



NEW BUSINESS



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: September 12, 2012 Board of Director's Special Meeting
Subject: Resolution Adopting FY 2013 Budget

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2012-12 attached hereto authorizing the following action:

Adoption of the Fiscal Year (FY) 2013 Budget.

Analysis

Attached you will find a Budget Message providing an overview of the proposed FY 2013 budget (including cash reserve balances, capital budget, revenues, expenditures, staffing, and program priorities). The actual proposed FY 2013 budget is **Attachment A** to the Budget Message. The proposed budget figures reflect significant changes in specific line items since the budget was discussed on June 28th as captured in Table 1 on the next page with a substantial reduction in net income from \$3,259,520 to \$1,004,000. The budget changes include:

- Updating tonnage projections based on actual Shoreway tonnage data through July 2012; the previous tonnage figures used were through May 2012. The revised tonnage projections had the effect of a slight reduction in tipping fee revenue which was made up for by new recommended tip fee increases of \$1 per cubic yard on public solid waste and green waste. Overall, tons are still higher than was assumed in our draft May budget. **Table 2** provides a comparison of inbound franchised tonnage by annualizing the January - July 2012 tons and comparing these figures to prior years.
- Updating commodity revenue projections based on actual commodity revenue figures through July 2012. Commodity revenues are **\$2,587,800 lower** than our June 28th budget assumptions due to a significant drop in fiber (paper) prices in the past 30-60 days. See **Table 3** for details on average commodity revenue by quarter since 2008. This reduction in commodity revenue is partially offset by \$385,600 in lower revenue share expense paid to SBR.
- Changes in the SBWMA program budget which had the net effect of \$89,780 additional reduction in expenses. The revised SBWMA program budget figure of \$2,721,700 is 10% lower than the adopted FY 2012 budget.

Staff also met several times recently with Recology to discuss potential administrative cost savings they could deliver in their 2013 rate application. Recology has committed to cutting their administrative costs starting in calendar year 2013, including the elimination of the Public Education Manager position and two Waste Diversion Auditor positions; the 2013 Recology rate application assumes \$271,000 in savings from these cuts. Recology and staff believes there is significant duplication of effort with the Recology Public Education Manager position and the SBWMA's Recycling Outreach and Sustainability Manager position and both parties believe the oversight of the public education efforts can be done solely by the SBWMA. Recology would continue to pay for the design and production costs of public outreach pieces they send out so there would be no impact to the SBWMA budget. Our revised budget figures do include funds under "Diversion Program

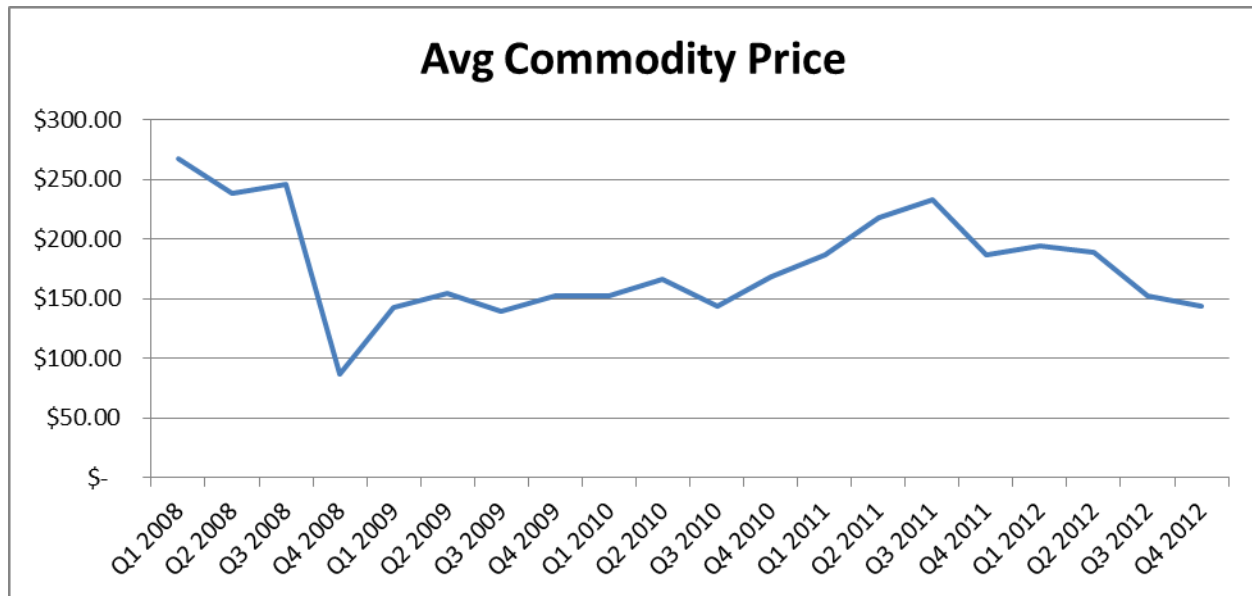
Support" to provide consultant support for outreach efforts as needed; this budget line was increased to \$30,000 which is \$10,000 higher than the FY 2012 adopted budget.

Table 1 – Line Item Adjustments to 6/28/12 Proposed FY 2013 Budget					
Revenue Summary:	5/24/2012	6/28/2012	9/12/2012	Variance 9/12/12 vs. 5/24/12	Comments
480007 TIPPING FEES	\$29,103,100	\$30,487,600	\$30,479,200	\$1,376,100	Updated tonnage proj. thru July 12'. \$1/yd tip fee increases for public solid waste and green waste.
480023 COMMODITY SALES	\$12,135,100	\$11,656,400	\$9,068,600	(\$3,066,500)	Lower residential MRF tons and substantially lower commodity prices.
COMMODITY REVENUE SHARE - NEW	(\$1,589,600)	(\$1,474,800)	(\$1,089,200)	\$500,400	Reduced revenue share due to lower commodity revenues.
480025 E-RECYCLING REVENUE	\$73,000	\$73,000	\$70,000	(\$3,000)	Reduced quarterly contamination payments.
subtotal:	\$39,721,600	\$40,742,200	\$38,528,600	(\$1,193,000)	
SBWMA Program Expenses:	5/24/2012	6/28/2012	9/12/2012	Variance	
520305 ADMINISTRATIVE STAFF	\$507,100	\$507,100	\$501,000	(\$6,100)	Reduced merit increase.
520306 AB 939 PROGRAM STAFF	\$672,600	\$667,630	\$662,200	(\$10,400)	Reduced merit increases and delayed staff changes. Some adjustments to accruals.
520312 BOARD COUNSEL	\$30,000	\$30,000	\$50,000	\$20,000	Estimated Outside investigator fees
520905 OFFICE/TENANT IMPROVEMENTS	\$2,250	\$2,250	\$1,500	(\$750)	Expense cut
520201 OFFICE SUPPLIES	\$17,000	\$17,000	\$15,000	(\$2,000)	Expense cut
520105 CELL PHONES	\$5,000	\$4,000	\$4,000	(\$1,000)	One fewer salaried person
520503 CONFERENCE & MEETINGS	\$12,000	\$9,000	\$8,000	(\$4,000)	One fewer salaried person
520511 SPONSORSHIPS & DONATIONS	\$8,500	\$7,000	\$6,000	(\$2,500)	Expense cut
520307 RATE REVIEW	\$60,000	\$55,000	\$50,000	(\$10,000)	Expense cut
520308 FACILITY IMPROVEMENT OVERSIGHT	\$30,000	\$25,000	\$20,000	(\$10,000)	Expense cut
520309 CONTRACT MANAGEMENT SUPPORT	\$80,000	\$60,000	\$60,000	(\$20,000)	Includes \$40k for financial systems audit
520309 CONTRACT NEGOTIATIONS/LEGAL	\$20,000	\$20,000	\$15,000	(\$5,000)	Expense cut
520309 COLLECTION SERVICES FRANCHISE	\$140,000	\$120,000	\$120,000	(\$20,000)	Includes \$30k for audit follow-up
520336 QUARTERLY CONTAM. MONITORING	\$99,000	\$77,000	\$77,000	(\$22,000)	Eliminates two quarterly samplings
520311 CIWMB ANNUAL REPORTS	\$35,000	\$25,000	\$25,000	(\$10,000)	Reconfirmed requirements and budget
520309 DIVERSION PROGRAM SUPPORT	\$30,000	\$35,000	\$30,000	\$0	Consultant staff support on outreach
520604 EVENT GIVEAWAYS	\$5,000	\$3,000	\$1,500	(\$3,500)	Expense cut
520331 LARGE EVENT/VENUE CONSULTING	\$15,000	\$10,000	\$10,000	(\$5,000)	Expense cut
520604 COMMERCIAL RECYCLING TECH. ASS	\$250,000	\$200,000	\$190,000	(\$60,000)	Fewer \$ for commercial accounts audit, purchase of internal containers and AB 341 support
520604 MULTI-FAMILY OUTREACH	\$65,000	\$90,000	\$85,000	\$20,000	Enhanced outreach given low diversion
520604 QUARTERLY NEWSLETTER PRINTING	\$200,000	\$150,000	\$110,000	(\$90,000)	Eliminated 1 quarterly newsletter and will include 1 newsletter w/ bills (not direct mailed separately).
520604 RESIDENTIAL OUTREACH PROGRAMS	\$170,000	\$150,000	\$140,000	(\$30,000)	Expense cut
520604 COMPOST GIVEAWAY	\$5,000	\$5,000	\$3,000	(\$2,000)	Expense cut
520604 HHW DOOR TO DOOR COLLECTION	\$60,000	\$80,000	\$75,000	\$15,000	Enhanced outreach given survey results
520335 CURBSIDE HOUSEHOLD BATTERY	\$3,000	\$5,000	\$5,000	\$2,000	Enhanced outreach given survey results
520604 ELECTRONIC COLLECTION EVENTS	\$2,000	\$1,000	\$1,000	(\$1,000)	Expense cut
subtotal:	\$2,523,450	\$2,354,980	\$2,265,200	(\$258,250)	
Shoreway Expenses:	5/24/2012	6/28/2012	9/12/2012	Variance	
522712 OPERATOR COMPENSATION - SBR	\$14,887,600	\$15,399,100	\$15,401,800	\$514,200	Higher compensation due to higher tons.
522713 DISPOSAL & PROCESSING COSTS	\$13,040,100	\$13,577,400	\$13,762,000	\$721,900	Higher disposal expense due to higher tons.
520710 INSURANCE SHOREWAY	\$306,500	\$197,300	\$197,300	(\$109,200)	Revised per final insurance quote.
522714 SHOREWAY FACILITY COST	\$170,000	\$170,000	\$160,000	(\$10,000)	Expense cut
522702 FRANCHISE FEE	\$1,385,900	\$1,451,800	\$1,406,200	\$20,300	Higher franchise fees to San Carlos due to higher gate (tipping) fees. No cap on franchise fees paid.
subtotal:	\$29,790,100	\$30,795,600	\$30,927,300	\$1,137,200	
SBWMA Program Budget:	\$2,929,950	\$2,811,480	\$2,721,700	(\$208,250)	Lower due to budget adjustments detailed above.
Total SBWMA Program Budget (w HHW pass thru)	\$3,372,350	\$3,253,880	\$3,164,100	(\$208,250)	
Total Shoreway Budget:	\$33,937,300	\$34,942,800	\$35,074,500	\$1,137,200	Higher operating expenses due to higher tons. Higher tip fee revenues covers higher ops expenses.
TOTAL OPERATING EXPENSES:	\$37,309,650	\$38,196,680	\$38,238,600	\$720,700	
Previous SBWMA Program Budgets					
Actual	FY0809		\$2,713,795		
Actual	FY0910		\$2,823,176		
Actual	FY1011		\$2,995,999		
Adopted	FY1112		\$3,025,450		
Mid-Year	FY1112		\$2,834,510		
Proposed	FY1213		\$2,721,700		10% below adopted FY1112 budget

Table 2 – Franchise Tonnage History

Franchise Tons	2008	2009	2010	2011	2012*	Tonnage Variance	12 vs. 11%	11 vs. 10%	10 vs. 09%	09 vs. 08%
						12 vs. 11				
Commercial										
Garbage	146,220	134,464	133,545	122,884	117,120	(5,764)	-4.69%	-7.98%	-0.70%	-8.70%
Recycle	26,159	25,689	23,332	24,208	26,616	2,408	9.95%	3.75%		
Organics**	17,254	17,441	18,945	18,784	19,193	409	2.18%	-0.85%		
Total	189,633	177,595	175,822	165,876	162,929	(2,947)	-1.78%	-5.66%	-1%	-6.70%
Residential										
Garbage	78,367	76,152	75,222	59,306	58,947	(359)	-0.60%	-21.16%		
Recycle	34,704	30,124	32,517	40,661	39,921	(740)	-1.82%	25.05%		
Organics	50,656	53,665	58,306	75,372	75,790	418	0.55%	29.27%		
Total	163,726	159,941	166,045	175,339	174,658	(681)	-0.39%	5.60%		
*January - July 2012. % comparisons and tonnage variance calculated by annualized Jan.- July 12' tons and comparing vs. actual 2011 tons.										
** Includes "other diverted tonnage" by Allied Waste.										

Table 3 – Commodity Revenue History



The proposed budget does not include any recommended changes to budget policy, or a net change in headcount, though there are proposed changes in staffing. We are proposing to eliminate one full-time salaried position, the Recycling Coordinator, but augment our environmental education staff; the net effect is no change to total FTE headcount of 7.8.

This budget document addresses key agency priorities and reflects our vision as detailed in our new Strategic Plan 2013-2020 (see Attachment B) approved on March 22, 2012.

Attachment C to the Budget Message provides a breakout on current staffing and budget assumptions related to salary and benefits. Salary expenses for staff will be discussed in closed session at the September 12th Board meeting. This budget assumes a 1.5% merit increase pool or 1.5% one-time bonus, as applicable, whereas the June 28th proposed budget assumed 2.5%.

Capital

The Shoreway Master Plan capital project is expected to be 100% complete in the fall 2012. Our current projection is that we will complete the project **\$1,082,037 under budget** with \$515,000 from the bid deduct alternate for the transfer station and \$567,037 unspent from other contingency funds and "soft costs." These savings have been incorporated into our cash reserve projections and our higher assumed savings than previously shared with the Board.

Non-Master Plan capital projects for FY 2013 total \$300,000 and includes: \$40,000 for MRF repairs, \$25,000 for repairs to the landfill tipper, \$35,000 for truck wash system replacement, and repair projects related to other facility infrastructure as listed in the budget detail document found in **Attachment A**. This reflects a 21% reduction or \$80,000 lower than the June 28th proposed budget.

Reserves Balances

The reserve balance year end projections are shown below in **Table 4** for FY 2012 and FY 2013.

Table 4 - Reserve Balances (Year End Balance)		
<u>Reserve Category</u>	<u>Projected FY 2012 Budget</u>	<u>Proposed FY 2013 Budget</u>
Operating (10% of Ops. Expense)	\$3,797,221	\$3,823,860
Rate Stabilization (10% of Ops. Expense)	\$3,797,221	\$878,974***
Equipment Replacement (12 year amortization)*	\$543,403	\$1,799,028
Undesignated	\$913,609	\$0
Total Unrestricted General Reserves	\$9,051,454	\$6,501,862
Master Plan Internal Spending	\$0	\$0
Bond Principal Payment Fund	\$912,500	\$958,333
Burlingame Bond Repayment Fund**	\$972,973	\$1,945,946
Total General Reserves	\$10,936,927	\$9,406,141
* Assumed in bond proforma to be funded starting in calendar 2012.		
** Not a dedicated reserve fund per our cash reserve policy.		
*** Below Board approved level by \$2,944,886.		

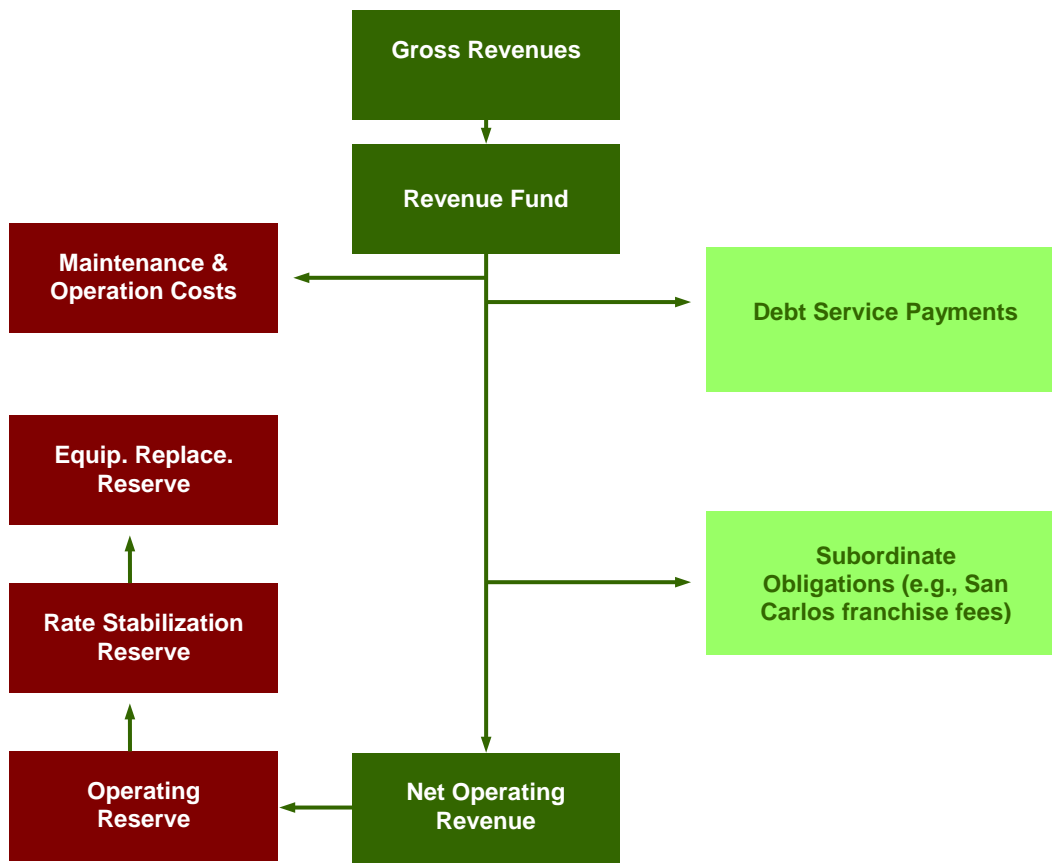
Given the substantial drop in net income due to the commodity revenue shortfall, we are not projected to fully meet all of our cash reserves levels as noted above in **Table 4**. We may also need a cash transfer to meet our 1.4 net revenues/debt service coverage test for calendar year 2012; our current financial projections show us right at 1.4.

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

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

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

Per Board action in June 2012, there will be a subcommittee of Board Members and staff that will review our current cash reserve policy. This subcommittee is expected to convene in October.



Background

A draft budget for FY 2013 was reviewed and discussed at the May 24, 2012 Board meeting resulting in changes as captured in the final proposed FY 2013 budget considered at the June 28, 2012 Board meeting. The Board deferred action on the budget at the June 28th meeting but did approve a budget continuation resolution effective for up to 90 days.

Fiscal Impact

The FY 2013 proposed operating budget includes revenues of \$39,242,600 and operating expenses of \$38,238,600 resulting in net operating income of \$1,004,000. This compares to a projected net operating income in FY 2012 of \$2,422,590.

As a reminder, non-operating obligations (i.e., bond principal payment and capital expenditures) are not included in the operating income but would be paid out of operating income. These obligations include: bond principal payment (\$1,095,000) and capital expenditures (\$300,000). In addition, the final Master Plan spending of (\$1,199,305) is paid out of the general reserves.

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

Attachments:

Resolution 2012-12

Budget Message (includes attachments for the Proposed FY 2013 Budget, Strategic Plan, Personnel Summary, Outreach and Program Details, and Organization Chart).



RESOLUTION NO. 2012-12

**RESOLUTION OF THE SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY BOARD OF DIRECTORS
ADOPTING THE FY 2013 BUDGET**

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

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of the South Bayside Waste Management Authority that the Board adopts the FY 2013 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 12th day of September, 2012, 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. 2012-12 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on September 12th, 2012.

ATTEST:

Jim Porter, Chairperson of SBWMA

Cyndi Urman, Board Secretary



September 12, 2012

SBWMA Board of Directors
South Bayside Waste Management Authority

Dear Chair and Members of the Board:

I am pleased to present for your consideration the proposed fiscal year (FY) 2013 Operating Budget (see **Attachment A**) for the South Bayside Waste Management Authority (SBWMA). The operating budget includes cash reserve balances, capital spending, revenues and expenditures, including the SBWMA program budget and the Shoreway operating budget. This budget document addresses key agency priorities and reflects our vision as detailed in our new Strategic Plan 2013-2020 (see **Attachment B**) approved on March 22, 2012. This budget reflects the strong foundation now in place with the second year of new franchised collection services and Shoreway operations, and completion of all major Shoreway master planned capital improvements.

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

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

Key Priorities

The proposed budget funds the following key priorities:

- Continued oversight and contract administration support for the twelve collection services franchise agreements with Recology San Mateo County (RSMC), including follow-up work on audit findings and financial auditing.
- Continued oversight of the South Bay Recycling (SBR) Shoreway operations.
- Closeout of the Shoreway masterplan construction activities with key milestones including completion of the landscaping and signage, and public demonstration areas in front of the Transfer Station.
- Management of the annual rate recommendation process, including review of the 2013 RSMC and SBR rate applications, and completion of final rate reports (RSMC, SBR and consolidated report) for 2013.
- Support of existing recycling programs, notably ongoing residential public outreach; AB 341 commercial recycling outreach; expanded outreach to support multi-family recycling; research and develop permitting or non-exclusive franchise system for commercial recyclers; and oversight and expanded outreach for the HHW door to door collection services for nine Member Agencies.
- Management of the Shoreway Education Center tour program, including the school tours and public tours.
- Continuing the long range planning process including analyzing existing collection and processing systems, evaluating new processing technologies, analysis of existing and new rate structures, and investigating policy and outreach tools to support higher diversion levels in a cost effective manner.
- Management of all ongoing capital repairs at Shoreway.
- Oversight of Shoreway remediation activities.

FY 2013 BUDGET HIGHLIGHTS (Revenues and Expenditures)

The table below summarizes key FY 2013 Budget highlights. A discussion on revenues and expenditures is provided later in this document.

FY 2013 OPERATING BUDGET HIGHLIGHTS

Overall Revenues Totalling \$39.24 million

- ♻️ **\$30.48 million** from Shoreway tipping fees assumes tipping fee increases on Jan. 1st per the schedule shown on p. 9.
- ♻️ **\$7.98 million** from Shoreway net commodity revenues (**\$9.07 in gross revenue minus \$1.09 million in commodity revenue share with SBR**).
- ♻️ **\$0.602 million** in miscellaneous revenue sources (i.e., HHW program fees, e-recycling revenue, MRF host fees, etc.).
- ♻️ **\$0.18 million** in investment income.

Shoreway Expenditures Totalling \$35.1 million (91.7% of total expenditures)

- ♻️ Shoreway Operating Budget consisting of **\$15.4 million** for SBR compensation, **\$13.8 million** for disposal and processing costs, **\$3.15 million** for debt service bond interest, **\$1.41 million** for franchise fees to San Carlos, **\$0.56 million** for payments to buyback customers (previously included in Allied Waste pass through costs), **\$0.32 million** for Allied Waste balancing account payments, **\$0.28 million** for other operating expenses, and **\$0.2 million** for insurance.

SBWMA Expenditures (program budget) Totalling \$3.16 million (8.3% of total expenditures)

- **Administrative Expenses (\$1.6 million, 51% of SBWMA program budget)**
 - ♻️ No change in net headcount. Eliminating one position and adding the equivalent of one new position.
 - ♻️ \$15,250 or 0.1% increase in expenses compared to FY 2012 adopted budget.
- **Contract Compliance and Consultant Support (\$0.34 million, 11% of SBWMA program budget)**
 - ♻️ \$120,000 for supporting Member Agencies with contract compliance and enforcement of franchises; and follow-up work and limited auditing for customer service systems, billing, and reports.
 - ♻️ \$60,000 for ongoing financial auditing and follow-up work from 2012 auditing efforts.
 - ♻️ \$77,000 for performing two quarterly load contamination monitoring per the franchise agreements and for ongoing quality glass incentive program audits.
- **Recycling (diversion) Programs and Long Range Planning (\$0.78 million, 25% of SBWMA program budget)**
 - ♻️ \$190,000 for commercial recycling technical assistance.
 - ♻️ \$120,000 for quarterly newsletter design, set-up and distribution; assumes three newsletters as opposed to four.
 - ♻️ \$140,000 for residential outreach programs.
 - ♻️ \$85,000 for multi-family outreach.
 - ♻️ \$75,000 for outreach to support current HHW door to door collection programs.
 - ♻️ \$50,000 for long range plan alternative analysis.
- **Collection Operations (\$0.44 million, 14% of SBWMA program budget)**
 - ♻️ \$442,400 for HHW door to door collection services fees for existing programs (see offsetting revenue account).

Attachment D provides further detail on outreach and program assumptions by budget line item.

FY 2012 FINANCIAL PERFORMANCE

Based on updated mid-year financial projections we expect our financial performance in FY 2012 to be as follows:

Revenues:	\$40,394,800
Expenditures:	<u>\$37,972,210</u>
Operating Surplus/ (Deficit)	\$2,422,590

FISCAL YEAR 2013 BUDGET OVERVIEW

The FY 2013 operating budget includes revenues of \$39.24 million and operating expenses of \$38.24 million leaving \$1 million in net operating income.

SBWMA FY 2013 GENERAL OPERATING BUDGET (in millions of dollars)			
	<u>FY2012 Adopted</u>	<u>FY2012 Mid-Year</u>	<u>FY2013 Proposed Budget</u>
Revenues	40.13	40.39	39.24
Expenditures	36.49	37.97	38.24
Shoreway Operations*	33.0	34.71	35.07
Administration	1.58	1.57	1.6
Contract Compliance	0.38	0.37	0.34
Recycling Programs	1.07	0.89	0.78
Collection Operations	0.47	0.43	0.44
Operating Income/(Loss)	3.64	2.42	1.00
* Debt service expense is included in Shoreway Operations expenditures.			

REVENUES

Total operating revenues for FY 2013 are expected to be \$1.15 million lower than our mid-year FY 2012 budget projections. Higher tipping fee revenue of \$1.4 million is a result of higher than expected franchise disposed tons and organic tons, and higher public volumes. This higher tipping fee revenue is more than offset by lower commodity revenues of \$2.52 million. Our assumed solid waste tipping fee increases do not assume any change in the County's AB 939 fee (disposal surcharge) at Ox Mountain Landfill.

Proposed tipping fee adjustments effective January 1, 2013 are shown in the table below.

PROPOSED TIPPING FEES PER TON OR CUBIC YARD			
<u>Transfer Station Tip Fee Increases</u>	<u>Current Rates</u>	<u>Proposed Rates (1/1/13)</u>	<u>Percent Increase</u>
SBWMA Solid Waste, <i>Franchise</i>	\$88.00 per ton	\$91.00 per ton	3.4%
SBWMA Residential Organics, <i>Franchise</i>	\$89.00 per ton	\$92.00 per ton	3.4%
SBWMA Commercial Food Waste, <i>Franchise</i>	\$101.00 per ton	\$104.00 per ton	3.0%
Non-SBWMA Weighed Tons <i>non-Franchise</i>	\$88.00 per ton	\$91.00 per ton	3.4%
Public Solid Waste Yards, <i>non-Franchise</i>	\$33.00 per yard	\$34.00 per yard	3.0%
Public Green Waste Yards, <i>non-Franchise</i>	\$22.00 per yard	\$23.00 per yard	4.5%
Construction and Demolition, <i>non-Franchise</i>	\$29.00 per yard	\$30.00 per yard	3.4%

Tip fee revenue is budgeted to increase \$1.4 million or 4.9% over FY 2012 levels. Actual price increases will generate \$0.86 million in revenue whereas volumes increases will generate \$0.56 million. The June 28th proposed budget assumed no increases for public solid waste and green waste.

Gross (before commodity revenue sharing) commodity revenues are projected to decrease by \$2,727,600 from FY 2012 levels with a lower commodity revenue share of \$139,400 with SBR. FY 2012 actual average commodity revenue per ton was \$199.23 versus a projected amount of \$154.30 in FY2013. There has been a weakness in prices, notably fiber prices, in the last 60 days due to reduced demand for finished goods; the paper manufacturing plants in China have lower demand for what they manufacturer so thus they in turn need less recycled fiber to consume. Fortunately, given our strong contractual provisions with SBR and their excellent end market relationships, we are not experiencing any "movement" issues with our fiber commodities.

Tip Fees

A major source of revenue for the SBWMA is the revenue collected from franchised solid waste and organics delivered to the Shoreway facility which are consolidated and then transferred to disposal or processing sites. For the FY 2013 budget, tip fee revenue is projected to be approximately \$30.48 million.

The table below summarizes the projected source and contribution percentage of the tip fee revenue at the Shoreway facility for the FY2013.

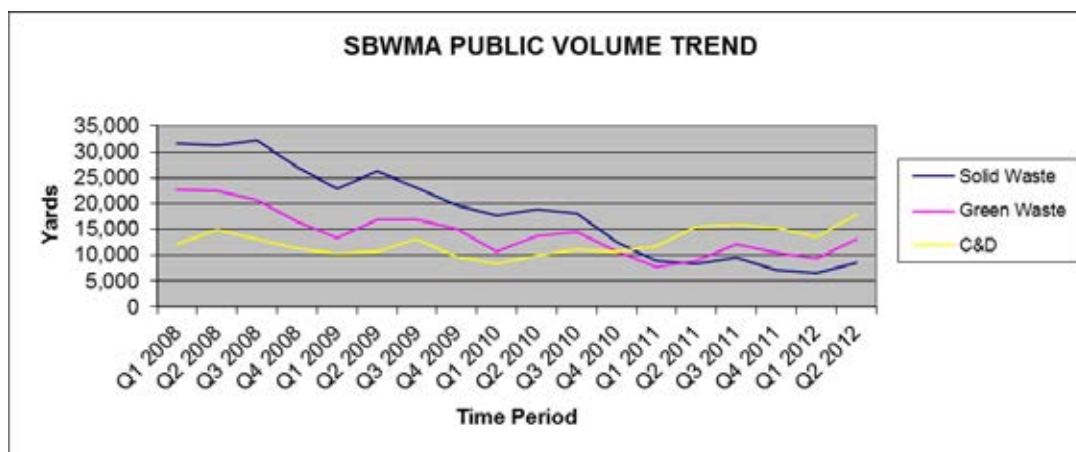
Revenue Source	Amount (in millions)	% of Total
SBWMA – Solid Waste	\$16.40	54%
SBWMA – Organics	\$6.60	22%
SBWMA – Food	\$2.30	7%
Miscellaneous Weighed Tons	\$0.80	3%
Public Solid Waste Yards	\$1.10	4%
Public Green Waste Yards	\$1.20	4%
Public – C&D, Other	\$2.10	7%
Total	\$30.50	100.00%

We are seeing higher franchise solid waste and organics tons, and higher public green waste and C&D tons.

It's important to note that public volumes for solid waste have continued a precipitous decline despite two tip fee decreases in the past 18 months, though we have seen a modest increase in the last three months. Public green waste has increased the past two quarters year over year so the historic decline in these volumes seems to have abated. C&D volumes continue to grow significantly the past 18 months. The table below shows the annual yardage for 2007-2011 and the first and second quarter 2012 volumes.

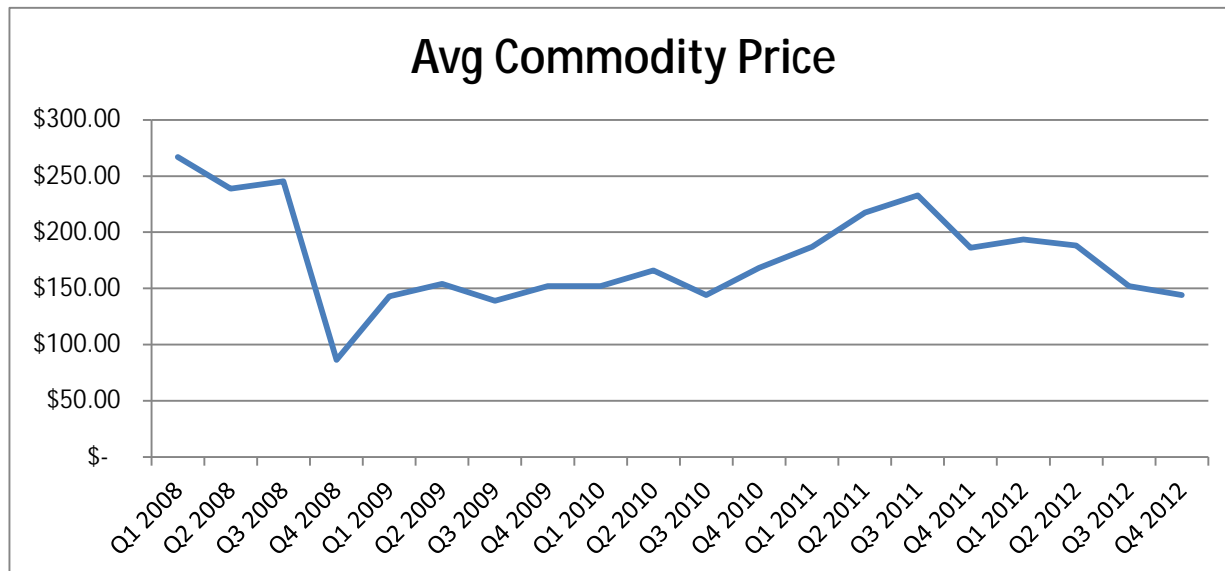
	Total 2007	Total 2008	Total 2009	Total 2010	Total 2011	Q1 2012	Q2 2012
Total Public Yardage							
Solid Waste	152,580	121,833	91,928	67,053	33,787	6,520	8,516
Green Waste	98,115	82,152	62,254	49,395	39,431	9,397	13,168
C&D	55,695	51,249	43,651	40,126	58,414	13,527	17,883

These trends are also captured in the chart below for the 2008 thru 2nd quarter 2012 period.



Commodity Revenues

The chart below captures the drop in commodity prices accelerating the past quarter and projected to decline further through the balance of the year. Our projected average commodity revenue per ton of \$154.30 in FY 2013 is slightly below historical averages.



EXPENDITURES

Shoreway operating expenses comprise 91.7% of our total budget with the balance from the SBWMA program budget. Significant year over year differences in our expenses include:

- Higher Shoreway operating expenses due to higher than expected franchised tons partially offset by smaller Allied Waste balancing account payment and lower Shoreway insurance expense.
- Lower SBWMA program expenses compared to the FY 2012 adopted budget and slightly lower as compared to the 2012 mid-year projections. This is due to no increases in headcount and proposed program savings as detailed in Table 1 of the staff report. **Our proposed program budget is 10% lower than our adopted FY 2012 budget.**

STAFFING

Effective October 1, 2008 the SBWMA became the employer of record for all employees currently under contract with RGS. One employee, Cliff Feldman, remains on the LGS payroll to maintain his Calpers benefits. We will continue to contract out for HR/payroll administration. **Attachment C** provides a breakout on current staffing and budget assumptions related to salary and benefits. Please also see **Attachment E** for a current organization chart and the proposed organization chart effective September/October 2012.

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 six current full-time employees are offered a self-directed 401(a) and 457(b) plans, very similar to private sector 401(k) plans. We have no employee pensions and thus no long term pension obligations. There are no post-retirement benefits.
- All employees are non-represented; we have no collective bargaining agreements with our employees.
- There are no automatic salary adjustments for employees such as a COLA adjustment. Employee performance is evaluated each year and merit increases are granted on a calendar year basis.

SBWMA JURISDICTION COMPLIANCE WITH AB 939 AND WASTE DIVERSION STATUS

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

CONCLUSION

In summary, the SBWMA has successfully moved through the rollout of new franchised collection services, change-over in Shoreway facility operators, and substantial completion of Shoreway master planned capital improvements under budget. Our financial results demonstrate a continued ability to generate projected positive cash flows resulting from lower Shoreway operating expenses compared to the old contract under Allied Waste, and a reduced SBWMA program budget. We are experiencing commodity price disruptions that are constraining our net income and our ability to fully fund all of our cash reserves; this is an area that requires further Board review and discussion. We have also managed to retain all of our senior staff during these past four years of exceptional workload and stress on the organization.

We do face some short and long-term challenges including substantially reduced commodity revenues, reduced self-haul solid waste business, and lower than expected commercial recycling tonnages. We also need to continue to offer competitive salary and benefits for our salaried staff if we want to retain them long-term.

The Board, elected officials, staff and our customers should be pleased with our significant achievements and a bright future ahead.

Respectfully Submitted,

Kevin McCarthy, Executive Director

Attachments

- A. Proposed FY 2013 Budget
- B. Strategic Plan 2013-2020
- C. Personnel Summary
- D. Outreach and Program Detail
- E. Organization Charts

	FINAL FY 2009-2010	FINAL FY 2010-2011	BUDGET FY 2011-2012	PROJECTED FY 2011-2012	BUDGET PROPOSED FY2013	IF FULLY FUNDED FY2013	VARIANCE
UNRESTRICTED:							
OPERATING RESERVE (10% of total expense)	\$ 4,090,915	\$ 3,637,830	\$ 3,649,065	\$ 3,797,221	\$ 3,823,860	\$ 3,823,860	\$ -
RATE STABILIZATON (10% of expense)		\$ 3,649,065	\$ 3,649,065	\$ 3,797,221	\$ 878,974	\$ 3,823,860	\$ (2,944,886)
EQUIPMENT REPLACEMENT (ANNUAL)			\$ 612,500	\$ 543,403	\$ 1,799,028	\$ 1,799,028	\$ -
UNDESIGNATED	\$ 515,693	\$ 322,752	\$ -	\$ 913,609	\$ 0	\$ (2,944,886)	\$ 2,944,886
TOTAL UNRESTRICTED GENERAL RESERVES	\$ 4,606,608	\$ 7,609,648	\$ 7,910,630	\$ 9,051,454	\$ 6,501,862	\$ 6,501,862	\$ -
COMMITTED:							
MASTER PLAN INTERNAL CAPITAL SPENDING	\$ 1,593,136	\$ 1,593,136	\$ -				
BOND PRINCIPAL PAYMENT FUND			\$ 912,500	\$ 912,500	\$ 958,333	\$ 958,333	\$ -
BURLINGAME BOND REPAYMENT FUND Jul. 1, 2011 - Aug 31, 2014 (37months)			\$ 218,801	\$ 972,973	\$ 1,945,946	\$ 1,945,946	\$ -
CAPITAL RESERVE							
TOTAL GENERAL RESERVES	\$ 6,199,744	\$ 9,202,784	\$ 9,041,931	\$ 10,936,927	\$ 9,406,141	\$ 9,406,141	\$ -
<i>proof</i>	\$ 6,199,744	\$ 9,202,784		\$ 10,936,927	\$ 9,406,141	\$ 9,406,141	
Other LT Projects (Fully Funded)							
SHOREWAY REMEDIATION PROJECT - NEW	\$ 1,495,500	\$ 1,468,159	\$ 1,368,159	\$ 1,458,159	\$ 1,408,159		

CASH FLOW TO UNRESTRICTED RESERVE BALANCE						
Beginning Balance 7/1	\$ 14,323,572	\$ 6,199,744	\$ 7,920,117	\$ 9,202,784	\$ 10,936,927	
add - Operating Income	\$ (1,615,492)	\$ 342,402	\$ 3,641,950	\$ 2,422,590	\$ 1,004,000	
add - capitalized interest	\$ 1,505,521	\$ 1,513,931				
add - WC Transfer from bond sale	\$ 2,800,000					
add - MP spending reimbursement from bond proceed	\$ 3,970,000					
add, redemption fees, interest exp from bond proceeds						
add - TBT Payment from Recology				\$ (59,519)	\$ 59,519	
Revenue Transfers Adjustments						
less - non-MP capital exp	\$ (223,636)	\$ (64,253)	\$ (927,000)	\$ (628,927)	\$ (300,000)	
less - internal spend on MP capital			\$ (1,593,136)	\$ -	\$ (1,199,305)	
less - debt principal pmt	\$ -				\$ (1,095,000)	
less - 2000 bond redemption on 9/1/2009	\$ (11,737,105)					
less beginning Balance adjust to final						
less - Allied prior year underpayment						
plug	\$ (2,823,116)	\$ 1,210,960				
Ending Balance 6/30	\$ 6,199,744	\$ 9,202,784	\$ 9,041,931	\$ 10,936,927	\$ 9,406,141	
	\$ 6,199,744	\$ 9,202,784				

RESRVES CASH FLOW

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
REVENUE SUMMARY**

FY 2013 PROPOSED BUDGET

			revised 8/29/12	revised 8/29/12	
REVENUE SUMMARY	ACTUAL FY 2010-2011	APPROVED BUDGET FY 2011-2012	MID-YEAR PROJECTION FY 2011-2012	PROPOSED BUDGET FY 2012-2013	Variance to Mid Year
ADMINISTRATIVE REVENUES					
409100 INVESTMENT INCOME	137,052	114,200	238,200	181,600	(56,600)
409101 INVESTMENT (GASB 31) MARKET VALUE ADJ					
409200 INTEREST INCOME					
TOTAL ADMINISTRATIVE	137,052	114,200	238,200	181,600	(56,600)
OPERATIONS					
480007 TIPPING FEES	28,660,638	28,972,200	29,055,900	30,479,200	1,423,300
480023 COMMODITY SALES	10,719,422	11,796,200	11,585,200	9,068,600	(2,516,600)
COMMODITY REVENUE SHARE - NEW		(1,228,600)	(1,096,900)	(1,089,200)	7,700
480024 OX MOUNTAIN					-
480025 E-RECYCLING REVENUE	146,077	70,000	70,000	70,000	-
480033 MRF Host Fee - NEW			69,000	65,000	(4,000)
480031 HHW DOOR TO DOOR COLLECTION SERVICE	358,594	408,600	428,400	442,400	14,000
480032 PERFORMANCE INCENTIVE / DISINCENTIVE - NEW	71,707	-	45,000	25,000	(20,000)
480008 MISCELLANEOUS REVENUE	56,983				-
TOTAL OPERATIONS	40,013,421	40,018,400	40,156,600	39,061,000	(1,095,600)
TOTAL OPERATING REVENUES	40,150,473	40,132,600	40,394,800	39,242,600	(1,152,200)
MISCELLANEOUS - EQPT AUCTION					
TOTAL REVENUE	40,150,473	40,132,600	40,394,800	39,242,600	(1,152,200)
NET OPERATING INCOME / <LOSS>	3,772,169	3,641,950	2,422,590	1,004,000	(1,418,590)
% OF REVENUE					-3.53%

REVENUES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
EXPENSE DETAIL BY PROGRAM

FY 2013 PROPOSED BUDGET

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY						
EXPENDITURE SUMMARY	ACTUAL FY 2010-2011	APPROVED BUDGET FY 2011-2012	MID-YEAR PROJECTION FY 2011-2012	PROPOSED BUDGET FY 2012-2013	Variance to Mid Year	Notes
ADMINISTRATIVE EXPENSES				change from 6/28		
520305 ADMINISTRATIVE STAFF	551,386	491,600	501,600	501,000	(600)	
520306 AB 939 PROGRAM STAFF	584,949	684,100	667,800	662,200	(5,600)	Reflects adjustments denoted in staffing plan.
520328 EMPLOYEE RECRUITMENT/HR SUPPORT	1,438	5,000	5,000	5,000	-	
520337 PEO COST (HR & PR FEES)	20,733	21,600	21,600	16,500	(5,100)	
520312 BOARD COUNSEL	26,114	40,000	30,000	50,000	20,000	\$20k for outside investigator
520300 BOARD MEETINGS & RECORDINGS	15,514	5,000	6,000	6,000	-	
520310 ACCOUNTING SERVICES (City of San Carlos)	107,004	105,000	102,000	125,000	23,000	New price from city per RFP process.
520334 INFORMATION SYSTEMS	40,641	29,500	32,000	32,000	-	
520338 WEBSITE	12,637	10,100	10,100	10,100	-	
520301 ANNUAL FINANCIAL AUDIT	9,013	8,500	8,500	9,100	600	FY & Calendar year audit
520701 D&O INSURANCE	19,237	35,000	23,000	31,500	8,500	
520202 BANK FEES	7,879	5,000	7,800	6,800	(1,000)	BNY Fees not included
520203 RENT	47,444	48,000	48,476	50,100	1,624	\$4068.28/mo. for Jan-June CPI 2.5%
520204 PRINTING AND POSTAGE	207	200	150	150	-	
520107 UTILITIES & PHONE	15,260	17,000	13,000	15,000	2,000	Phone \$520/mo. & janitorial is approx. \$2000/quarter
520905 OFFICE/TENANT IMPROVEMENTS	2,876	3,000	2,250	1,500	(750)	
520201 OFFICE SUPPLIES	18,681	17,000	17,000	15,000	(2,000)	
520215 OFFICE EQUIPMENT COSTS	18,743	18,500	25,000	25,500	500	Copier \$17360/yr., postage machine \$1527/year, phone is \$4950/yr., and Shoretel is \$1500/yr.
520504 PUBLICATIONS & PUBLIC NOTICES	2,088	2,000	1,000	1,000	-	
520501 PROFESSIONAL DUES & MEMBERSHIPS	1,006	2,000	1,500	1,500	-	
520801 VEHICLE MILEAGE & TOLLS	158	350	100	250	150	
520105 CELL PHONES	6,091	5,500	5,000	4,000		
520503 CONFERENCE & MEETINGS	8,685	10,000	10,000	8,000	(2,000)	
520502 TRAINING	3,362	4,000	4,000	8,000	4,000	
520511 SPONSORSHIPS & DONATIONS	9,240	9,500	8,500	6,000	(2,500)	CRRA, Acterra, SSMC, CAW
522706 COMPUTER PURCHASE	3,000	6,500	16,600	8,000	(8,600)	Critical hardware upgrades
TOTAL ADMINISTRATIVE	\$ 1,533,384	\$ 1,583,950	\$ 1,567,976	\$ 1,599,200	\$ 32,224	
CONTRACT COMPLIANCE AND SUPPORT RATES						
520307 RATE REVIEW	194,100	30,000	60,000	50,000	(10,000)	Acctg. temp, rate support
TOTAL RATE REVIEW	194,100	30,000	60,000	50,000	(10,000)	
CONTRACTOR						
520308 FACILITY IMPROVEMENT OVERSIGHT	21,325	30,000	25,000	20,000	(5,000)	Project support at Shoreway
520309 BUSINESS CONSULTANT/HF&H	-	-	-	-	-	
520309 HCM01 CONTRACT MANAGEMENT SUPPORT	3,000	-	1,200	60,000	58,800	Includes \$30k for financial systems review for RSMC & SBR
520309 HCN01 CONTRACT NEGOTIATIONS/LEGAL REVIEW	-	30,000	10,000	15,000	5,000	Outside legal support for franchise agreement
520309 HCS02 COLLECTION SERVICES FRANCHISE ADMIN.	99,512	165,000	165,000	120,000	(45,000)	
520309 HCS03 PUBLIC EDUCATION FOR COLLECTION SVCS ROLLOUT	590,302	-	2,032	-	(2,032)	
520309 HCS1B FACILITY RFP & IMPLEMENTATION	21,624	-	-	-	-	
520309 HSHOR SHOREWAY REMEDIATION LEGAL & TECHNICAL	48,997	-	-	-	-	Remediation cost charged to Remediation Reserve account
520329 ANNUAL RSMC PERFORMANCE HEARING	-	-	-	-	-	
520336 QUARTERLY LOAD CONTAMINATION MONITORING	37,849	120,000	110,000	77,000	(33,000)	Two quarters vs. four quarters plus QGIP audits
TOTAL CONTRACTOR	822,610	345,000	313,232	292,000	(21,232)	
TOTAL CONTRACT COMPLIANCE & SUPPORT	\$ 1,016,710	\$ 375,000	\$ 373,232	\$ 342,000	\$ (31,232)	

EXPENDITURES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
EXPENSE DETAIL BY PROGRAM

FY 2013 PROPOSED BUDGET

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY							Notes
EXPENDITURE SUMMARY	ACTUAL FY 2010-2011	APPROVED BUDGET FY 2011-2012	MID-YEAR PROJECTION FY 2011-2012	PROPOSED BUDGET FY 2012-2013	Variance to Mid Year		
RECYCLING - AB939 COMPLIANCE							
RECYCLING ADMINISTRATION							
520311 CIWMB ANNUAL REPORTS	34,750	25,000	25,000	25,000	-		
520341 SBWMA ANNUAL REPORT	3,288	5,000	5,000	5,000	-		
520309 HDV01 DIVERSION PROGRAM SUPPORT	-	20,000	10,000	30,000	20,000	Consultant staff support on outreach projects	
520604 EVENT GIVEAWAYS	14,500	7,500	5,000	1,500	(3,500)		
TOTAL RECYCLING ADMINISTRATION	52,538	57,500	45,000	61,500	16,500		
LONG RANGE PLAN/DIVERSION PROGRAMS							
520340 LONG RANGE PLAN ALTERNATIVES	5,545	50,000	45,000	50,000	5,000	Technology analysis, disposal and program cost forecasting	
520340 OPRFP ORGANICS PROCESSING RFP	1,746	-	-	-	-		
520340 MPOTR MASTER PLAN OUTREACH	23,397	20,000	28,802	-	(28,802)		
520344 SOLAR SYSTEM ENGINEERING AND EVALUATION	5,682	-	7,500	-	(7,500)		
TOTAL LONG RANGE PLAN/DIVERSION PROGRAMS	36,369	70,000	81,302	50,000	(31,302)		
COMMERCIAL PROGRAMS							
520331 LARGE EVENT/VENUE CONSULTING	1,594	0	-	10,000	10,000	Repurposing of one trailer, update brochure, program tracking	
520342 LARGE EVENT/VENUE RECYCLING SERVICES	11,522	25,000	15,000	-	(15,000)	No events participated	
520608 CLIMATE CHANGE REPORTING & POLICY OPTIONS	4,803	15,000	5,000	15,000	10,000	Added expense of facility operations and reporting	
520604 COE01 COMMERCIAL RECYCLING TECHNICAL ASSIST	44,289	300,000	225,000	190,000	(35,000)	See separate listing of budget item detail	
520604 CDRCY C&D RECYCLING PROGRAM	-	35,000	28,000	25,000	(3,000)	Develop criteria, process and audit C&D recycling facilities	
520604 GREEN GREEN BUSINESS PROGRAM	4,035	5,000	0	0	-		
520604 MF001 MULTI-FAMILY OUTREACH	12,741	40,000	65,000	85,000	20,000	See separate listing of budget item detail	
TOTAL COMMERCIAL PROGRAMS	78,984	420,000	338,000	325,000	(13,000)		
RESIDENTIAL PROGRAMS							
520604 QLN01 QUARTERLY NEWLESTTER DESIGN/SETUP	12,561	20,000	10,000	10,000	-		
520604 QNLPM QUARTERLY NEWLETTER PRINTING/MAILING	183,783	230,000	200,000	110,000	(90,000)	Assumes three newsletters per year vs. four. Bill insert for one.	
520604 RES01 RESIDENTIAL OUTREACH PROGRAMS	3,211	166,000	140,000	140,000	-	See separate listing of budget item detail	
520604 COMPS COMPOST GIVEAWAY	1,023	6,000	4,000	3,000	(1,000)	See separate listing of budget item detail	
520604 HHWUW HHW DOOR TO DOOR COLLECTION OUTREACH	87,011	85,000	70,000	75,000	5,000	Ongoing outreach to increase participation in existing nine programs	
520335 CURBSIDE HOUSEHOLD BATTERY OUTREACH	(10,287)	8,000	3,000	5,000	2,000		
520604 ECE01 ELECTRONIC COLLECTIONS EVENTS	711	4,000	2,000	1,000	(1,000)		
TOTAL RESIDENTIAL PROGRAMS	278,014	519,000	429,000	344,000	(85,000)		
TOTAL RECYCLING - AB939 COMPLIANCE	\$ 445,905	\$ 1,066,500	\$ 893,302	\$ 780,500	\$ (112,802)		
SUBTOTAL SBWMA PROGRAM BUDGET	\$ 2,995,999	\$ 3,025,450	\$ 2,834,510	\$ 2,721,700	\$ (111,810)		
COLLECTION OPERATIONS							
522710 HHW DOOR TO DOOR COLLECTION SERVICES	358,504	408,600	428,400	442,400	14,000	incl: SC, Hills, Bel, CSM, MP, EPA, WB, FC, Cnty,	
522711 CURBSIDE HOUSEHOLD BATTERY RECYCLING SERVICES	15,285	60,000	-	-	-	Included in disposal and processing line item	
TOTAL COLLECTION OPERATIONS	373,789	468,600	428,400	442,400	14,000		
TOTAL SBWMA PROGRAM BUDGET	\$ 3,369,788	\$ 3,494,050	\$ 3,262,910	\$ 3,164,100	\$ (97,810)		

EXPENDITURES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
EXPENSE DETAIL BY PROGRAM

FY 2013 PROPOSED BUDGET

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY						
EXPENDITURE SUMMARY	ACTUAL FY 2010-2011	APPROVED BUDGET FY 2011-2012	MID-YEAR PROJECTION FY 2011-2012	PROPOSED BUDGET FY 2012-2013	Variance to Mid Year	Notes
SHOREWAY OPERATIONS						
522701 OPERATING CONTRACT - ALLIED	13,901,342	1,109,500	1,330,800	320,500	(1,010,300)	One more balancing account payment
522712 OPERATOR COMPENSATION - SBR	6,709,339	13,569,200	14,611,800	15,401,800	790,000	Payments to SBR for TS, MRF, and Transportation
522713 DISPOSAL & PROCESSING COSTS	6,538,836	12,083,300	13,178,300	13,762,000	583,700	Tip fees paid by SBWMA to third parties
522717 BUYBACK PAYMENTS	-	1,099,100	597,000	563,500	(33,500)	Payments to public for CRV materials
522718 EDUCATION CENTER OPERATIONS -- NEW 7/1/11	-	80,000	70,000	60,000	(10,000)	Supplies and materials, \$30k for busing, outreach, etc.
522716 MAINTENANCE - OX MTN TIPPER	10,413	40,000	65,000	25,000	(40,000)	
522708 INTERIM OFFSITE MRF OPERATIONS	4,278,696	-	-	-	-	
520710 INSURANCE SHOREWAY	121,848	281,500	248,500	197,300	(51,200)	
522714 SHOREWAY FACILITY COST	1,028	90,000	-	160,000	160,000	Facility maintenance expenses for truck shop, TS, MRF, admin, building and site.
520901 SHOREWAY MRF EQUIPMENT MAINTENANCE > \$10k	-	40,000	20,000	-	(20,000)	
521104 DEBT SERVICE BOND INTEREST	-	3,177,900	3,177,900	3,150,500	(27,400)	
521116 2009 DEBT SERVICE BOND INTEREST	-	-	-	-	-	
521117 AMORTIZATION OF BOND ISSUANCE	22,222	-	-	-	-	
521118 Revenue Bond Arbitrage	-	-	-	-	-	
520320 BOND REFINANCING	-	-	-	-	-	
520324 TAXES (SEWER)	38,893	46,400	26,400	27,700	1,300	
522702 FRANCHISE FEE	1,385,900	1,379,700	1,383,600	1,406,200	22,600	5% of gate fees paid to San Carlos
520327 ARBITRAGE FEES	-	-	-	-	-	
520602 PUBLIC NOTICE	-	-	-	-	-	
520901 EQUIPMENT MAINTENANCE	-	-	-	-	-	
520901 SF014 EQUIPMENT MAINTENANCE	-	-	-	-	-	
TOTAL SHOREWAY OPERATIONS	\$ 33,008,516	\$ 32,996,600	\$ 34,709,300	\$ 35,074,500	\$ 365,200	
TOTAL OPERATING EXPENSES	\$ 36,378,304	\$ 36,490,650	\$ 37,972,210	\$ 38,238,600	\$ 267,390	

EXPENDITURES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
CAPITAL BUDGET**

FY 2013 PROPOSED BUDGET

CAPITAL PROJECTS							
PROJECT DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	PROPOSED	
	FY 2007-2009	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013	
570300 MISCELLANEOUS			7,150				
570300 SF005 TS FLOOR REPAIR	-	147,000	147,000				
570300 SF023 TUNNEL DRIVEWAY PAVING AND SCALE	-			25,000	25,000	-	
570300 SF026 TRUCK SHOP-REPLACE 2 AIR COMPRESSORS	-			25,000	11,969	-	
570300 SF028 TRUCK WASH BUILDING--ROOF REPAIR	-			75,000	75,900	-	
570300 SF031 FRONTAGE LANDSCAPING	-			20,000	36,266		
NEW SF032 ADMIN BLDG IMPROVE/REPAIRS				17,000	11,172		
NEW SF039 MAINTENANCE BUILDING RELAMPING				10,000			
NEW SF041 SBR MAINTENANCE BAY				15,000	-		
New SF042 MRF Equipment repair budget				75,000	3,483	40,000	
New SF043 Solar engineering, install				50,000	17,500	-	
New SF044 Tipping floor resurfacing				150,000	149,430		
New SF045 Site paving repairs and restriping				75,000	13,100		
New SF046 Outside lighting construction				75,000	22,832		
New SF047 Site Signage				20,000	17,863		
New SF048 New K-Rail at TS				25,000	27,171		
New SF049 Truck shop building maintenance				40,000	25,435	30,000	
New SF050 TS building maintenance				30,000	51,266	30,000	
New SF051 MRF building maintenance				30,000	23,933	30,000	
New SF052 Admin building maintenance				30,000	36,612	30,000	
New SF053 Site maintenance				25,000	8,075	40,000	
New SF054 Onsite parking development				25,000	11,360		
New SF055 Fire suppression				50,000	25,954		
New SF056 Repairs to landfill tipper				40,000	34,606	25,000	
New Recycled Water Supply Connection						-	
New Truck Wash System Replacement						35,000	
New Facility Capital Repair Projects						40,000	
520711 BUILDERS RISK INSURANCE -DURING CONSTRUCTION ONLY	-	76,636		-		-	
SUBTOTAL CAPITAL PROJECTS	-	223,636	154,150	927,000	628,927	300,000	

CAPITAL

CAPITAL PROJECTS								
PROJECT DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	PROPOSED		
	FY 2007-2009	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013		
MASTER PLAN							PROJECT TOTAL	BOND Total
520339 MPPRE PRE CONSTRUCTION	175,569			-		-	175,569	175,569
520339 MP1DE PHASE 1 SCALE D&E	58,024			-		-	58,024	58,024
520339 MP1CN PHASE 1 SCALE CONSTRUCT	1,939,954	500,398		-		-	2,440,352	2,494,062
520339 MP2DE A&E SERVICES	1,726,398	42,467		-	(26,686)	-	1,742,179	1,928,528
520339 MP3DE PHASE 2 MRF REBUILD D&E	15,891	-		-		-	15,891	15,891
520339 MPCEN CONSTRUCTION MGT & ENG SUPPORT	560,513	1,722,504	860,315		94,136		3,237,468	2,798,348
520339 MPENG STRUCTURAL ENGINEERING	-						-	
520339 MPFOC FACILITY OPER CONTRACT	-						-	
520339 MPSNP MASTER PLAN STUDY AND PLANNING	221,878						221,878	221,878
520339 MP3EQ PHASE 3 MRF EQUIPMENT INSTALLATION	-						-	
UPDATED 2010 MASTER PLAN PROJECT NUMBERS								
520339 MPMRF MRF CONSTRUCTION		6,416,508	4,173,326		209,048		10,798,882	10,072,000
520339 MP_TS TS CONSTRUCTION		571,540	3,234,499	2,428,460	10,080		3,816,119	5,458,000
520339 MPMOB Mobilization		350,000		-			350,000	350,000
520339 MPGEN Sitework/General Construction		120,033	1,134,046	211,967		9,314	1,263,393	1,057,000
520339 MPOCC Other Construction Costs (landscape,sign,roof,security)		-	172,190	666,700	326,360	300,000	798,550	786,700
520339 MPEQP Equipment Purchase		7,749,707	6,955,036		(1,550,203)		13,154,540	14,273,200
520339 MPEQI Equipment Installation		-	239,522		2,301,386		2,540,908	2,507,400
							-	
520320 BONDR Non-Contingent Bond Issuance Cost	90,500						90,500	90,500
520339 CNTGC Contingency - 10%	-	1,051,933	3,186,349	634,032	57,338	889,991	5,185,611	4,684,800
SUBTOTAL MASTERPLAN	\$ 4,788,727	\$ 18,525,089	\$ 19,955,283	\$ 3,941,159	\$ 1,421,459	\$ 1,199,305	\$ 45,889,863	\$ 46,971,900
Cost Below Original Budget							\$ 1,082,037	\$ 1,082,037
TOTAL CAPITAL PROJECTS	\$ 4,788,727	\$ 18,748,725	\$ 20,109,433	\$ 4,868,159	\$ 2,050,386	\$ 1,499,305		



Strategic Plan 2013-2020

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

Our Mission

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

Our Vision

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

Core Values

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

Our Strategic Priorities

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

PERSONNEL AND BENEFIT ASSUMPTIONS FOR FY 2013

Proposed changes in staffing as follows:

	<u>FY 2012</u>	<u>Proposed FY 2013</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
Recycling Coordinator**	1.0	0.0
Board Secretary/Office Manager	1.0	1.0
Environmental Education Coordinator***	0.8	1.0
Environmental Education Associate****	<u>Seasonal (temp.)</u>	<u>0.8</u>
	7.8	7.8

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

** Propose to eliminate the position.

*** Propose to make the position full-time effective October 1, 2012.

**** Propose to convert this seasonal, non-benefitted 25 hour/week position into a part-time, benefitted position at 32 hours/week effective October 1, 2012.

FY 2012 Proposed Position Changes

Eliminate Recycling Outreach Coordinator position.

Environmental Education Coordinator position from part-time salaried (32 hours/week) to full-time salaried.

Environmental Education Associate hourly position from seasonal to part-time, benefitted position.

These changes have no net impact on headcount which remains at 7.8 FTE.

Budget Assumptions for Salary and Wages

An average salary adjustment of 1.5% is assumed for the following positions: Recycling Outreach & Sustainability Manager, Environmental Education Coordinator, and Office Manager/Board Secretary. A one-time average bonus of 1.5% is assumed for the following positions: Finance Manager, Facility Operations Contract Manager, and Recycling Program Manager. Effective date of January 1, 2013.

Salary Ranges

Existing and proposed salary ranges are shown below. One new salary range is shown for the Environmental Education Associate; it was set at 80% of the range for the Environmental Education Coordinator.

<u>Position</u>	<u>Salary Range/Yr</u>	<u>Max Salary/Mo</u>	<u>Current Salary</u>	<u>% of Top of Salary Range</u>	<u>% Difference</u>
Finance Manager	\$102,998 - \$128,748	\$10,729	\$128,640	99.9%	0.10%
Facility Operations Contract Manager	\$102,998 - \$128,748	\$10,729	\$127,789	99.3%	0.70%
Recycling Program Manager*	\$102,998 - \$128,748	\$10,729	\$127,501	99.0%	1.00%
Recycling Outreach & Sustainability Manager	\$92,698 - \$115,873	\$9,656	\$109,744	94.7%	5.30%
Recycling Coordinator	\$78,793 - \$98,492	\$8,208	\$88,242	89.6%	10.40%
Env. Education Coordinator**	\$59,916 - \$74,892	\$6,241	\$52,800		
Office Manager/Board Secretary	\$54,768 - \$68,460	\$5,705	\$59,800	87.4%	12.60%
Administrative Assistant	\$49,296 - \$61,630 (\$23.70-\$29.63/hr)	\$5,136	\$55,702	90.4%	9.60%
Env. Education Associate	\$47,933 - \$59,914	\$4,993	Seasonal		
* Contract employee through LGS w/ PERs benefits.					
** Part-time employee (80% of \$66,000).					

No recommended changes to salary ranges, though the results of a May 2012 Compensation Survey support an adjustment.

No proposed changes in the employee benefit plans.

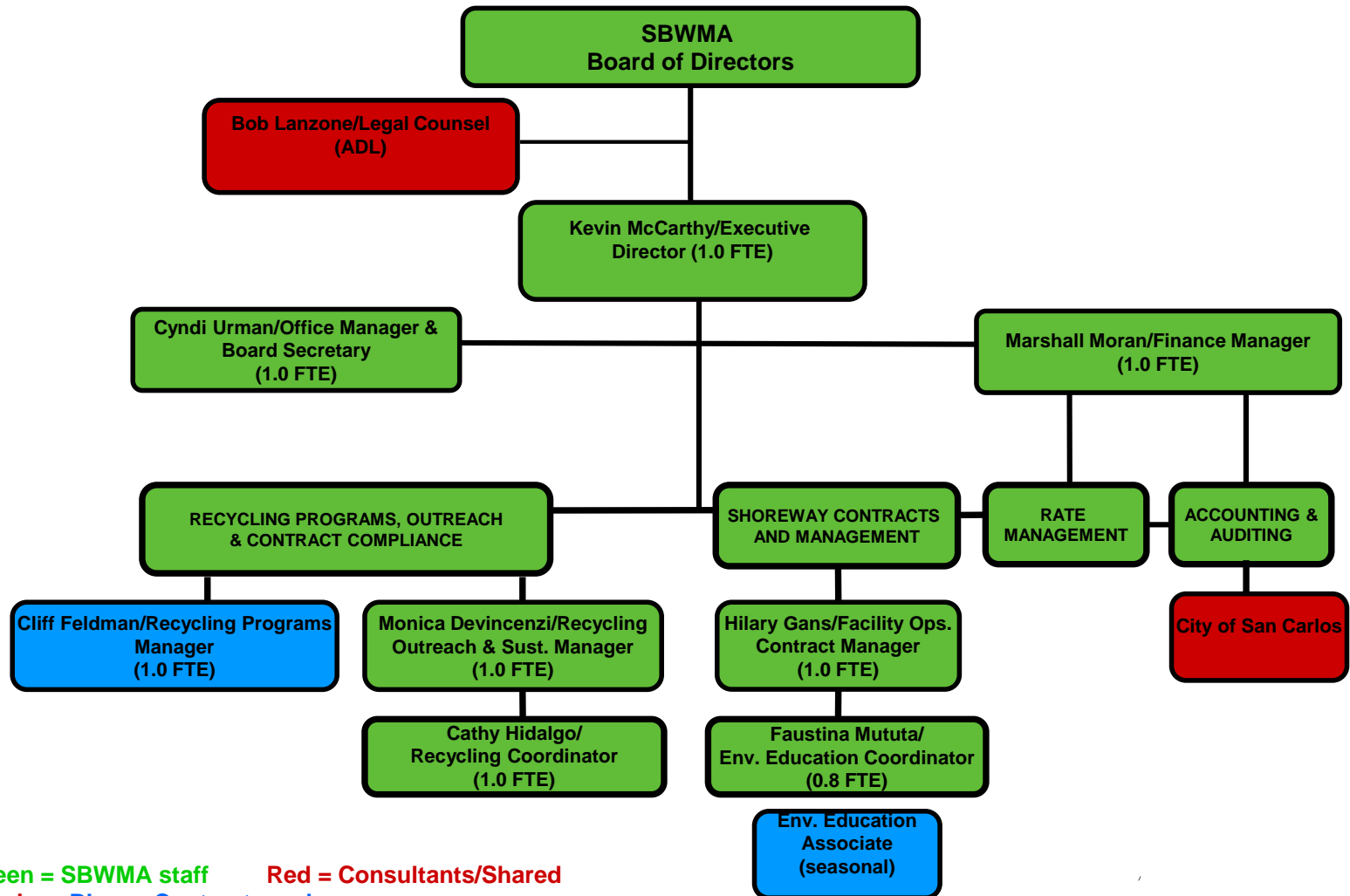
RethinkWaste Outreach and Recycling Programs Proposed FY 2013 Budget Items

Budget Expense Category	Description of Program	FY 2012 Adopted	FY 2012 Mid-Year	FY 2013 Proposed	Variance
Collection Services Franchise Administration <ul style="list-style-type: none"> Contract Compliance Monitoring Annual Systems Audit 	<ul style="list-style-type: none"> SBWMA Required Per Franchise: contamination monitoring; use of non-collection notices; support MAs with protecting franchise Reports and Systems audit; ensure compliance with 2011 recommendations; perform limited audit for 2012 	\$165,000	\$165,000	\$120,000	(\$45,000)
Quarterly Contamination Monitoring	<ul style="list-style-type: none"> Placeholder for Q3-2012, Q4-2012, Q1-2013 and Q2-2013 Recology Contamination Sampling Includes QGIP Auditing <p style="color: blue;">Alternative: Budget for 2 quarters of contamination sampling; will require amending the Franchise Agreements with Recology.</p>	\$120,000 ----- \$120,000	\$110,000 ----- \$110,000	\$126,000 ----- \$77,000	\$16,000 ----- (\$33,000)
CIWMB (CalRecycle) Annual Report	<ul style="list-style-type: none"> Research, draft and submit Electronic Annual Reports for ten Agencies per requirements of AB 939. 	\$25,000	\$25,000	\$25,000	\$0
SBWMA Annual Report	<ul style="list-style-type: none"> Design and production of the SBWMA Annual Report for distribution to stakeholders. 	\$5,000	\$5,000	\$5,000	\$0
Diversion Program Support	<ul style="list-style-type: none"> Provide staff assistance with diversion programs. Consultant staff support on outreach. 	\$20,000	\$10,000	\$30,000	\$20,000
Event Giveaways	<ul style="list-style-type: none"> Production of educational and promotional items for distribution at community events. 	\$7,500	\$5,000	\$1,500	(\$3,500)
Large Event/Venue Consulting	<ul style="list-style-type: none"> Repurposing of one Venue and Events trailer; update Venue and Events brochure; program tracking. 	\$0	\$15,000	\$10,000	(\$5,000)
Large Event/Venue Recycling Services	<ul style="list-style-type: none"> Use of trailers limited as compared to prior years – expense not anticipated. 	\$25,000	\$15,000	\$0	(\$15,000)
Climate Change Reporting and Policy Options	<ul style="list-style-type: none"> Annual Climate Registry expense; research and reporting on GHG impacts of facility operations; assistance with SBR reporting framework development. 	\$15,000	\$5,000	\$15,000	\$10,000

RethinkWaste Outreach and Recycling Programs Proposed FY 2013 Budget Items

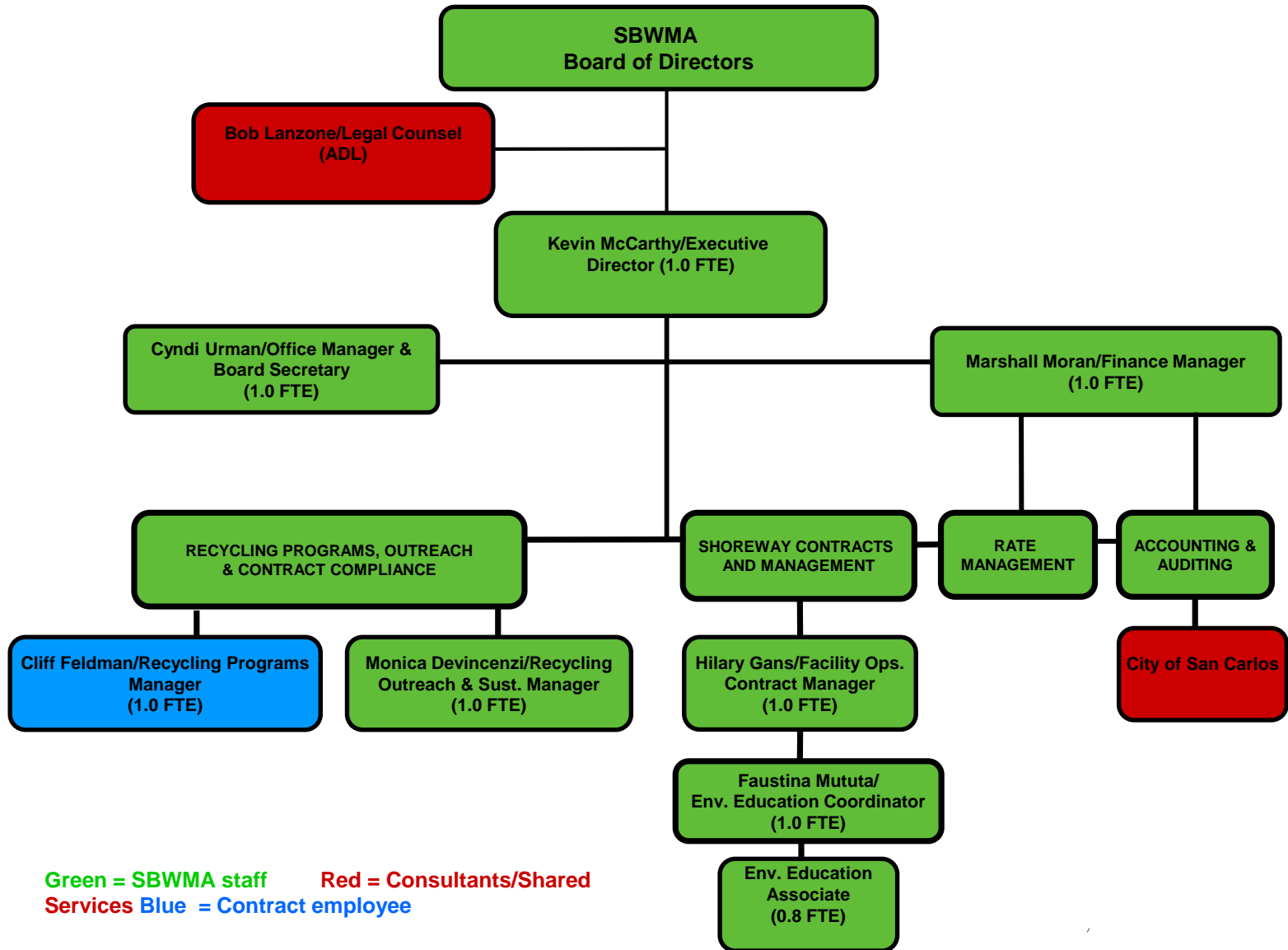
Budget Expense Category	Description of Program	FY 2012 Adopted	FY 2012 Mid-Year	FY 2013 Proposed	Variance
Commercial Recycling Technical Assistance	<ul style="list-style-type: none"> Research and develop permitting or non-exclusive franchise system for MAs; Recology contractual support – purchase of internal containers for distribution; Recology commercial accounts audit – develop baseline data; outreach and education including AB 341 compliance; support with CoC and MFD presentations/workshops; marketing Shoreway cardboard buy-back; Business Pledge and Business Awards Program 	\$300,000	\$225,000	\$190,000	(\$35,000)
C&D Recycling Program	<ul style="list-style-type: none"> Develop criteria, process and audit C&D recycling facilities. 	\$35,000	\$28,000	\$25,000	(\$3,000)
Green Business Program	<ul style="list-style-type: none"> Assist Member Agencies with certifications - program discontinued. 	\$5,000	\$0	\$0	\$0
Multi-Family Outreach	<ul style="list-style-type: none"> Required per Franchise Agreement: outreach; toolkit; buddy bags; case studies; MFD Awards Program 	\$40,000	\$65,000	\$85,000	\$20,000
Quarterly Newsletter Design/Set-up	<ul style="list-style-type: none"> Newsletter content and layout 	\$20,000	\$10,000	\$10,000	\$0
Quarterly Newsletter Printing/Mailing	<ul style="list-style-type: none"> Newsletter printing and mailing <p>Alternative: Budget for 3 newsletters instead of 4; will require amending the Franchise Agreements with Recology. Spring newsletter will be included in garbage bill which saves \$40k in direct mail costs.</p>	\$230,000 ----- \$230,000	\$200,00 ----- \$200,000	\$200,000 ----- \$110,000	\$0 ----- (\$90,000)
Residential Outreach Programs	<ul style="list-style-type: none"> Outreach development and production, website redesign, neighborhood campaign, cart design contest, Rethink@Home campaign 	\$166,000	\$140,000	\$140,000	\$0
Compost Giveaway	<ul style="list-style-type: none"> Assist Member Agencies with promotion of Compost Giveaway events, compost giveaway bags at Shoreway, SBR hauling costs 	\$6,000	\$4,000	\$3,000	(\$1,000)
HHW Door-to-Door Collection Outreach	<ul style="list-style-type: none"> Commence “rolling” public education/marketing campaign to promote the services to participating Member Agencies. 	\$85,000	\$70,000	\$75,000	\$5,000
Curbside Household Battery Outreach	<ul style="list-style-type: none"> Specific holiday related promotion to encourage recycling of household batteries in December. 	\$8,000	\$3,000	\$2,000	(\$1,000)
Electronics Collection Events	<ul style="list-style-type: none"> Assist Member Agencies with promotion of E-scrap events. 	\$4,000	\$2,000	\$1,000	(\$1,000)

SBWMA Organization Chart (September 2012)



Green = SBWMA staff Red = Consultants/Shared Services
 Blue = Contract employee

SBWMA Organization Chart (September/October 2012)





Discussion Item:

Discussion on Draft 2013 Rate Reports for Recology San Mateo County and South Bay Recycling

Agenda Item 6B

Discussion on Draft 2013 Rate Reports