



COLLECTION AND RECYCLING PROGRAM SUPPORT AND COMPLIANCE



STAFF REPORT

To: SBWMA Board of Directors
From: Kevin McCarthy, Executive Director
Date: January 22, 2015 Board of Director's Meeting
Subject: Appointment of Board Members to Adhoc Subcommittee to Interview Recology GM Candidates

Recommendation

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

Analysis

The Executive Director has requested creation of an adhoc Board subcommittee with three Board Members to participate in the interviews of final candidates for the General Manager (GM) position for Recology San Mateo County. Staff will also participate on the interview panel. Recology has provided the job posting for the position which is attached (see **Attachment A**). Staff will share further details on Recology's hiring process and timeline when that information is available but interviews are expected in the next 30-60 days.

Per section 8.06(D) of the Member Agency Franchise Agreements, "before extending an offer of employment for the position of General Manager, both initially and throughout the term, Contractor shall provide the SBWMA with the description of the proposed position, an opportunity to review and comment upon the position description, the background, experience and qualifications of each candidate being considered for the position, and an opportunity to meet with each candidate." The Agreement goes on further to state that "Contractor shall give thoughtful consideration to the SBWMA's comments on the descriptions of the proposed position and each candidate, but shall have the ultimate right to make employment decisions in its best business judgment."

Background

Periodically, the SBWMA Board has created adhoc subcommittees for various purposes. Such adhoc subcommittees are comprised of less than a majority of Board Members and as such are not subject to Brown Act requirements. Member Agency staff has also participated in such subcommittees.

The Executive Committee is an adhoc committee informally established by the Chair of the Board to assist in Board agenda planning. Invitations to Board Members to participate are in the discretion of the Chair; the Chair has the ability within the inherent powers of the Chair to engage in agenda planning and ask other Board Members to participate. There is no provision in the JPA Agreement for an "Executive Committee."

On February 27, 2014 the Board approved creation of an Audit adhoc Subcommittee consisting of three members to review audited financial statements for the fiscal year and the calendar year audit document and review the JPA's Investment Policy. The only other current adhoc subcommittee is for Public Education which historically has included participation by Board Members and Member Agency staff.

Fiscal Impact

There is no fiscal impact associated with this item.

Attachments

A- Recology GM Job Posting

General Manager

Subsidiary Name: **Recology San Mateo County**

Department: **Management**

City: **San Carlos**

State: **California**

ZIP Code: **94070**

Employment Status: **Regular Full-Time**

About Us

Recology is a leader in the resource recovery industry. We provide services throughout California, Nevada, Oregon, and Washington, including collection, transfer, disposal, landfill management, composting, and recycling. We are the largest employee-owned company in our industry and our success has stemmed from the dedication of our employees, the service we provide to our customers, and our genuine concern for a sustainable environment.

Description

ESSENTIAL RESPONSIBILITIES OF GENERAL MANAGER

- Provides short-term and long-term planning, direction and oversight to large operating subsidiaries; manages finances and new business opportunities. Responsible for the achievement of short-term and long-term financial and operational objectives for the division.
- Ensures companies are focused on business retention through profitable contract and franchise renewals.
- Acquires, aligns and prioritizes resources and operational plans to support team and company objectives; manage staff, responsibilities and priorities in a fast paced, growth-oriented and time-critical environment; guides changes for improved use of physical and economic resources.
- Ensures companies provide ongoing quality customer service and maintain positive relationships with existing customer base, including but not limited to local agencies, city councils, etc.
- Pursues new business development opportunities that will enable the company to grow and enhance profitability.
- Manages bid and proposal preparation, acquisition analysis and negotiation, franchise and contract development, due diligence, and new business start-up, as appropriate.
- Abides by federal, state, and local laws and regulations. Understands and ensures compliance with safety & health, environmental, human resources, financial, and other applicable regulations and company policies.

- Negotiates collective bargaining agreements.
- Represents company in the business community and in regulatory matters to maintain good will and understanding of company's resource recovery management practices and financial requirements.
- Provides leadership and promotes positive employee morale.

QUALIFICATIONS

Education and Experience:

- High school diploma or GED required.
- Bachelor's degree preferred.
- Demonstrated progressive leadership experience with a track record of strong financial, risk and resource management.
- Experience working in a unionized environment preferred.
- Experience with and broad knowledge of public policy regarding environmental issues.
- Valid driver's license.

The qualifications listed are typical of the knowledge, skills, and abilities of successful employees within this classification.

Knowledge of:

- Technical and professional principles, practices, laws, applications and programs in position related area including labor relations, managing collective bargaining agreements, and negotiating contracts.
- Current developments and trends in areas of expertise and highly technical knowledge of a variety of company services and procedures.
- Computer programs, including Microsoft Office suite of applications and using data to inform and set priorities and identify challenges/opportunities.
- Principles of personnel training, supervision and evaluation.
- Supervisory techniques, resource allocation, planning and budgeting.

Skill and / or Ability to:

- Ability to promote the WASTE ZERO philosophy by making the best and highest use of all resources as well as finding ways to use and repurpose discarded materials in ways that benefit the environment.
- Develop strategies to effectively manage current and future challenges and opportunities; develop recommendations and actionable plans.
- Define issues and focus on achieving workable solutions; generate innovative ideas to develop or improve existing systems.
- Demonstrate ability to use computers and technology capabilities.
- Demonstrate strong proficiency and knowledge in area(s) of expertise as well as company business and proficiency in strategic and financial processes.
- Communicate well both verbally and in writing; listen to and understand various viewpoints; share relevant information timely; provide constructive feedback; maintain professionalism.

- Present ideas effectively to individuals or groups and deliver presentations suited to the characteristics and needs of the audience.
- Effectively and productively engage with others and establish trust, credibility, and confidence; communicate, interact, and effectively network with community and government officials, customers, and a diverse workforce.
- Promote collaboration and assist others with their initiatives and efforts.
- Motivate and empower others to achieve objectives and to develop a culture where employees feel ownership in what they do.
- Ability to attract, develop and retain good people; allow opportunities for self and others to reach their full potential; build and share knowledge and expertise.
- Listen to and build customer relationships; increase customer satisfaction and ensure commitments are met.

SUPPLEMENTAL INFORMATION

Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions of this job.

This description is not intended and should not be construed to be an exhaustive list of all responsibilities, skills, effort, or work conditions associated with the job.



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Date: January 22, 2015 Board of Directors Meeting
Subject: Recology Proposal to Automate Data Collection Associated with Annual Route Assessment

Recommendation

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

Analysis

On January 12, 2015 staff received a letter (see **Attachment A**) from Recology regarding an update on automation of data collection for the Annual Route Assessment. The Recology letter details the steps taken to develop a more automated system and outlines a timeline and costs for implementing a new system for rate year 2017.

On January 13th staff posed some questions to Recology regarding this proposal as follows:

- Are the costs shown incremental? Are some one-time? Which costs are ongoing?
- Are you proposing to replace the current Annual Route Assessment with this new system? Or are you willing to do a trial to compare the current system with the new system as we discussed last week? If you are open to a comparative test, then please outline that proposal so it can be discussed at the Board meeting.

Recology responded that there are approximately \$8,300 in one-time costs and some other one-time costs that are currently unknown and \$93,000 per year in ongoing costs for a new full-time position.

At the Board meeting, Recology will outline some ideas for how to possibly pilot a more automated data collection system during the timeframe that the 2015 (for rate year 2016) Annual Route Assessment is conducted.

Background

At the January 23, 2014 Board meeting a staff report and presentation was provided explaining why we have a cost allocation process within the compensation adjustment methodology (*see Article 11 and Attachment K, Section 6 of the Franchise Agreement*), how the process works, and what are the implications of changing the cost allocation process to fix the cost allocators (i.e., operating statistics). It is important to note that in the context of this discussion the word "cost" means Recology's Board approved compensation and not their actual operating costs. Under the previous franchise agreements with Republic Services (previously named Allied Waste and BFI) "cost" meant actual operating costs as Republic was compensated under a cost-plus compensation adjustment methodology. A lengthy Board discussion ensued with some Board Members supporting fixing the cost allocators and some opposing, but a strong consensus of the Board supported further analysis by Recology to determine if a larger data pool (of route statistics) could be used to allocate costs.

During the January 23, 2014 Board meeting Recology also made a presentation and highlighted the 2011-2014 actual allocation percentages by Member Agency and noted factors they felt influence year over year variances in

cost allocations. The Board asked a number of questions and made two specific follow-up information requests of Recology as follows:

1. Provide the operational data (four statistics used to allocate costs) over a longer time period than the four weeks used for the Annual Route Assessment in 2013.
2. Proposal and cost to automate the process used to collect and compile the data included in the Annual Route Assessment.

At the March 27, 2014 Board meeting Recology provided a data table and narrative description of how they went about analyzing additional data over a longer time period than the four weeks used for the Annual Route Assessment for rate year 2014. This table reflected Recology collecting one week of Route Hours data in three separate months (June, September and December). The limited data (i.e., for one statistic) showed that using different time periods to gather the operating statistics will create variances in the results. There was Board discussion and questions but again no consensus opinion on changing the current cost allocation methodology. The Board concurred with staff's suggestion that Recology proceed with the Annual Route Assessment for rate year 2015 using the current methodology. Recology noted they were delayed in moving forward with work associated with automating the data collection due to delays with their RouteWare software vendor.

At the May 22, 2014 Board meeting Kam Sung of Recology made a verbal presentation on the feasibility of automating cost allocation data. He noted that RouteWare was not able to meet Recology's specifications, but was able to give them a date range from one week to one month worth of data. He noted that there is still a long road ahead, but it is a step in the right direction. Mario Puccinelli added that the goal is to fully execute this in a way in which there is not a lot of staff time spent, and that they will continue to have the vendor and their IT department work towards that goal.

Both the current and past cost allocation approaches rely on the use of operating statistics collected during a defined period of time (e.g., mid-April to mid-May) in each Member Agency. The collection of this data (i.e., operating statistics) is referred to in the Franchise Agreements with Recology as the Annual Route Assessment (section 7.12) and includes the following data points:

1. Annual route labor hours
2. Annual route hours
3. Number of containers in service
4. Number of customer accounts serviced

Fiscal Impact

There is a potential fiscal impact associated with Recology implementing a new data collection system for the Annual Route Assessment. Recology states that there are approximately \$8,300 in one-time costs and some other one-time costs that are currently unknown and \$93,000 per year in ongoing costs for a new full-time position. Recology's proposal states that one full-time position is necessary to monitor and analyze the daily data for quality assurance. If the Board approved this new data collection system, the costs would be included in Recology's annual compensation application.

Attachments:

- A- January 12, 2015 Letter from Recology Regarding an Update on Automation of Data Collection for Annual Route Assessment



Recology San Mateo County

Memorandum

To: South Bayside Waste Management Authority (SBWMA) Board of Directors

From: Mario Puccinelli, General Manager

Date: January 12, 2014

Subject: Update on Automation of Data Collection for Annual Route Assessment

As a follow up to our presentation last year on enhancements to our customer management systems, which would allow for a larger pool of data to be used for the annual route assessment that determines jurisdictional allocations, we are happy to report that significant progress has been made.

BACKGROUND

Our objective was to determine if our back-office reporting system could be modified to automate data collection over a span of time greater than the current 4 week snapshot of data. As you may recall, this is a manual process that takes over 200 hours annually to produce.

SUMMARY UPDATE

Our journey to automate the data collection process has been challenging but a course worth exploring. We first started by assembling a team to implement a business process improvement plan on the four operational metrics we review for our annual route assessment (i.e., Route Hours, Route Labor Hours, Roll-Off, and Participation Rates).

Next, we submitted a Statement of Work Request (SOWR) for Routeware, our vendor for the onboard computer system, to reprogram their reports to replicate our internal reports used for data analysis. After multiple versions and through trial and error, we successfully automated the Route Hours and Participation Rates components of the 4-part process of the application in Excel. A custom report for the Roll-Off division is still in the research and development stage by Routeware to design an in-depth report that will automate statistics for each member agency rather than just a summary that is currently in place.

Furthermore, Recology IT is currently making improvements to TimeCard Plus (TCP) to grant Recology San Mateo County (RSMC) access to export data from our payroll system into Excel in order to retrieve actual Route Labor Hours. The benefit of this



feature is that it will allow RSMC the capability to quickly consolidate the data with just a few quick steps in Excel.

Finally, Recology IT, in partnership with Routeware, successfully piloted the test server on Routeware Command & Control (RC&C) and we are pleased to report that the upgrade of this software is currently being installed into Recology's California Production Server. RC&C gives the end-user the capability to expand the date range from one days worth of data to one months worth of data and it reduced time spent on data entry and analysis by quickly identifying outliers by date. More importantly, the Board's desire to produce a six to twelve month data collection period report is achievable.

CONCLUSION

The progress made thus far with RC&C's new reporting systems, as well as changes to our internal operating procedure, reflects considerable improvements to our current data collection methodology. However, quality control remains a critical step in the collection of daily route allocators.

We made significant strides in the allocation process but full automation of data collection is not achievable at this point of time due to the operational anomalies that occur on a day-to-day basis. For example, unforeseen events such as traffic delays, inclement weather, or road construction may impact daily operational metrics. To that end, we are proposing that one Full Time Equivalent (FTE) is necessary to monitor and analyze the daily data for quality assurance.

Lastly, we could consider changing the data collection process beginning in Rate Year 2017 (RY 2017). The projected timeline and costs to initiate the revised data collection process is illustrated in Exhibit 1 below:

Exhibit 1	Start Date	End Date	Costs
SOWR submitted to Routeware to develop multiple versions of data reports with the capacity to expand beyond a four- week period.	May 2014	Sept 2014	\$7,800
Install RC&C software upgrade to Recology's California Production Server	May 2014	1/15/15	\$500
Initiate procurement and deliverables process with Recology IT to integrate Route Labor Hours into the data automation process.	Sept 2014	Feb 2015	\$0.00
SOWR submitted to Routeware to redesign Roll-Off Reports from the current summary format to an itemized format.	Jan 2015	TBD	TBD
RSMC personnel to perform data consolidation and analysis	RY 2017	---	\$93,000