



STAFF UPDATES



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Date: July 26, 2012 Board of Directors Meeting
Subject: Update on Recology Commercial Recycling Outreach Efforts

Recommendation

This is an informational report and no action is necessary.

Analysis

Recology San Mateo County (Recology) is not required to submit monthly statistics on its commercial recycling activities; however, the company is required to submit a quarterly status report on this program per section 9.06.N of the Franchise Agreement(s). Even though a monthly update is not contractually required, the company has agreed to provide the status of some key commercial recycling metrics each month. Below is information voluntarily submitted by Recology for this staff report to the Board.

June 2012 Recology Commercial Recycling Outreach Program Metrics

- 118 commercial recycling brochures and posters were distributed
- 318 internal recycling containers were distributed
- 452 Buddy Bags were delivered
- 0 MFD tool kits were delivered
- 4 commercial recycling "community events" were reported

| Date | Franchise | Customer Name | Location | Name of Event | Time |
|------------|-----------|----------------------|--|-------------------------------------|--------------------|
| 6/1/2012 | SNC | CITY OF SAN CARLOS | CALTRAIN PARKING LOT | SAN CARLOS SHREDDING EVENT | 9:00 AM - 1:00 PM |
| 06/23/2012 | CSM | HIGHLANDS REC CENTER | 1851 LEXINGTON AVE | COUNTY OF SAN MATEO SHREDDING EVENT | 9:00 AM - 12:00 PM |
| 06/30/2012 | BUR | CITY OF BURLINGAME | CALIFORNIA DRIVE (North of Train Station) | BURLINGAME SHREDDING EVENT | 9:00 AM - 2:00 PM |
| 06/30/2012 | EPA | COUNTY OF SAN MATEO | BELL STREET PARK | EAST PALO ALTO 29TH CITY | 11:00 AM - 2:30 PM |

- June 2012 Recology Commercial Service Level Changes

Commencing with April 2012 staff report, a new section is being provided as per staff's request for Recology to report monthly on the net result of its commercial recycling sales efforts with regard to providing service. This table provides the changes in commercial service subscription levels (i.e., service volume) for the various materials picked up. For example:

- ❖ Belmont's commercial sector experienced:
 - ❖ a net increase in 29.79 cubic yards of commercial recycling service
 - ❖ a net increase of 0.69 cubic yards of commercial compost service
 - ❖ a net decrease of 29.1 cubic yards of commercial garbage service
 - ❖ Foster City's commercial sector experienced:
 - ❖ a net decrease of 26.85 cubic yards of commercial recycling service
 - ❖ a net increase of 25.28 cubic yards of commercial compost service
 - ❖ a net increase of 40.09 cubic yards of commercial garbage service
- (The "net" change in service includes all increases or decreases by current customers and all increases of new customers.)

| Sum of Monthly Net Change | Commodity | | | |
|---------------------------|---------------|---------------|----------------|----------------|
| Franchise Code | Garbage | Organics | Recycling | Grand Total |
| BEL | -29.1 | 0.69 | 29.79 | 1.38 |
| BUR | -166.37 | -105.3 | 298.07 | 26.4 |
| C01 | 33.95 | 29.62 | 37.93 | 101.5 |
| C02 | 12.47 | | 20.78 | 33.25 |
| C03 | 54.04 | 15.59 | 32.39 | 102.02 |
| C05 | 31.18 | 90.76 | 37.41 | 159.35 |
| C07 | 26.57 | -8.66 | 59.76 | 77.67 |
| C08 | 96.55 | | 0 | 96.55 |
| C09 | -12.12 | 3.46 | 59.07 | 50.41 |
| C10 | 98.75 | 62.17 | 50.22 | 211.14 |
| C12 | | 8.31 | | 8.31 |
| C15 | | | 38.45 | 38.45 |
| CSM | -3.63 | 2.77 | 39.49 | 38.63 |
| EPA | 14.55 | -2.08 | -0.53 | 11.94 |
| FOC | 40.09 | 25.28 | -26.85 | 38.52 |
| MAT | 84.87 | -125.07 | 55.44 | 15.24 |
| MPK | 115.7 | 25.63 | 107.39 | 248.72 |
| NFO | -12.13 | 12.99 | -27.2 | -26.34 |
| RWC | -1.99 | 73.6 | 295.26 | 366.87 |
| SNC | -50.24 | 20.96 | -50.57 | -79.85 |
| WBS | | -8.66 | 18.02 | 9.36 |
| Grand Total | 333.14 | 122.06 | 1074.32 | 1529.52 |

Attachment A provides Recology's new monthly commercial service level changes report. This report provides the detail for each member Agency in the first tab titled "Monthly Volume Change June 2012." This information is summarized in the second tab titled "Summary."

- 13 different commercial accounts were included in the list of recycling “presentations and trainings” reported for June:

| Date | Franchise | Customer Name | Location | Attendees (staff, custodians, students, etc.) | Time | Description |
|------------|-----------|--------------------------------------|---------------------------------|--|---------------|--------------------|
| 06/05/2012 | MPK | LEFT BANK | 635 SANTA CRUZ AVE, MENLO PARK | GENERAL MANAGER AND CHEF | 10 AM | TRAINING |
| 06/05/2012 | RWC | ST.PIUS CATHOLIC CHURCH | 1100 WOODSIDE RD | STUDENTS AND TEACHERS | 3:00 PM | PRESENTATION |
| 06/08/2012 | CSM | SAN MATEO COUNTY OFFICE OF EDUCATION | 35 TOWER RD | TEACHER AND STUDENTS | 12:30 PM | PRESENTATION |
| 06/08/2012 | MPK | LEFT BANK | 635 SANTA CRUZ AVE., MENLO PARK | KITCHEN STAFF | 10:30 AM | TRAINING |
| 06/08/2012 | RWC | PELLARIN ENTERPRISES | 768 WOODSIDE ROAD | STORE MANAGERS AND STAFF | 2:30 PM | PRESENTATION |
| 06/11/2012 | MPK | ATHERTON HEALTH CARE | 1275 CRANE ST, MENLO PARK | KITCHEN STAFF & CHEF | 1:15PM | TRAINING |
| 06/12/2012 | MPK | PACIFIC BIOSCIENCES | 1380 WILLOW RD, MENLO PARK | CUSTODIANS, MANAGERS & SUPERVISORS | 4:00PM-5:00PM | TRAINING |
| 06/19/2012 | MAT | SAN MATEO CLAY OVEN | 78 E 3RD AVE, SAN MATEO | KITCHEN STAFF | 11:00 AM | TRAINING |
| 06/19/2012 | MPK | LB STEAK | 898 SANTA CRUZ AVE, MENLO PARK | KITCHEN STAFF | 9:45AM | TRAINING |
| 06/20/2012 | MAT | SAN MATEO CLAY OVEN | 78 E 3RD AVENUE, SAN MATEO | KITCHEN STAFF | 11:00 AM | TRAINING |
| 06/21/2012 | BUR | STACKS | 361 CALIFORNIA DR, BURLINGAME | OWNER, MANAGERS, SERVERS, KITCHEN STAFF | 4:00 PM | TRAINING (ENGLISH) |
| 06/21/2012 | BUR | STACKS | 361 CALIFORNIA DR, BURLINGAME | OWNER, MANAGERS, SERVERS, KITCHEN STAFF | 4:00 PM | TRAINING (SPANISH) |
| 06/22/2012 | MPK | LB STEAK | 898 SANTA CRUZ AVE., MPK | MGRS, SERVERS AND KITCHEN STAFF | 10AM | TRAINING |
| 06/26/2012 | FOC | VISA | 901 METRO CENTER BLVD | VISA STAFF | 11:00 AM | PRESENTATION |
| 06/27/2012 | MPK | CBRE/E TRADE | 4500 BOHANNON DR., MENLO PARK | EMPLOYEES | 11:00 AM | PRESENTATION |
| 06/27/2012 | SNC | FIRST BAPTIST CHURCH | LITTLE LEARNER PRESCHOOL | KIDS AND TEACHERS | 9:00 | PRESENTATION |

Franchise codes: ATH = Atherton, BEL = Belmont, BUR = Burlingame, CSM = County of San Mateo, EPA = East Palo Alto, FOC = Foster City, HIL = Hillsborough, MAT = San Mateo, MPK = Menlo Park, NFO = North Fair Oaks, RWC = Redwood City, SNC = San Carlos, WBS = West Bay Sanitary District

Member Agency codes: C01 = Atherton, C02 = Belmont, C03 = Burlingame, C04 = East Palo Alto, C05 = Foster City, C06 = Hillsborough, C07 = Menlo Park, C08 = Redwood City, C09 = San Carlos, C10 = San Mateo, C11 = North Fair Oaks, C12 = West Bay Sanitary District, C15 = County of San Mateo

Staff had numerous meetings with Recology during 2011 and 2012 on commercial recycling and requested additional analysis and data to facilitate decision-making on next steps regarding increasing tonnage from the commercial sector. In addition to analysis of the program’s performance, staff has requested Recology to provide information on profiling commercial customers, the net change on account retention and attraction efforts and information related to the internal metrics used to measure the relative success and cost effectiveness of its commercial recycling outreach (sales) efforts. The results of these inquiries were discussed in detail at the Special Board Workshop on Commercial Recycling on March 29, 2012. While Recology has greatly improved its reporting on commercial recycling activities, staff will continue to encourage the company to establish and begin using metrics to measure the success and cost effectiveness of the commercial recycling program.

Background

On April 22, 2010, the Board adopted Resolution No. 2010-14 approving the Commercial Recycling Agreement between Recology and Allied Waste/Republic Services. This agreement transferred Allied's commercial recycling outreach program to RSMC commencing on July 1, 2010. In addition, Recology moved its commercial recycling staff into the Shoreway Administration building on this date.

The Member Agencies Franchise Agreements with Recology required the company to commence the first new program, the Recycling Blitz Commercial Recycling Campaign, also on July 1, 2010. Recology's Recycling Blitz Plan and the SBWMA Commercial Recycling Communications and Outreach Plans were shared with the Board in May 2010. These plans outline the next steps regarding stepping up efforts to increase diversion from the commercial sector in the near term.

Commencing with Recology's first quarterly report due on April 30, 2011, the company is required to submit with each quarterly report a detailed update on its commercial recycling program outreach efforts. This requirement is prescribed in Franchise Agreement section 9.06.N, as follows:

- "N. Commercial Recycling Promotion Program Status Report.** Contractor must prepare and submit, both quarterly and annually, to Agency and SBWMA, a Commercial Recycling Program Status Report. The Commercial Recycling Program Status Report shall include, but not be limited to:
1. A summary of training and professional development activities for the Commercial Recycling Promotion and supervisory staff.
 2. A description of the strategy and overall approach to attract and retain a high quality and effective Commercial Recycling Promotion Program and supervisory staff.
 3. A description and status of meeting the goals and objectives for the Commercial Recycling Promotion team and how these goals and objectives are tied to the compensation incentive plan. (Contractor must explain how the stated goals and objectives will be accomplished if no compensation incentive plan is used.)
 4. A description of Contractor's sales strategy for maintaining and/or expanding the existing Commercial Recycling account base and diversion levels.
 5. A description of the services provided to the Commercial and Agency Facility sectors.
 6. A detailed accounting of diversion statistics for the Commercial and Agency Facility sectors."

Recology has now submitted all four quarterly reports for 2011, its 2011 annual report, and the first quarter report for 2012 and it is important to note that the commercial recycling section of all these reports has fallen short of establishing quantifiable goals with regards to increasing diversion, nor have these reports provided a detailed description of the strategic approach employed by the Recology sales team to increase diversion. The recent reports provide general goals that are supported by task based metrics for each Zero Waste Specialist. If quantifiable diversion goals and a specific sales based approach are shared with staff, this information will in turn be promptly shared with the Member Agencies.

Attachment:

Attachment A – Recology June 2012 Monthly Commercial Volume Change Report



**Agenda Item 6a
Update on Recology Commercial Recycling Outreach
Efforts**

Attachment A: Recology June 2012 Monthly Commercial Volume Change Report

- Recology June 2012 Monthly Commercial Volume Change Report
 - ◆ File too large to be included in packet
Posted on Website: www.rethinkwaste.org



STAFF UPDATE

To: SBWMA Board Members
From: Recycling Staff
Date: July 26, 2012 Board of Director's Meeting
Subject: Recycling and Outreach Programs Update

Recommendation

This is an informational report and no action is necessary.

2012 Public Education and Outreach Update

The annual residential Bulky Items Collection brochure has been produced by Recology San Mateo and is being included as an insert in the current billing cycle.

As a reminder, extra copies of the Assembly Bill (AB) 341 insert addressing the State's mandatory commercial recycling requirements are available from RethinkWaste Staff. Staff encourages Member Agencies to include the insert on their permit counters or other appropriate area. In addition, the RethinkWaste website has been updated to include information on AB 341. Member Agencies need to update their websites to include information on AB 341 as well to be in compliance with the State law. This can easily be done by linking to the RethinkWaste page at <http://www.rethinkwaste.org/businesses/ab-341-mandatory-commercial-recycling>. In addition, all Member Agencies are requested to review and approve their Mandatory Commercial Recycling (MCR) Plan for 2012 for submittal to CalRecycle by July 31. This plan will be used by CalRecycle to measure compliance with the MCR provisions of AB341 when each Agency's 2012 Electronic Annual Report is reviewed in 2013.

WM Curbside Door-to-Door HHW Collection Program

The following nine Member Agencies are participating in the program: Belmont, East Palo Alto, Foster City, Hillsborough, Menlo Park, San Carlos, San Mateo, San Mateo County, and West Bay Sanitary District. San Mateo County is the ninth Member Agency to roll out the program which commenced for their residents beginning on May 1, 2012. Interest in the program has been strong and the company has made approximately 8,391 collections since the program started in mid-May 2010 through June 2012. Approximately 313,235 pounds of HHW material, 252,588 pounds of Universal Waste and 130,845 pounds of E-Scrap has been collected since the start of the program. We encourage additional Member Agencies to offer the program as it provides a more convenient and cost-effective option to properly recycle and dispose of a wide variety of materials (such as common HHW) than is currently available through the County's drop-off program at Tower Road.

Household Battery and Cell Phone Curbside Recycling Collection Program

The monthly average of batteries and cell phones collected through the curbside recycling program during 2011 was 3,945 pounds. A total of 53,000 pounds was collected during 2010, which is slightly less than the 57,000 pounds collected in 2009. While early participation in CartSmart program resulted in an increase of household battery and cell phone collection, it appears this increase has now leveled off as the full year result (i.e., 47,334

pounds) is below that achieved in 2010. It is anticipated that this trend will continue as a similar year over year reduction will likely be experienced. The total amount of batteries and cell phones collected in June 2012 was 3,980 pounds.

Shoreway Education Center School Groups and Public Tours Update

Public tours on Open House Days (every third Thursday of the month) and summer tour groups will continue to be scheduled during the summer months while schools are on break. Staff will also continue to schedule tours for the next school year in fall. The Tour Program continues to be promoted via various channels, (emails, press release, flyers, website, social media, environmental education platforms, etc.).

Staff continues to receive very positive feedback about the education tour program, which gives the community an opportunity to learn first-hand what happens to their recyclables, plant materials, food scraps and garbage at a working materials recovery facility (MRF) and transfer station. In addition, students and the community are given an opportunity to learn and practice the 4Rs (reduce, reuse, recycle, and rot/composting), resource conservation and be empowered to conserve resources in their lives, at school and residences.

The table below shows the tours that have been conducted and those scheduled for July 2012.

| <u>Date</u> | <u>School/Group</u> | <u>Jurisdiction</u> | <u>Grade/Group</u> | <u>Total # of Participants</u> |
|---------------------------|---|---------------------|-----------------------------------|--------------------------------|
| July 2 | Home Day Group | San Mateo | K-5 th | 15 |
| July 10 | Home Day Group | San Mateo | K-1 st | 16 |
| July 11 | Home Day Group | Burlingame | 4 th - 5 th | 19 |
| July 12 | Challenge School | Foster City | 2 nd -6 th | 36 |
| July 12 | Northern California Recycling Association | Various | Adults | 20 |
| July 17 | Home Group | San Mateo | K-5 th | 15 |
| July 19* | Open House Day | Various | Adults | 51 |
| July 23 | Home Day Group | San Mateo | k-5 th | 15 |
| July 25 | Adults with disabilities | San Mateo | Adults | 10 |
| July 26 | Kiddie Academy | Mountain View | K-6 th | 40 |
| Total Participants | | | | 237** |

*Thursday, July 19th, is the Monthly Public Open House Day. The number of participants is based on only those that have made a reservation for the tour on the Public Open House Day. While reservations are recommended, they are not required.

**Includes estimated numbers for those scheduled tours that have not been conducted by the date this report is issued.

Photos of tour participants at Shoreway Environmental Center.



Tour availability

Tours are offered Monday from 12:30pm – 2:30pm, Tuesday-Wednesday from 9:30-11:30am or 12:30pm - 2:30pm, and Thursday 9:30am – 11:30am. Every third Thursday of the month is a designated Public Open House Day for the general public from 9:30am – 12:00pm. Please note there will not be a public open house day in August.

RethinkWaste Website and Social Media

The RethinkWaste website continues to be updated with information on the CartSMART residential collection and BizSMART commercial collection services, other program information and the Shoreway Environmental Center. The current site averaged approximately 585 visits per week since the last Board meeting, of which over 73% were new visits. The most commonly visited sections of the site during this period continued to be “Beyond the Cart,” “Shoreway Services” and “Shoreway Location” sections.

Plans are underway to revamp the website to make it more user-friendly and interactive based on feedback from customers, Board Members and the Public Education Subcommittee. Nine proposals were received to a Request for Proposals (RFP) for website redesign by the May 31, 2012 due date, of which eight were deemed responsive. The ninth proposal was received after the deadline and, as such, deemed non-responsive. The Pub Ed Subcommittee, comprised of Brian Moura (San Carlos), Laura Galli (Foster City), Lillian Clark (RecycleWorks/San Mateo County), Roxanne Murray (San Mateo) and RethinkWaste Staff Cathy Hidalgo and Monica Devincenzi evaluated the proposals and interviewed the firms. Based on the evaluations and final scoring, the committee has selected Gauger and Associates of San Francisco to redesign the website. Staff will continue to work with the Pub Ed Subcommittee on the redesign and seek some additional feedback from the Board. Staff anticipates the new website going live this fall.

RethinkWaste also continues to use its Facebook and Twitter pages to promote program information and new services. To date, the Facebook page has 252 “likes,” and the Twitter page has 92 followers. Staff will continue to work on strategies to drive more people to the pages. Our Facebook page can be found at www.facebook.com/rethinkwaste, and the Twitter page is located at www.twitter.com/rethinkwaste.

rethinker Newsletter

The summer issue of the *rethinker* is in production and focuses on properly managing household hazardous waste (HHW) and the Door-to-Door HHW Collection Program. It will be sent to residents in July.

Following the release of an issue of the *rethinker* newsletter, there is always a notable increase in activity on the RethinkWaste website and Facebook and Twitter pages. Staff will continue driving residents to go paperless with the newsletter.

Community Outreach Events

Community Outreach Events (Compost Giveaway, E-Scrap/Shredding events, Recology's Bring Your Own Bucket giveaway of compost and the Confidential Document Destruction Service Event) are still taking place and are posted on the RethinkWaste website. Agencies are encouraged to contact staff to schedule additional events.

Approved Operating Agreement Amendments or Recommended Recology Franchise Agreement Administrative Changes

Staff is requesting that Member Agencies keep us apprised if any administrative changes have been made.

| <u>Agreement</u> | <u>Board Approval</u> | <u>Staff Recommendation</u> | <u>Description</u> |
|------------------------|-----------------------|--------------------------------|---|
| Operations Agreement | October 28, 2010 | N/A | Amendment No. 1. Is now effective as eight Member Agencies have approved the Amendments. Approved by: Belmont, Foster City, Menlo Park, Redwood City, San Carlos, City of San Mateo, San Mateo County, and West Bay Sanitary District. |
| Franchise Agreement(s) | N/A | Via email on October 20, 2010 | Requested Member Agencies send letter accepting interest waiver offer from Recology on potential 2011 revenue requirement shortfall if rates approved after January 1 but before March 1, 2011. Approved by: Atherton, Foster City, Redwood City, City of San Mateo, San Mateo County, and West Bay Sanitary District. |
| Franchise Agreement(s) | N/A | Via email on December 9, 2010 | Overage "bags" change to "tags"; SBWMA relief from purchasing battery/cell-phone bags; On-call bulky item collection temporary schedule for January 2011. Approved by: Foster City. |
| Franchise Agreement(s) | N/A | Via email on December 13, 2010 | Member Agency self haul remittance of payments to SBWMA by Recology. Approved by: Burlingame, Foster City, and Redwood City. |
| Franchise Agreement(s) | N/A | Via email on June 3, 2011 | Six Member Agencies (i.e., Belmont, Burlingame, Foster City, Menlo Park, Redwood City, San Carlos and City of San Mateo) are requested to allow Recology to continue using used collection vehicles through September 30, 2011. Approved by Foster City. |
| Franchise Agreements | N/A | Via email on December 2, 2011 | All Member Agencies were requested by Recology to modify the Bulky Item Collection service schedule. While customers can sign up for this service anytime, this change provides the company relief from providing the service from January 1-22, 2012 in lieu of December 1, 2011-January 2, 2012. The company has assured staff that all customers on the wait list will receive the service within the contractually specified two weeks commencing on January 23, 2012. Approved by Foster City, Menlo Park, City of San Mateo, San Mateo County, and West Bay Sanitary District. |



STAFF UPDATE

To: SBWMA Board Members
From: Hilary Gans, Facility Operations Contracts Manager
Date: July 26, 2012 Board of Director's Meeting
Subject: Shoreway Construction Update

Construction Overview

This project update summarizes the status of the construction of the Shoreway Master Plan improvements which include the construction of new Materials Recovery Facility (MRF) building, modifications to the Transfer Station (TS), various site work, and the purchase and installation of the single stream processing equipment. At this point the major contracts associated with the Master Plan improvements (Phase I, Phase II, and Phase III contracts) have been closed. This report provides a discussion Construction Closeout Projects (both master plan and non-master plan related) and a summary of the Master Plan budget.

Financial Update

On July 23, 2009 the Board approved the sale of Bonds for the Shoreway Master Plan Project in a total dollar amount of \$56.5 million of which \$46.97 million was dedicated to actual physical improvements. Through the end of June 2012, **\$45,415,700** has been spent, leaving a fund balance of **\$1,556,200** (see SEC Master Plan Budget table on page 3 of this report for detail). At this time, it is forecasted that there are sufficient funds to cover the remaining project expenditures through the completion of the Master Plan without tapping the transfer station bid deduct funds of \$515,000 or the projected remaining unallocated project contingency of \$211,400.

Issues of Note

The Shoreway application for Leadership in Energy and Environmental Design (LEED) has been under review by the US Green Building Council for the past 4 months. In June, the Council announced that the Shoreway Environmental Center had achieved a **GOLD certification for the MRF and transfer station buildings**. The addition of Solar to the SEC buildings through the Solar PPA that was completed in 2011 was an essential ingredient in qualifying the project for LEED.

In addition to the LEED Gold Certification, the Solid Waste Association of North America (SWANA) announced in June that they have awarded the Shoreway Environmental Center a **Gold Award for Best Recycling Facility of 2012**. This is a coveted national award by the leading industry trade association in the United States and Canada.

SBR received a violation from the County Department of Environmental Health / Local Enforcement Agency (LEA) in June for conditions at of the transfer station building. The violation cited: 1) excessive wear of the transfer station floor, 2) roll up doors at the transfer station were not in operating condition. The contract for the transfer station floor resurfacing project was approved by the Board in March, vendor selection was completed in May and the work was completed in June. All areas of excessive wear were recoated with a highly wear resistant coating that is expected to last for two years. In May, the SBWMA hired a company to provide as assessment of all roll up doors at the transfer station. In June, repairs were completed to make all the doors operable. A letter was sent to the LEA providing notice that all violation items had been corrected.

Update on 2012 Construction Closeout and Other Projects

The following construction activities occurred since the last update report:

MRF and Transfer Station Buildings

- TS floor resurfacing contract work completed (*non-master plan*)
- TS rollup door repair
- Completion of fall protection at MRF and TS skylights per building department

Site, Other Buildings and Projects

- Recology shop compressor replacement (*non-master plan*)
- Recology shop roof replacement (*non-master plan*)
- Paving repairs at transfer station exterior (*non-master plan*)
- New light pole installed at entry #4

The following construction activities are expected to occur during the next reporting period:

MRF and Transfer Station Buildings

- Pressure wash interior of old transfer station (*non-master plan*)
- Fire suppression installed at MRF equipment fiber bunkers
- Reroute of fire line to avoid conflict with BHS equipment
- Fire building identification to comply with fire code

Site, Other Buildings and Projects

- Reconfigure entry gate at public tours entry
- Repair to overhead sign damaged by SBR truck (*non-master plan*)

Master Plan Project Expenditures Summary

▪ **Design Support Services (JRMA)**

The Master Plan design support services contract with JRMA is closed except for the project LEED commissioning. The LEED Commissioning is a stand-alone scope of work with in JRMA's design support services contract, with the USGBC's award announcement, this work scope is now closed. Expenditure for JRMA totals \$0 for the month June.

▪ **Construction Management Budget (Covello)**

Covello's construction oversight and onsite staff was completed in December 2011. The company continues to a low level of support related to permit approval, and construction documentation preparation. Expenditure for Covello total \$10,735 for the month of June.

▪ **2012 Construction Closeout Projects**

There were payments to contractors in the month of June totaling \$93,918 bringing the total expenses for 2012 Construction Closeout Projects (January through June) to \$271,900. Anticipated cost for the remaining Construction Closeout projects total \$187,000 and funds will be continue to be drawn from the Soft Costs and Permit, CM & Design Support Services budget lines (see the SEC Master Plan Budget table on page 3 of this report).

| SHOREWAY ENVIRONMENTAL CENTER MASTER PLAN BUDGET | | | | | | |
|---|---------------|---------------------------------------|------------------------------|------------------------------|---------------------|-------------------------|
| THROUGH JUNE 2012 | | (000's) | | | | |
| | Vendor | Original Project Budget Amount | Allocated Contingency | Revised Project Total | Spent Amount | Remaining Amount |
| PROJECT COST SUMMARY | | | | | | |
| Preliminary Costs | | | | | | |
| Planning, Design & Engineering | Various | 2,404.0 | 28.5 | 2,432.5 | (2,418.0) | 14.5 |
| Bond Issuance Costs | | 90.5 | (7.4) | 83.1 | (83.1) | 0.0 |
| Phase I | | | | | | |
| Construction | Rodan | 2,405.0 | 31.3 | 2,436.3 | (2,436.3) | 0.0 |
| Construction Management | Covello | 444.3 | 15.9 | 460.2 | (460.2) | 0.0 |
| Phase II | | | | | | |
| Construction | Amoroso | 16,209.0 | - | 16,209.0 | (16,209.0) | 0.0 |
| Construction Contingency (10%) | Amoroso | | 3,053.9 | 3,053.9 | (3,053.3) | 0.6 |
| Permit, CM, & Design Support Services | Covello/JRMA | 2,259.0 | 714.0 | 2,973.0 | (2,753.1) | 219.9 |
| Construction Soft Costs | Various | 786.7 | 6.0 | 792.7 | (526.1) | 266.6 |
| Phase III | | | | | | |
| Equipment Installation | BHS | 2,432.4 | 30.0 | 2,462.4 | (2,462.4) | 0.0 |
| Contingency (10%) | BHS | | 246.2 | 246.2 | | 246.2 |
| Camera System, elec. | | 85.0 | - | 85.0 | (25.9) | 59.1 |
| Supplemental Fire Suppression | | 75.0 | - | 75.0 | (69.8) | 5.2 |
| Equipment | BHS | 14,273.2 | 81.2 | 14,354.4 | (14,305.2) | 49.2 |
| Contingency | BHS | | 492.8 | 492.8 | (335.4) | 157.4 |
| Construction Management | Various | 95.0 | (6.0) | 89.0 | (6.0) | 83.0 |
| 2012 Construction Closeout Projects (debit to remaining Construction Soft Costs and Permit Cost dollars) | | | | | (271.9) | |
| Project Total | | 41,559.1 | 4,686.4 | 46,245.5 | (45,415.7) | 829.8 |
| Other Project Dollars | | | | | | |
| Unallocated Contingency (Balance of Funds) | | 4,684.8 | | 4,684.8 | (4,473.4) | 211.4 |
| Transfer Station Public Area (SJA Bid Deduction) | | 728.0 | | 728.0 | (213.0) | 515.0 |
| Project Subtotal | | 46,971.9 | | | | 1,556.2 |



STAFF UPDATE

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: July 26, 2012 Board of Directors Meeting
Subject: Update on 2012/2013 Franchise Rate Setting Process

Recommendation

This is an informational report and no action is necessary other than the various requested future responses below.

Analysis

This staff report has been provided monthly to the Board commencing with the November 17, 2011 Board meeting. The purpose of this staff update report is to keep the Board informed on the timing, schedule of events and issues affecting Member Agencies during the 2013 Compensation Application review (performed in 2012) and the Recommended Rate Adjustment process for the upcoming 2013 Rate Year (i.e., establishing rates for January 1-December 31, 2013). The goal is to provide and update pertinent information for Member Agencies to effectively plan for and manage communications regarding the next year's compensation application and rate setting process. **The text highlighted in yellow denotes information updated from the version of this staff update submitted to the Board for the June 28, 2012 Board meeting.**

Attached is the current 2012 (for calendar year 2013 rates) Rate Approval Schedule (**Attachment A**).

New Issues Affecting 2013 Compensation Adjustment include:

- Service Level Adjustments. Per the Member Agency Franchise Agreements with Recology, the company **included** in its 2013 Compensation Application the second and **final** service level cost adjustment to account for changes in accounts for residential service, lifts for commercial service, and pulls for roll-off service that have occurred since the first adjustment that was made in 2010 to the company's cost proposal submitted in 2008. It is important to note that the 2008 cost proposal which was used as the basis for establishing 2011 rates relied on customer service level data provided by Allied Waste/Republic Services.
- Recology Annual Revenue Reconciliation for 2011. Recology submitted a Revenue Reconciliation Application to the SBWMA on March 30, 2012 which compares the approved compensation owed to Recology for 2011 with the actual net compensation retained by Recology after paying for Pass-Through costs for disposal at Shoreway and Agency fees (e.g., Franchise Fees) paid to each Member Agency. Each Agency will have a surplus or shortfall which will be added to or subtracted from the 2013 Revenue Requirement; this surplus or shortfall cannot be carried forward to 2014 rates. **A review of the 2011 Revenue Reconciliation report submitted by Recology was included in the Financial Audit conducted by**

Hilton, Farnkopf and Hobson (HF&H) and the figures were found to be accurate. The Audit Report was approved by the Board at the June 28, 2012 Board meeting.

- Service to Agency Facilities for 2012. The allocation of the cost to provide service to each Member Agency's facilities will be adjusted retroactively for 2012 based on final statistics from Recology. The initial allocation for 2012 was based on projections in lieu of the actual operating statistics. In September 2011, SBWMA staff recommended and the Board approved using a temporary allocation until the company returned with actual statistics in 2012 as directed by the Board. Recology included a revised allocation for 2012 based on actual operating statistics compiled in January and February 2012. This revised allocation was included with the company's Revenue Reconciliation Report submitted on March 30, 2012. However, in order to ensure consistency with all allocation statistics for the 2013 Compensation Application, Recology based the Agency Facilities allocation, as well as the other related allocations, on data from a four week period in May 2012.
- Performance Incentive/Disincentive Payments. The Franchise Agreement(s) with Recology prescribe that payments related to performance incentives/disincentives will be calculated in the company's Annual Report submitted in mid-February and then included in their Compensation Application due on July 1 each year (with the exception of Contamination related disincentive payments which are calculated quarterly and paid directly to SBWMA). Therefore, both incentive payments due to Recology and disincentive payments (with the exception of Contamination related disincentives) due to Member Agencies shall be included in the Annual Compensation Application. The Board approved the final 2011 performance incentives/disincentives/liquidated damages at the June 28, 2012 Board meeting.

Schedule of Rate Review Activities

March 2012

- SBWMA sent a letter to the Board requesting feedback on how to improve the annual rate setting process. Staff received comments from Foster City and Hillsborough only.
- Recology submitted the first Revenue Reconciliation Application on March 30, 2012 (and annually thereafter).
- SBWMA awarded a contract to audit the financial data provided by SBR and Recology for 2011 to ensure this data is accurate. This contract was awarded to HFH on March 22nd and completed in June.

April 2012

- Staff presentation at April 26th Board Meeting to discuss rate setting process.

May 2012

- May 24 - Elected official briefing on rate setting process, rate issues and results of customer satisfaction survey.

June 2012

- SBWMA issued a letter to the Board requesting feedback from all agencies on issues affecting 2012 rate adjustments (e.g., changes to Agency fees).
- Review of the 2011 Revenue Reconciliation report submitted by Recology was included in the Financial Audit conducted by HF&H and the figures were found to be accurate. The Audit Report was approved by the Board at the June 28, 2012 Board meeting.

July 2012

- July 1 - Compensation Application submitted by Recology and SBR for 2013 compensation adjustment.
- July 1 - Response from Member Agencies to SBWMA on issues affecting 2013 rate adjustments (e.g., changes in agency fees, revenue and tonnage projections) received from all except Burlingame, EPA, Hillsborough and San Carlos. Second requests have been sent.
- July 6 – SBWMA issued initial questions to Recology on July 6th pertaining to the Recology 2013 Compensation Application and also provided these to all Member Agencies in an effort to commence the process to include Member Agency feedback. The Member Agency feedback will be needed by August 1.
- July 19 – BOD Staff reports/issues to be discussed at July 26th Board meeting:
 - Estimated residential revenue changes due to cart migration by Member Agency with an update on cart migration since July 2011.
 - SBWMA to issue a report on projected 2012 revenue (based on six months of actual) compared to the base revenue projection in the 2012 rate projections.
 - Agencies with a projected revenue shortfall are encouraged to review their residential rate structure for deficiencies (i.e., rates don't cover costs) – especially in the small cart (i.e., 20 and 32-gallon) rates.
- July 25 – Member Agency feedback on disposal tonnage projections is due on August 8.

August 2012

- August 1 - Member Agency feedback on Recology 2013 Compensation Application due on August 1.
- August 8 - Feedback from agencies on what to include in 2013 collection rate adjustment for current and future cart migration (agencies may decline to include an estimate for future cart migration).

September 2012

- September 1 - Preliminary report issued by SBWMA on Recology's Rate Application for 2013 compensation adjustment.
- September 1 - Preliminary report issued by SBWMA on SBR's Rate Application for 2013 compensation adjustment.
- September 11 - Comments due back from Member Agencies on preliminary Rate Reports for Recology and SBR.
- September 20 - Final Rate Report issued for Recology's Rate Application for 2013 compensation adjustment (for consideration at September 27, 2012 Board meeting).
- September 20 - Final Rate Report issued for SBR's Rate Application for 2013 compensation adjustment (for consideration at September 27, 2012 Board meeting).
- September 20 - Consolidated Rate Report issued with recommended total collection rate adjustments for 2013 (including Recology compensation, disposal expense at Shoreway, agency fees, and agency directed cart migration impact for 2013).
- September 27 – Board consideration and approval of SBR 2013 Compensation Application.
- September 27 – Board consideration and approval of Recology 2013 Compensation Application.
- September 27 – Board consideration and approval of SBWMA Consolidated Rate Report.

September 27 – December 31, 2012

- Member Agencies notice and approve final 2013 solid waste rates.

November 2012

- Report to Board on recommended January 1, 2013 Shoreway tip fee adjustment including Bond proforma update for 2013 SBWMA financial projection with assumed tip fee and reserve balances.

Attachment:

Attachment A – Draft 2013 Rate Approval Schedule



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2013 Rate Approval Schedule

Member Agency Rate Setting Process

The 2013 Recology Compensation Application was submitted on to the SBWMA and Member Agencies on July 1, 2012 per the deadline prescribed in the Member Agency Franchise Agreement(s). On September 1, 2012 (also per the Franchise Agreements), the SBWMA will issue its Report on Recology's Compensation Application. The Member Agencies then have 10 days to provide comments on the SBWMA's Report. The comments received will be incorporated in the 2013 SBWMA Consolidated Rate Report that will become binding upon the Board's approval at the September Board meeting. The overarching implications of this are that the rate increases put forth in the SBWMA Rate Report will be the minimum rate increases each Member Agency is obligated to adopt or face interest penalties for amounts owed to Recology.

September 27, 2012 BOD Meeting

- Recology and SBR Compensation Applications Approved
- Consolidated Rate Report Approved

Member Agency Residential Billing Schedule

**Group A: October-November-December
(Billed September 30, 2012; December 31, 2012)**

- Menlo Park
- Redwood City (Not applicable to Residential, Redwood City does its own billing.)
- San Mateo
- West Bay Sanitary District

**Group B: November-December-January
(Billed October 31, 2012; January 31, 2013)**

- Atherton
- Burlingame
- San Carlos

**Group C: December-January-February
(Billed November 30, 2012; February 28, 2013)**

- East Palo Alto (Not applicable to Residential.)

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- Foster City
- Hillsborough
- County of San Mateo

Prop 218 Public Notice Implications

Prop 218 requires an agency to provide 45 days public notice directly to all account holders prior to authorizing a rate increase. If more than 50% of all account holders file a protest letter within the 45 day public comment period, the agency cannot adopt the proposed rate increase.

Bill Insert Considerations

Recology typically requires that a bill insert is prepared and ready for insertion with the bills a minimum of two weeks prior to the scheduled bill issuance date. However, the company may reduce this deadline to 5 business days for special circumstances, such as a Prop 218 Notice. The company has detailed guidelines regarding the specifications for bill inserts and will share these upon request. Agencies issuing a Prop 218 Notice via Recology’s bills will need to **pay directly for the costs** associated with production and printing but will save on mailing expenses since Recology can include the insert with its bills at no additional cost.

Direct Mail Considerations

Member Agencies sending the Prop 218 Notice via direct mail will need to **pay directly for the costs** associated with production, printing and mailing. Agencies sending a direct mail piece typically include these costs in their rates. Sending the Prop 218 Notice via direct mail provides the Agency with total control and flexibility regarding production and mailing of the notice.

Bill Insert vs. Direct Mail:

Group A

These agencies may be able to prepare and print a bill insert in time for inclusion with the September 30, 2012 mailing. Therefore these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process and adopt rates prior to January 1, 2013.

Proposed Schedule:

September 27, 2012..... SBWMA BOD Approves Recology and SBR Compensation.
 October 1-15 Governing body or agency staff approves issuance of the Prop 218 notice.
 October 16-31 Prop 218 Notice printed and issued via direct mail

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- November 1-15 Governing body closes the Prop 218 public notice period and adopts 2012 rates effective January 1, 2013.
- December 31..... First Recology bill issued with new 2013 rates.

Group B

These agencies will likely be able to prepare and print a bill insert in time for inclusion with the October 31, 2012 mailing. However, since the Prop 218 process will not close for 45 days after issuance of the Prop 218 rate increase notice, these agencies will have to bring the results of the Prop 218 notice before their governing body between December 16 and 31, 2012. Otherwise, these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2013.

Proposed Schedule:

- September 27, 2012..... SBWMA BOD Approves Recology and SBR Compensation
- October 1 – October 15..... Governing body or agency staff approves issuance of the Prop 218 notice.
- October 31 Prop 218 Notice included with Recology bills
- December 15-31 Governing body closes the Prop 218 public notice period and adopts 2013 rates.
- January 31, 2013 First Recology bill issued with new 2013 rates including a retroactive rate adjustment for January.

Group C

While these agencies will have ample time to prepare and print a bill insert in time for inclusion with the November 30, 2012 mailing, this is moot since the 45 day Prop 218 notification period will not close until after January 1, 2013 (i.e., on January 14, 2013). Therefore these agencies will be required to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2013.

Proposed Schedule:

- September 27, 2012..... SBWMA BOD Approves Recology and SBR Compensation
- October 1-15 Governing body or agency staff approves issuance of the Prop 218 notice.
- October 16-31 Prop 218 Notice printed and issued via direct mail
- December 1-15 Governing body closes the Prop 218 public notice period and adopts 2013 rates.
- February 28, 2013..... First Recology bill issued with new 2013 rates including a retroactive rate adjustment for January and February.

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SEPTEMBER – NOVEMBER 2012 BOARD AGENDA ITEMS (SUBJECT TO CHANGE)

September 27, 2012

- Resolution Approving 2013 South Bay Recycling Compensation Application
- Resolution Approving 2013 Recology San Mateo County Compensation Application
- Presentation on Consolidated 2013 Rate Report
- Approval of Quarterly Investment Report as of 6/30/12

October 25, 2012

- Results of 2012 Third Quarter Recology Franchise Agreement(s) Quarterly Contamination Measurement for Loads of Recyclable Materials, Organic Materials and Plant Materials
- Consideration of Modifications to Unrestricted Cash Reserve Policy
- Discussion on Potential Amendments to the Uniform Franchise Agreement for Collection Services

November 15, 2012

- Approval of Quarterly Investment Report as of 9/30/12
- Approval of 2013 Board Meeting Calendar
- Consideration of Shoreway Facility Tipping Fee Adjustments Effective 1/1/13