 Solar engineering, install	17,500	-		
570300 SF044 Tipping floor resurfacing	149,430			150,000
570300 SF045 Site paving repairs and restriping	13,100	48,300	48,300	
570300 SF046 Outside lighting construction	22,832			
570300 SF047 Site Signage	17,863			40,000
570300 SF048 New K-Rail at TS	27,171			
570300 SF049 Truck shop building maintenance	25,435	30,000		25,000
570300 SF050 TS building maintenance	51,266	30,000	14,600	25,000
570300 SF051 MRF building maintenance	23,933	30,000		25,000
570300 SF052 Admin building maintenance	36,612	30,000	12,500	40,000
570300 SF053 Site maintenance	8,075	40,000		25,000
570300 SF054 Onsite parking development	11,360			
570300 SF055 Fire suppression	25,954			140,000
570300 SF056 Repairs to landfill tipper	34,606	25,000		80,000
570300 Recycled Water Supply Connection		-		
570300 Truck Wash System Replacement		35,000	19,500	
570300 Facility Capital Repair Projects		40,000	25,100	
570300 Education Center Exhibits				20,000
520711 BUILDERS RISK INSURANCE -DURING CONSTRUCTION ONLY		-		
SUBTOTAL CAPITAL PROJECTS	628,927	348,300	150,000	570,000

CAPITAL



Strategic Plan 2013-2020

RethinkWaste is a joint powers authority of twelve public agencies (Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, the County of San Mateo and the West Bay Sanitary District) in San Mateo County, California and is a leader in the delivery of innovative waste reduction and recycling programs. RethinkWaste owns and manages the Shoreway Environmental Center which receives all of the recyclables, organics, and garbage collected in its service area. RethinkWaste also provides strategic oversight, support and management of service providers that collect, process, recycle and dispose of materials for the 12 Member Agencies. RethinkWaste, also known as the South Bayside Waste Management Authority (SBWMA) was formed in 1982.

Our Mission

To cost effectively design, implement and manage innovative waste reduction and recycling programs and facility infrastructure that fulfills our fiduciary responsibilities to our Member Agencies while achieving community environmental and economic goals.

Our Vision

Rethink Waste is recognized for its innovative waste reduction and recycling programs and facility infrastructure which are dedicated to the preservation and enhancement of the quality of life and the environment for our member agency communities.

Core Values

- Implementing waste reduction, recycling and environmental education programs is paramount to achieving a greater resource conservation ethic and sustainable communities.
- Delivering high quality, and cost-effective resources and services for our customers, and contractors (i.e., vendors and service providers).
- Providing sound environmental policies and practices for our member agency communities.
- Conducting long-term planning for waste reduction and recycling programs and facility infrastructure is fundamental to achieving our mission.
- Facilitating excellent communication, collaboration and cooperation among all our stakeholders produces the best long-term results.

Our Strategic Priorities

- Provide day-to-day oversight, support, and management of service providers that collect, process, recycle and dispose of materials for the Member Agencies.
- Ensure contractors' and RethinkWaste programs are cost effective for the ratepayers.
- Provide day-to-day oversight of the Shoreway Environmental Center to meet financial, operational, and environmental goals.
- Meet or exceed environmental policies and regulations governing the collection and processing of recyclables and organics.
- Anticipate trends and implement innovative long-term solutions for waste reduction and recycling programs, facility infrastructure and disposal capacity.
- Monitor and assess contractor performance to ensure customer satisfaction and service delivery that meets or exceeds contractual requirements.
- Support RethinkWaste programs and policies through focused community outreach, education and promotion of rate payer value received.
- Manage the annual contractor compensation process to set contractor compensation and recommend Member Agency solid waste rate adjustments.
- Develop, implement and manage enhanced waste reduction and recycling services for Member Agencies (i.e., curbside HHW/universal waste/e-scrap collection services; seasonal community events such as e-scrap collection and shred events, compost giveaways, etc.; state grants; and other programs approved by the Board of Directors).



-
-
-
-
-
-

	•			
	•			
	•			
	•			
	•			
	•			
	•			



-

-

-

-

-

-

-

-

-

-

-

-

-



-
-
-
-
-
-
-



	•			
	•			
	• •			
	•			
	•			
	•			
	•			



	•			
	• • • •			
	•			
	•			



	•			
	• • •			
	•			
	•			



	<ul style="list-style-type: none"> • • • • • • • 			
	<ul style="list-style-type: none"> • 			



	<ul style="list-style-type: none"> • • 			
	<ul style="list-style-type: none"> • 			
	<ul style="list-style-type: none"> • 			



-
-
-
-
-
-
-

	•			
	•			



-
-
-
-

-
-
-
-
-
-
-
-

-
-



	•			
	•			
	•			
	•			
	•			
	•			
	•			
	•			
	•			
	•			
	•			
	•			
	•			



PERSONNEL AND BENEFIT ASSUMPTIONS FOR FY 2014

	<u>FY 2013</u>	<u>Proposed FY 2014</u>
Executive Director	1.0	1.0
Facility Operations Contract Manager	1.0	1.0
Finance Manager	1.0	1.0
Recycling Outreach & Sustainability Manager	1.0	1.0
Recycling Programs Manager*	1.0	1.0
Board Secretary/Office Manager	1.0	1.0
Environmental Education Coordinator	1.0	1.0
Environmental Education Associate	<u>0.8</u>	<u>0.8</u>
	7.8	7.8

* Contract employee employed by Local Government Services, a public joint powers agency, with PERs benefits.

FY 2014 Proposed Position Changes

No proposed changes to staff positions.

Budget Assumptions for Merit Increases

A merit increase pool of 4.5% of wages is assumed for all positions, except for the Executive Director, within the proposed salary ranges. The Executive Director's assumed merit increase effective July 1, 2013 is 3.5%. Actual merit increases are awarded by the Executive Director per the Board adopted Compensation Policy. Three positions shown below are at the top of their current salary range and can't receive merit increases without adjustments to the salary range.

A Compensation Survey completed in April 2013 shows that the four management positions, excluding the Executive Director, are from 7% to 16.3% below the salary median for comparable positions and 9.4% to 23.1% below the total compensation median for comparable positions. The same Compensation survey shows the Executive Director is 10.29% below the salary median (compared to similar positions with the Alameda County Waste Management Authority, Monterey Regional Waste Management District, San Francisco Dept. of Environment, and Salinas Valley Solid Waste Authority) and 12.06% below the total compensation median.

Salary Ranges

The salary ranges established in 2009 are proposed to be adjusted reflective of CPI; the salary ranges have not been adjusted since they were first adopted by the Board on November 19, 2009. This recommendation was reviewed by the Executive Committee and discussed in closed session on May 23, 2013. The cumulative CPI adjustment for the period of 2010-2013 is 8.93% (2010-2012 average used for 2013) using the CPI - All Urban Consumers (series no. CUURA422SA0,CUUSA422SA0) for San Francisco-Oakland-San Jose, CA. The proposed revised salary ranges, reflective of the 8.93% adjustment, are shown below.

<u>First Name</u>	<u>Title</u>	<u>Current Salary</u>	<u>Current Salary Range</u>	<u>Proposed Salary Range</u>
Kevin McCarthy	Executive Director	\$185,441	N/A	N/A
Cliff Feldman	Recycling Program Manager ¹	\$128,748	\$102,998 - \$128,748	\$112,196 - \$140,245
Hillary Gans	Facility Operations Contract Manager	\$128,748	\$102,998 - \$128,748	\$112,196 - \$140,245
Marshall Moran	Finance Manager	\$128,748	\$102,998 - \$128,748	\$112,196 - \$140,245
Monica Devincenzi	Recycling Outreach & Sustainability Manager	\$109,744	\$92,698 - \$115,873	\$100,976 - \$126,220
Cyndi Urman	Board Secretary/Office Manager	\$61,006 (\$29.33/hr)	\$54,768 - \$68,460	\$59,659 - \$74,573
Faustina Mututa	Environmental Education Coordinator	\$67,320	\$59,916 - \$74,892	\$65,267 - \$81,580
Heather Co	Environmental Education Associate	\$25.89/hour	\$23.04 - \$28.80	\$25.10 - \$31.37

¹ Contract employee through Local Government Services (LGS).

Employee Benefits

No proposed changes in the employee benefit plans.

SBWMA Organization Chart (June 2013)

