



Simple. Smart. Green.

OLD BUSINESS



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
 Marshall Moran, Finance Manager
Date: April 25, 2013 Board of Director's Meeting
Subject: Review of Unrestricted Cash Reserve Policy

Recommendation

This staff report is for discussion purposes only and no formal action is requested of the Board of Directors.

Analysis

At the June 28, 2012 Board meeting staff was given direction to form an Adhoc Subcommittee to assist staff with reviewing the current cash reserve policy with specific direction to look at the purpose of the reserve categories and uses of funds. A related issue would be to evaluate the reserve levels.

Staff requested such a review of the current policy in light of SBWMA achieving lower cash reserve balances than in the Bond Proforma projections, desire to minimize future tipping fee increases, and the potential need to fund future critical capital expenditures such as replacement of the underground fuel tanks and construction of a new fuel island or to fund other Board designated priorities.

The actual cash reserve balances as included in the adopted FY13 budget are as follows:

Reserve Balances (Year End Balance)		
<u>Reserve Category</u>	<u>Projected FY 2012 Budget</u>	<u>Proposed FY 2013 Budget</u>
Operating (up to max. of 10% of Ops. Expense)	\$3,797,221	\$3,823,860
Rate Stabilization (up to max. of 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.		

There are short term factors that are affecting reserve balances including: an FY13 operating expense of \$320,500 for final payoff of the Allied Waste balancing account for Shoreway; and cash accruals over a 37-month period totaling \$3 million for a lump sum payment to Burlingame on September 1, 2014 for a Shoreway bond. On a positive note, the proposed FY13 SBWMA program budget is approximately \$175,000 lower than what was assumed in the bond proforma. Operating cash flow should be significantly improved in FY15 after the Burlingame debt obligation is paid based on estimated tonnage and tip fees.

An Adhoc Subcommittee was formed initially consisting of Jesus Nava, City of Burlingame, Edna Masbad, Town of Hillsborough, and Rebecca Fotu, City of Menlo Park. The Subcommittee didn't convene its first meeting until February 2013 due to delays in the adoption of the FY13 budget and other staff commitments during the fall related to management of the solid waste rate setting process. At that time, Jesus Nava was no longer serving as a Board Member. Rebecca Fotu is also not currently available to participate. We have received good, extensive feedback from Board Member Masbad.

The direction from the February 2013 meeting was to further define the specific reserve categories and uses of funds with documentation on risk factors or scenarios that would require use of the funds. Staff was also directed to review cash reserve policies in place at similar agencies.

Based on this feedback and additional research staff has prepared the attached draft revision (see **Attachment A**) of the policy. This draft revision reflects key changes to the existing policy as follows:

- Maintains two current reserve fund categories (Rate Stabilization Reserve and Equipment Replacement Reserve) and replaces the existing Operating Reserve with an Emergency Reserve Fund.
- Changes the priority order of the funds so the Rate Stabilization Reserve is first in priority.
- Excludes certain operation expenses (i.e., Shoreway buyback payments to customers and door to door HHW collection expenses) in the calculation of the fund amount (i.e., up to maximum of 10% of Operating Expenses) for the Rate Stabilization Reserve and the new Emergency Reserve.
- Defines specific uses of the Reserve fund categories. The Rate Stabilization reserve is available to "minimize Transfer Station rate increases resulting from significant one-time revenue shortfalls (e.g., commodity price decreases, loss of tipping fee revenues due to short or long-term closure of the Shoreway facility, etc.)."

The Emergency Reserve is to address limited capital needs or significant one-time increases in Shoreway operating expenses associated with "damage by natural disasters, acts of war or terrorism, or other community emergency scenarios that are not covered by existing insurance policies." What is viewed as limited capital repairs vs. the risk of extensive damage and need for major repairs is still under evaluation by staff and outside engineers.

The Equipment Replacement Reserve has been redefined to cover expected equipment replacement costs after the assumed 12-year depreciable life of the single stream processing equipment installed in 2011 plus any "significant one-time equipment repair (wear parts) costs not covered in our Shoreway capital budget." Per the Operations Agreement with SBR, the SBWMA is responsible for any repair expenses to stationary equipment when the repair for a single item exceeds \$10,000; our FY13 budget has allocated \$40,000 for such expenses but said expenses could spike up in future years as the equipment ages. Staff is currently working with the BHS, the original equipment manufacturer, to forecast such future expense spikes.

Staff believes the draft revised policy accomplishes the goals of more clearly defining the reserve categories as minimal definition exists in the current policy. As for the fund levels, staff is recommending changes that will reduce the required fund balance for the Rate Stabilization fund while still maintaining sufficient funds to address significant drops in commodity revenues; the most likely scenario that would require use of these funds. The best example of when we last experienced a significant drop in commodity revenue was in the fall of 2008. This drop resulted in a \$3.56 million drop in commodity revenue during FY09. We actually made a revenue transfer of \$1.7 million in FY09 and a \$3 million transfer for calendar year 2009 to primarily address this shortfall.

The proposed changes also incorporate feedback from staff at other solid waste JPAs per a review of their cash reserve policies (see **Attachment B** for a summary of their policies).

Staff is still completing research related to the appropriate fund levels for the Emergency Reserve Fund and the Equipment Replacement Reserve, though staff can share that we expect to be able to reduce the fund levels for the Equipment Reserve. Additional information will be shared as part of the staff presentation to accompany this staff report.

Background

The current reserve policy reflects Board action on October 22, 2009 (see **Attachment C**) that created three reserve accounts at the listed funding levels 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.

This revised policy was enacted in order to sync it with projected cash flows from the bond financing proforma while providing for long term prudent reserves to meet agency needs.

After meeting all debt service obligations, these reserves are funded in the order of priority as shown in **Attachment D**. 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 unallocated cash reserves. **Attachment E** graphically depicts how debt service obligations are required to be met before funding reserve accounts.

Fiscal Impact

There is no fiscal impact at this is an item for discussion only.

Attachments:

- Attachment A - Draft Revision of Current Cash Reserve Policy
- Attachment B - Summary of Other Solid Waste JPA Cash Reserve Policies
- Attachment C - Current Cash Reserve Policy
- Attachment D - Flow Chart on Gross Revenues
- Attachment E - Flow Chart on Net Operating Cash Flow into Cash Reserves

April 2013 Draft Revised Reserve Policy

After meeting all debt service obligations of the SBWMA the following reserve accounts shall be funded in the following order of priority:

1. Rate Stabilization Reserve Fund of up to a maximum of ten (10%) percent of budgeted operating expenses, exclusive of pass through expenses that are 100% offset by revenue from the same sources (e.g., Shoreway buyback payments to customers and door to door HHW collection expenses). These funds are available to help minimize Transfer Station rate increases resulting from significant one-time revenue shortfalls (e.g., commodity price decreases, loss of tipping fee revenues due to short or long-term closure of the Shoreway facility, etc.).

2. Emergency Reserve Fund of up to a maximum of ten (10%) percent of budgeted operating expenses, exclusive of pass through expenses that are 100% offset by revenue from the same sources (e.g., Shoreway buyback payments to customers and door to door HHW collection expenses). This fund is available to make limited capital repairs and reconstruct the Shoreway facility buildings and infrastructure that may be damaged by natural disasters, acts of war or terrorism, or other community emergency scenarios that are not covered by existing insurance policies. Such capital expenses would be those that could not be funded through an existing capital budget or those not reimbursable through insurance coverage. This fund is also available to cover significant one-time increases in operating expenditures associated with above said scenarios.

3. Equipment Replacement Reserve Fund for a 12 year cost replacement schedule, inclusive of an annual CPI adjustment, for the Shoreway MRF single stream processing equipment. This reserve would also be available to fund any significant one-time unanticipated equipment repair (wear parts) costs not covered in our Shoreway capital budget.

Fund levels will be approved each year as part of the adoption of the fiscal year budget. During the budget process, projected net cash flow, reserve balances, and debt covenants are considered when budgeting Shoreway tip fees. Excess cash flow is minimized by adjusting tip fees to cover operating expenses and fund reserve balances.

It is important to note that the first two funds are basically static funds with minimal annual changes which are based on fluctuations in the annual operating budget. Ten per cent is not added each year – this is the fixed limit. The third fund is a cumulative fund as cash is added each year to reach the total amount needed at the end of the twelve year replacement period.

If after all reserve levels are funded up to their maximum levels and tip fees are budgeted, minimal surplus cash may be available. The adopted budget will include specific guidance on the use of such surplus cash with a goal of utilizing the monies for one-time expenditures, non-recurring costs, or funding an undesignated reserve fund.

Summary of Other Reserve Policies

Sunnyvale SMaRT Station

1. Equipment replacement reserve based on replacement life of equipment plus CPI.
2. Don't have a specific operations reserve. The City of Sunnyvale maintains its own "Contingency Reserve" within its Solid Waste Fund. The reserve is set at **10% of operations expenses** (i.e., their franchised haulers costs, disposal and processing costs and landfill closure costs).

Monterey Regional Waste Management District

1. **20% of cash operating expenses** to address contingencies for unexpected expenses. The district runs all operations including a landfill, processing operations, HHW, etc.
2. Rae stabilization/Unfunded Mandates fund set at **\$200,000**.
3. Facility Plan/Capital Outlay.

Salinas Valley Solid Waste Authority

1. Operating reserve at **15% of current year operating expenditures** to provide sufficient reserves for emergencies, non-recurring expenditures, revenue shortfalls or major capital purchases that can't be accommodated through any current year savings.
2. Undesignated fund balance of **10% of current year operating expenditures (maintenance and operation expenditures only)**. If after annual audit, the undesignated fund balance exceeds 10%, the excess will be allocated to reserves in the following priority:
 - i. Insurance retention reserves
 - ii. Operating reserve
 - iii. Capital projects reserve
3. Capital projects reserve for the purpose of funding future capital projects. After fulfilling all insurance and operating reserve requirements and undesignated funds above 10% will be allocated to the Capital projects reserve.

STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: October 22, 2009 Board Meeting
Subject: Resolution Approving Revised Unrestricted Cash Reserve Policy

Recommendation

Staff recommends Board approval of the attached resolution (**Attachment A**) revising the unrestricted cash reserve policy previously adopted on February 20, 2002.

Analysis

As part of Board approval of the FY 09/10 capital budget on July 23rd it was noted by staff that our FY2010 projections reflect substantially reduced surplus cash flows compared to prior budget years primarily due to reduced commodity revenue. Reserve funds have also been used to redeem the 2000 revenue bonds balance of \$13.7 million. This has resulted in an inability to meet current Board approved reserve policies in the next fiscal year.

This staff report details a revised unrestricted cash reserve policy to sync with projected cash flows from the bond financing proforma while providing for long term prudent reserves to meet agency needs. As graphically depicted in **Exhibit A**, staff is recommending creation of three reserve accounts at the listed funding levels:

- 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 of priority as shown in **Exhibit A**. 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 unallocated cash reserves. **Exhibit B** graphically depicts how debt service obligations are required to be met before funding reserve accounts.

Projected annual reserve balances are shown in **Attachment B** and discussed under Fiscal Impact.

The recommended reserve accounts are similar to current policy, but do differ somewhat as follows:

- Rate Stabilization reserve account is funded second in priority after the Operating reserve as opposed to be funded last in priority under current policy. The series 2009A bond indenture explicitly allows for the use of these reserve account funds to meet the two coverage requirements related to 1X O&M costs and 1.4X debt service. The reserve is also recommended at 10% of the operating budget as opposed to currently at 5%.
- Continuation of the Equipment Replacement reserve account, but based on a depreciation schedule tied to the new MRF processing equipment.
- Elimination of the Facilities Improvement Reserve.

Staff believes given the substantial site and building improvements to be completed under the Shorerway masterplan that it is not necessary to establish a separate reserve for facility improvements; with the exception of necessary patch paving and some upgrades required in the Administration building, we will have upgraded substantial portions of the facility infrastructure via the masterplan improvements. Significant unallocated cash reserves will be available to pay for ongoing improvements needed.

As with current policy, use of any reserve funds would be subject to Board approval.

Background

The Board of Directors approved a reserve policy on February 20, 2002, creating four reserve accounts: Operating Reserve, Facilities Improvement Reserve, Equipment Purchase/Replacement Reserve and a Reserve for Rate Stabilization. These reserves are summarized below and the full text can be found in **Attachment C**.

Operating Reserve: There is no stipulation in the current or new Official Statement as to an operating reserve requirement, other than a stipulation that the assets be managed prudently to generate revenue to guarantee repayment of the bond issuance. The current reserve is funded at 10% of the operating budget.

Facilities Improvement Reserve: The original cost of the fixed assets (building and equipment) at the Transfer Station and Recycling Center was \$16,140,000 and the assets were purchased by the JPA for the depreciated amount of \$5,230,000 (\$2,843,325 for the buildings and \$2,386,675 for furniture & equipment). The Board approved a reserve for facilities improvement and maintenance of 25% of the total building depreciation.

Equipment Purchase/Replacement Reserve: This annual reserve is the greater of \$1.5 million or 5% of the operating budget.

Rate Stabilization Reserve: At such time, as the above three reserves have reached the targeted amounts, contributions to a rate stabilization reserve are currently funded to the maximum of 5% of the operating budget to alleviate, or moderate, the need for Transfer Station rate changes or fee increases.

Fiscal Impact

Projected reserve account balances are shown in **Attachment B**. These projections were included in the bond financing proforma and assumed the creation of the three reserve accounts recommended above. The figures shown reflect funding the Operating Reserve at 10% of the operating budget and a funding level of 8% for the Rate Stabilization reserve. Staff is recommending a higher reserve level of 10% for the Rate Stabilization reserve to provide additional buffer against any unexpected drop of commodity revenues. The commodity revenue drop in 2008 resulted in a \$3.5 million revenue shortfall in our last fiscal year. It is assumed that the Equipment Replacement reserve will be funded starting in 2012, though unallocated cash reserves would be available in 2011 to fund the Equipment reserve.

The unallocated reserve balances will be used to fund ongoing non-masterplan capital improvements (e.g., patch paving, upgrades to the administration building, etc.). These funds will also be used to make the 5-year balloon payment of \$3 million due to the City of Burlingame on September 1, 2014 to pay off the series 2009B bonds. Non-masterplan capital improvements are expected to be approximately \$200,000 per year, though much higher one-time capital expenditures are planned in

2010 and 2011 for administration building and corp. yard improvements necessary for Recology, the new franchise collection company.

Attachments

A -- SBWMA Resolution 2009-30

Exhibit A -- Flow Chart on Gross Revenues

Exhibit B -- Flow Chart on Net Operating Cash Flow into Cash Reserves

B -- Projected Annual Reserve Balances

C – Current Reserve Policy

ATTACHMENT A



RESOLUTION NO. 2009-30

**RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT
AUTHORITY BOARD OF DIRECTORS APPROVING A REVISED
UNRESTRICTED CASH RESERVE POLICY**

WHEREAS, the SBWMA Board of Directors (the Board) approved an Unrestricted Cash Reserve Policy on February 20, 2002 (the Policy); and

WHEREAS, preliminary projections for fiscal year 2010 reflect substantially reduced surplus cash flows compared to prior budget years and will result in SBWMA being unable to meet cash reserve requirements previously established in the Policy; and

WHEREAS, a revised Policy will be compatible with projected cash flows published in the bond financing pro forma, and will provide for long term prudent reserves to meet SBWMA future needs.

NOW, THEREFORE, BE IT RESOLVED by the SBWMA Board of Directors hereby approves a revised Unrestricted Cash Reserve Policy as follows:

After meeting all debt service obligations of the SBWMA the following reserve accounts shall be funded in the following order of priority:

1. Operation Reserve funded up to a maximum of ten (10%) percent of budgeted operating expenses.
2. Rate Stabilization Reserve funded up to a maximum of ten (10%) percent of budgeted operating expenses.
3. Equipment Replacement Reserve funded per a 12 year cost replacement schedule for the new MRF single stream processing equipment.
4. Unallocated Cash Reserve may be funded only after the reserve maximums are met in the above three reserve fund from any surplus cash.

Attached as Exhibit A to this Resolution depicts how operating cash flow funds the reserve accounts, and Exhibit B hereto depicts how debt service obligations are required to be met before funding the reserve accounts.

(continued)

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 22nd day of October, 2009, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				

I HEREBY CERTIFY that the foregoing Resolution No. 2009-30 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on October 22nd, 2009.

ATTEST:

Martha DeBry, Chairperson of SBWMA

Cathy Hidalgo, Board Secretary

EXHIBIT A

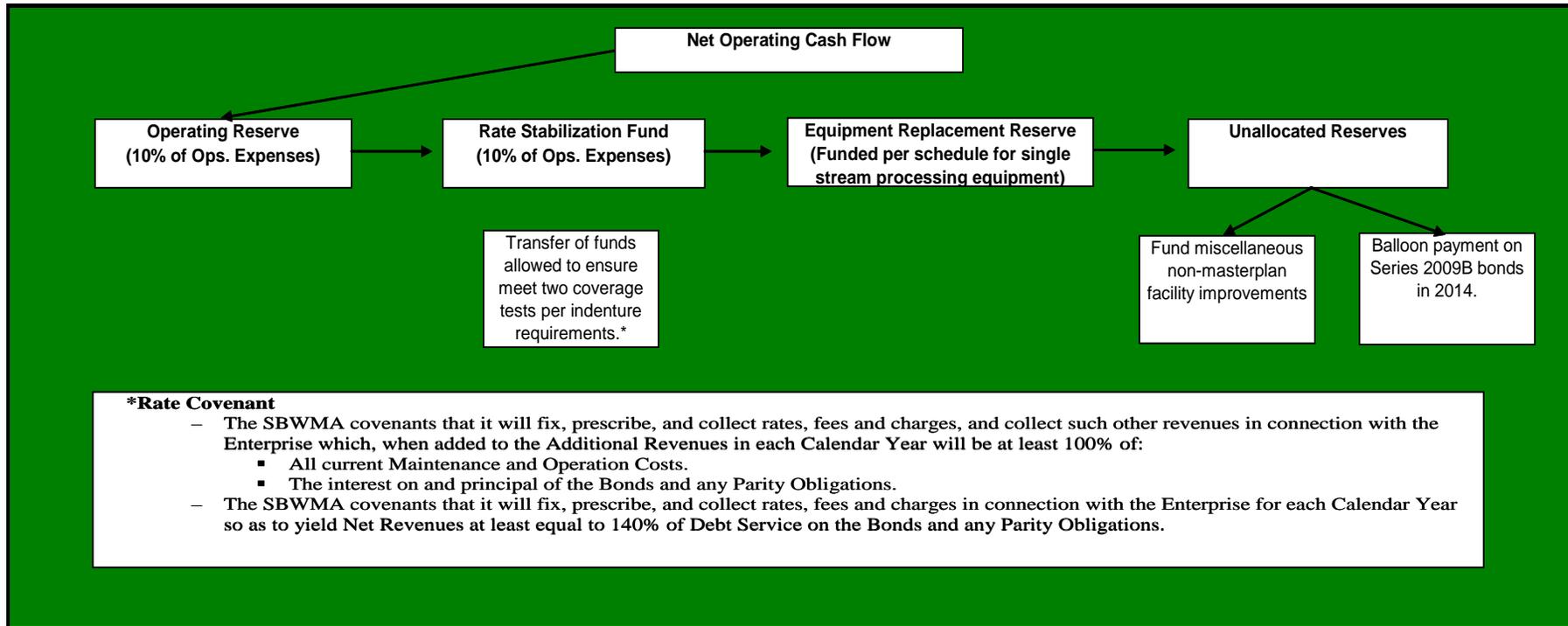
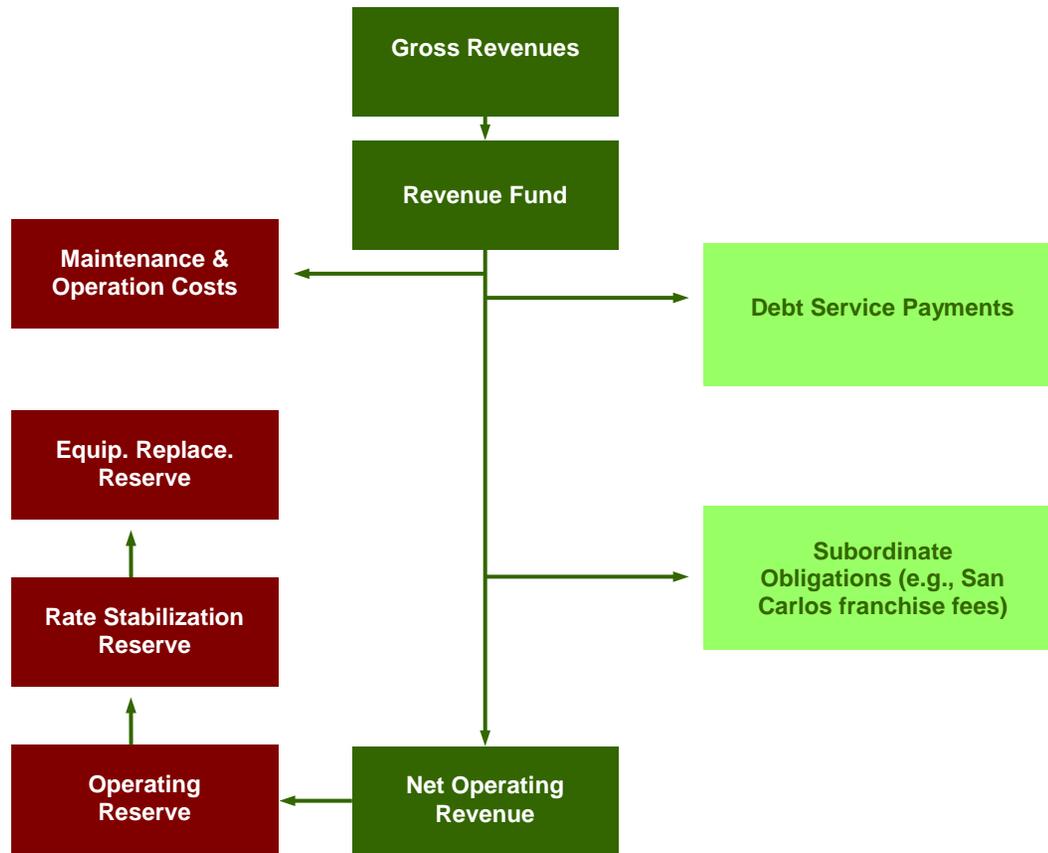


EXHIBIT B



ATTACHMENT B

South Bayside Waste Management Authority Authority Solid Waste Enterprise Revenue Bond Series 2009A & B Bond Amortization vs. Cumulative Unallocated Reserve Balance						
	2009A	2009B				
<u>Date</u>	<u>Principal</u>	<u>Principal</u>	<u>Total Principal Payment</u>	<u>Outstanding Balance</u>	<u>Unallocated Reserve Balance (Dec. 31)</u>	<u>Unallocated Reserve vs. Bond Balance</u>
9/1/2010	-		-	56,500,000	-	(56,500,000)
9/1/2011	-		-	56,500,000	4,822,680	(51,677,320)
9/1/2012	1,095,000		1,095,000	55,405,000	8,142,307	(47,262,693)
9/1/2013	1,150,000		1,150,000	54,255,000	11,312,895	(42,942,105)
9/1/2014	1,205,000	3,000,000	4,205,000	50,050,000	11,382,772	(38,667,228)
9/1/2015	1,270,000		1,270,000	48,780,000	14,621,222	(34,158,778)
9/1/2016	1,310,000		1,310,000	47,470,000	17,777,973	(29,692,027)
9/1/2017	1,365,000		1,365,000	46,105,000	20,832,259	(25,272,741)
9/1/2018	1,420,000		1,420,000	44,685,000	23,773,138	(20,911,862)
9/1/2019	1,495,000		1,495,000	43,190,000	26,589,436	(16,600,564)
9/1/2020	1,570,000		1,570,000	41,620,000	29,276,422	(12,343,578)
9/1/2021	1,650,000		1,650,000	39,970,000	31,864,570	(8,105,430)
9/1/2022	1,735,000		1,735,000	38,235,000	34,333,024	(3,901,976)
9/1/2023	1,830,000		1,830,000	36,405,000	36,682,141	277,141
9/1/2024	1,925,000		1,925,000	34,480,000	38,904,764	4,424,764
9/1/2025	2,025,000		2,025,000	32,455,000	41,582,567	9,127,567
9/1/2026	2,150,000		2,150,000	30,305,000	44,132,525	13,827,525
9/1/2027	2,285,000		2,285,000	28,020,000	46,567,915	18,547,915
9/1/2028	2,430,000		2,430,000	25,590,000	48,877,018	23,287,018
9/1/2029	2,580,000		2,580,000	23,010,000	51,052,257	28,042,257
9/1/2030	2,740,000		2,740,000	20,270,000	53,107,761	32,837,761
9/1/2031	2,905,000		2,905,000	17,365,000	55,010,217	37,645,217
9/1/2032	3,080,000		3,080,000	14,285,000	56,771,873	42,486,873
9/1/2033	3,265,000		3,265,000	11,020,000	58,383,314	47,363,314
9/1/2034	3,460,000		3,460,000	7,560,000	60,040,496	52,480,496
9/1/2035	3,670,000		3,670,000	3,890,000	61,744,716	57,854,716
9/1/2036	3,890,000		3,890,000	-		
	53,500,000	3,000,000	56,500,000			

Note: excludes accrued interest between 9/1 & 12/31

ATTACHMENT C

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

Board of Directors Agenda Report

To: Michael P. Garvey, Chairman of the Board
From: Richard H. Averett, Finance Director
Date: February 20, 2002
Subject: Reserve Policy

Staff recommends that the SBWMA Board review and adopt the Reserve Policy

Background

The SBWMA's ownership of the transfer station and recyclery is approaching its second year of operations providing a limited historical view of normal cash flows (revenue and expenditures). This data can be used to develop a reasonable and prudent reserve plan for short and long-term financial operation of the businesses.

The attached proposed Reserve Policy recommends creating four reserve accounts: Operating Reserve, Facilities Improvement Reserve, Equipment Purchase/Replacement Reserve and a Reserve for Rate Stabilization.

Recommended Reserve Policy

Operating Reserve: There is no stipulation in the Official Statement as to an operating reserve requirement, other than a stipulation that the assets be managed prudently to generate revenue to guarantee repayment of the bond issuance. It is generally accepted practice to plan for a 15-20% operating reserve. However, most (80%) of the \$33 million budget is for the BFI contract, the amount of which is dependent on revenue earnings from operations. Therefore, cash flow risk exposure is minimized and a 10% reserve (currently \$3.3 million) is recommended.

Facilities Improvement Reserve: The original cost of the fixed assets (building and equipment) at the Transfer Station and Recyclery was \$16,140,000 and the assets were purchased by the JPA for the depreciated amount of \$5,230,000 (\$2,843,325 for the buildings and \$2,386,675 for furniture & equipment). Staff recommends a reserve for facilities improvement and maintenance of 25% of the total building depreciation (currently \$8.7 million). A 25% reserve equals \$2.175 million at the current depreciation amount.

Equipment Purchase/Replacement Reserve:

The SBWMA budget currently recognizes a reserve for equipment purchase/replacement in the amount of \$1.5 million per year. Staff recommends that this annual reserve contribution be the greater of \$1.5 million or 5% of the operating budget (currently \$1.56 million).

Within two years staff will develop an asset replacement reserve program that will identify a replacement cost method for contributing to the Facilities Improvement Reserve and the

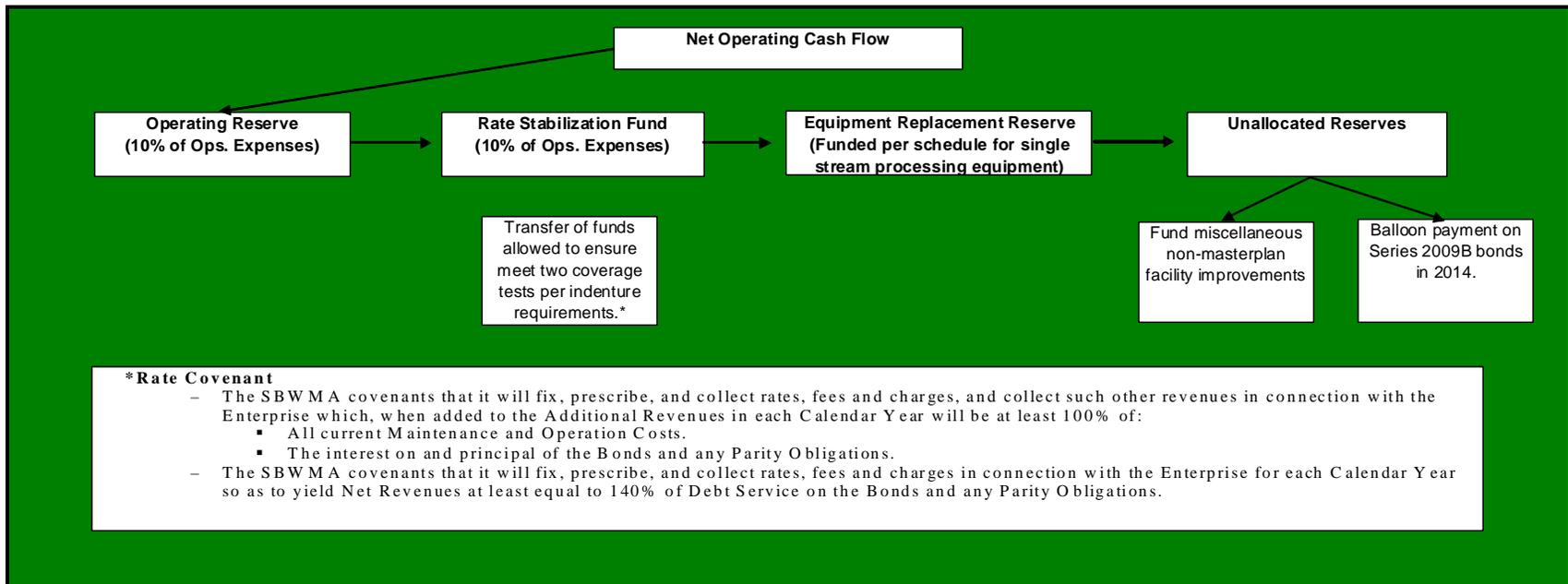
Equipment Replacement Reserve. This asset funding program will be fully implemented (include all assets) within four years.

Rate Stabilization Reserve: At such time as the above three reserves have reached the targeted amounts, contributions to a rate stabilization reserve will be funded to the maximum of 5% of the operating budget to alleviate, or moderate, the need for Transfer rate changes. It is projected that the rate stabilization reserve account could be substantially funded by the end of fiscal year 2002, assuming a sufficient unrestricted, unappropriated fund balance.

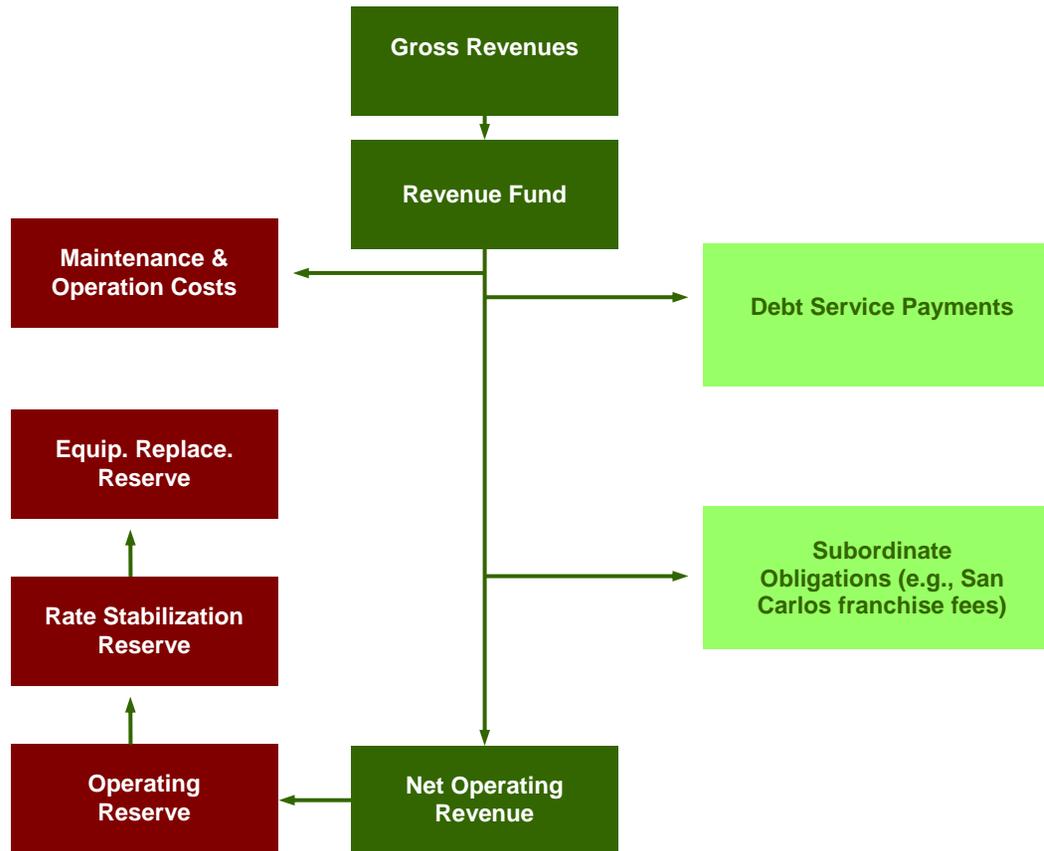
Below is a summary of the impact, in dollars, of the recommended reserve policy (attached) and the projected fiscal year balances in each reserve account based on an estimated operating budget of \$33 million.

Reserve	Targeted	Projected	Variance
Amount	Amount	9/30/02	from
		Balance	Target
Operating	\$3.3 MM	\$3.3 MM	\$0
Facilities Improvements	\$2.175 MM	\$2.175 MM	\$0
Equipment (annual)	\$1.65 MM	\$2.4 MM	\$0
Rate Stabilization	\$1.65 MM (max)	\$1,000,000	\$.65MM

ATTACHMENT D



ATTACHMENT E



Agenda Item 7B

Contractor Quarterly Update

Presentations at the April 25th Board of Directors Meeting – No Report

- Recology San Mateo County Quarterly Update
- South Bay Recycling Quarterly Update

Blank Page - No Report



Agenda Item 7C

Discussion on SBWMA Governance

Discussion Item only – No Report

Blank Page - No Report