



STAFF REPORT

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

Recommendation

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

Adoption of the Fiscal Year (FY) 2011 Budget.

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

Analysis

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

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

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

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

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

Revenues

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

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

Expenditures

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

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

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

Capital

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

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

Reserves Balances

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

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

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

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

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

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

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

Fiscal Impact

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

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

The improvements above are partially offset by:

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

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

Attachments:

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



RESOLUTION NO. 2010-23

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

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

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of the South Bayside Waste Management Authority that the Board adopts the FY 2011 budget.

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

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

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

ATTEST:

Jim Porter, Chairperson of SBWMA

Jeannene Minnix Kingston, Board Secretary

APPROVED AS TO FORM:

Robert Lanzone, SBWMA Counsel



RESOLUTION NO. 2010-23

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

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

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

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

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

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

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

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ATTEST:

Jim Porter, Chairperson of SBWMA

Jeannene Minnix Kingston, Board Secretary

APPROVED AS TO FORM:

Robert Lanzone, SBWMA Counsel



June 17, 2010

SBWMA Board of Directors
South Bayside Waste Management Authority

Dear Chair and Members of the Board:

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

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

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

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

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

Key Priorities
















The proposed budget funds the following key priorities:

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

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

FY 2011 BUDGET HIGHLIGHTS (Revenues and Expenditures)

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

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

FY 2010 FINANCIAL PERFORMANCE

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

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

These figures are based on final projections for FY 2010.

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

FISCAL YEAR 2011 BUDGET OVERVIEW

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

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

REVENUES

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

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

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

PROPOSED TIPPING FEES PER TON OR CUBIC YARD

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

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

Tipping Fees

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

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

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

Commodity Revenues

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

EXPENDITURES

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

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

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

CAPITAL

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

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

RESERVE BALANCES

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

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

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

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

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

STAFFING

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

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

SBWMA JURISDICTION COMPLIANCE WITH AB 939 AND WASTE DIVERSION STATUS

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

SBWMA TARGETS & 2008 RESULTS

SBWMA Per Capita Disposal Targets and Results

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

Notes:

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

CONCLUSION

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

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

Respectfully Submitted,

Kevin McCarthy, Executive Director

Attachments

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

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

NOTES:

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

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

NOTES:

1 The Shoreway Remediation Fund is not legally restrict

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
REVENUE SUMMARY**

FY 2011 PROSED BUDGET

REVENUES BY MAJOR CATEGORY

| REVENUE SUMMARY | ACTUAL | APPROVED | MID YEAR | PROJECTED | PROPOSED | NOTES |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|---|
| | FY 2008-2009 | FY 2009-2010 | FY 2009-2010 | FY 2009-2010 | FY 2010-2011 | |
| | unaudited | | | | | |
| ADMINISTRATIVE REVENUES | | | | | | |
| 409100 INVESTMENT INCOME | 117,128 | 120,500 | 93,830 | 350,400 | 200,900 | mid-year projection was wrong - Mar qtr is \$100k |
| 409101 INVESTMENT (GASB 31) MARKET VALUE ADJ | (46,060) | | | | | |
| 409200 INTEREST INCOME | - | | | | | |
| TOTAL ADMINISTRATIVE | 71,069 | 120,500 | 93,830 | 350,400 | 200,900 | |
| OPERATIONS | | | | | | |
| 480007 TIPPING FEES | 25,077,592 | 27,937,300 | 28,045,308 | 27,464,700 | 30,177,400 | |
| 480023 COMMODITY SALES | 9,625,554 | 8,661,500 | 8,735,841 | 8,749,900 | 10,788,200 | w/ April '10 actual deduction (NA for FY2011) |
| 480024 COMMODITY REVENUE SHARE - NEW | | | | | | |
| OX MOUNTAIN | - | | | | | |
| HHW DOOR TO DOOR COLLECTION SERVICE - NEW | | | | 43,200 | 320,100 | incl: SC, Hills, Bel, CSM, MP |
| 480008 MISCELLANEOUS REVENUE | 275 | | | | | |
| TOTAL OPERATIONS | 34,703,421 | 36,598,800 | 36,781,150 | 36,257,800 | 41,285,700 | |
| TOTAL OPERATING REVENUES | 34,774,489 | 36,719,300 | 36,874,980 | 36,608,200 | 41,486,600 | |
| MISCELLANEOUS - EQPT AUCTION | | | 197,800 | 197,800 | | |
| TOTAL REVENUE | 34,774,489 | 36,719,300 | 37,072,780 | 36,806,000 | 41,486,600 | 4,413,820 |
| NET OPERATING INCOME / <LOSS> | (1,748,444) | (2,375,809) | (3,695,786) | (3,380,876) | 577,444 | 4,273,230 |
| PROGRAM SPECIFIC BUDGET | | | | | | |
| SHOREWAY REMEDIATION MONITORING - NEW | | | | | 250,000 | Funds from Allied Settlement of \$1.5M FY10 |
| | | | | | (250,000) | Estimated Environmental Costs for FY11 |
| TOTAL PROGRAM SPECIFIC BUDGET | - | - | - | - | - | |

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

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

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

Note: FY 2009 unaudited

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

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

PERSONEL AND BENEFIT ASSUMPTIONS FOR FY 2011

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

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

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

FY 2011 Proposed Position Changes

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

Budget Assumptions for Salary and Wages

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

Benefit cost assumptions are as follows:

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

We continue to be a non-PERS agency.

SBWMA Organization Chart (June 2010)

