

RECOMMENDED TIPPING FEES FOR CALENDAR YEAR 2014

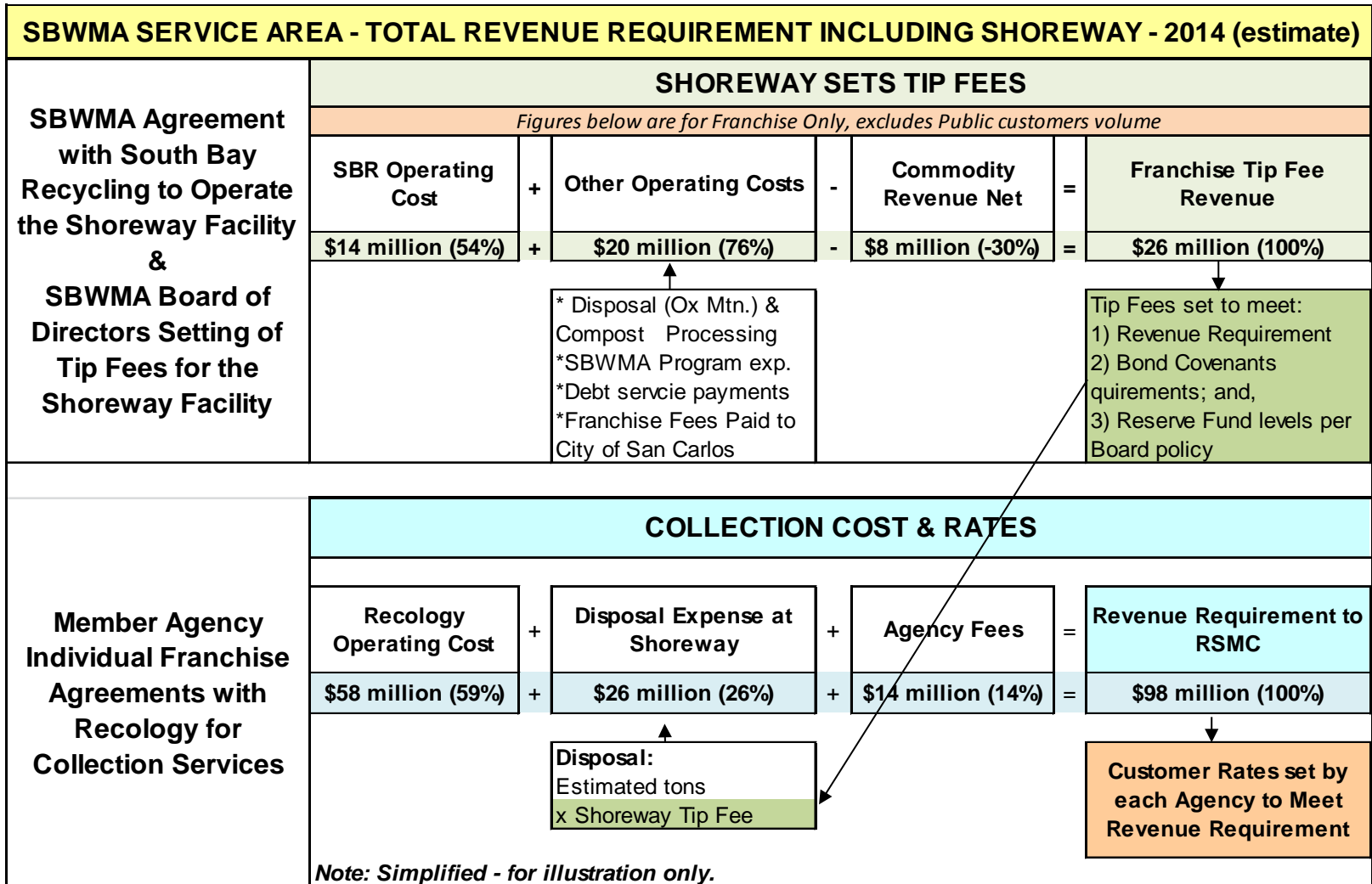


Recommended 2014 Tipping Fees

RECOMMENDED TIPPING FEES PER TON OR CUBIC YARD			
<u>Transfer Station Tip Fee Increases</u>	<u>Current Rates</u>	<u>Recommended Rates (1/1/14)</u>	<u>Percent Increase</u>
Franchise Solid Waste	\$91.00 per ton	\$92.00 per ton	1.1%
Franchise Residential/Commercial Organics	\$92.00 per ton	\$94.00 per ton	2.2%
Franchise Commercial Food Waste	\$104.00 per ton	\$107.00 per ton	2.9%
<i>Non-Franchise Weighed (Inerts) Tons</i>	\$91.00 per ton	\$81.00 per ton	-11%
Public Solid Waste Yards, <i>non-Franchise</i>	\$34.00 per yard	\$35.00 per yard	2.9%
Public Green Waste Yards, <i>non-Franchise</i>	\$23.00 per yard	\$24.00 per yard	4.3%
Construction and Demolition, <i>non-Franchise</i>	\$30.00 per yard	\$32.00 per yard	6.7%

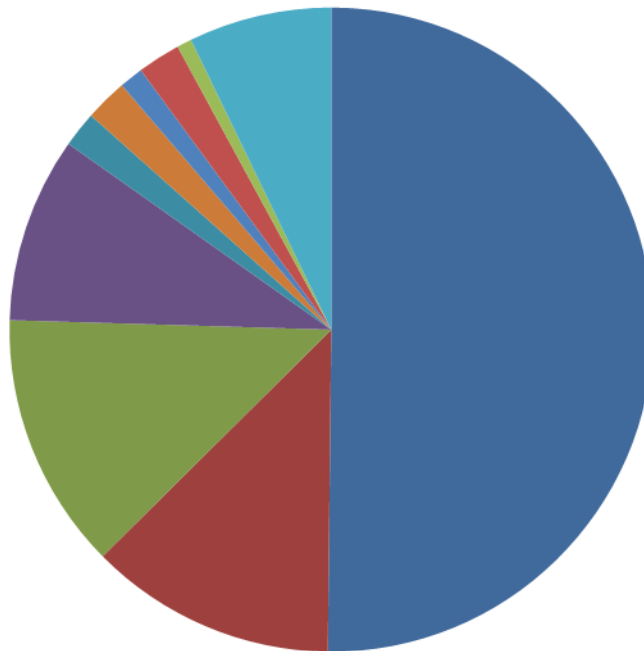
- Projected 2014 collection rate impact of **0.4%**.
- Tipping fee adjustments assumed in adopted FY1314 Budget had a collection rate impact of **0.7%**; these assumed adjustments were included in the collection revenue requirement approved by the Board at the 9/26/13 BOD meeting.

Total Revenue Requirement



Total Collection Expense Detail

SBWMA Total Collection Expense Detail - 2014 (estimate)



- \$ 57.6 Recology Collection Cost (59%)
- \$ 14.2 Member Agency Franchise Fees (14%)
- \$ 14.8 Shoreway - SBR Operating Cost (15%)
- \$ 10.7 Shoreway - Disposal & Processing Expense (11%)
- \$ 2.1 Shoreway - County Fees @ Ox Mtn (2%)
- \$ 2.5 Shoreway - Bond Interest Expense (2.5%)
- \$ 1.4 Shoreway - Fr. Fees to City of San Carlos (1%)
- \$ 2.5 Shoreway - SBWMA Program Expense (2.5%)
- \$ 0.9 Shoreway - Other Operating Cost (0.9%)
- \$106.5 TOTAL OPERATING COST (108%)
- \$ -8.2 Shoreway Net Commodity Revenue (-8%)
- \$ 98.3 TOTAL COLLECTION EXPENSE

Process for Evaluating Tipping Fee Adjustments

Step #1: Update financial projections (2013 and 2014 calendar year) with current inbound tonnage and yardage from franchise and non-franchise customers, outbound tonnage, commodity tons and prices, and operating expenses.

Step #2: Review the projected net operating surplus/shortfall assuming various tipping fee adjustment (per ton and per yard rates) scenarios. “Test” various scenarios against compliance with two bond debt covenant requirements (i.e., break even test and debt coverage ratio of 1.4).

Step #3: Compare the 2014 tipping fee scenarios vs. the estimated Transfer Station operating costs by material type.

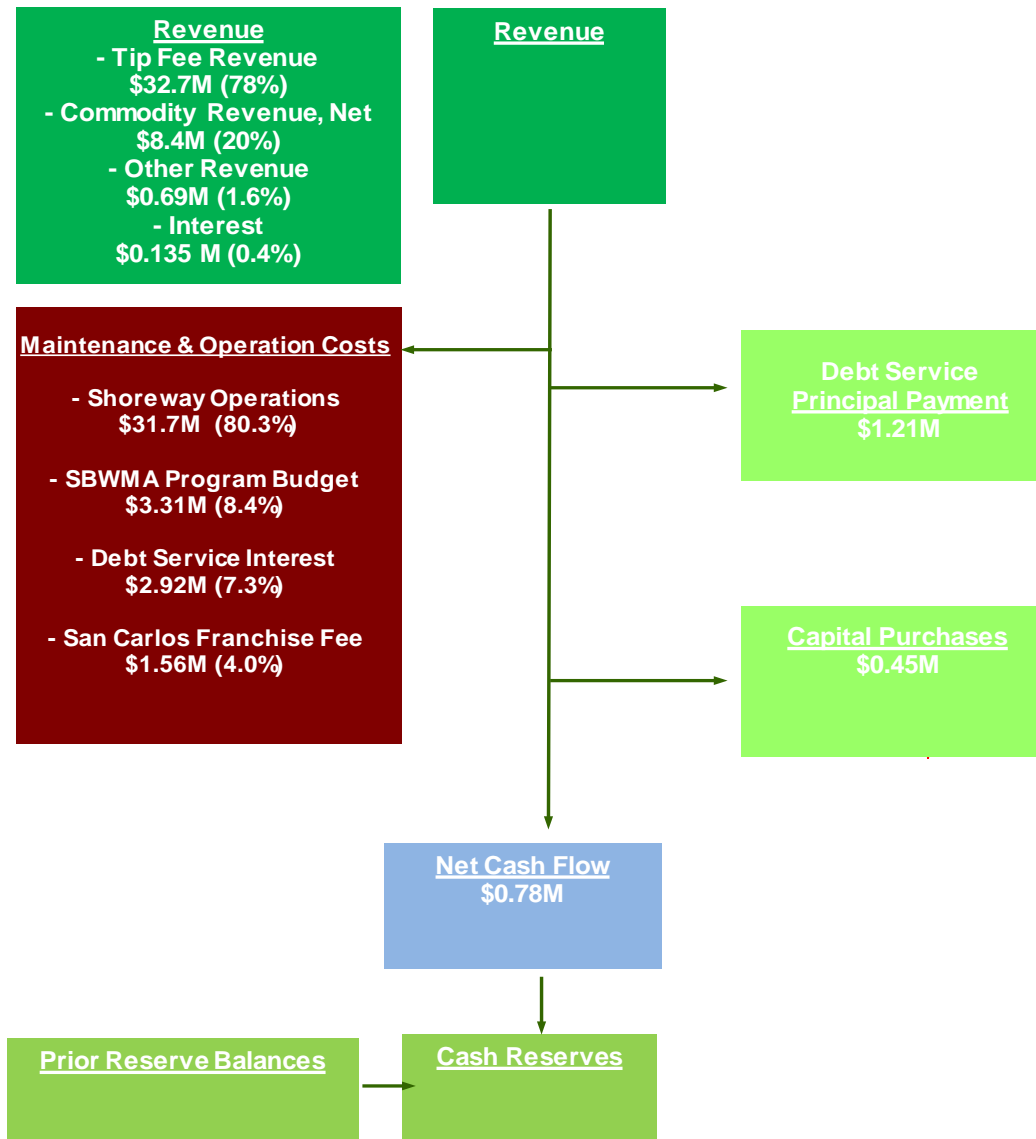
Step #4: Compare tip fees at select Bay area transfer stations and landfills.

Step #5: Take a preliminary look at cash reserve balances resulting from projected net income. Cash reserve balances to be updated and shared during mid-year budget review in January 2014.

Updated SBWMA Financial Projections

SBWMA	Calendar Year		% Change	% of Total
	2013 Projection	2014 Projection		
<i>estimate</i>				
Operating Revenue				
Franchise Revenue	26,176,104	26,467,716	1.1%	63.3%
Public Revenue	5,795,282	6,267,134	8.1%	15.0%
Commodity Sales, Net	8,407,663	8,360,739	-0.6%	20.0%
HHW Program	488,833	498,610	2.0%	1.2%
Other Revenue	207,228	187,317	-9.6%	0.4%
Total Operating Revenue	41,075,110	41,781,517	1.7%	100.0%
Operating Expenses				
SBR Operating Expense	16,085,447	16,775,818	4.3%	42.6%
Disposal Expense	14,111,515	14,449,601	2.4%	36.7%
Shoreway Facility & Maintenance	147,210	161,931	10.0%	0.4%
Total Operating Expense	30,344,171	31,387,350	3.4%	79.8%
SBWMA Program Budget	2,790,468	2,811,750	0.8%	7.1%
Franchise Fee	1,522,000	1,559,000	2.4%	4.0%
Other Expense	1,063,242	1,111,633	4.6%	2.8%
Total Other Expense	5,088,506	5,175,871	1.7%	13.2%
Total Expense	35,432,677	36,563,222	3.2%	92.9%
Interest, Net	3,059,989	2,781,085	-9.1%	7.1%
Total Expense	38,492,666	39,344,306	2.2%	100.0%
Net Operating Income	\$ 2,582,444	\$ 2,437,211	-5.6%	
Other Payments				
Shoreway Capital Expenditures	350,000	350,000	0.0%	
Miscellaneous	55,500	100,000	80.2%	
Burlingame B Bond Payoff	3,000,000	-		revised
Bond Principal Payments	1,150,000	1,205,000	4.8%	
Net Cash Flow	(1,973,056)	782,211		
Designated Reserve Funding	(1,834,728)	593,440		
Undesignated Cash Flow	(138,328)	188,771		
Bond Covenant Requirements				
Break Even @ 1.0	1.04	1.03		
Debt Coverage @ 1.4	1.69	1.62		

Cash Flow



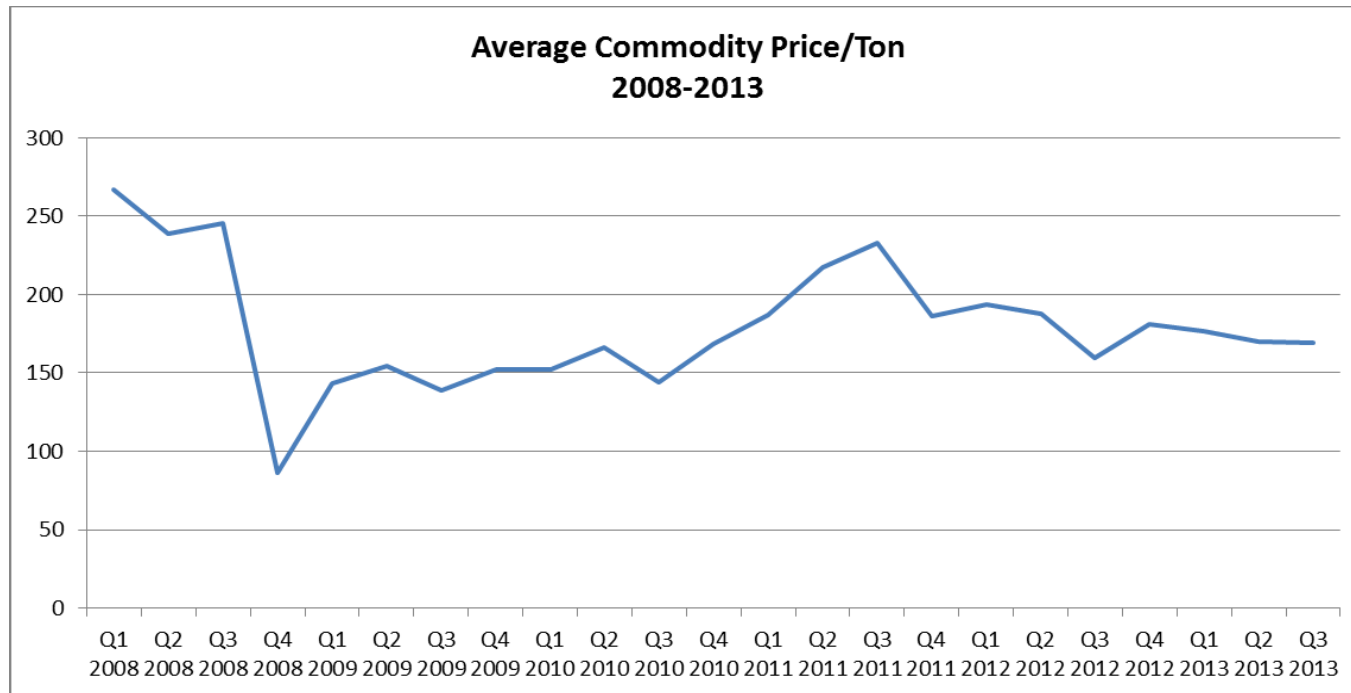
Transfer Station Costs and Revenues

SHOREWAY ENVIRONMENTAL CENTER - ESTIMATED TRANSFER STATION OPERATIONAL COSTS AND REVENUES BY TYPE OF MATERIAL							
2014 Cost / Ton (Estimated):	SBR Comp.	3rd Party Costs	Other Costs	TOTAL COSTS	REVENUE	REVENUE	REVENUE
FRANCHISE	Total	Disposal & processing	Total	Cost / Ton	Recommended Tip Fee / Ton	Total \$	% of Total
Solid Waste	\$ 28.44	\$ 39.01	\$ 16.68	\$ 84.13	\$ 92.00	\$ 16,469,035	50.3%
Residential and Commercial Organics	\$ 37.71	\$ 40.33	\$ 16.68	\$ 94.72	\$ 94.00	\$ 9,655,155	29.5%
Commercial Food Waste	\$ 34.99	\$ 61.25	\$ 16.68	\$ 112.92	\$ 107.00	\$ 59,535	0.2%
Inerts	\$ 28.91	\$ 25.77	\$ 16.68	\$ 71.36	\$ 81.00	\$ 247,376	0.8%
Miscellaneous						\$ 36,616	0.1%
Total Franchise Revenue						\$ 26,467,717	80.9%
2014 Cost / Cubic Yard (Estimated):	SBR Comp.	3rd Party Costs	Other Costs	TOTAL COSTS	REVENUE	REVENUE	REVENUE
SELF-HAUL	Total	Disposal & processing	Total	Cost / Yard	Recommended Tip Fee / Yard	Total \$	% of Total
Solid Waste	\$ 7.11	\$ 9.75	\$ 4.17	\$ 21.03	\$ 35.00	\$ 2,200,071	6.7%
Green Waste	\$ 8.89	\$ 9.08	\$ 3.76	\$ 21.73	\$ 24.00	\$ 1,476,217	4.5%
C&D	\$ 11.19	\$ 19.26	\$ 5.25	\$ 35.69	\$ 32.00	\$ 2,064,834	6.3%
Miscellaneous						\$ 526,013	1.6%
Total Public Revenue						\$ 6,267,135	19.1%
TOTAL REVENUE						\$ 32,734,852	100.0%

Transfer Station Operating Margin

Transfer Station Operating Margin					
FRANCHISE	2014 Cost / Ton (Estimated)	2014 Tip Fee / Ton (Proposed)	Net Income / Ton (Estimated)	# Tons	2014 Total Operating Margin (Estimated)
Solid Waste	\$ 84.13	\$ 92.00	\$ 7.87	179,011	\$ 1,408,063
Residential Organics	\$ 94.72	\$ 94.00	\$ (0.72)	102,714	\$ (73,869)
Commercial Food Waste	\$ 112.92	\$ 107.00	\$ (5.92)	556	\$ (3,293)
Inerts	\$ 71.36	\$ 81.00	\$ 9.64	3,258	\$ 31,404
Subtotal				285,539	\$ 1,362,305
SELF-HAUL	2014 Cost / Yard (Estimated)	2014 Tip Fee / Yard (Proposed)	Net Income / Ton (Estimated)	# Yards	2014 Total Operating Margin (Estimated)
Solid Waste	\$ 21.03	\$ 35.00	\$ 13.97	62,859	\$ 877,917
Green Waste	\$ 21.73	\$ 24.00	\$ 2.27	61,509	\$ 139,408
C&D	\$ 35.69	\$ 32.00	\$ (3.69)	64,526	\$ (238,182)
Public Dirt (tons)	\$ 71.36	\$ 81.00	\$ 9.64	4,492	\$ 43,298
Other Drop Off, etc				n/a	\$ 36,624
Subtotal				193,386	\$ 859,065
Total Transfer Station					\$ 2,221,370

Historical Commodity Prices



- Our projected average commodity revenue per ton of \$170.24 in calendar year 2014 is in line with historical averages.
- Gross commodity revenues received by SBWMA cover all MRF related costs (i.e., SBR costs to run MRF and Public Recycling Center, buyback payments to customers, commodity revenue share with SBR and any SBWMA allocated costs).

No Franchise Tipping Increase Scenario

SBWMA	Calendar Year
No Franchise Tip Fee Increase Scenario	
	<i>estimate</i>
	2014 Projection
Operating Revenue	
Franchise Revenue	26,111,562
Public Revenue	6,267,134
Commodity Sales, Net	8,360,739
HHW Program	498,610
Other Revenue	187,317
Total Operating Revenue	41,425,363
Operating Expenses	
SBR Operating Expense	16,775,818
Disposal Expense	14,449,601
Shoreway Facility & Maintenance	161,931
Total Operating Expense	31,387,350
Total Other Expense	5,175,871
Total Expense	36,563,222
Interest, Net	2,781,085
Total Expense	39,344,306
Net Operating Income	\$ 2,081,057
Other Payments	
Shoreway Capital Expenditures	350,000
Miscellaneous	100,000
Bond Principal Payments	1,205,000
Net Cash Flow	426,057
Designated Reserve Funding	593,440
Undesignated Cash Flow	(167,383)
Bond Covenant Requirements	
Break Even @ 1.0	1.018
Debt Coverage @ 1.4	1.534

Questions



Any
Questions?