



A Public Agency

STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: June 26, 2014 Board Meeting
Subject: Resolution Adopting FY1415 Budget

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2014-13 attached hereto authorizing the following action:

Adoption of the FY1415 budget.

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

Adoption of the FY1415 budget would approve the capital projects shown in **Attachment A**, capital worksheet, for FY1415, subject to specific Board approval for projects exceeding the Purchasing Policy limit of \$50,000 which will be brought back for Board approval at the appropriate time. Budget approval does not approve any capital for the forecasted future fiscal years.

Analysis

Overview

In **Attachment A** you will find the proposed FY1415 detailed budget (including cash reserve balances, revenues, expenditures and capital budget). This proposed budget reflects the budget priority worksheets shared at the April 24, 2014 and May 22, 2014 Board meetings 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 the budget are referred to as the SBWMA program budget, exclusive of Shoreway Operations. The budget document also includes a variance column (proposed FY1415 budget vs. adopted FY1314) by line item and notes where applicable to explain a line item.

Shoreway Operations includes all South Bay Recycling (SBR) compensation, disposal and processing expenses and all other direct expenses related to the SBWMA's responsibilities and obligations as the owner of the facility. The Shoreway operating expenses are largely non-discretionary expenses (e.g., SBR operator compensation, disposal and processing expense and franchise fee payments to the City of San Carlos) and are variable to tonnage delivered to the Shoreway facility and to annual calendar year contractual CPI-based compensation adjustments.

The budget priority worksheets reflect budget figures by line item within each of the budget areas/categories as shown in **Attachment B**. FY1314 adopted and mid-year budget figures are also shown by line item.

Staff has also attached (see **Attachment C**) the work plan for the Long Range Plan as this is the single biggest proposed programmatic expenditure priority in FY1415; this document has remained unchanged from the version shared in the April and May Board packets.

The current organization chart and details on personnel related budget assumptions can be found in **Attachments D and E**, respectively. No changes are proposed in staffing levels or in employee benefits. However, the budget reflects the hiring of a new Finance Manager by April 1, 2015 to replace the existing Finance Manager who plans to retire in the fall of 2015; this will result in some staffing overlap in FY1415 and FY1516 to ensure a successful transition given the critical nature of this position.

Proposed New Projects and Activities in FY1415

Attachment B denotes the proposed new projects and work activities. The new projects and work activities that will require significant staff resources and/or consultant support include:

Administration

- Ongoing benchmarking of all aspects of the operation to identify opportunities to reduce costs, improve service and eliminate any duplication of effort at the SBWMA, Member Agencies and the contractors. It should be noted that staff has already completed some preliminary benchmarking work that was presented at the May Board meeting (see **agenda item 5A**). Additional benchmarking will be completed as part of the Long Range Plan. Some successful work completed in concert with Recology to eliminate duplication of staff is noted below. **This proposed work activity is associated with a current Board approved performance goal for the Executive Director.**

Note: SBWMA, Member Agency staff and Recology completed a top to bottom review of the Franchise Agreements in 2012/2013 resulting in a series of recommended administrative changes to the Agreements to accomplish two critical goals: reduce costs which could be Recology collection costs and/or SBWMA program costs; and streamline or eliminate any contractual provisions that are not needed or provide little or no value to the affected parties (e.g., the customer, Member Agencies, etc.). These recommendations were approved by all Member Agencies in 2013 and resulted in the elimination of one public outreach position at the SBWMA and three positions (public education manager and two waste diversion auditors) at Recology with a total annual savings of \$325,000.

Contract Compliance and Support

- Preparing for future Member Agency decisions regarding the scope of work in their Franchise Agreements, and whether or not to extend their current Franchise Agreements with Recology or to pursue a competitive procurement process for a service provider. The first step in this process is to select and negotiate a final scope of work for technical consultant(s) to review Recology's operations to identify their actual costs of operations. The scope of work may be narrow or quite broad depending upon what information Recology can provide us voluntarily regarding their current operational costs (not compensation). Consultant(s) will be selected through a competitive procurement process and contracts executed in FY1415; however, the operational analysis work and preparation of the final project report will be completed in FY1516. **Completing the competitive procurement process and selection of consultant(s) in FY1415 was specifically requested by the Executive Committee.**
- Preparing for a future SBWMA and Member Agency decision regarding the scope of work for the Shoreway facility operator and whether or not to extend the current Operations Agreement with SBR or to pursue a competitive procurement process for a service provider. The first step in this process is to select and negotiate a final scope of work for technical consultant(s) to review SBR's operations to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. The scope of work may be narrow or quite broad depending upon what information SBR can provide us voluntarily regarding their current operational costs (not compensation). Consultant(s) will be selected through a competitive procurement process. The actual operational analysis work will be completed in FY1516. **Completing the competitive procurement process and selection of consultant(s) in FY1415 was specifically requested by the Executive Committee.**

Recycling Outreach and Programs

- Implement recommendations from the Public Space feasibility report. **This proposed work activity is associated with recommendations still pending from a review of current public space (e.g., community parks and recreational areas, downtown areas, etc.) recycling and composting service levels and performance results.** \$35,000 is budgeted under the "diversion program support" line item and another \$20,000 for purchase of recycling containers (see "purchase Commercial/MFD Containers for Recology").
- Implement an SBWMA-wide ordinance and outreach strategy to register and receive quarterly diversion tonnage information from commercial recycling haulers. Such data is for future program planning purposes and not for AB 939 compliance. This ordinance will be pursued if adequate data cannot be obtained voluntarily from commercial recycling haulers. The proposed budget assumes a permit fee of \$100 per year to cover the administrative costs associated with the ordinance. Fee revenue is included under "miscellaneous revenue" at \$25,000 and the proposed program costs are included in the "commercial recycling technical assistance" line item.
- Develop a long-term strategic plan (i.e., 10-year scope to include all major elements of the operation, including collection and processing, and related elements of compliance, contracts/contract renewal strategies, public education, finance, capital improvement program (CIP), technologies, etc.) to address solutions for cost effective waste reduction and recycling programs and services and facility infrastructure. \$232,500 is budgeted for this project which breakouts as follows: \$45,000 for the organics recovery study (Silicon Valley Clean Water MOU) including technology analysis, and operational pilot and testing; \$7,500 for Phase 2 visioning workshop; \$20,000 for Phase 2 consultant support to analyze current program results and whether enhancements are needed; \$100,000 for Phase 3 consultant support for analyzing collection and outreach program options; and \$60,000 for Phase 3 consultant support for analyzing facility infrastructure and processing improvements (e.g., building seismic assessment, fuel options, MRF, etc.). A proposed work plan (background information, proposed project approach and evaluation framework) for the Long Range Plan is included in **Attachment C**. **This proposed work activity is associated with a current Board approved performance goal for the Executive Director.**

Collection Operations

- Negotiate a potential contract extension and/or exercise existing extension options with WM Curbside LLC as the current contract expires on December 31, 2014 for the Door-to-Door HHW Collection program.

Shoreway Operations

- Completion of conceptual designs for a Transfer Station processing system to recover organic materials and other recyclables. **This proposed work activity is associated with a MOU with Silicon Valley Clean Water (formerly called SBSA) to jointly develop an organic waste recovery project; this project may be developed with another wastewater treatment plant if that's in the strategic interests of the JPA. This project likely represents the single largest future waste diversion opportunity for the SBWMA.** \$45,000 is budgeted under "Long Range Plan."
- Manage our two existing organics processing contracts, which both expire on December 31, 2014, for residential and commercial organics to meet operational, financial and environmental requirements. The two contracts will either be extended and/or a competitive review process will be completed.
- Manage a capital project at Shoreway to expand the covered tipping (unloading) area for recyclables delivered by franchised collection vehicles and third party sources. This capital project is contingent upon Board approval of a revised MOU between the SBWMA and SBR for the processing of additional third-party tons. The capital budget includes \$450,000 for this project.
- Analysis of upgrade options and cost for the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection and transfer fleet fuel needs. **Agenda item 4B on the May 22, 2014 Board agenda addressed this project.**

- Complete a sign plan identifying recommended improvements onsite to enhance customer service, safety and operational results. \$40,000 is included in the capital budget for this project.
- Complete a Disaster and Emergency Management Plan for the Shoreway operations. While an emergency response plan is currently in place for our contractors at Shoreway, no comprehensive plan exists to address disaster (e.g., flood, earthquake, etc.) related scenarios that could have significant impacts on Shoreway operations. \$30,000 is included under “facility improvement oversight” for this project.

Ongoing Core Staff Responsibilities

- 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 approximately 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 SBR Shoreway operations and management of all disposal and processing contracts with one full-time employee.
- Management of the annual contractor compensation adjustment process, including review of the 2015 RSMC and SBR compensation applications, and completion of final reports (RSMC, SBR and consolidated report) for 2015.
- Support of existing recycling programs, notably ongoing residential public outreach; AB 341 commercial recycling outreach; expanded outreach to support multi-family recycling; 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. **See benchmarking information in staff report for agenda item 5A on the May 22, 2014 Board agenda.**
- 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. Please see **Attachment F** for a brief description on each capital project.

Financial Summary

Overall, the proposed FY1415 proposed budget reflects continued strong expected financial results with fully funded cash reserves, an undesignated cash reserve balance, modest increases in program costs, and no planned tipping fee increases for calendar year 2015. This builds on strong financial results expected for FY1314 with higher than expected cash reserve balances. Prudent management of controllable expenditures and operating and disposal and processing contracts tied to CPI has also constrained costs.

As shown in **Table 1** on the next page, FY1415 total contribution to cash reserves is projected at \$2,339,825 which is \$516,325 less than our FY1314 adopted budgeted (1.2% of revenue) largely due to no assumed tipping fee increases at Shoreway for calendar year 2015. After capital expenditures and bond principal payments, the net contribution to cash reserves is projected to be \$209,825.

Table 1

FY1415 SUMMARY				
	FY1314	FY1415		
CATEGORIES	Adopted Budget	Proposed Budget	Variance	%
Total Revenue	\$ 41,579,200	\$ 41,927,800	\$ 348,600	0.8%
Total Operating Expense	\$ 35,778,650	\$ 36,702,475	\$ (923,825)	-2.6%
Earnings Before Interest:	\$ 5,800,550	\$ 5,225,325	\$ (575,225)	-9.9%
Interest Expense	\$ 2,944,400	\$ 2,885,500	\$ 58,900	2.0%
Contributions to Cash Reserves:	\$ 2,856,150	\$ 2,339,825	\$ (516,325)	-18.1%
Capital Expenditures	\$ (570,000)	\$ (925,000)	\$ (355,000)	62.3%
Bond Principal Payment	\$ (1,150,000)	\$ (1,205,000)	\$ (55,000)	4.8%
Net Contribution to Cash Reserves:	\$ 1,136,150	\$ 209,825	\$ (926,325)	-81.5%

Note: At the request of a Board Member, interest is shown separately in this table only. All other schedules have interest combined with operating expense.

Revenues

Total operating revenues for FY1415 are budgeted to be \$348,600 (0.8%) higher than our FY1314 adopted budget. Higher revenue is a result of higher public revenue of \$0.62 million (11%) and third-party MRF host fee revenue of \$0.29 million (384%) partially offset by lower franchise revenue of \$0.54 million (-2.1%). Commodity revenues are projected to remain flat.

As shown in **Table 2** below, franchise tonnage is projected to be 5,090 tons lower (-1.8%) than FY1314 budget (lower solid waste) as indicated in the mid-year projection trend. Tip fees were also reduced for calendar 2014 from the FY1314 budget assumption which impacts the last half of the FY1314 budget year. Lower tonnage reduces revenue by \$471,000 and lower average rates reduce revenue by \$73,000. No tip fee increases are budgeted for calendar 2015.

Table 2

	FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
TIP FEE REVENUE					
Franchise					
Tons	285,837	282,925	280,747	-5,090	-1.8%
Wtd Avg. Tip Fee	\$ 92.84	\$ 92.00	\$ 92.58	\$ (0.26)	-0.3%
Franchise Revenue	\$ 26,536,840	\$ 26,027,745	\$ 25,992,156	\$ (544,685)	-2.1%
Revenue Impact:		Volume	Price	Total	
Tonnage Change		-5,090	\$ 92.58	\$ (471,231)	86.5%
Price Change		285,837	\$ (0.26)	\$ (73,454)	13.5%
Total Change				\$ (544,685)	100.0%

As shown in the **Table 3** on the next page, public yards are projected to increase by 7,752 yards from the FY1314 budget (4.4%) (higher solid waste and lower green waste). Green waste yards decreased in Q3 FY1314 which lowered our

projection. This could be due to the dry winter; however, franchise green waste tons did not also drop. The weighted average public tip fee increased \$2.02 higher than FY1314 budget due to change in mix – less green waste at a lower tip fee (\$24/yard). Higher volume increases revenue by \$264,000 and higher average rates increase revenue by \$354,000. Some of the higher public solid waste yards is due to the removal of roofing materials from public C&D yards (\$32/yard) and reclassified as public solid waste (\$35/yard).

Table 3

TIP FEE REVENUE		FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
Public						
	Yards	175,224	200,643	182,976	7,752	4.4%
	Wtd Avg. Tip Fee	\$ 32.03	\$ 32.83	\$ 34.05	\$ 2.02	6.3%
	Public Revenue	\$ 5,611,560	\$ 6,586,867	\$ 6,229,698	\$ 618,138	11.0%
	Revenue Impact:		Volume	Price	Total	
	Tonnage Change		7,752	\$ 34.05	\$ 263,930	42.7%
	Price Change		175,224	\$ 2.02	\$ 354,208	57.3%
	Total Change				\$ 618,138	100.0%

Attachment G, Tables 1-3 provide further details on revenue, tonnage, and yardage trends.

Commodity revenues are budgeted at \$10,812,200 which is slightly lower than FY1314 budget by \$1,000. MRF commodity tonnage sold is higher than FY1314 budget by 2,332 tons, offset by lower budgeted commodity prices of \$6.68 per ton similar to the FY1314 mid-year projection. Further detail on pricing trends and shipped tons by commodity type can be found in Attachment G, Tables 4-5b. Commodity pricing has remained relatively stable over the past year.

Expenditures

Program Budget

The SBWMA proposed FY1415 program expense budget, exclusive of Shoreway operations and HHW collection services, is \$2,901,375 or 3.7% higher than the FY1314 adopted budget. Notable variances within the program (category) areas of the budget include:

- **Administrative expenses** - *proposed budget of \$1,762,475 vs. FY1314 adopted budget of \$1,639,850; 7.5% higher than FY1314 adopted budget.*
 - \$61,600 higher expenses for administrative staff of which \$43,000 is associated with a three month overlap of the new Finance Manager with the current Finance Manager. The balance is for assumed wage and benefit rate increases effective January 1, 2015.
 - \$30,100 higher expenses for AB 939 program staff wage and benefit rate increases effective January 1, 2015.
- **Contract Compliance and Support expenses** – *proposed budget of \$257,400 vs. FY1314 adopted budget of \$300,600; 14.4% lower than FY1314 adopted budget.*
 - \$25,000 less for collection services franchise agreement administration.
 - Quarterly load contamination sampling costs \$4,000 lower.
- **AB 939 and AB 341 Compliance** – *proposed budget of \$881,500 vs. FY1314 adopted budget of \$858,500; 2.7% higher than FY1314 adopted budget.*
 - \$152,500 higher expenses for long range planning largely offset by cuts in other line items including \$55,000 in commercial recycling technical assistance, \$50,000 in multi-family outreach, \$30,000 in residential outreach, and \$15,000 in newsletter printing/mailling costs.

Personnel

As detailed in **Attachment E**, the Administrative staff and AB 939 program staff budget line items reflect an assumed merit increase pool of 3% of total wages and no changes in salary ranges; such merit increases in total, exclusive of any adjustment for the Executive Director, total \$28,131. Per the Board adopted employee compensation policy, the Executive Director has the discretion to grant merit increases on a calendar year basis within the approved salary ranges. Per Board discussion and direction at the May 22, 2014 Board meeting, the Board will separately review and consider approval of the final merit increase pool; a closed session for this has been scheduled for the October 23, 2014 Board meeting. The Board separately considers a compensation adjustment for the Executive Director.

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. We do not participate in the Social Security system. There are no post-retirement benefits.
- All employees are non-represented; there are 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.
- There are no proposed changes to the benefit package.
- The above factors result in a low benefit to wage ratio of 32.6%.

The SBWMA also has one contract position, Recycling Programs Manager, through Local Government Services (LGS) which provides PERs benefits. This position's profile is similar to municipal agencies and thus the position recruitment focused on municipal employees who normally have PERs benefits.

Collection Operations

The expenses associated with the Door-to-Door HHW program services provided by WM Curbside LLC are a pass through expense; the expenses shown in the budget are 100% offset by an "HHW door to door collection service" revenue line item. The SBWMA manages the program on behalf of the 10 participating Member Agencies and pays for all expenses associated with the program; the SBWMA in turn bills Member Agencies (or Recology if the cost is in the rates) for such expenses.

Within the program budget, staff has included \$25,000 under the "HHW door to door collection outreach" line item for rollout of the program to residents in Atherton and Redwood City, who currently are not participating in the program. These funds will only be spent if the respective Member Agencies decide to join the program.

As previously noted, staff is negotiating a potential contract extension with WM Curbside LLC as the current contract expires on December 31, 2014.

Shoreway Operations

Shoreway Operations expenses are in total \$738,000 higher (2.1%) than the FY1314 adopted budget amount of \$35,427,100 (partially offset by higher revenue). Notable variances from the FY1314 adopted budget include:

- Higher Shoreway operator expenses of \$786,800 in payments to SBR; \$34,200 due to slightly higher tonnage and \$782,000 from assumed January 1, 2015 compensation rate increases, mix of materials (more MRF tons but less transfer station tons), and changes to mix to organics processor destinations. SBR's 2015 compensation rates are estimated to increase approximately 2.5%. As noted in the FY1314 mid-year budget, the 2014 MRF rate was underestimated in the FY1314 budget which is why the mid-year MRF rate increases to \$14.85 from \$14.30. In addition, more organics tons to Grover increase the transportation payment to SBR. This is offset by lower expected processing fees paid to Grover vs. Newby. (See **Attachment G**, Tables 6a & 6b for detail).

- Disposal and processing expenses are lower than the FY1314 adopted budget by \$116,700 from lower tonnage (3,725 tons) and a lower blended rate paid to the vendors. Although most rates have a January 1, 2015 increase, the change in mix and the higher use of Grover at a lower rate results in a lower average rate than in the FY1314 budget. (See **Attachment G**, Table 7 for detail).
- Approximately \$60,000 in unanticipated Shoreway facility maintenance projects in FY1314 has resulted in a FY1415 budget of \$160,000 vs. the adopted budget amount of \$100,000. The FY1415 budget matches the FY1314 mid-year projection. These unanticipated projects include a repair to site paving (concrete repair) near the maintenance facility, replacement of electrical wiring to truck shop, and replacement of damaged plumbing within the employee break room in the MRF building. The same level of maintenance expense is assumed to be needed in FY1415 although specific projects are unknown.
- The Education Center budget is \$10,000 higher notably due to the addition of a new community event at Shoreway in November in recognition of America Recycles Day.
- The SBWMA is responsible for major equipment repairs above \$10,000 and \$30,000 has been budgeted for the first time since the Shoreway Master Plan improvements were completed. As the equipment gets older, it is prudent to budget some expense for this although the actual amount needed, if any, is unknown in FY1415.
- Interest on our bonds to build the 2009 Master Plan improvements will decline by \$59,000 in FY1415.
- \$15,900 in higher franchise fee payments to the City of San Carlos due to higher than expected tonnage and tip fee revenue into the Shoreway facility. Payment is 5% of tip fee revenue.

Capital Spending

Proposed FY1415 capital spending of \$925,000 is \$355,000 higher than the adopted FY1314 budget amount of \$570,000 largely due to the \$450,000 project for expansion of the MRF tipping area with a canopy extension to the existing building. This project is contingent on Board consideration and approval of a long-term agreement with SBR for processing of third-party recyclables into the Shoreway MRF. The FY1415 proposed budget figure of \$925,000 is \$70,000 higher than the figure included in the May 2014 budget figures as the landfill tipper capital project scheduled for the current fiscal year has been delayed into the new fiscal year. Additional detail on capital projects can be found on the capital projects worksheet included in **Attachment A** and **Attachment F**.

Per Board feedback, staff has added a forecast (see **Attachment A**, capital worksheet) for capital spending for the four fiscal years after FY1415; this provides a five-year snapshot of estimated capital spending.

Reserve Balances

Table 4 on the next page captures the reserve balance projections for FY1415 compared to the FY1314 adopted budget. The undesignated reserve balance is projected to be \$2.5 million which is \$2.1 million higher than the FY1314 budget but lower than the FY1314 mid-year budget. As explained in the mid-year budget report, the FY1213 ending reserve balance was \$2.7 million higher than expected which affects the beginning balance for FY1314. This higher beginning balance is due to higher commodity revenue, timing of spending on the master plan capital project, and lower SBWMA program expenses as summarized in **Table 5**.

Because of the FY1415 estimated \$2.5 million undesignated reserve balance, staff is not recommending any tip fee increases for franchise or public customers on January 1, 2015 which affect half of the budget year. Approval of this budget report does not also approve tip fees. Tip fees are approved in November when staff will have a better estimate for the direction of tonnage and commodity prices.

Table 4

	ACTUAL FY1213	ADOPTED BUDGET FY1314	MID-YEAR BUDGET FY1314	PROPOSED BUDGET FY1415
UNRESTRICTED:				
RATE STABILIZATON (10% of expense)	\$ 3,716,244	\$ 3,822,605	\$ 3,886,803	\$ 3,906,648
EMERGENCY RESERVE (10% of total expense)	\$ 3,716,244	\$ 3,822,605	\$ 3,886,803	\$ 3,906,648
EQUIPMENT REPLACEMENT (ANNUAL) ¹	\$ 1,799,028	\$ 1,130,726	\$ 1,130,726	\$ 1,542,328
UNDESIGNATED	\$ 1,678,825	\$ 426,571	\$ 2,825,865	\$ 2,530,232
TOTAL UNRESTRICTED GENERAL RESERVES	\$ 10,910,341	\$ 9,202,507	\$ 11,730,197	\$ 11,885,856
COMMITTED:				
BOND PRINCIPAL PAYMENT FUND	\$ 958,333	\$ 1,004,167	\$ 1,004,167	\$ 1,058,333
BURLINGAME BOND REPAYMENT FUND	\$ 2,918,919			
TOTAL GENERAL RESERVES	\$ 14,787,593	\$ 10,206,674	\$ 12,734,364	\$ 12,944,189

Table 5

HIGHER FY2013 RESERVE BALANCE VS PROJECTION			
1. FY13 Higher Operating Income			
Higher Commodity Revenue	\$ 1,016,141		<i>higher prices and tons</i>
Lower disposal expense	\$ 208,586		
Lower SBWMA Program Expenses	\$ 494,015		
Miscellaneous	\$ 9,337		
FY13 Higher Operating Income		\$ 1,728,079	
2. Spending on Mater Plan Project (timing)		\$ 918,405	
3. Miscellaneous		\$ 70,585	
TOTAL FY2013 RESERVE VARIANCE		\$ 2,717,068	

Table 5 notes: Further explanations of the variances are:

- Higher commodity revenue – higher tons and higher prices (our projection had only five months of actual data).
- Lower disposal expense – 1.5% of total disposal expense; lower tons and slight mix change.
- Lower SBWMA program expense – lower total Administrative expense (\$30k); lower rate review expense (\$41k) – budgeted funds for agency support not needed; lower collection services franchise administration (\$80k) due to a delayed audit; lower quarterly load contamination (\$23k); lower recycling diversion program support (\$30k); lower commercial recycling technical assistance (\$112k) primarily due to a project moved to FY1314; lower multi-family outreach \$71k) primarily due to a project moved to FY1314; lower residential outreach (\$41k) and lower HHW collection – timing of Burlingame start date (\$32k).
- Master Plan capital project spending – this was a one-time benefit caused by the timing of spending on the \$47 million Master Plan capital project. This project is now completed so this timing issue will not reoccur.

Background

On June 27, 2013 the SBWMA Board of Directors adopted the FY1314 Operating Budget, inclusive of the SBWMA program budget and Shoreway Operations, with revenue totaling \$41,579,200 and expenditures of \$38,723,050. This produces net income of \$2,856,150 or an operating margin of 6.9%.

On January 23, 2014 the Board conducted a mid-year budget review of the FY1314 budget. No action was requested of the Board as budget projections were at or below adopted budget levels. The budget projections showed slightly lower net income of \$2,706,571 or an operating margin of 6.4%.

At the April 24, 2014 Board meeting a staff report and presentation was made on proposed budget priorities (i.e., major projects and work activities) for FY1415 with detailed budget worksheets provided programmatic detail. No proposed budget figures for FY1415 were provided. Staff also shared a summary noting major accomplishments in the current fiscal year (FY1314).

At the May 22, 2014 Board meeting a staff report and presentation was made on the proposed FY1415 budget. Feedback from the Board meeting has been incorporated into this staff report, noting no changes were proposed to actual budget figures. The one major change was that the Board would separately consider and approve a merit increase pool for the upcoming calendar year; the assumed merit increase pool included in the budget is for planning purposes only.

Fiscal Impact

For FY1415 staff is projecting contribution to cash reserves of \$2,339,825 which is \$516,325 below our FY1314 adopted budget contribution of \$2,856,150 (see **Table 1** on page 5 of the staff report). This lower contribution is 1.1% of total revenue due primarily to the following factors:

- Total revenue increased by \$348,600 (0.8%), primarily from higher host fee revenue volume, offset by higher operating costs of \$815,900 (2.1%).
- There is no budgeted tip fee increase to offset the higher rates paid to SBR and disposal processors starting January 1, 2015 from annual CPI rate adjustments. A 2.5% tip fee increase would have generated \$394,000 in additional revenue and contribution (half of the fiscal year).
- As mentioned in the mid-year budget, the FY1314 budget underestimated the rates paid to SBR by \$194,000.
- The SBWMA program budget includes an additional \$68,000 to cover the recruitment and transition cost of replacing the Finance Manager position.

Non-operating obligations (i.e., bond principal payment and capital expenditures) are not included in the contribution to cash reserves but are paid out of contributions to arrive at Net Contribution to Cash Reserves (i.e. Cash Flow). These obligations include: bond principal payment (\$1,205,000) and capital expenditures (\$855,000). Net Cash Flow after deducting these items for FY 2015 is \$209,825. All cash flow items are included in the reserve calculation. (See **Table 1** on page 5 of the staff report.)

Tables 6-8 provide a breakout on proposed FY1415 year-end revenues and expenditures (program budget and Shoreway operations).

Table 6

FY1415 REVENUES			
Revenues	FY1314 Adopted Budget	FY1415 Proposed Budget	Variance
Tip Fee Revenues	\$32,148,400	\$32,221,900	\$73,500
Net Commodity Sales Revenues*	\$8,723,100	\$8,674,800	(\$48,300)
Interest Income	\$55,900	\$56,500	\$600
HHW and Other Revenue	\$651,800	\$974,600	\$322,800
Total Revenues:	\$41,579,200	\$41,927,800	\$348,600
*Gross commodity sales – 28% revenue share with SBR and buyback payments.			

Table 7

FY1415 EXPENDITURES			
Expenditures	FY1314 Adopted Budget	FY1415 Proposed Budget	Variance
Administrative Expenses	\$1,639,850	\$1,762,475	\$122,625
Contract Compliance & Support	\$300,600	\$257,400	(\$43,200)
Recycling & AB 939 Compliance	\$858,500	\$881,500	\$23,000
Collection Operations	\$497,000	\$521,500	\$24,500
Total SBWMA Expenses:	\$3,295,950	\$3,422,875	\$126,925
Shoreway Operations:	\$35,427,100	\$36,165,100	\$738,000
Total Expenses:	\$38,723,050	\$39,587,975	\$864,925

Table 8

FY1415 EXPENDITURE DETAIL FOR SHOREWAY OPERATIONS			
Expenditures	FY1314 Adopted Budget	FY1415 Proposed Budget	Variance
SBR Compensation*	\$16,274,400	\$17,061,200	\$786,800
Disposal and Processing*	\$14,238,500	\$14,121,800	(\$116,700)
Insurance Shoreway	\$204,200	\$213,400	\$9,200
Other Operating Expenses (facility cost, tipper and MRF equip. maintenance)	\$145,000	\$226,000	\$81,000
Education Center	\$65,000	\$75,000	\$10,000
Taxes (Sewer)	\$24,700	\$35,400	\$10,700
Debt Service Bond Interest	\$2,944,400	\$2,885,500	(\$58,900)
Franchise Fee (San Carlos)**	\$1,530,900	\$1,546,800	\$15,900
Total Shoreway Operations:	\$35,427,100	\$36,165,100	\$738,000
* Expense projection based on estimated facility tonnage			
** Expense projection based on estimated gate revenue (tipping fees x estimated tons)			

Attachments:

Resolution 2014-13

A – FY1415 Proposed Budget

B – Programmatic Detail (Staff Resources and Description of Key Projects and Work Activities)

C – Long Range Plan – Work plan

D – Organization Chart

E – Personnel Summary

F – Capital Project Description

G – Back-Up Financial and Operational Data



RESOLUTION NO. 2014-13

**RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
BOARD OF DIRECTORS
ADOPTING THE FY1415 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 FY1415 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 26th day of June, 2014, 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. 2014-13 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 26, 2014.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cyndi Urman, Board Secretary



RESOLUTION NO. 2014-17
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 FY1415 will not be ready for review and approval by the Board of Directors until after the start of FY1415r; and

WHEREAS, there is a continued need to conduct business by the SBWMA after the start of FY1415.

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 FY1415 for 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 26th day of June, 2014, 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. 2014-17 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 26, 2014.

ATTEST:

 Bill Widmer, Chairperson of SBWMA

 Cyndi Urman, Board Secretary

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
RESERVE SUMMARY

FY1415 PROPOSED BUDGET

	ACTUAL FY1213	ADOPTED BUDGET FY1314	MID-YEAR BUDGET FY1314	PROPOSED BUDGET FY1415
UNRESTRICTED:				
RATE STABILIZATON (10% of expense)	\$ 3,716,244	\$ 3,822,605	\$ 3,886,803	\$ 3,906,648
EMERGENCY RESERVE (10% of total expense)	\$ 3,716,244	\$ 3,822,605	\$ 3,886,803	\$ 3,906,648
EQUIPMENT REPLACEMENT (ANNUAL) ¹	\$ 1,799,028	\$ 1,130,726	\$ 1,130,726	\$ 1,542,328
UNDESIGNATED	\$ 1,678,825	\$ 426,571	\$ 2,825,865	\$ 2,530,232
TOTAL UNRESTRICTED GENERAL RESERVES	\$ 10,910,341	\$ 9,202,507	\$ 11,730,197	\$ 11,885,856
COMMITTED:				
BOND PRINCIPAL PAYMENT FUND	\$ 958,333	\$ 1,004,167	\$ 1,004,167	\$ 1,058,333
BURLINGAME BOND REPAYMENT FUND	\$ 2,918,919			
TOTAL GENERAL RESERVES	\$ 14,787,593	\$ 10,206,674	\$ 12,734,364	\$ 12,944,189
<i>proof</i>	\$ 14,787,593	\$ 10,206,674	\$ 12,734,364	\$ 12,944,189
Other LT Projects (Fully Funded)				
SHOREWAY REMEDIATION PROJECT	\$ 1,289,283	\$ 1,209,283	\$ 1,209,283	\$ 1,209,283

Reserves Cash Flow

6/18/2014

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
REVENUE SUMMARY**

FY1415 PROPOSED BUDGET

REVENUE SUMMARY	ACTUAL FY 2013	ADOPTED BUDGET FY1314	MID-YEAR PROJECTION FY1314	YTD REVENUE	PROPOSED BUDGET FY1415	Variance to Adopted Budget	Variance to Appvd Bud %
ADMINISTRATIVE REVENUES							
409100 INVESTMENT INCOME	85,302	55,900	160,700	134,995	56,500	600	1.1%
409101 INVESTMENT (GASB 31) MARKET VALUE ADJ	(26,706)					-	
409200 INTEREST INCOME	632					-	
TOTAL ADMINISTRATIVE	59,228	55,900	160,700	134,995	56,500	600	1.1%
OPERATIONS							
480026 TIPPING FEES - Non Franchised	5,362,492	5,611,600	6,586,900	4,715,691	6,229,700	618,100	11.0%
480027 TIPPING FEES - Franchised	25,773,015	26,536,800	26,027,700	19,243,129	25,992,200	(544,600)	-2.1%
480028 COMMODITY SALES	10,924,829	10,813,200	10,581,300	7,409,682	10,812,200	(1,000)	0.0%
480029 COMMODITY REVENUE SHARE	(1,376,988)	(1,498,900)	(1,388,700)	(1,235,181)	(1,521,400)	(22,500)	1.5%
522717 BUYBACK PAYMENTS	(606,159)	(591,200)	(599,500)	(441,004)	(616,000)	(24,800)	4.2%
480025 E-SCRAP REVENUE	68,464	70,000	70,000	42,457	66,300	(3,700)	-5.3%
480033 MRF Host Fee - 3RD PARTY TONS	63,987	74,800	125,900	103,296	361,800	287,000	383.7%
480031 HHW DOOR TO DOOR COLLECTION SERVICE	464,567	497,000	497,000	409,970	521,500	24,500	4.9%
480032 PERFORMANCE INCENTIVE / DISINCENTIVE	8,056	10,000	10,000		-	(10,000)	-100.0%
480008 MISCELLANEOUS REVENUE	10,719		300	388	25,000	25,000	
TOTAL OPERATIONS	40,692,982	41,523,300	41,910,900	30,248,428	41,871,300	348,000	0.8%
TOTAL REVENUE	40,752,210	41,579,200	42,071,600	30,383,422	41,927,800	348,600	0.8%
CONTRIBUTION TO CASH RESERVES	3,128,370	2,856,150	2,706,571		2,339,825	(516,325)	-18.1%
% OF REVENUE	7.7%	6.9%	6.4%		5.6%	-1.23%	

REVENUES

6/18/2014

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
EXPENSE DETAIL BY PROGRAM

FY1415 PROPOSED BUDGET

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY									
		ACTUAL	ADOPTED	MID-YEAR	YTD SPENT	PROPOSED	Variance to	Variance %	Notes
		FY1213	FY1314	PROJECTION FY1314	June 13, 2014	BUDGET FY1415	Adopted Budget	to Adopted Budget	
EXPENDITURE SUMMARY									
ADMINISTRATIVE EXPENSES									
		June 2013							
520305	ADMINISTRATIVE STAFF	496,991	505,300	505,600	483,700	566,900	61,600	12.2%	Staff wages and benefits for Exec. Dir., Finance Manager & Board Sec. Three month overlap with new Finance Manager (April-June); estimated cost of \$43,000.
520306	AB 939 PROGRAM STAFF	658,878	672,900	677,300	650,925	703,000	30,100	4.5%	
520328	EMPLOYEE RECRUITMENT / HR SUPPORT	1,705	2,000	-	-	25,000	23,000	1150.0%	Recruitment cost for new Finance Manager.
520337	PEO COST (HR & PR FEES)	18,469	19,000	19,000	15,822	19,000	-	0.0%	Fees paid to contract HR and payroll service provider.
520312	BOARD COUNSEL	84,155	70,000	122,000	114,893	65,000	(5,000)	-7.1%	Contracted legal counsel services. Reflects small increase in hourly rate.
520300	BOARD MEETINGS & RECORDINGS	4,468	7,150	7,150	6,817	3,000	(4,150)	-58.0%	No longer use a third party to record our Board meetings.
520310	ACCOUNTING SERVICES (City of San Carlos)	125,083	128,500	128,500	96,027	131,900	3,400	2.6%	Fees paid to City of San Carlos for annual accounting and finance support.
520334	INFORMATION TECHNOLOGY	18,777	27,000	27,000	25,081	27,000	-	0.0%	Fees paid to IT service provider.
520338	WEBSITE	9,161	15,000	15,000	12,578	15,000	-	0.0%	Fees paid to website management service provider.
520301	ANNUAL FINANCIAL AUDIT	8,230	9,000	8,410	11,730	9,700	700	7.8%	Fees paid to auditors to complete FY & Calendar year financial statements.
520701	D&O INSURANCE	24,792	23,500	43,783	43,817	32,500	9,000	38.3%	Annual insurance premium for Director's and Officer's insurance.
520202	BANK FEES	7,623	7,500	7,500	4,702	7,900	400	5.3%	Bank fees exclusive of fees paid to BNY as the Bond Trustee.
520203	RENT	54,157	51,500	51,311	42,667	53,000	1,500	2.9%	\$4257.56 current lease + 3%.
520204	PRINTING AND POSTAGE	143	150	150	64	150	-	0.0%	
520107	UTILITIES & PHONE	15,176	17,500	16,000	10,882	17,000	(500)	-2.9%	City going out to bid for new janitorial services so this is an unknown but currently \$2,000/qr. Assumes potential change in phone service provider given recent serious service lapse.
520905	OFFICE/TENANT IMPROVEMENTS	557	1,000	1,000	395	1,000	-	0.0%	
520201	OFFICE SUPPLIES	17,257	17,000	17,000	13,278	17,000	-	0.0%	
520215	OFFICE EQUIPMENT COSTS	24,929	25,500	25,500	21,237	25,500	-	0.0%	This may change if we need to change phones with new service.
520504	PUBLICATIONS & PUBLIC NOTICES	-	2,500	1,500	1,440	3,000	500	20.0%	Assumes notice for 2 bids.
520501	PROFESSIONAL DUES & MEMBERSHIPS	2,210	2,100	2,100	2,187	2,300	200	9.5%	
520801	VEHICLE MILEAGE & TOLLS	-	250	125	-	125	(125)	-50.0%	
520105	CELL PHONES	4,715	4,000	3,600	3,302	4,000	-	0.0%	Reimbursement for employee work related cell phone costs.
520503	CONFERENCE & MEETINGS	11,318	8,000	8,000	7,973	10,000	2,000	25.0%	Higher participation at conferences assumed due to long range planning.
520502	TRAINING	787	6,500	5,500	2,199	6,500	-	0.0%	Includes employee professional development and education.
520511	SPONSORSHIPS & DONATIONS	5,500	9,000	9,000	9,000	9,000	-	0.0%	Sponsorships for Acterra, SSMC, CAW and CPSC.
522706	COMPUTER PURCHASE	6,010	8,000	8,000	178	8,000	-	0.0%	Replacement of three computers and one new tablet for Executive Director.
TOTAL ADMINISTRATIVE		\$ 1,601,091	\$ 1,639,850	\$ 1,710,029	\$ 1,580,894	\$ 1,762,475	\$ 122,625	7.5%	
CONTRACT COMPLIANCE AND SUPPORT									
520307	RATE REVIEW	28,756	53,000	30,000	25,409	40,000	(13,000)	-24.5%	
TOTAL RATE REVIEW		28,756	53,000	30,000	25,409	40,000	(13,000)	-24.5%	
CONSULTANT SUPPORT									
520308	FACILITY IMPROVEMENT OVERSIGHT	-	30,000	30,000	-	30,000	-	0.0%	Disaster Management Plan.
520309	HCM01 CONTRACT MANAGEMENT SUPPORT	43,231	67,600	68,600	30,567	66,400	(1,200)	-1.8%	Annual financial audit of RSMC and SBR.
520309	HCS02 COLLECTION SERVICES FRANCHISE ADMIN.	50,028	100,000	95,000	52,189	75,000	(25,000)	-25.0%	\$15k call center monitoring; \$60k Annual Audit.
520336	QUARTERLY LOAD CONTAMINATION MONITORING	53,986	50,000	25,000	41,801	46,000	(4,000)	-8.0%	Bi-Annual Recology Contamination Sampling.
TOTAL CONSULTANT		147,245	247,600	218,600	124,557	\$ 217,400	(30,200)	-12.2%	
TOTAL CONTRACT COMPLIANCE & SUPPORT		\$ 176,001	\$ 300,600	\$ 248,600	\$ 149,966	\$ 257,400	\$ (43,200)	-14.4%	

EXPENDITURES

6/18/2014

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
EXPENSE DETAIL BY PROGRAM

FY1415 PROPOSED BUDGET

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY								
	ACTUAL	ADOPTED	MID-YEAR	YTD SPENT	PROPOSED	Variance to	Variance %	
EXPENDITURE SUMMARY	FY1213	BUDGET	PROJECTION	June 13, 2014	BUDGET	Adopted	to Adopted	Notes
		FY1314	FY1314		FY1415	Budget	Budget	
RECYCLING - AB939 AND AB 341 COMPLIANCE								
RECYCLING ADMINISTRATION								
520311 CIWMB ANNUAL REPORTS	36,500	25,000	25,000	17,250	25,000	-	0.0%	CalRecycle Electronic Annual Report for 10 Member Agencies.
520341 SBWMA ANNUAL REPORT	2,976	5,000	5,000	3	5,000	-	0.0%	
520309 HDV01 DIVERSION PROGRAM SUPPORT		60,000	55,000	7,890	60,000	-	0.0%	\$35k Pilot Public Spaces Recycling Project, \$25k for pilot code enforcement.
520604 EVENT GIVEAWAYS	-	1,500	1,500	-	1,500	-	0.0%	
TOTAL RECYCLING ADMINISTRATION	39,476	91,500	86,500	25,143	91,500	-	0.0%	
LONG RANGE PLAN/DIVERSION PROGRAMS								
520340 LONG RANGE PLAN ALTERNATIVES	31,231	80,000	80,000	20,845	232,500	152,500	190.6%	\$45K organics recovery study (SVCW MOU) including technology analysis, and operational pilot and testing; \$207.5k for development of Long Range Plan.
520340 MPOTR MASTER PLAN OUTREACH	207	-	-	-	-	-	-	
520344 SOLAR SYSTEM ENGINEERING AND EVALUATION	-	-	-	-	-	-	-	
TOTAL LONG RANGE PLAN/DIVERSION PROGRAMS	31,438	80,000	80,000	20,845	232,500	152,500	190.6%	
COMMERCIAL PROGRAMS								
520331 LARGE EVENT/VENUE CONSULTING	6,455	5,000	5,000	-	7,500	2,500	50.0%	Repurpose 2nd trailer as mobile education trailer, will explore grant funding opportunities.
520608 CLIMATE CHANGE REPORTING	14,891	15,000	23,000	24,100	23,000	8,000	53.3%	Incorporating all of Shoreway requires much more reporting requirements and review by outside auditors.
520604 COE01 COMMERCIAL RECYCLING TECHNICAL ASSIST.	58,262	140,000	120,000	33,996	85,000	(55,000)	-39.3%	\$15k-AB341 Compliance Outreach; \$20k commercial toolkit; \$10k-Business Awards Program; \$25k-Reporting System Ordinance; \$15k-Website upgrade for Reporting System
520604 COE02 PURCHASE COMM/MFD CONTAINERS FOR RECOLOGY		40,000	40,000	35,894	60,000	20,000	50.0%	\$10k for buddy bags, \$10k for other commercial containers, \$20k for municipal bldgs., \$20k for other public spaces (downtowns, parks).
520604 CDRCY C&D RECYCLING PROGRAM	4,314	10,000	10,000	-	-	(10,000)	-100.0%	
520604 MF001 MULTI-FAMILY OUTREACH	13,665	100,000	90,000	8,564	50,000	(50,000)	-50.0%	Includes \$30K MFD Toolkit updates/additions; \$10K battery/cell outreach; \$10K-MFD Awards Program.
TOTAL COMMERCIAL PROGRAMS	97,587	310,000	288,000	102,554	225,500	(84,500)	-27.3%	
RESIDENTIAL PROGRAMS								
520604 QNL01 QUARTERLY NEWLESTTER DESIGN/SETUP	12,551	10,000	10,000	1,455	15,000	5,000	50.0%	Design/produce 3 newsletters - pricing based on Pub ED RFQ/Cost proposals
520604 QNLPM QUARTERLY NEWLETTER PRINTING/MAILING	108,421	110,000	110,000	82,248	95,000	(15,000)	-13.6%	Assumes 2 direct mail newsletters and one sent via bill insert. Will be adjusted to reflect findings of residential phone survey.
520604 RES01 RESIDENTIAL OUTREACH PROGRAMS	89,129	165,000	160,000	125,864	135,000	(30,000)	-18.2%	Includes \$70K on-going outreach/support for existing programs; \$12K annual residential service notice development; \$15K website/social media maintenance and updates; \$15K for home diversion calculator promotion; \$23,000 mobile phone app annual fee.
520604 COMPS COMPOST GIVEAWAY	1,719	1,000	1,000	-	1,000	-	0.0%	
520604 HHWUA HHW DOOR TO DOOR COLLECTION OUTREACH	64,340	85,000	75,000	68,837	80,000	(5,000)	-5.9%	Ongoing promotion for existing MAs in program, includes direct mail, print and outdoor advertisements; also includes budget (\$25k) for new MAs joining program.
520335 CURBSIDE HOUSEHOLD BATTERY OUTREACH	3,741	5,000	4,000	2,866	5,000	-	0.0%	Ongoing outreach to promote our curbside battery and cell phone collection services.
520604 ECE01 ELECTRONIC COLLECTIONS EVENTS		1,000	1,000	-	1,000	-	0.0%	
TOTAL RESIDENTIAL PROGRAMS	279,901	377,000	361,000	281,269	332,000	(45,000)	-11.9%	
TOTAL RECYCLING - AB939 AND AB 341 COMPLIANCE	\$ 448,402	\$ 858,500	\$ 815,500	\$ 429,810	\$ 881,500	\$ 23,000	2.7%	
SUBTOTAL SBWMA PROGRAM BUDGET	\$ 2,225,494	\$ 2,798,950	\$ 2,774,129	\$ 2,160,670	\$ 2,901,375	\$ 102,425	3.7%	
COLLECTION OPERATIONS								
522710 HHW DOOR TO DOOR COLLECTION SERVICES	461,401	497,000	497,000	409,039	521,500	24,500	4.9%	Added Burlingame starting 2/1/13
TOTAL COLLECTION OPERATIONS	461,401	497,000	497,000	409,039	521,500	24,500	4.9%	
TOTAL SBWMA PROGRAM BUDGET	\$ 2,686,895	\$ 3,295,950	\$ 3,271,129	\$ 2,569,709	\$ 3,422,875	\$ 126,925	3.9%	

EXPENDITURES

6/18/2014

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
EXPENSE DETAIL BY PROGRAM

FY1415 PROPOSED BUDGET

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY										
		ACTUAL	ADOPTED	MID-YEAR	YTD SPENT	PROPOSED	Variance to	Variance %	Notes	
		FY1213	FY1314	PROJECTION	June 13, 2014	BUDGET	Adopted	to Adopted		
EXPENDITURE SUMMARY		FY1213	FY1314	FY1314	June 13, 2014	FY1415	Budget	Budget		
SHOREWAY OPERATIONS										
522712	OPERATOR COMPENSATION - SBR	15,839,848	16,274,400	16,810,800	13,593,774	17,061,200	786,800	4.8%	Payments per ton by JPA to SBR for facility operations services per Ops. Agreement. Payments per ton by JPA to third party disposal and processing vendors such as Ox. Mtn. landfill, organics processors, etc. Facility repair and maintenance projects not treated as "capital" projects. Budget for tour supplies, special events such as Earth Day and America Recycles Day, outreach materials, school compost, trash to art contest, and school busing (\$25k). Maintenance for hydraulic tipper that JPA owns and Republic operates at Ox. Mtn. Unplanned MRF equipment repairs greater than \$10k are responsibility of JPA.	
522713	DISPOSAL & PROCESSING COSTS	13,887,514	14,238,500	14,283,800	11,089,496	14,121,800	(116,700)	-0.8%		
520710	INSURANCE SHOREWAY	191,634	204,200	208,100	203,081	213,400	9,200	4.5%		
522714	SHOREWAY FACILITY COST	140,401	100,000	160,000	161,912	160,000	60,000	60.0%		
522701	ALLIED WASTE BALANCING ACCOUNT	160,257	<i>Budget line inactive</i>							
522718	EDUCATION CENTER OPERATIONS	52,286	65,000	65,000	35,191	75,000	10,000	15.4%		
522716	MAINTENANCE - OX MTN TIPPER	39,998	45,000	35,000	26,744	36,000	(9,000)	-20.0%		
520901	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k					30,000	30,000			
520324	TAXES (SEWER)	22,402	24,700	33,700	32,540	35,400	10,700	43.3%		
SUBTOTAL SHOREWAY OPERATIONS		\$ 30,334,340	\$ 30,951,800	\$ 31,596,400	\$ 25,142,739	\$ 31,732,800	\$ 781,000	2.5%		
SHOREWAY OTHER										
521104	DEBT SERVICE BOND INTEREST	3,124,738	2,944,400	2,944,400	-	2,885,500	(58,900)	-2.0%	Solid Waste Enterprise Revenue Bond interest payments. 5% franchise fee payments by JPA to City of San Carlos.	
522702	FRANCHISE FEE	1,477,867	1,530,900	1,553,100	1,254,099	1,546,800	15,900	1.0%		
SUBTOTAL SHOREWAY OTHER		\$ 4,602,605	\$ 4,475,300	\$ 4,497,500	\$ 1,254,099	\$ 4,432,300	\$ (43,000)	-1.0%		
TOTAL SHOREWAY OPERATING EXPENSE		\$ 34,936,945	\$ 35,427,100	\$ 36,093,900	\$ 26,396,838	\$ 36,165,100	\$ 738,000	2.1%		
TOTAL OPERATING EXPENSES (SBWMA Program + Shoreway Operations)		\$ 37,623,840	\$ 38,723,050	\$ 39,365,029	\$ 28,966,547	\$ 39,587,975	\$ 864,925	2.2%		
<i>excludes non-cash items such as depreciation</i>										

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
CAPITAL BUDGET**

FY1415 PROPOSED BUDGET

		CAPITAL PROJECTS								
PROJECT DESCRIPTION		ACTUAL FY1213	ADOPTED BUDGET FY1314	MID YEAR PROJECTION FY1314	YTD SPENT 6/13/14	PROPOSED BUDGET FY1415	FORECAST FY1516	FORECAST FY1617	FORECAST FY1718	FORECAST FY1819
570300	MISCELLANEOUS									
570300	SF005 TS FLOOR REPAIR									
570300	SF023 TUNNEL DRIVEWAY PAVING AND SCALE									
570300	SF026 TRUCK SHOP-REPLACE 2 AIR COMPRESSORS									
570300	SF028 TRUCK WASH BUILDING--ROOF REPAIR									
570300	SF031 FRONTAGE LANDSCAPING									
570300	SF032 ADMIN BLDG IMPROVE/REPAIRS									
570300	SF039 MAINTENANCE BUILDING RELAMPING									
570300	SF041 SBR MAINTENANCE BAY									
570300	SF042 MRF Equipment repair budget	33,092	-		8,290					
570300	SF043 Solar engineering, install									
570300	SF044 Tipping floor resurfacing		150,000	150,000	150,000	200,000	100,000	100,000	100,000	100,000
570300	SF045 Site paving repairs and restriping	8,300							600,000	
570300	SF046 Outside lighting construction									
570300	SF047 Site Signage		40,000	40,000	0	40,000				
570300	SF048 New K-Rail at TS									
570300	SF049 Truck shop building maintenance		25,000	20,000	0	20,000	20,000	20,000	20,000	20,000
570300	SF050 TS building maintenance	31,829	25,000	20,000	0	20,000	20,000	20,000	20,000	20,000
570300	SF051 MRF building maintenance		25,000	25,000	23,766	25,000	125,000	125,000	125,000	125,000
570300	SF052 Admin building maintenance	12,515	40,000	40,000	22,540	40,000	40,000	115,000	40,000	40,000
570300	SF053 Site maintenance	40,000	25,000	25,000	0	25,000	25,000	25,000	25,000	25,000
570300	SF054 Onsite parking development									
570300	SF055 Fire suppression		140,000	60,000	17,499					
570300	SF056 Repairs to landfill tipper		80,000	0		70,000				
570300	SF057 Recycled Water Supply Connection									
570300	SF058 Truck Wash System Replacement	19,540								
570300	SF059 Facility Capital Repair Projects	12,156								
570300	SF060 Education Center Exhibits		20,000	15,000	4,995	15,000			15,000	
570300	new MRF Tip area Canopy (Proposed)					450,000				
570300	new Electric charging station					20,000			15,000	
570300	new Replace fuel storage and distribution system									1,000,000
570300	new Energy storage system									
570300	new Baler reline									120,000
570300	new CNG fueling station									
570300	new Organics to energy							5,000,000		
SUBTOTAL CAPITAL PROJECTS		157,432	570,000	395,000	227,090	925,000	330,000	5,405,000	960,000	1,450,000

CAPITAL

6/18/2014

RethinkWaste FY1415 Proposed Program Budget

ADMINISTRATION

FY1314 Budget: \$1,639,850

FY1415 Budget: \$1,762,475

SBWMA Staff Resources: Kevin McCarthy, Executive Director; Marshall Moran, Finance Manager; and Cyndi Urman, Board Secretary/Office Manager.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 1.7 FTEs = 0.90 (Office Manager/Board Secretary), 0.45 (Finance Manager), and 0.35 (Executive Director).

Description: Provides for overall administrative operations of the agency, including: personnel administration, budget development, financial projections, expense payment processing, fiscal management, Board of Directors administration, customer service, risk management, records retention, and information technology. Budget for these functions is captured under “Administrative Expenses.”

FY1415 Key Projects/Activities

Budget and Financial Analysis

- Review the FY1415 budget to identify budget variances and plan for a mid-year adjustment if needed.
 - Prepare the FY1516 budget for Board review and approval.
 - Prepare two calendar year financial projections to support Shoreway tip fee assumptions and to “test” bond covenant requirements.
 - Review existing tipping fees and develop recommended 2015 tipping fee adjustments if needed.
 - Develop a recommendation for Board consideration on how to use unspent Shoreway remediation project Settlement funds.
- NEW PROJECT**
- Benchmark all aspects of the operation (i.e., programs and services under the direct control of the SBWMA such as items in the adopted budget), identifying opportunities to reduce costs, improve service, and eliminate potential duplication of service at both the SBWMA and member agency levels. **NEW PROJECT**

Accounting and Fiscal Management

- Complete FY1314 financial audit and 2014 calendar year financial statements for bond reporting.
- Maximize use of competitive bidding for technical consulting services particularly for scopes of work exceeding \$50,000.
- Meet bond covenants and reporting requirements as specified in the Indenture to ensure compliance including the two debt coverage ratios.
- Monitor South Bay Recycling (SBR) monthly reporting (per Operations Agreement) of tonnage and review their monthly invoice for accuracy and tie all payments to source data.
- Manage monthly cash transfers to/from SBR (per Operations Agreement) for commodity revenue, public revenue, and payments for operations. Review and verify SBR’s detailed monthly calculation of commodity revenue.
- Manage monthly billing to and payment from Recology for disposal at Shoreway as prescribed in the Member Agency franchise agreements.
- Ensure all procedures are followed and receipts and payments to vendors are supported by proper documentation and made on timely basis such that cash flow is optimized.

RethinkWaste FY1415 Proposed Program Budget

Administration Continued

- Review the Quarterly Investment Report to the Board prepared by the City of San Carlos.
- Renew general insurance policies (property, general liability, EIL, D&O, etc.) and ensure proper coverage is maintained.

Human Resources

- Manage the payroll and benefits administration, including managing the annual renewal of employee benefit plans to ensure cost effective and competitive plans.
- Make timely payments to vendors for payroll, retirement plan, and HSA plan.
- Monitor payroll process and ensure timely and accurate payment to employees.

Board of Directors Administration

- Maintain the Board of Directors webpage to ensure accurate and up to date information is available.
- Update as needed the website's Board Member portal feature to house information of interest.
- Maintain accurate and up-to-date records for the SBWMA, including Board meeting minutes, resolutions, ordinances and contracts.
- Update as necessary the Board of Directors JPA and Contracts Resources Binder.
- Deliver Board Packets to the Board of Directors accurately and on time.
- Manage to compliance with record retention and other Board adopted policies.
- Meet with Board Members, particularly any new Board Members, to address questions and concerns and any unique Member Agency needs.
- Respond to Board Members, and Member Agency staff communications in a timely, professional and accurate manner.

Customer Service

- Provide high quality customer service to members of the public that contact the SBWMA, including providing helpful, accurate and timely information.

RethinkWaste FY1415 Proposed Program Budget

CONTRACT COMPLIANCE AND SUPPORT

FY1314 Budget: \$300,600

FY1415 Budget: \$257,400

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; Marshall Moran, Finance Manager; Monica Devincenzi, Recycling Outreach and Sustainability Manager; and Hilary Gans, Facility Operations and Contracts Manager.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 1.32 FTEs = 0.60 (Recycling Programs Manager), 0.30 (Finance Manager), 0.30 (Executive Director), 0.10 (Recycling Outreach and Sustainability Manager), and .02 (Office Manager/Board Secretary).

Description: Staff services provided in this area includes:

- Continued oversight and contract administration support for the twelve collection services franchise agreements with Recology , including follow-up work on audit findings and financial auditing.
- Continued oversight of SBR's operations per the Shoreway Operations Agreement (see "**Shoreway Operations**" budget worksheet).
- Management of the annual Member Agency rate review process, including review of the 2015 Recology and SBR compensation applications, and completion of the SBWMA final reports reviewing the Recology and SBR compensation applications and consolidated rate report for 2015. Initiate audit work and review of operational data included in the 2015 compensation applications.

FY1415 Key Projects/Activities

Contract Administration

- Review 2014 Annual Report from Recology required per the Member Agency franchise agreements.
- Hire contractor to conduct 2014 rate (calendar) year audit of collection services and facility operations reports, tonnage data and customer service systems. This project is conducted annually due to the fiscal impact associated of self-reported information contained in the company's annual reports and compliance with related performance standards. Implement 2013 rate year audit findings as appropriate.
- Hire contractor to conduct 2014 rate year audit of financial systems (includes Recology's revenue reconciliation) of both contractors to verify financial risks to SBWMA and its Member Agencies. This project is conducted annually due to the fiscal impact of data included in reports submitted by the companies and since significant ongoing financial transactions are conducted between the companies.
- Implement 2013 audit findings as appropriate and follow up with Recology to ensure progress on implementing audit recommendations.
- Prepare 2015 Annual Public Education Plan for franchised collection services and related outreach support, including management of all collateral development and support for tailoring collateral for Member Agencies as appropriate per the franchise agreements. The Plan will be presented to the Board for review and approval at October 2014 Board meeting.
- Complete two semi-annual load contamination monitoring events as required in the Member Agency's franchise agreements with Recology. Per the Member Agency's franchise agreements and because the SBWMA manages the Shoreway facility, the SBWMA is tasked with overseeing various aspects of ensuring that recycle and compost materials contamination is kept low and therefore commodity revenue is maximized.

RethinkWaste FY1415 Proposed Program Budget

Contract Compliance and Support Continued

- Hire a contractor to conduct Recology customer service call center monitoring and evaluation of compliance per the Member Agency's franchise agreements. This project is conducted annually due to the fiscal impact associated with compliance of performance standards related to the operation of the customer service call center.
- Select and negotiate a final scope of work for technical consultant(s) to review Recology's collection services operations to identify their actual costs of operations and make recommendations as appropriate for future operational and program improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational review work will be completed in FY1516.

NEW PROJECT

- Select and negotiate a final scope of work for technical consultant(s) to review SBR's operations and management of Shoreway to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational review work will be completed in FY1516. ***NEW PROJECT***
- Provide prompt responses to questions/issues/complaints that are raised by the public and Member Agencies regarding their franchise agreements and the services provided by Recology. The RethinkWaste phone number is publicized and staff frequently responds to requests from the public.
- Provide prompt responses to questions/issues/complaints that are raised by the public and Member Agencies regarding their experiences using the Shoreway facility and the services provided by SBR.
- Develop a Member Agency snapshot report for 2014 and make presentations to Member Agency governing bodies upon request. This snapshot report has been well received by the Member Agencies in prior years and staff shall continue to consolidate the key operational and programmatic metrics of the services provided and be available to present this information in public meetings upon request.

Rate Review, Analysis and Projections

- Complete SBWMA final rate reports providing a review of the Recology and SBR compensation applications for the 2015 rate year per the Member Agency's franchise agreements and Operations Agreement, respectively. Per the franchise agreements with Recology and the Operations Agreement with SBR, the SBWMA is tasked with consolidating the pertinent data required to project the revenue requirement needed for the subsequent rate year which directly relates to the rates that need to be charged by each Member Agency.
- Continue to provide direction and support Recology with making changes or improvements to their Annual Compensation Application Report. Staff will make efforts to continuously improve this key application report submitted by Recology each year.
- Analyze the very detailed cost adjustments in the Compensation Applications from Recology and SBR. Verify the companies follow the prescribed contractual requirements and approved compensation methodology per the franchise agreements and Operations Agreement, respectively. Conduct a detailed review of any Recology special issues if needed.
- Prepare financial analysis for projected revenue and total collection costs, residual cost impact from prior year, and include pass-through costs (disposal and agency fees) to determine total rate adjustment for each Member Agency per the franchise agreement(s).
- Prepare a variance analysis of 2015 total collection cost vs. 2014 cost by detailed cost categories by Member Agency to aid in understanding collection cost changes. Per feedback from our Member Agencies, this useful variance analysis is prepared annually to assist decision makers with analyzing and recommending rate increases.

RethinkWaste FY1415 Proposed Program Budget

Contract Compliance and Support Continued

- Provide ongoing rate analysis support and projections of 2015 rate impacts associated with changes to any assumptions.
- Update 5-year collection cost projection by agency for collection cost components: Recology cost, disposal expense and agency fees.
- Support Member Agencies with analysis of rate issues and attend rate hearings or rate related meetings as requested.
- Review Recology’s Revenue Reconciliation Report; develop outside audit of financial risks including SBR’s payments to SBWMA. The financial information provided in the Recology Revenue Reconciliation Report is self-reported and is a key component in determining the subsequent revenue requirement needed to establish rates for Recology’s annual compensation increase.

NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.

<u>Budget Expense Category</u>	<u>Description of Program for FY1415</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-Year</u>	<u>FY1415 Proposed</u>
Contract Compliance and Support – Consultant Support		\$300,600	\$248,600	
Rate Review and Support	• Rate analysis and support for Member Agencies, including outside support for accounting temporary worker.	\$53,000	\$30,000	\$40,000
Facility Improvement Oversight	• Preparation of a preliminary Disaster Management Plan related to the Shoreway facility operations. The SBWMA does not currently have a Disaster Management Plan.	\$30,000	\$30,000	\$30,000
Contract Management Support	• Conduct annual financial audit of Recology. This audit reviews the distribution of franchise and other fees to Member Agencies, annual revenue reconciliation and other aspects of financial related reporting and franchise agreement compliance.	\$67,600	\$68,600	\$66,400

RethinkWaste FY1415 Proposed Program Budget

Collection Services Franchise Administration	<ul style="list-style-type: none"> • SBWMA is required per the franchise agreements to support Member Agencies with contract compliance issues, including monitoring and auditing the companies reporting, systems and customer service functions and ensuring compliance with any previous audit findings and recommendations (\$60,000); and, conducting customer service call center monitoring to test customer service data self-reported by the company which pertains to calculation of performance incentives/disincentives and liquidated damages (\$15,000). • Complete a competitive procurement process to select a consultant(s) and negotiate a final scope of work for an operational and cost assessment of Recology's collection services operations. • Complete a competitive procurement process to select a consultant(s) and negotiate a final scope of work for an operational assessment of SBR's Shoreway operations. 	\$100,000	\$95,000	\$75,000
Bi-Annual Contamination Monitoring	<ul style="list-style-type: none"> • Twice per year contamination monitoring per Article 6.02 of the franchise agreements to determine the contamination level of various material categories (e.g., single family targeted recyclable materials, etc.) 	\$50,000	\$25,000	\$46,000
Contract Negotiations/Legal Review	TBD	\$0	\$0	\$0

RethinkWaste FY1415 Proposed Program Budget

RECYCLING OUTREACH AND PROGRAMS – AB 939 AND AB 341 COMPLIANCE

FY1314 Budget: \$858,500

FY1415 Budget: \$881,500

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach and Sustainability Manager.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 1.22 FTEs = 0.8 (Recycling Outreach and Sustainability Manager), 0.25 (Recycling Program Manager), 0.15 (Executive Director), and 0.02 (Office Manager/Board Secretary).

Description: Staff services provided in this area to ensure compliance with state-mandated waste reduction, recycling and reporting requirements per the California Integrated Waste Management Act of 1989 (Assembly Bill (AB) 939) and the more recent legislation pertaining to mandatory commercial recycling (AB 341) include:

- Development and implementation of public education and outreach strategies to promote residential and commercial waste reduction and recycling collection programs and services.
- Oversight of any Recology San Mateo County (Recology) services under the 12 collection services franchise agreements with the Member Agencies.
- Prepare and submit the State mandated CalRecycle Annual Reports required per AB 939 on behalf of ten participating Member Agencies.

FY1415 Key Projects/Activities

Public Education and Outreach

- Develop, implement and manage ongoing AB 341 outreach activities, including producing and disseminating brochures, inserts and letters of non-compliance for Member Agency and Recology use. The State's AB 341 requires all public agencies to implement public education efforts to encourage businesses to comply with this mandatory commercial recycling law and the SBWMA can most effectively manage this effort on behalf of all Member Agencies.
- Develop, submit and manage the 2015 Annual Public Education Plan (per the Member Agency's franchise agreements) in coordination with Recology and the Ad Hoc Public Education Subcommittee, including an evaluation of the most cost-effective ongoing outreach activities and tools. Recology was originally tasked with developing this plan in the Member Agencies franchise agreements; however, per the negotiated contractual improvements the Recology Public Education Manager position was eliminated resulting in significant cost savings and responsibility for development and preparation of this critical Plan was transferred to the SBWMA.
- Investigate public funding (e.g., grants, and public-private or public-public partnerships, as applicable) opportunities for outreach programs and activities. **NEW PROJECT**
- Promote residential collection services (per the franchise agreements) through three *rethinker* newsletters, five bill inserts and presentations at community groups, organizations and events in collaboration with Recology.
- Continue to develop and implement outreach strategies to increase participation and customer knowledge of CartSMART and BizSMART franchised collection services, including tailoring programs to meet specific community needs.
- Continue to develop and implement outreach strategies to increase participation and customer knowledge of the Door-to-Door HHW Collection program for participating agencies. This very popular program provides an easy and convenient means for residents to have

RethinkWaste FY1415 Proposed Program Budget

Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued

HHW and Universal Waste collected directly from their homes without the need to transport it themselves.

- Measure the effectiveness of ongoing outreach tools and determine if modifications or improvements are needed or if different tools are required. **NEW PROJECT**
- Expand residential home diversion calculator program to increase residential diversion and participation. This program allows residents to more intuitively understand the results of their recycling efforts and is conducive for further fostering critical behavior change regarding waste diversion. **NEW PROJECT**
- Continue to promote and expand use of the “my waste” mobile app by residents to request services, get additional program information and other related items. This mobile app provides a convenient tool for our customers to interface with their service provider and enables for seamless and convenient information gathering and requests for service.
- Conduct the annual BizSMART@Work Awards program to recognize businesses and multi-family complexes for their 2014 diversion efforts.
- Provide outreach and other support to Member Agencies for compost giveaways and shred/e-scrap recycling events per the franchise agreements with Recology.

Recycling (Diversion Programs)

- Implement the SBWMA-wide commercial recycling haulers Reporting System ordinance and outreach strategy to begin collecting diversion data in 2015 that is currently unavailable. Significant commercial recycling activity is carried out by the private sector; however, the SBWMA does not have data on these activities. The only commercial recycling data available is provided by Recology per the franchise agreements. In order to plan for future potential expanded diversion efforts as required by State mandate, the SBWMA needs to develop a true picture of commercial recycling activities conducted by both independent recycling haulers and Recology. Such data is needed for future program planning purposes and not for AB 939 compliance. This ordinance will be pursued if adequate data cannot be obtained voluntarily from commercial recycling haulers.
- Evaluate a pilot code enforcement effort to support Member Agency’s with enforcement of their anti-scavenging ordinances. Scavenging of recyclable materials from both the commercial and residential sectors has various societal and economic impacts and staff’s focus in assisting with implementing anti-scavenging efforts is to increase the revenue generated from the sale of recyclables collected by Recology and processed by SBR at Shoreway. **NEW PROJECT**
- Implement recommendations from the Public Space Recycling project feasibility report. This project is focused on increasing the opportunity for the public to conveniently and cost-effectively recycle in public spaces (e.g., parks). **NEW PROJECT**
- Evaluate best management practices identified at the April 2014 Commercial Recycling Workshop and implement as applicable. **NEW PROJECT**
- Continue to develop and implement cost-effective, ongoing outreach strategies and additional multi-family outreach materials in coordination with Recology and the Adhoc Public Education Subcommittee.
- Manage the Audit of Recology’s 2014 Annual Report regarding the company’s performance and compliance. The data in this report is self-reported by Recology and it impacts various fiscal implications and the measurement of performance standards associated with

RethinkWaste FY1415 Proposed Program Budget

Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued

fiscal impacts, thus annually auditing this report is part of the due diligence of effective contract administration.

Long Range Plan

- Develop a long-term strategic plan (i.e., 10-year scope to include all major elements of the operation, including collection and processing, and related elements of compliance, contracts/contract renewal strategies, public education, finance, capital improvement (CIP), technologies, etc.) to address solutions for cost effective waste reduction and recycling programs and services and facility infrastructure. **NEW PROJECT**
- Completion of conceptual designs for a Shoreway transfer station processing system to recover organics materials and other recyclables. **NEW PROJECT**
- Analysis of options and costs to upgrade the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection services and transfer fleet fuel needs. **NEW PROJECT**

NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.

Budget Expense Category	Description of Program for FY1415	FY1314 Adopted	FY1314 Mid-Year	FY1415 Proposed
Recycling Outreach and Programs – AB 939 and AB 341 Compliance		\$858,500	\$815,500	
CIWMB (CalRecycle) Annual Report	<ul style="list-style-type: none"> • SBWMA annually provides the necessary research and data compilation to draft and submit the State mandated Electronic Annual Reports for ten Member Agencies to comply with the requirements of AB 939 (\$25,000). 	\$25,000	\$25,000	\$25,000
SBWMA Annual Report	<ul style="list-style-type: none"> • This annual report provides a snapshot of the key metrics and milestones for the prior year. This budget expense covers design and production costs of this report (\$5,000). 	\$5,000	\$5,000	\$5,000
Diversion Program Support	<ul style="list-style-type: none"> • Develop model Anti-Scavenging Program enforcement effort through creation of a pilot code enforcement program per prior direction from the Board (\$25,000). • Implementing recommendations from the public spaces recycling program feasibility project to ensure the public is provided an opportunity to recycle at parks and other public spaces (\$35,000). 	\$60,000	\$55,000	\$60,000
Event Giveaways	<ul style="list-style-type: none"> • Promote the various programs and services at Member Agency community events, primarily held in the spring and summer and include educational and promotional items as giveaways. 	\$1,500	\$1,500	\$1,500

RethinkWaste FY1415 Proposed Program Budget

Long Range Plan Alternatives	<ul style="list-style-type: none"> Staff is undertaking development of a Long Range Plan to assist the Member Agencies with exploring and scoping policies and programs to enhance our existing collection and processing system in a cost effective manner. The Plan will also evaluate any needed Shoreway facility infrastructure improvements. A breakout of projected expenditures are: \$45,000 for the organics recovery study (SVCW MOU) including technology analysis, and operational pilot and testing; \$7,500 for Phase 2 visioning workshop; \$20,000 for Phase 2 consultant support to analyze current program results and whether enhancements are needed; \$100,000 for Phase 3 consultant support for analyzing collection and outreach program options; and \$60,000 for Phase 3 consultant support for analyzing facility infrastructure and processing improvements (e.g., building seismic assessment, fuel options, MRF, etc.). 	\$80,000	\$80,000	\$232,500
Large Event/Venue Consulting	<ul style="list-style-type: none"> Due to event organizers preferring carts for events in lieu of ClearStream Containers, the two RethinkWastes' venue and events trailers are rarely used. Staff is in the process of repurposing one trailer for collection of niche/reusable items at events. Staff is also considering repurposing the second trailer as a mobile education trailer to be used at community events. Will be exploring grant funding opportunities. 	\$5,000	\$5,000	\$7,500
Large Event/Venue Recycling Services	<ul style="list-style-type: none"> Use of trailers limited compared to prior years – expense not anticipated (\$0). 	\$0	\$0	\$0
Climate Change Reporting and Policy Options	<ul style="list-style-type: none"> Staff reports GHG emissions for the SBWMA office and Shoreway Environmental Center, and is assisting with SBR's annual reporting framework, both through The Climate Registry (\$23,000). 	\$15,000	\$23,000	\$23,000

RethinkWaste FY1415 Proposed Program Budget

Commercial Recycling Technical Assistance	<ul style="list-style-type: none"> • Develop and implement a Reporting System for Recycling Haulers, which will include stakeholder engagement and public outreach component to stakeholders, including chambers, grocery stores, recycler companies, and the Member Agencies (\$25,000). • Website upgrade for online reporting of commercial recycling data (\$15,000). • To comply with the AB 341 mandatory commercial recycling mandate, staff is charged with outreach and education to the commercial/MFD sector and directly making presentations and hosting workshops at Multi-Family Dwelling HOA's and Chambers of Commerce (\$15,000). • Conduct the annual Business Awards Program recognizing businesses for their 2014 diversion efforts (\$10,000). • Develop a commercial Toolkit in collaboration with Recology that includes sector specific outreach materials (e.g., messaging specific for restaurants, offices, etc.) (\$20,000). Prior to rollout of Toolkit, Staff to collaborate with Recology on developing plan to assess its effectiveness. 	\$140,000	\$120,000	\$85,000
Purchase Commercial/MFD Containers for Recology	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to purchase various products to facilitate diversion at commercial and multi-family dwelling customers. Specifically, this expense will cover the annual purchase of Slim Jims, desk-side recycling containers and Buddy Bags that the company will distribute to businesses and multi-family customers throughout the SBWMA service area (\$20,000). Another \$20,000 is assumed for purchase of containers for municipal buildings such as city hall complexes. Finally, another \$20,000 is for downtown areas and other public spaces. 	\$40,000	\$40,000	\$60,000
C&D Recycling Program	<ul style="list-style-type: none"> • Develop an SBWMA list of certified C&D processors based on physical audits conducted by other jurisdictions and provide permit counter and related assistance to increase C&D recycling to Member Agencies upon request. 	\$10,000	\$10,000	\$0

RethinkWaste FY1415 Proposed Program Budget

Multi-Family Outreach	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to provide outreach materials in the form of the toolkit. The toolkit includes posters, brochures and flyers on programs and service, move-in/move-out guides and a property manager guide. Staff will continue to update the existing toolkit materials and develop cost-effective strategies and additional materials as needed in collaboration with Recology (\$30,000). Staff to collaborate with Recology on developing plan to assess the toolkit's effectiveness. • Promote subscriptions to Recology MFD batteries/cell phones collection service through targeted outreach pieces and strategies (\$10,000). • Conduct the annual Multi-Family Awards Program recognizing multi-family complexes for their 2014 diversion efforts (\$10,000). 	\$100,000	\$90,000	\$50,000
Rethinker Newsletter Design/ Set-up	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to develop the <i>rethinker</i> newsletter for SFD and MFD residents. Previously this was a quarterly newsletter, however, per the Board approved FY1314 budget, it is now published 3 times per year. Development of the newsletter content and layout (\$15,000). 	\$10,000	\$10,000	\$15,000
Rethinker Newsletter Printing/Mailing	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to develop and issue the <i>rethinker</i> newsletter to single family and multi-family residents. Previously this was a quarterly newsletter, however, per the Board approved FY1314 budget, it is now published 3 times per year. This is for printing and mailing/insertion of the 3 issues (\$95,000). Staff has assumed two are direct mailed and one is inserted into the garbage bill. <p>Staff will continue to promote sign-ups for the electronic version to reduce costs.</p>	\$110,000	\$110,000	\$95,000

RethinkWaste FY1415 Proposed Program Budget

Residential Outreach Programs	<ul style="list-style-type: none"> • SBWMA is responsible for all outreach and education efforts, including ongoing outreach support/maintenance for existing programs through brochures, posters, flyers and new opportunities such as signs on Recology collection vehicles, and addressing niche issues including illegal dumping, storm water trash, anti-scavenging (\$70,000). • Develop the annual residential Service Notice per the Franchise Agreements with Recology that will provide key program and services related information (\$12,000). • RethinkWaste website and social media (FB, Twitter, You Tube) outreach, includes maintenance and updates to keep current and relevant (\$15,000). • Phase 2 of the Home Diversion Calculator to promote and recognize households with high diversion (\$15,000) promotion, incentives, maintenance of calculator. • Mobile Phone App annual fee for RethinkWaste and all Member Agencies, to continue making it more convenient for tech-savvy customers to have access to program information and make service requests/report issues (\$23,000). 	\$165,000	\$160,000	\$135,000
Compost Giveaway	<ul style="list-style-type: none"> • SBWMA is responsible for assisting Member Agencies with promotion of compost giveaway events (\$1,000). 	\$1,000	\$1,000	\$1,000
HHW Door-to-Door Collection Outreach	<ul style="list-style-type: none"> • Continue ongoing “rolling” public education/marketing campaign to further promote these services to participating Member Agencies. Promotional activities will include direct mail, outdoor and print advertising, social media, etc. (\$80,000). <i>This budget includes \$25,000 for rollout of the program to residents in Atherton and Redwood City.</i> • Additionally, staff is discussing with the company the possibility of providing the service to Member Agency facilities if the program can be negotiated in a cost effective manner staff will promote and manage this enhanced service (included above). 	\$85,000	\$75,000	\$80,000

RethinkWaste FY1415 Proposed Program Budget

<u>Budget Expense Category</u>	<u>Description of Program for FY1415</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-Year</u>	<u>FY1415 Proposed</u>
Curbside Household Battery Outreach	<ul style="list-style-type: none"> Continue to promote the curbside recycling of household batteries and cell phones collection service provided by Recology as this is one of the programs requiring additional awareness per the results of the 2012 Customer Satisfaction Survey (\$5,000). 	\$5,000	\$4,000	\$5,000
Electronics Collection Events	<ul style="list-style-type: none"> SBWMA is responsible for assisting Member Agencies with promotion of the E-scrap and shred events (\$1,000). 	\$1,000	\$1,000	\$1,000
SBWMA Program Budget (exclusive of Administrative Expenses)		\$1,159,100	\$1,064,100	\$1,138,900

RethinkWaste FY1415 Proposed Program Budget

COLLECTION OPERATIONS (curbside cell phone/battery collection and door-to-door HHW program only)

FY1314 Budget: \$497,000

FY1415 Budget: \$521,500

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach Manager

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 0.29 FTEs = 0.15 (Recycling Program Manager), 0.10 (Recycling Outreach and Sustainability Manager), and 0.04 (Office Manager/Board Secretary).

Description: Staff services provided in this area is to ensure compliance with state-mandated Universal Waste recycling and disposal regulations through administration of the Door-to-Door Household Hazardous Waste (HHW) collection services with WM Curbside LLC and oversight of the household batteries and cell phone collection services provided by Recology.

FY1415 Key Projects/Activities (outreach projects listed below are included in the Recycling – AB 939 and AB 341 Compliance category of our SBWMA program budget)

- Implement additional public education and outreach to the currently participating ten Member Agencies to increase collection of HHW through the Door-to-Door HHW collection program.
- Provide program roll-out public education and outreach to any Member Agency that begins participating in the program.
- Negotiate a potential contract extension with WM Curbside LLC as the current contract expires on December 31, 2014; however, the SBWMA has the option to extend this contract for two consecutive years. **NEW PROJECT**
- Continue discussions with management at WM Curbside LLC to expand the HHW collection services to Member Agency facilities such as corporation yards and begin managing this new service. **NEW PROJECT**
- Continue and expand public education and outreach to increase participation in Recology’s franchised recycling collection services with specific emphasis on increasing the collection of cell phones and batteries from the Multi-Family Dwelling sector which includes approximately 3,800 customers and 41,000 residential living units.
- Prepare an updated staff report to the Board on future HHW and Universal Waste recycling and disposal opportunities.

NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.

Budget Expense Category	Description of Program for FY1415	FY1314 Adopted	FY1314 Mid-Year	FY1415 Proposed
Collection Operations		\$497,000	\$497,000	\$521,500
HHW Door To Door Collection Services	• Disposal and processing expenses paid by RethinkWaste to WM Curbside LLC for operating the Door-to-Door Household Hazardous Waste Collection Services for 10 Member Agencies (Redwood City and Atherton currently don't participate).	\$497,000	\$497,000	\$521,500
Curbside Household Battery Recycling Services	• Expense paid by Shoreway facility operator, SBR, and included in Shoreway Disposal and Processing Costs line item.	\$0	\$0	\$0

RethinkWaste FY1415 Proposed Budget Items

SHOREWAY OPERATIONS

FY1314 Budget: \$35,427,100

FY1415 Budget: \$36,165,100

SBWMA Staff Resources: Hilary Gans, Facility Operations and Contracts Manager; Marshall Moran, Finance Manager; Faustina Mututa, Environmental Education Coordinator; and Heather Co, Environmental Education Associate.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 3.27 FTEs = 1.0 (Facility Manager), 1.8 (Environmental Education staff), 0.25 (Finance Manager), 0.20 (Executive Director) and 0.02 (Office Manager/Board Secretary).

Description: This includes SBWMA staff directed activities regarding Shoreway operations including: oversight of SBR operations per the Operations Agreement, including contract compliance and review and payment of SBR invoices; Shoreway facility capital repairs and maintenance; education center operations, exclusive of staff wages and benefits which are included in the Administration portion of the SBWMA program budget; management of disposal and processing contracts, including review and payment of invoices; facility insurance; and billing Recology for tons delivered to Shoreway.

FY1415 Key Projects/Activities

Contract Administration

- Continued operational oversight and contract compliance of Materials Recovery Facility (MRF), transfer station, and transportation operations performed by SBR to meet or exceed contractual standards and financial and environmental goals.
- Ongoing management of third party recycling and disposal contracts for solid waste, organics, and construction and demolition (C&D) debris.
- Manage organics processing contracts for residential and commercial organics to meet operational, financial and environmental requirements. This includes managing the extension of our two current agreements or managing a process for selection of new vendor(s).
- Continue to identify and pursue new third party tonnage opportunities to generate net income to help lower our Shoreway operating costs.
- Benchmark the costs of providing services through Shoreway and through offsite materials processors and identify opportunities to reduce cost. **NEW PROJECT**
- Select and negotiate a final scope of work for consultant(s) to review SBR's operations to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational work will be completed in FY1516. **NEW PROJECT**

Management of Facility Infrastructure and Improvements

- Ongoing management of Shoreway Facility capital and maintenance projects at or below budget.
- Completion of conceptual designs for a Shoreway transfer station processing system to recover organics materials and other recyclables. **NEW PROJECT**
- Manage a capital project at Shoreway to expand the covered tipping (unloading) area for recyclables delivered by franchised collection vehicles and third party sources. This capital project is contingent upon Board approval of a revised MOU between the SBWMA and SBR for the processing of additional third party tons. **NEW PROJECT**
- Analysis of upgrade options and cost for the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection and transfer fleet fuel needs. **NEW PROJECT**

Shoreway Operations Continued

- Complete a sign plan identifying recommended improvements onsite to enhance customer service, safety and operational results. **NEW PROJECT**
- Manage Shoreway’s ongoing ground water remediation and testing project (budget of \$1.5 M) toward the goal of receiving San Mateo County closure approval in 2014.
- Complete a Disaster and Emergency Management Plan for the Shoreway operations. **NEW PROJECT**
- Develop and implement a dust mitigation plan for the Shoreway MRF. **NEW PROJECT**

Tour Program

- Conduct the Shoreway school and public tours program, including developing new partnership opportunities to support the program, and to meet goals for increased number of visitors. The goal is to increase total tour visitors by 10% over prior year totals.
- Introduce 2nd monthly public tour starting fall of 2014, and if feasible, a Saturday public tour. **NEW PROJECT**
- Conduct onsite events and activities that increase community awareness of the waste reduction, recycling and composting programs in the service area and also further the resource conservation message of our Environmental Education program. Events and activities include the following: “Night at Shoreway” two time per year; “Recycled Art” Contest, Tile-art project and installation of tiles at MRF, School compost donation program, Schools “Mini-Grants” program, “Earth Day” community event at Shoreway, “America Recycles Day” event at Shoreway **(NEW)**, and “Fix-it Clinic” pilot event at Shoreway. Pilot activities for “Community Youth Environmental Activities” (CYEA) program if staffing is available.
- Investigate public funding (e.g., grants, and public-private or public-public partnerships, as applicable) opportunities as applicable for the tour program. **NEW PROJECT**
- Maintain the Shoreway environmental education area and manage the Installation of a new exhibit to highlight energy and green features of the Shoreway facility operations. **NEW PROJECT**

<u>Budget Expense Category</u>	<u>Description of Program for FY1415</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-Year</u>	<u>FY1415 Proposed</u>
Shoreway Operations		\$30,951,800	\$31,596,400	\$31,683,800
Operator Compensation	• Contractually required payments (per ton and/or per ton mile rates) by SBWMA to SBR to operate the MRF and Public Recycling Center, scale house and Transfer Station, and transport materials for disposal and processing.	\$16,274,400	\$16,810,800	\$17,061,200
Disposal and Processing Costs	• Tipping fees paid by SBWMA to third party vendors (under contract w/ RethinkWaste) for disposal (Republic Services Ox Mountain landfill), and processing (Zanker Road for C&D, Recology Grover for composting, and Republic Services Newby Island for composting). All such contracts include per ton rates subject to annual CPI adjustments.	\$14,238,500	\$14,283,800	\$14,121,800

Insurance Shoreway	<ul style="list-style-type: none"> Annual insurance premiums paid by SBWMA for Shoreway property and liability insurance, excluding Director's and Officer's insurance which is shown in a line item under Administrative expense. 	\$204,200	\$208,100	\$213,400
Shoreway Facility Cost	<ul style="list-style-type: none"> Non capital related expenses to maintain the 16-acre Shoreway Environmental Center, including nearly 300,000 square feet of building space and \$20 million in equipment owned by SBWMA. 	\$100,000	\$160,000	\$160,000
Education Center Operations	<ul style="list-style-type: none"> Non labor related expenses to manage Shoreway facility school and public visitor tour program. Includes \$30K for busing assistance within our service area, funds for Trash to Art Contest, annual Earth Day event and America Recycles day, compost donations to schools, safety equipment and supplies, and outreach materials. 	\$65,000	\$65,000	\$75,000
Maintenance – Ox Mountain Tipper	<ul style="list-style-type: none"> Non capital related expenses associated with maintaining a hydraulic tipper (used to unload transfer trailers at the landfill). The tipper is owned by SBWMA, but operated by Republic at their Ox Mtn. landfill. 	\$45,000	\$35,000	\$36,000
Shoreway MRF Equipment Maintenance >10k	<ul style="list-style-type: none"> Unplanned MRF equipment repairs greater than \$10k are the responsibility of JPA per the Operations Agreement with SBR. 	\$0	\$0	\$30,000
Taxes (sewer)	<ul style="list-style-type: none"> Sewer fees paid to the City of San Carlos. 	\$24,700	\$33,700	\$35,400
Shoreway Other		\$4,475,300	\$4,497,500	\$4,432,300
Debt Service Bond Interest	<ul style="list-style-type: none"> Annual interest payments on the 2009A Solid Waste Enterprise Revenue Bonds of \$53.5 million. 	\$2,944,400	\$2,944,400	\$2,885,500
Franchise Fee	<ul style="list-style-type: none"> 5% franchise fee paid by SBWMA to City of San Carlos for the Shoreway facility. The fee is collected on gate (tipping) fees, but not on commodity revenues. There is no floor or cap on 	\$1,530,900	\$1,553,100	\$1,546,800
TOTAL SHOREWAY OPERATIONS EXPENSE		\$35,427,100	\$36,093,900	\$36,165,100



Development of a Long Range Plan for the SBWMA

BACKGROUND

The South Bayside Waste Management Authority (SBWMA) is embarking on the development of a new Long Range Plan (“Plan”) for the next ten years to assist the Board of Director’s with future decision-making on enhancements to the existing solid waste, recycling, and organics collection and processing system for our service area of approximately 450,000 people in San Mateo County. The Joint Powers Authority’s (JPA) last Long Range Plan was drafted in 2002, then updated in 2005 and became the starting point for the development of the franchised collection programs and services rolled out in January 2011. A masterplan for the Shoreway Environmental Center was approved by the Board in April 2007 and was the basis for the \$46 million in capital improvements completed between the fall of 2009 and the spring of 2011.

With the rollout of new franchised collection services and completion of the Shoreway masterplan improvements in 2011, the SBWMA now has one of the highest regarded and most innovative collection and processing systems in place in the country. This system provides a solid foundation to build on to address any future diversion needs, changes in State laws and regulations, and new policy goals established by the Board of Directors.

Key features of the SBWMA existing collection and processing system include:

- A modern, flexible collection system for residents and businesses
- Highly efficient Materials Recovery Facility (MRF) processing infrastructure to support current and future processing needs
- Large transfer station with unused capacity for additional tons and space for new processing equipment
- Collection Services Franchise Agreements and Shoreway Operations Agreement with high performance standards, financial incentives and disincentives, an index-based compensation methodology to ensure cost stability, and shared requirements to minimize contamination levels in recycling and organics streams to maximize financial results
- Financial model with strong cost control features and incentives for maximizing commodity revenues
- A high performing, professional and accountable JPA organization with a lower cost overhead structure (i.e., the JPA is a non-PERS agency as compared to our Member Agencies) and highly experienced staff with strong working knowledge of the solid waste and recycling industry

When developing the Plan it is important to understand the critical factors that will influence or drive the JPA’s decision-making. For the SBWMA, some of these critical factors include:

- Decisions by Member Agencies in 2017 to extend or not the term of their existing Franchise Agreements with Recology, including determining the scope of work for the future collection services agreements
- Future decision by the JPA whether or not to extend the term of the Shoreway Operations Agreement with South Bay Recycling, including determining the scope of work for the future agreement
- Future expiration on December 31, 2019 of the Ox Mountain Disposal Agreement
- Future expiration of disposal and processing agreements for HHW, C&D processing and source separated organics (for composting) processing



- Assembly Bill (AB 341) with its 75% statewide recycling goal by 2020 and mandatory commercial recycling provisions
- Climate change laws and regulations that are influencing not only energy policy but solid waste policy
- Policy goal of greater rate stability and predictability

JPA’S CORE VALUES AND STRATEGIC PRIORITIES

The Plan will reflect the JPA’s current core values and strategic priorities as adopted previously by the Board of Directors in March 2012, as detailed below.

SBWMA 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).

The Plan will be modified to address any Board changes to the above core values and strategic priorities noting that one of current strategic priorities is to “anticipate trends and implement innovative long-term solutions for waste reduction and recycling programs, facility infrastructure and disposal capacity.”



PROPOSED PROJECT APPROACH

Staff is recommending the following approach for completion of the Plan. This approach is characterized by implementation of five key distinct phases, as follows:

- **Phase One** – staff develops and presents for Board consideration and approval policy goals and guiding principles that will drive the development of the Long Range Plan. These will be presented at the *July 24, 2014* Board meeting.
- **Phase Two** – staff completes an inventory of existing collection programs, processing infrastructure, public education and outreach efforts and policies and contracts; and identifies performance results and whether program and service enhancements are needed. This work will be completed in **July through October 2014**. A staff report providing a progress report on this work will be presented at the *November 20, 2014* Board meeting. Staff, with consultant support, will further research and expand upon the benchmarking data gathered as part of the FY1415 budget process and analysis of the current programs and services.

This phase will also include a one-day visioning workshop hosted by the SBWMA which will entail highlighting panels of speakers whose presentations will address the state of the state in waste reduction and recycling policies, programs, and facility infrastructure and technology. This workshop is tentatively scheduled for **late October or early November 2014**. Limited consultant support will be needed for workshop coordination.

- **Phase Three** – staff development of recommendations on potential programs and service alternatives, new or updated policies, and facility infrastructure with associated implementation timelines, preliminary cost estimates and estimated diversion goals as applicable. This work will be completed between **November 2014 and February 2015**. Extensive consultant support is needed for evaluating program and service alternatives, including helping validate cost and waste diversion estimates and the feasibility of pursuing various local policy options.
- **Phase Four** – completion of the Final Report detailing the Long Range Plan for review by the Board at the *March 2015* Board meeting. Preparing the Final Report, the Long Range Plan, the associated work plans and cost details for inclusion in the FY1516 budget for review by the Board will require consultant support.
- **Phase Five** – Board review and consideration of the Long Range Plan and approval of specific recommendations which will include detailed project work plans, including a public stakeholder engagement plan, and budget details to be included in the FY1516 Budget. This work will be completed between **April and June 2015**.

Staff updates will be provided to the Board during Phase Three and as noted in Phases Four and Five. Staff anticipates bringing proposed consultant contracts for Board consideration in October/November 2014.



Below is a listing of the proposed tasks associated with Phases Two, Three and Four of the Plan.

Collection Services

1. Review current collection programs and services.
 - Prepare a description of all franchised and non-franchised collection services provided and identify the service providers.
 - e.g., Recology, WM Curbside, eRecycling, Member Agencies, etc.
 - Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if program changes are needed. Programs to be evaluated using criteria previously identified with a primary emphasis on cost effectiveness, diversion potential and rate impact.
2. Develop final recommendations on program and service alternatives. Recommendations to be prioritized based on their cost effectiveness, level of waste diversion, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

Processing Services

3. Review current materials processing options.
 - Prepare a description of all existing material processing infrastructure (e.g., Shoreway Environmental Center, 3rd party disposal and processing facilities currently utilized, etc.)
 - Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if processing infrastructure changes are needed. This evaluation to include reviewing alternative technologies that are commercially viable and have the potential to significantly improve on existing performance results.
4. Develop final recommendations on material processing alternatives. Recommendations to be prioritized based on their cost effectiveness, how mission critical is the proposed infrastructure improvement, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

Public Education and Outreach

5. Review current public education and outreach programs and services.
 - Prepare a description of each existing program or service, including target audience and demographic, service sector and to what extent the program or service is an ongoing effort or a focused campaign.
 - Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if program changes or enhancements are required. This evaluation to include whether or not more cost effective strategies are available, and to the extent to which the program or service results can be readily measured.
6. Develop final recommendations on public outreach program and service alternatives. Recommendations to be prioritized based on their cost effectiveness, level of waste diversion, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

Policies, Contracts, and Governance

7. Identify state regulatory framework driving programs and services. How will existing and potential future state laws and regulation effect our collection and processing system?
 - AB939, AB32/AB341, AB1076, HHW/Universal Waste Laws and Regulations



8. Identify any local policies that may affect our collection and processing system.
9. Identify and evaluate all existing contracts (e.g., Franchise Agreements with Recology, Shoreway Operations Agreement with SBR, Ox Mountain Disposal Agreement with Republic Services, etc.) When will they expire? What changes may be needed in the current contracts or future related contracts? What is the most effective manner for the JPA to facilitate a review of the existing franchise agreements and future decisions whether to extend the term or not or make other changes?
10. Evaluate policy tools for enhancing existing diversion efforts (e.g., material disposal bans, Zero Waste Policy framework, etc.)
11. Evaluate the JPA model relative to whether any changes are needed to support future programmatic or policy goals.

Facilities and Infrastructure

12. Conduct an inventory of existing facilities and infrastructure.
 - o Shoreway Environmental Center
 - Collection fleet parking and maintenance facilities
 - Transfer truck fleet parking and maintenance facilities
 - Fuel storage and distribution system
 - Administrative offices
 - Visitor parking
 - Education center
 - o Other
 - Staff offices
13. Evaluate the extent to which any facility and infrastructure improvements are needed. Develop final recommendations on alternatives. Recommendations to be prioritized based on their cost effectiveness, how mission critical is the proposed infrastructure improvement, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.



EVALUATION FRAMEWORK

Staff believes a critical first step in development of the Plan is for the Board to adopt specific policy guidance to drive the Plan, including guiding principles or criteria for evaluating programs and service alternatives, new or updated policies, and facility infrastructure. As previously noted, this will be discussed at the *July 24, 2014* Board meeting. In order the help facilitate this future discussion, staff has included in **Attachment A** some policy goals, guiding principles and/or evaluation criteria used by other public agencies in development of their Long Range Plans (called by others sometimes as a Zero Waste Plan, Master Plan, Recycling Plan, etc.)

Long Range Plans or Strategic Plans typically have a common feature of setting a diversion goal or target. The table below includes information on some of the communities that have adopted such targets. The SBWMA currently does not have a specific policy goal of achieving a stated diversion target. However, it should be noted that the State’s current goal is to reach 75% diversion throughout California by 2020. Staff recommends that the Board consider adopting a goal to mirror the State’s 75% diversion by 2020 in order to help focus the end goals of the Long Range Plan.

<u>Jurisdiction</u>	<u>Date Adopted</u>	<u>1st Target</u>	<u>2nd Target</u>
San Francisco	2002	75% by 2010	100% by 2020
Palo Alto	2005	73% by 2011	Zero Waste by 2021*
Oakland	2006	75% by 2010	90% by 2020
Livermore	2007	N/A	75% by 2015
Los Angeles	2007	75% by 2013	Zero Waste by 2030*
Seattle, WA	2007	60% by 2012	75% by 2025
Burbank	2008	N/A	Zero Waste by 2040*
San Jose	2008	75% by 2013	100% by 2022
StopWaste.org	2010	N/A	Less than 10% recyclables or compostables sent to landfill by 2020
Sunnyvale	2013	75% by 2020	90% by 2030

**Most have adopted the principal of equating zero waste to diverting at least 90% of materials from landfills or incinerators.*

City of San Jose Zero Waste Plan (November 2008)

- Excerpts directly from Plan

Evaluating Zero Waste

1. Increase Environmental Benefits to the Community
2. Improve Quality of Service
3. Support Local, State, and National Mandates
4. Address Fiscal Impacts

Increase Environmental Benefits to the Community

- Reduce vehicle emissions to support Urban Environmental Accords Action 14
- Support San José's Climate Action Plan
- Reduce and mitigate landfill and other facility impacts
- Invest in new, safe technologies and processes for infrastructure
- Consider environmental benefits and impacts in siting and permitting of new facilities
- Protect public health and the environment
- Analyze markets for recoverable materials to consider the highest and best use of materials and the implications of reliance on domestic and overseas markets

Improve Quality of Service

- Improve customer convenience such as offering a broader range of collection programs and container options; improving the recycling program for residents; improving call center responsiveness; and enhanced and targeted customer outreach
- Improve aesthetics - control of graffiti, litter and illegal dumping; specification of container types, quality, and placement
- Provide incentives to participate in, and maximize the effectiveness of, program initiatives
- Ensure that program initiatives are convenient, accessible and appropriate
- Ensure equity for all customers
- Create City operations that serve as a model for zero waste

Support Local, State and National Mandates

- Increase diversion to support the zero waste goal from the City's Green Vision Goal 5, the City's 2007 Zero Waste Resolution, and the Urban Environmental Accords Action 4(zero waste goal)
- Reduce the use of a disposable, toxic, or non-renewable product category by at least 50 percent in seven years to achieve Urban Environmental Accords Action 5
- Implement user-friendly recycling and composting programs pursuant to Urban Environmental Accords Action 6
- Support the City Sustainable Energy Policy and Action Plan
- Support the "Reduce, Reuse, Recycle hierarchy

Address Fiscal Impacts

- Minimize impact on customer rates and provide rate equity
- Minimize impact on City's revenue streams
- Minimize contract management and enforcement costs for programs
- Invest in infrastructure
- Invest in green jobs and economic development
- Address long-term fiscal planning and assess full economic impact
- Understand the potential impact on system fees (hauling, tipping, franchise)



City of Boulder Master Plan for Waste Reduction (February 2006)

- Excerpts directly from Plan

WHAT ARE THE GUIDING PRINCIPLES OF THIS MASTER PLAN FOR WASTE REDUCTION?

- Identify service voids.
- Create effective partnerships with for-profit and non-profit organizations to expand services with minimal city investment.
- Support programs that are convenient.
- Utilize economic incentives to alter habitual behavior.
- Help build infrastructure and then require its use once it's convenient and economical.

Potential waste reduction programs were evaluated using the following criteria:

- Cost
- Timing
- Political will
- Visibility
- Diversion potential
- Interagency/government cooperation
- Infrastructure requirements
- Toxicity reduction
- Environmental impacts
- Market value of recyclables
- Program precedent
- Viability
- Measurability



Alameda County Source Reduction and Recycling Plan: Vision 2010: 75% and Beyond (adopted January 2003 and Updated in 2006 and 2007)

- Excerpts directly from Plan

Overall Goals

This plan sets forth the following general goals:

- Achieve a 75% waste diversion rate by 2010, with 20% of this coming from waste prevention.
- Establish the groundwork for moving beyond a 75% diversion rate after 2010.
- Increase and maximize participation in resource conservation and recycling to reduce waste.
- Maintain priority on waste prevention and broaden programs to incorporate sustainability concepts.
- Assist in the development of markets to support diversion efforts. Close the recycling loop by identifying and supporting end uses for targeted materials.
- Educate residents and businesses about the environmental, economic and health merits of sustainable practices.
- Expand partnerships with key stakeholders, including member agencies, haulers, processors, recyclers, other public agencies, businesses, schools, utilities and public policy makers at every level of government.
- Promote best resource stewardship practices in businesses, member agencies and schools.
- Maximize impact of Agency programs by coordinating delivery of services.

General Policies

The following policies derive from the Agency's mission and vision. They define the Agency's basic philosophy as reflected in the Recycling Plan.

1. Promote maximum resource conservation.
2. Promote waste prevention as the top priority.
3. Provide specific goals and measurements.
4. Focus on regional approaches.
5. Promote sustainable economic development.
6. Promote the social benefits of reduction, recycling and composting.
7. Address the fundamental need to change public attitudes and values regarding use of resources.
8. Place Alameda County in a leadership position in the field of resource conservation.
9. Recognize that private industry and institutions can and should play a major role in providing solutions.
10. Focus on methods that encourage voluntary action by industry and the public.
11. Focus on a few programs that are "done well."
12. Focus on public information and education.
13. Identify cost-effectiveness as one key criterion for Agency programs.
14. Take into account significant economic trends.
15. Visualize change.

City of Portland, Office of Sustainable Development: Portland Recycles! Plan (August 2007)

- Excerpts directly from Plan

In a resolution adopted in June 2006, Portland City Council directed the Office of Sustainable Development to conduct a public process and develop a plan that would achieve the following solid waste management goals over the next 10 years:

- *Promote sustainability of the solid waste and recycling system that includes maximum efficiency, equity and economic vitality, improved worker safety and reduced environmental and human health impacts over the entire life cycle of the materials.*
- *Minimize the impact of harmful wastes by targeting toxicity and reducing greenhouse gas emissions.*
- *Reduce per capita waste generation below 2005 levels by the year 2015.*
- *Increase recovery of all waste with a target of 75 percent by the year 2015 and promote highest value use of the recovered materials.*

The following strategies are critical to the success of the Plan::

Promote behavior change and education — Effective education programs and commitment strategies support the development of new daily habits and personal motivation that will lead to an increase in waste prevention and recycling activities.

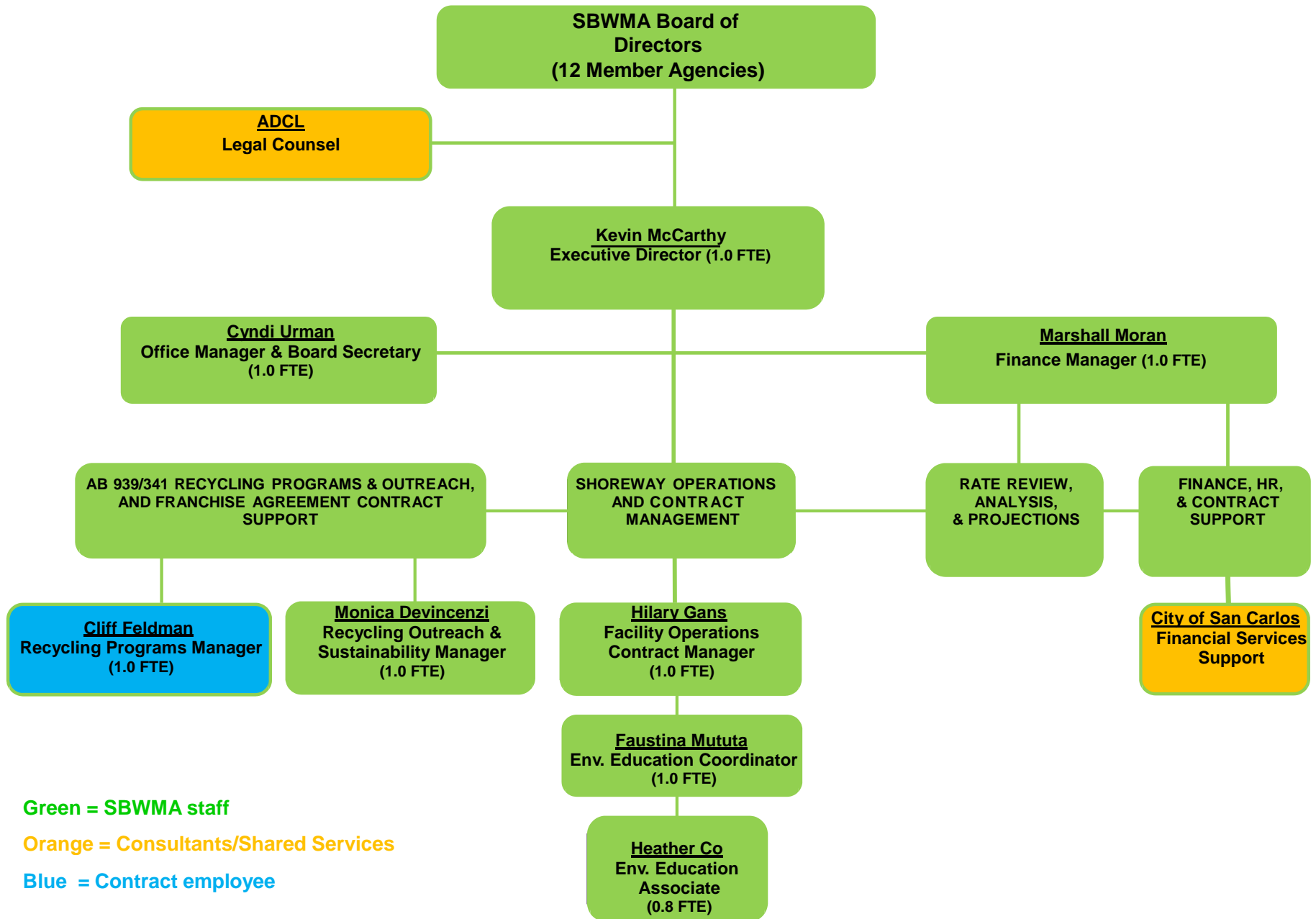
Require participation — New requirements are necessary to compel businesses in particular to optimize waste prevention and recycling activity. Residential strategies focus on voluntary participation throughout most of the plan period; if the plan's goals are not met, participation requirements may be applied to residents in the later phases.

Lead by example in government — Guided by the Sustainable City Principles, City policy for waste prevention and recycling encourages innovation and behavior change from within to serve as a model for the broader community.

Support regional and state policy and legislation — A coordinated approach within all levels of government is necessary. Authority for certain policies or actions may reside with regional or state agencies.

Implement local legislation — City legislation may be necessary to establish new policy and implement recommendations in the Plan.

SBWMA Organization Chart (June 2014)



PERSONNEL AND BENEFIT ASSUMPTIONS FOR FY1415

Staff:	<u>FY1314</u>	<u>Proposed FY1415</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
<u>Environmental Education Associate</u>	<u>0.8</u>	<u>0.8</u>
Total Staff	7.8	7.8

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

FY1415 Proposed Position Changes

No proposed changes to staff positions. However, the budget reflects the hiring of a new Finance Manager by April 1, 2015 to replace our existing Finance Manager who plans to retire in the fall of 2015; this will result in some staffing overlap in FY1415 and FY1516 to ensure a successful transition given the critical nature of this position.

Budget Assumptions for Merit Increases

A merit increase pool of 3.0% of wages is assumed for all positions, except for the Executive Director, within the current salary ranges. Actual merit increases are awarded by the Executive Director per the Board adopted Compensation Policy. The Board will separately consider and approve or not the actual merit increase pool for calendar year 2015.

Salary Ranges

The salary ranges were last modified in June 2013 per Board approval. No changes to the salary ranges are proposed.

<u>Name</u>	<u>Position</u>	<u>Current Salary</u>	<u>Current Salary Range/Year</u>
Kevin McCarthy	Executive Director	\$191,931	<u>N/A</u>
Marshall Moran	Finance Manager	\$134,542	\$112,196 - \$140,245
Hilary Gans	Facility Operations Contract Manager	\$134,220	\$112,196 - \$140,245
Cliff Feldman	Recycling Program Manager*	\$133,576	\$112,196 - \$140,245
Monica Devincenzi	Recycling Outreach & Sustainability Manager	\$113,585	\$100,976 - \$126,220
Cyndi Urman	Office Manager/Board Secretary	\$63,752	\$59,659 - \$74,573
Faustina Mutata	Env. Education Coordinator	\$69,676	\$65,267 - \$81,580
Heather Co	Env. Education Associate	\$44,382	\$25.10 - \$31.37/hour

¹ Contract employee through Local Government Services

Employee Benefits

No proposed changes in the employee benefit plans.

CAPITAL PROJECTS - FIVE YEAR FORECAST						
Project Name	Proposed	Forecast				Project Summary
	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	
Tipping floor resurfacing	\$200,000	\$100,000	\$100,000	\$100,000	\$100,000	Heavily worn areas of the Transfer station concrete floor need to be routinely repaired.
Site paving repairs and striping				\$600,000		Repair and resurfacing of entire Recology truck parking area. Includes restriping for traffic flow and parking (based on JRMA 2014 estimate).
Site signage	\$40,000	\$0	\$0	\$0	\$0	Additional way-finding signage, replacement of faded signs, and additional demarcation as a "public facility." 16-acre site.
Truck shop building maintenance	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	Budget is for unanticipated capital repairs to the building, utilities and paving. Past items include roof replacement, paving work, door replacement, etc. (Two buildings totaling ~20,000 square feet used by Recology for truck maintenance and repairs).
Transfer Station building maintenance	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	Budget is for unanticipated capital repairs to the building, utilities and paving. Past items include tunnel pump and electrical repairs. (~75,000 square foot building used for the unloading of and transfer of garbage, green waste, food scraps, C&D and other materials. Building operated by SBR).
MRF building maintenance	\$25,000	\$125,000	\$125,000	\$125,000	\$125,000	Budget is for anticipated repairs to worn areas of the tipping floor (\$100K per yr.) and unanticipated capital repairs to the building, utilities and paving. Past projects include door replacement, flooring replacement, etc. (~70,000 square foot building used by SBR to process recyclables).
Admin. building maintenance	\$40,000	\$40,000	\$115,000	\$40,000	\$40,000	Budget is for unanticipated capital repairs to the building, utilities and paving. Past projects include, HVAC system replacement, fire code upgrades, transformer replacement, etc. (~11,000 square foot office building occupied by Recology staff). Year 16/17 included \$75K for new HVAC system.
Site maintenance	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	Budget is for unanticipated capital repairs to site utilities and paving. 16-acre site.
Repairs to landfill tipper	\$70,000					Repairs to hydraulic tipper at the Ox. Mountain Landfill. JPA owns tipper but Republic operates. Tipper used to empty garbage from transfer trailers.
Education center exhibits	\$15,000			\$15,000		Additional small exhibit on the energy inputs for manufacturing and recycling materials; complements existing exhibit on how products come from renewable and/or nonrenewable resources.
MRF tip area canopy	\$450,000					Extension of MRF tipping area to accommodate additional facility tonnage from third-parties. Project required if Board approves long-term third-party processing agreement with SBR.
Electrical charge station	\$20,000			\$15,000		Electric vehicle charging station and electrical installation for Recology vehicles. To be installed in the visitor parking area and could serve a dual purpose as a public vehicle charging station during the day.
Replace fuel storage and distribution system					\$1,000,000	Removal of old UST fuel tanks and replace with new AST and pump systems and canopy structure.
Energy storage system						Storage of energy to smooth out consumption needs and minimize energy rates. System purchase to be 100% financed by system provider (est. cost \$500,000) through PPA contract.
Baler reline					\$120,000	Planned reline of both balers. We own two balers in the MRF that are used to compress/bale commodities prior to shipment to end consumers such as paper mills.
CNG fueling station						TBD. System installation cost estimated at \$4M - to be financed by fuel supplier through PPA.
Organics to energy			\$5,000,000			Mixed waste processing and Organics separation system in conjunction with SVCW (or similar entity) for conversion of the organics stream into a biogas. Financing arrangements to be determined.
SUBTOTAL:	\$925,000	\$330,000	\$5,405,000	\$960,000	\$1,450,000	

Attachment G

Back-up Financial and Operational Data

This attachment provides additional supporting data and explanations for the FY1415 Budget projections in the staff report.

OPERATING REVENUE

1. **Table 1** provides revenue, tonnage, yardage and weighted average tip fee data for FY1314 Budget and Mid-Year Budget, and FY1415 Proposed Budget.

- There are no FY1415 tip fee increases budgeted for franchise and public customers.
- The public wtd. average FY1415 tip fee increase is due to a change in mix with more solid waste yards at \$35 / yard and less organics yards at \$24 / yard.
- Volume projections are based on the latest actual trends.

Table 1

TIP FEE REVENUE	FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
<u>Franchise</u>					
Tons	285,837	282,925	280,747	-5,090	-1.8%
Wtd Avg. Tip Fee	\$ 92.84	\$ 92.00	\$ 92.58	\$ (0.26)	-0.3%
Franchise Revenue	\$ 26,536,840	\$ 26,027,745	\$ 25,992,156	\$ (544,685)	-2.1%
<u>Public</u>					
Yards	175,224	200,643	182,976	7,752	4.4%
Wtd Avg. Tip Fee	\$ 32.03	\$ 32.83	\$ 34.05	\$ 2.02	6.3%
Public Revenue	\$ 5,611,560	\$ 6,586,867	\$ 6,229,698	\$ 618,138	11.0%
Total Tip Fee Revenue	\$ 32,148,400	\$ 32,614,613	\$ 32,221,854	\$ 73,454	0.2%

2. **Table 2a** provides historical and projected detail on inbound tonnage and yardage by material type to the Transfer Station (excludes recyclables tonnage to MRF).

- The “franchise food waste” category is largely being classified as “franchise organics” waste starting in 2013 due to the commingling of food and organics in the shipment (transportation) of the materials to the 3rd party compost operations.
- Due to a change by our 3rd party C&D processor, Zanker Road, in their material acceptance standards, the “public C&D” is presorted at Shoreway to remove roofing materials. The roofing materials are then disposed of resulting in fewer tons classified as C&D, but more tons as “public solid waste.”
- Public Green Waste volume decreased in Q3 FY14 causing the projections to decrease into FY1415. It is unknown if this is a permanent trend or an anomaly.

Table 2a

		Fiscal Year					
Total TS Tonnage and Yardage		2012	2013	2014	2015	14 vs 13	15 vs 14
Franchise		<i>actual</i>	<i>actual</i>	<i>estimate</i>	<i>estimate</i>		
SBWMA Solid Waste	<i>tons</i>	182,194	181,239	178,328	176,143	-1.6%	-1.2%
SBWMA Organics	<i>tons</i>	82,750	95,560	98,997	100,815	3.6%	1.8%
SBWMA Food Waste	<i>tons</i>	13,735	5,134	330	0	-93.6%	-100.0%
SBWMA Dirt, Inert, Other	<i>tons</i>	4,592	3,480	3,893	3,790	11.9%	-2.7%
sub-total Franchise		283,271	285,413	281,548	280,747	0.8%	-1.4%
Non-SBWMA Weighed Dirt	<i>tons</i>	3,192	4,014	5,099	5,099	27.0%	0.0%
Total Tons		286,462	289,427	286,647	285,846	1.0%	-1.0%
Public							
Public Solid Waste Yards	<i>yards</i>	31,667	45,244	62,894	67,277	39.0%	7.0%
Public Green Waste Yards	<i>yards</i>	45,215	58,612	54,988	48,209	-6.2%	-12.3%
Public C&D	<i>yards</i>	62,655	66,531	65,522	67,490	-1.5%	3.0%
Total Yards		139,536	170,386	183,404	182,976	22.1%	7.6%

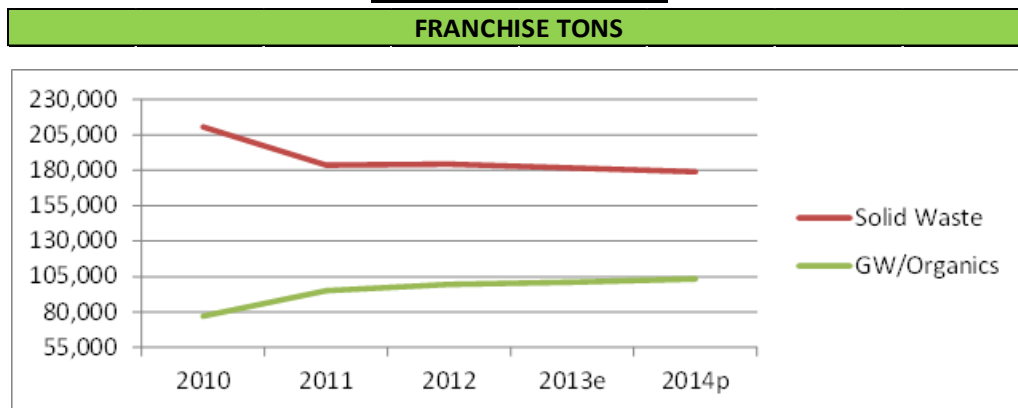
Table 2b compares the FY1415 budget to the FY1314 Mid-Year volume projections and the FY1314 approved budgeted assumptions.

- As mentioned above, some of the lower C&D public volume than in the FY1314 budget is due to the reclassification to solid waste.
- The lower public green waste volume is due to lower Q3 FY1314 actual volume which lowered the projection. We do not know if this trend will continue or not.

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

3. Tables **3a** and **3b** chart the change in volume from **Table 2a**.

Table 3a – Tonnage

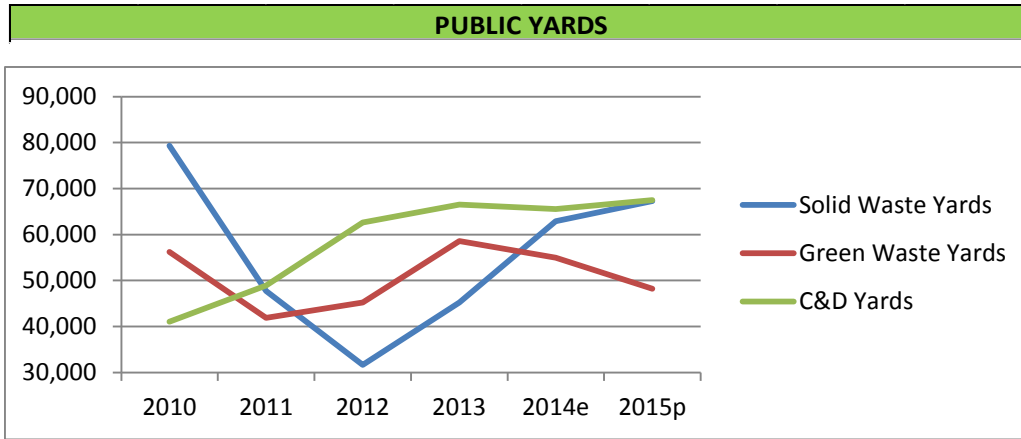


Historical high and 2010 for solid waste: 334,644 tons in 1998; 212,111 tons in 2010.

Historical high and 2010 for organics: 100,815 (est.) in 2015; 77,251 tons in 2010.

Note: New weekly organics service started in 2011.

Table 3b – Public Yardage



Recent highs:

Public solid waste: 152,580 yards in 2007.

Public green waste: 98,115 yards in 2007.

4. **Table 4** provides supporting data on commodity revenue projections.

- Tonnage is up slightly from the FY1314 budget and mid-year projection.
- A conservative price reduction of \$3 / ton for containers and a \$4 mid-year reduction for fibers are budgeted.
- Revenue share with SBR is on a calendar year basis so the budgeted fiscal year revenue is not the basis for the revenue share expense.
- Buyback payments are the CRV rates paid to public customers who “drop off” eligible recyclables at Shoreway.

Table 4

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

5. **Table 5a** provides a history of commodity prices per ton by quarter. The figures shown are the blended average price per ton for all commodities sold in a given quarter.

Table 5a

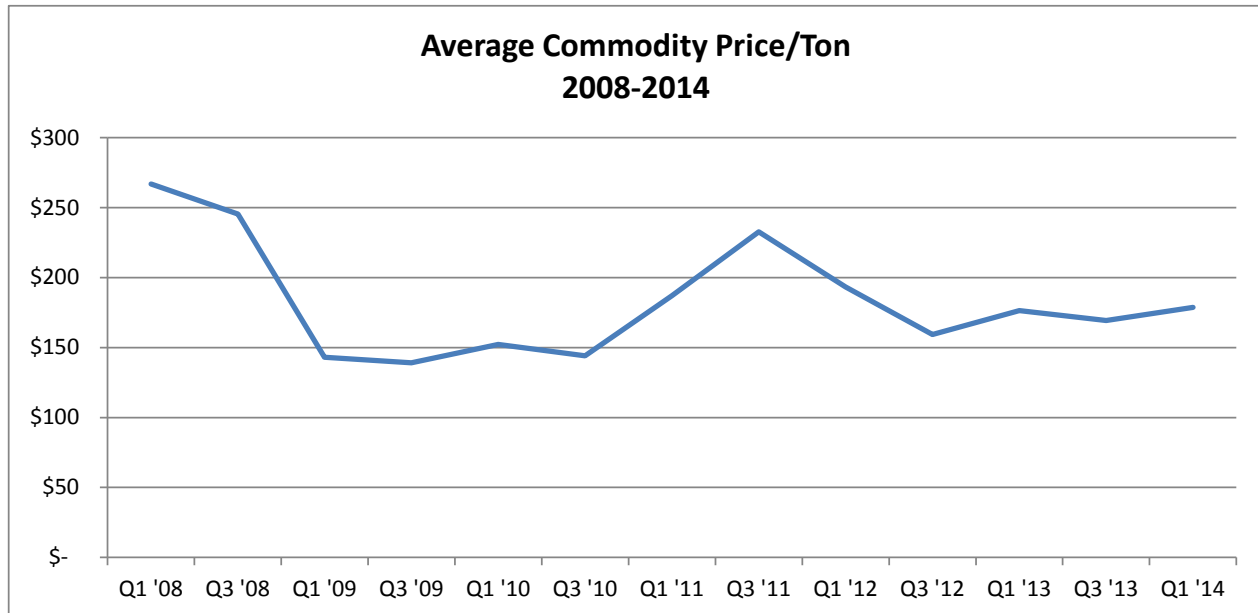


Table 5b shows the actual commodity tonnage and revenue sold by commodity type as of December 2013 YTD (twelve months) from all customers: curbside residential, commercial, Buyback, and drop-off.

Table 5b

Outbound Commodity Tons & Revenue						
Commodity	Tons	Price / Ton	Revenue	% Tons	% Revenue	
OCC (cardboard)	13,884	\$ 158	\$ 2,195,136	22.6%	20.7%	
ONP #8 (newspaper)	15,352	\$ 116	\$ 1,777,120	25.0%	16.8%	
Mixed Paper	15,496	\$ 105	\$ 1,623,248	25.3%	15.3%	
PET	1,289	\$ 1,588	\$ 2,046,108	2.1%	19.3%	
HDPE Natural	402	\$ 727	\$ 291,788	0.7%	2.8%	
HDPE Color	377	\$ 520	\$ 196,013	0.6%	1.9%	
Glass (Clean)	389	\$ 123	\$ 47,908	0.6%	0.5%	
Aluminum	214	\$ 4,461	\$ 955,822	0.3%	9.0%	
Glass (Mix)	11,843	\$ 98	\$ 1,162,374	19.3%	11.0%	
Tin	990	\$ 175	\$ 173,460	1.6%	1.6%	
Plastic 3-7	224	\$ 53	\$ 11,834	0.4%	0.1%	
Mixed Rigid Plastic	422	\$ 117	\$ 49,576	0.7%	0.5%	
Mixed Film Plastic	20	\$ 10	\$ 200	0.0%	0.0%	
Bi Metal	395	\$ 132	\$ 52,245	0.6%	0.5%	
Poly Prop. Plastic #5	17	\$ 40	\$ 678	0.0%	0.0%	
Total	61,314	\$ 173	\$ 10,583,509	100.0%	100.0%	
Total Fibers	44,733	\$ 125	\$ 5,595,504	73.0%	52.9%	
Total Containers	16,582	\$ 301	\$ 4,988,005	27.0%	47.1%	
Total	61,314	\$ 173	\$ 10,583,509	100.0%	100.0%	
CRV from state included in price of PET, HDPE, glass, and aluminum <i>approximate</i>						

OPERATING EXPENSES

6. **Table 6a** provides supporting data for SBR's operating expense.

- MRF tons are up slightly.
- The FY1415 budgeted fee increase to SBR on 1/1/2015 is 2.5% (half of the fiscal year).
- The Transfer Station rate increase of 8.8% from the FY1314 budget is partly due to underestimated FY1314 rate. The rate increase from FY1314 mid-year is 4.8%.
- The Transfer Station and transportation tonnage matches the decreased disposal tonnage in table 7.
- The transportation blended rate increase below reflects the rates to seven destinations and the change in mix including more volume budgeted to go to Grover at a higher rate than Newby due to the mileage difference. The processing fee is lower at Grover than Newby (Table 7).

Table 6a (revised 5/23/2014)

SBR OPERATING EXPENSE						
		FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
a.	Summary					
	MRF	\$ 5,108,802	\$ 5,237,726	\$ 5,502,124	\$ 393,322	7.7%
	Transfer Station	\$ 4,303,844	\$ 4,254,012	\$ 4,434,402	\$ 130,558	3.0%
	Transportation	\$ 6,620,915	\$ 6,714,878	\$ 6,913,235	\$ 292,320	4.4%
	Interest	\$ 240,791	\$ 240,791	\$ 211,488	\$ (29,304)	-12.2%
	TOTAL SBR EXPENSE	\$ 16,274,352	\$ 16,447,407	\$ 17,061,249	\$ 786,897	4.8%
b.	Detail					
	MRF					
	Tons, net	60,340	61,692	62,672	2,332	3.9%
	Rate	\$ 84.67	\$ 84.90	\$ 87.79	\$ 3.13	3.7%
	Expense	\$ 5,108,802	\$ 5,237,726	\$ 5,502,124	\$ 393,322	7.7%
	Transfer Station					
	Tons	357,281	352,595	353,556	(3,725)	-1.0%
	Rate	\$ 12.05	\$ 12.06	\$ 12.54	\$ 0.50	4.1%
	Expense	\$ 4,303,844	\$ 4,254,012	\$ 4,434,402	\$ 130,558	3.0%
	Transportation					
	Tons	357,281	352,595	353,556	(3,725)	-1.0%
	Wtd. Avg. Rate	\$ 18.53	\$ 19.04	\$ 19.55	\$ 1.02	5.5%
	Expense	\$ 6,620,915	\$ 6,714,878	\$ 6,913,235	\$ 292,320	4.4%
	Interest	\$ 240,791	\$ 240,791	\$ 211,488	\$ (29,304)	-12.2%
	TOTAL SBR EXPENSE	\$ 16,274,352	\$ 16,447,407	\$ 17,061,249	\$ 786,897	4.8%

Table 6b breaks out SBR's operating expense variance between FY1415 volume and rate changes compared to the FY1314 approved budget.

Table 6b (*revised 5/23/2014*)

SBR Price / Volume		Volume	Price	Total	%
MRF					
Revenue Impact:					
Tonnage Change		2,332	\$ 87.79	\$ 204,732	52.1%
Rate Change		60,340	\$ 3.13	\$ 188,591	47.9%
Total Change				\$ 393,322	100.0%
Transfer Station					
Revenue Impact:					
Tonnage Change		-3,725	\$ 12.54	\$ (46,724)	-35.8%
Rate Change		357,281	\$ 0.50	\$ 177,282	135.8%
Total Change				\$ 130,558	100.0%
Transportation					
Revenue Impact:					
Tonnage Change		-3,725	\$ 19.55	\$ (72,843)	-24.9%
Avg. Wtd. Rate Change		357,281	\$ 1.02	\$ 365,163	124.9%
Total Change				\$ 292,320	100.0%
SUMMARY					
Revenue Impact:					
Tonnage Change				\$ 85,164	10.8%
Rate Change				\$ 731,036	92.9%
Lower Interest Expense				\$ (29,304)	-3.7%
Total Change				\$ 786,897	100.0%

7. **Table 7** provides supporting data for the disposal and processing expense.

- Disposal processors generally receive a CPI adjustment on January 1.
- The budget rates below are affected by the two rates in each fiscal year and the number of tons assumed in each period; i.e. the change in mix also affects the budgeted rates below.

Table 7

DISPOSAL & PROCESSING EXPENSE						
	FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%	
Summary						
TS Tons	357,281	364,666	353,556	-3,725	-1.0%	
Wtd Avg. Rate	\$ 39.85	\$ 39.17	\$ 39.94	\$ 0.09	0.2%	
Disposal Expense	\$ 14,238,468	\$ 14,283,775	\$ 14,121,816	-116,652	-0.8%	
Detail - 2015 Budget						
	FY 1314 Bud Rate	FY1415 Tons	FY1415 Rate	FY1415 Expense	%	
Ox Mountain MSW	\$ 38.95	209,704	\$ 39.08	\$ 8,195,189	58%	
Ox Mountain Aggregates	\$ 25.00	2,322	\$ 26.89	\$ 62,438	0%	
Organics (wtd avg)	\$ 39.49	112,774	\$ 39.90	\$ 4,499,569	32%	
C&D	\$ 47.41	28,756	\$ 49.32	\$ 1,418,321	10%	
Other (misc disposal less MRF & 3rd party residue paid by SBR)				\$ (53,701)	0%	
TOTAL	\$ 39.85	353,556	\$ 39.94	\$ 14,121,816	100%	