



NEW BUSINESS



Agenda Item 4A

Presentation on Future Strategic Priorities and Planning

Verbal Presentation at the November 17, 2011 Board Meeting

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STAFF UPDATE

To: SBWMA Board Members
From: Hilary Gans, Facility Operations Contracts Manager
Faustina Mututa, Environmental Education Coordinator
Date: November 17, 2011 Board of Director's Meeting
Subject: Discussion on Shoreway Education Center Tour Bus Funding and Tour Reservation Protocol

Recommendation

This is an informational report and no action is necessary.

Analysis

Tour Program Description

Starting in January 2012, RethinkWaste will start providing tours to schools primarily located in the Member Agency service area. The new School Groups tour program of the Shoreway Environmental Education Center will consist of visitors engaging with the new museum quality exhibits, class room learning activities in the Rethinker Room, and observing the materials recovery facility (MRF) and Transfer Station operations.

The tour will promote the theme of resource conservation and highlight RethinkWaste waste reduction and recycling programs and will offer students and the community an opportunity to learn first-hand what happens to their recyclables, yard waste, food scraps and garbage at a working MRF and Transfer Station. The education program seeks to engage students and increase their knowledge in a broad foundation of resources conservation, human ecology, and provide specific instruction on the 4Rs (reduce, reuse, recycle, and rot/composting). The curriculum goal is to educate kids in resource conservation and 4R behaviors so that they will be empowered to conserve resources in their lives and practice waste reduction and recycling at their schools and residences.

The activities are based on the best practices in environmental education and provide connections to the California State Content Standards.

Field trips will include:

- ❖ A **two-hour** visit to the Education Center, Solar and Water Conservation Kiosks (planned), Transfer Station, MRF, museum quality exhibits and more.
- ❖ An opportunity to **trace the path of** recyclables, food scraps & yard waste and garbage from curbside to remanufacture or disposal.
- ❖ Learning about resource conservation and the 4Rs (reduce, reuse, recycle, and rot) that are aligned to the **State Content Standards**.
- ❖ Hands-on learning activities that explore how student's individual actions can help reduce waste.
- ❖ Pre- and post-field trip lessons.

Tour Reservation Protocol

The School Groups tour program will initially target 4th-6th grade public and private school students located in the SBWMA service area. As the tour program grows, the target grade levels may change (e.g., just 4th grade). In addition, tours will be given to interested community groups. Tours will be scheduled on a first-come first-served policy. Tours will be provided to schools outside our service area, but in San Mateo County, if open tour times are available, but such schools will not be offered busing assistance.

Tour availability

From January, 2012 to June, 2012, field trips will be offered Monday-Wednesday from 9:30 am - 11:30 am OR 12:30 pm – 2:30 pm and Thursday 9:30 am -11:30 am (for the 2012/13 school year the School Groups tour program will be offered September to June). To start, every third-Thursday of the month is being designated as Open House Day from 9:30 am – 12:00 pm (no School Groups tour will be scheduled on this day) for all community groups and the general public to tour the facility. School tours will be conducted following these criteria:

- ❖ Class size maximum is approximately 40 for both students and chaperones for the field trip, not more than 20 visitors at one time will be allowed on the MRF operations mezzanine.
- ❖ Tour program meets ADA requirements. Access to the MRF operations mezzanine for handicap visitors will be limited to the small platform just outside the Rethinker Room.
- ❖ Tours provided rain or shine
- ❖ Target adult to child ratio is 1:10
- ❖ Summer Field Trip program - TBD

Buses & Safety Equipment

Buses are being offered FREE to 4th - 6th grades from public & private schools in the SBWMA service area depending upon the availability of budgeted funds. All other schools and interested community groups are to arrange their own transportation to & from the facility. Staff is currently preparing bussing contracts and tour waiver forms; these will be reviewed and signed-off on by the Executive Director and Legal Counsel. Posted safety rules will be followed at all times and tour takers will be given personnel protective equipment while touring the facility.

Program Promotion

The following are strategies that staff plans to implement in order to promote the School Groups tour program and to the community:

- ❖ Flyers to all school districts in service area
- ❖ Direct engagement with school principals & grade teachers
- ❖ Webpage development and local/social media
- ❖ Informational packets to grade teachers
- ❖ Item on Board of Directors agenda to spread word to jurisdictions (Jan. 26, 2012)
- ❖ Attend Principal meetings to introduce program (planned for school year 2012/13)
- ❖ Post tour information on California Regional Environmental Education Community (CREEC)
- ❖ Attend teacher meetings to introduce the tour education program

Background

The Environmental Education Center is a key design feature of the Shoreway Master Plan approved by the Board in the spring of 2007 and in subsequent detailed construction plans approved by the Board. It was also a key selling point in the approval of our Conditional Use Permit by the City of San Carlos Planning Commission in July 2008. The Board approved Strategic Plan 2008-2012 (3/27/08) states as one of the JPA's values:

"We believe providing environmental education for children and adults fosters a greater resource conservation ethic which results in more livable and sustainable communities."

Fiscal Impact

The 2011-2012 program budget for the tours program is \$80,000 and is expected to be spent on school busing, safety supplies, design and printing costs for learning activities and other collateral.



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: November 17, 2011 Board of Director's Meeting
Subject: Resolution Approving Shoreway Facility Tipping Fee Adjustments Effective 1/1/12

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2011-28 attached hereto authorizing the following action:

Approval of the following Shoreway facility tipping fee adjustments effective January 1, 2012:

- Lower franchised solid waste disposal rate by \$2.00/ton from \$90.00/ton to **\$88.00/ton**
- Increase franchised residential organics recycling rate by \$10.00/ton from \$79.00/ton to **\$89.00/ton**
- Establish a franchised commercial food waste recycling rate at **\$101.00/ton**
- Lower public (residential, commercial) disposal rates by \$2.00/cubic yard from \$35.00/cubic yard to **\$33.00/cubic yard**
- Lower public (residential, commercial) clean plant material and wood recycling rates by \$3.00/cubic yard from \$25.00/cubic yard to **\$22.00/cubic yard**

The Board adopted FY 2012 budget assumed no change in the franchised solid waste rate or the public yardage rates as opposed to the current recommendation to lower these rates. The recommended tipping fee adjustments for residential organics and commercial food waste are the same as assumed in the adopted FY 2012 budget.

Analysis

When evaluating potential adjustments to the Shoreway tipping fees, staff took into consideration two key factors:

- Updated calendar year 2011 and 2012 financial projections ("updated bond proforma"), including net operating surplus/shortfall and cash reserve balances (designated and undesignated reserves).
- An analysis of tip fees collected per ton versus actual operating costs per ton by material type (solid waste, residential organics, plant materials, food scraps and C&D).

As part of the analysis we also completed our annual survey of tipping fees at select Bay area transfer stations and landfills and have included the results as **Attachment A**. This rate survey is relevant for comparing certain public rates at local facilities in competition with Shoreway for public customers; these facilities would be Ox Mountain Landfill and FERMA/SRDC in Redwood City. As discussed later in this staff report, the Board's action to lower public solid waste and green waste rates at Shoreway has proven successful in reversing yardage declines and in fact has increased public business at Shoreway; this is the basis for recommending further reductions in certain public rates.

Updated SBWMA Financial Projections for Calendar Year 2011 and 2012

Updated financial projections for calendar year 2011 and 2012 are shown in **Table 1** on the next page. The 2011 calendar year projections are significantly better than the previous projections and 2012 projections are slightly lower (i.e., \$3.1 million net income vs. \$3.3 million in the September projection included as Table 8 in the final SBR rate application report). These results were then used to update cash reserve balances as shown in **Table 2**.

Table 1

	Calendar Year Projections	
	2011 Projection	2012 Projection
Operating Revenue		
Franchise Revenue	24,550,947	25,353,977
Public Revenue	4,396,404	4,509,707
Commodity Material Sales	12,140,493	11,671,457
Commodity Revenue Sharing	(1,261,462)	(1,551,125)
HHW Program	392,642	507,059
Other Revenue	70,000	70,000
Total Operating Revenue	40,289,024	40,561,075
Operating Expenses		
SBR Operating Cost	11,833,214	13,848,398
SBR Interim Operation Cost	872,168	-
SBR Interest Expense	308,120	282,260
SBR Startup Cost	276,500	-
Subtotal SBR Cost	13,290,002	14,130,658
Allied 2009 Adjustment	1,347,000	
Allied 2010 Adjustment	-	641,000
Off-site Processing to Smurfit	1,596,222	
Disposal Expense	12,856,474	13,270,075
Buyback Payments	587,348	587,348
Maintenance	60,000	122,800
Total Operating Cost	29,737,046	28,751,881
SBWMA Operating Budget	3,586,850	3,316,050
HHW Program	392,642	507,059
Ed Center Operations	20,000	90,000
Tax, Permit & Insurance	322,847	335,761
Franchise Fee	1,378,000	1,422,000
Total Other Costs	5,700,340	5,670,871
Total Expense	35,437,386	34,422,752
Non-Operating		
Interest Income < >	(165,915)	(138,602)
Interest Expense	3,177,862	3,177,862
Subtotal	3,011,947	3,039,260
Net Operating Surplus / Shortfall	\$ 1,839,691	\$ 3,099,064
Bond Covenant		
Break Even 1	1.05	1.06
Debt Coverage 2	1.99	1.85
1 Required to be 1.0 or greater		
2 Required to be 1.4 or greater		

Table 2

SBWMA RESERVE BALANCES			CALENDAR 2010 Actual	CALENDAR 2011 Projection	CALENDAR 2012 Estimate	
UNRESTRICTED:						
OPERATING RESERVE (10% of total expense)	\$		2,215,434	\$ 3,543,739	\$	3,442,275
EQUIPMENT (ANNUAL - start in 2012)					\$	1,225,000
RATE STABILIZATION (10% of expense)	\$		2,174,087	\$ 3,543,739	\$	3,442,275
UNDESIGNATED	\$		1,455,783	\$ 586,342	\$	350,225
SUBTOTAL UNRESTRICTED GENERAL RESERVES	## \$		5,845,304	\$ 7,673,819	\$	8,459,775
REVENUE TRANSFER FOR BOND COVENANT	\$		-	\$ -		
TOTAL UNCOMMITTED RESERVES	## \$		5,845,304	\$ 7,673,819	\$	8,459,775
Note: Revenue Transfers are non-cash transactions for bond reporting purposes						
COMMITTED:						
MASTER PLAN INTERNAL CAPITAL SPENDING	\$		1,685,963	\$ 1,685,963		committed funds
BURLINGAME BOND REPAYMENT FUND				\$ 818,107	\$	1,636,215
						\$3M due 9/1/2014 (3.7 yrs)
TOTAL GENERAL RESERVES	## \$		7,531,267	\$ 10,177,889	\$	10,095,990

Table 2 shows that all Board approved cash reserves will be fully funded in both calendar year 2011 and 2012, including fully funding the equipment replacement (single stream processing equipment) reserves beginning in 2012. Further, sufficient cash will be generated to begin setting aside funds needed to payoff the \$3 million bond (loan) from Burlingame which is due in September 2014. Finally, Table 2 shows that we will have undesignated cash remaining of \$586,342 in 2011 and a cumulative undesignated balance of \$350,225 in 2012. In 2012, \$1.7 million will be used to complete the Shoreway Master Plan project as always envisioned which is why the total General Reserve Balance remains relatively flat from 2011 to 2012.

Based on the projections shown in Tables 1 and 2, staff feels comfortable in recommending the \$2 per ton reduction in the franchise solid waste rate.

Recommended Tipping Fees vs. Projected 2012 Operating Costs

The projected operational and disposal costs below are based on data taken from the Board approved 2012 South Bay Recycling Compensation Application. Table 3 on the next page shows the breakout of operational costs.

2012 projected franchise rates:

	(Revenue)	(Expense)
	Recommended	
<u>Material</u>	<u>Tipping Fee</u>	<u>Operational Costs (Shoreway + disposal/processing rates)</u>
Solid Waste	\$88.00/ton	\$44.48 + \$37.83 (Ox Mtn. rate) = \$82.31
Residential Organics	\$89.00/ton	\$53.35 + \$37.25 (blended rate of Newby & Grover) = \$90.60/ton
Commercial Food Waste	\$101.00/ton	\$50.51 + \$50.86 (blended rate) = \$101.37/ton
C&D	\$90.00/ton	\$47.38 + \$46.63 (Zanker Road) = \$94.01/ton

The recommended tipping fee adjustments for franchised residential organics and the new rate for commercial food waste will cover projected operating costs.

2012 projected public rates:

	(Revenue)	(Expense)
	Recommended	
<u>Material</u>	<u>Tipping Fee</u>	<u>Operational Costs (Shoreway + disposal/processing rates)</u>
Solid Waste	\$33.00/yard	\$7.80 + \$6.64 (Ox Mtn. rate) = \$14.44/yard
Green Waste	\$22.00/yard	\$10.19 + \$2.99 (Biofuels) = \$13.18/yard
C&D	\$29.00/yard	\$14.90 + \$14.66 (Zanker Road) = \$29.56/yard

The recommended rate reductions for public solid waste and green waste yardage rates will make Shoreway's rates more competitive while keeping rates well above our operating costs.

Table 3

2012 Cost / Ton (Estimated):								Full Pmt - Add
	Transfer Station	Transp	SBR P-T	SBWMA	Allied Bal Acct ²	Debt ¹	Disposal	TOTAL / Ton
FRANCHISE								
Solid Waste Residential Organics Commercial Food Waste C&D	\$ 11.12 \$ 11.12 \$ 11.12 \$ 11.12	\$ 14.52 \$ 23.39 \$ 20.55 \$ 17.41	\$ 1.49 \$ 1.49 \$ 1.49 \$ 1.49	\$ 12.84 \$ 12.84 \$ 12.84 \$ 12.84	\$ 1.90 \$ 1.90 \$ 1.90 \$ 1.90	\$ 2.61 \$ 2.61 \$ 2.61 \$ 2.61	\$ 37.83 \$ 37.25 \$ 50.86 \$ 46.63	\$ 82.31 \$ 90.60 \$ 101.37 \$ 94.01
2012 Cost / Yard (Estimated) ³ :								TOTAL / Yard
SELF-HAUL								
Solid Waste Green Waste to BioFuel C&D	\$ 1.95 \$ 1.92 \$ 3.50	\$ 2.55 \$ 5.02 \$ 5.48	\$ 0.26 \$ 0.26 \$ 0.47	\$ 2.25 \$ 2.21 \$ 4.04	\$ 0.33 \$ 0.33 \$ 0.60	\$ 0.46 \$ 0.45 \$ 0.82	\$ 6.64 \$ 2.99 \$ 14.66	\$ 14.44 \$ 13.18 \$ 29.56
One-Time Payments					\$ 1.90	\$ 1.90		
Note: ¹ Debt includes principal payment (\$1.1M)- 21% of total debt allocated to Transfer Station ² Balancing Account paid in 2012 for 2010 ³ Estimated conversion from yards to tons per SBR Monthly Report YTD - April 2011 for GW & C&D; SW - assumed 5.7 yds / ton								

Previous rate reductions implemented July 1, 2011 resulted in a significant increase in public yardage in the 3rd quarter (July-Sept.) 2011 vs. 2nd quarter (April-June) 2011 as follows: 14.6% increase in solid waste yards and 34.7% increase in green waste yards.

Background

Historical tipping fees at the Shoreway facility are summarized below.

Year:	2006	2007	2008	2009	1/1/10	7/1/10	1/1/11	7/1/11
Rates								
Franchised Solid Waste	\$59.00/ton	\$61.00/ton	\$63.00/ton	\$72.00/ton	\$81.00/ton	\$84.00/ton	\$90.00/ton	Same
Franchised Plant Materials/Organics	\$48.50/ton	\$48.50/ton	\$52.50/ton	\$60.50/ton	\$69.50/ton	\$70.00/ton	\$79.00/ton	Same
Public Solid Waste	\$20.00/yard	\$22.00/yard	\$25.00/yard	\$29.00/yard	\$34.00/yard	\$35.00/yard	\$40.00/yard	\$35.00/yard
C&D	\$20.00/yard	\$22.00/yard	\$25.00/yard	\$29.00/yard	\$34.00/yard	\$28.00/yard	\$29.00/yard	\$25.00/yard
Public Green Waste	\$16.50/yard	\$16.50/yard	\$19.00/yard	\$22.00/yard	\$25.00/yard	\$25.00/yard	\$29.00/yard	Same

Fiscal Impact

The recommended tipping fee adjustments have the net effect of lowering our FY 2012 revenue by \$571,000 which is partially offset by higher expected public volumes. The \$2 per ton reduction in the franchise solid waste rate will reduce collection rates by approximately 0.4%.

Attachments:

Resolution 2011-28

Attachment A -- Comparison of Bay Area Transfer Station and Landfill Rates



RESOLUTION NO. 2011-28

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING SHOREWAY FACILITY TIPPING FEE ADJUSTMENTS EFFECTIVE JANUARY 1, 2012

WHEREAS, staff has submitted a report to the Board, dated November 17, 2011 recommending adjustments to the tipping fees charged at the Shoreway Environmental Center (the Tipping Fees); and

WHEREAS, the SBWMA Board has reviewed the suggested changes to the Tipping Fees.

NOW, THEREFORE, BE IT RESOLVED that the SBWMA Board approves the adjustments to the Tipping Fees as recommended in the staff report.

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 17th day of November, 2011, 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. 2011-28 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2011.

ATTEST:

Brian Moura, Chairperson of SBWMA

Cyndi Urman, Board Secretary

11/10/2011

COMPARISON OF TRANSFER STATION RATES

Facility	City	Public	Private	Permitted TPD	HH Trash		Comm. Trash		Green Waste		Clean Wood		Dirt, rocks (inerts)		C & D	
					cy	ton	cy	ton	cy	ton	cy	ton	cy	ton	cy	ton
SBWMA- Shoreway (current)	San Carlos	<input checked="" type="checkbox"/>		3000	\$35.00	\$90.00*	\$35.00	\$90.00*	\$25.00	\$79.00*	\$25.00	\$79.00*		\$90.00	\$29.00	
Shoreway proposed new rates	Proposed rate adjustments per adopted FY 11/12 budget				\$33.00	\$88.00	\$33.00	\$88.00	\$22.00	\$89.00	\$22.00	\$89.00		\$90.00	\$29.00	
Berkeley Transfer Station (rates effective 1/1/10)	Berkeley	<input checked="" type="checkbox"/>		560	\$29.00	\$126.00	\$29.00	\$126.00	\$23.00	\$67.00	\$23.00	\$67.00			\$29.00	\$126.00
Sunnyvale Smart Station	Sunnyvale	<input checked="" type="checkbox"/>		1500	\$16.00				\$13.00		\$17.50		\$69.50		\$32.50	
FERMA/SRDC	Redwood City		<input checked="" type="checkbox"/>	174 - C&D 499 - WW & GW					\$15.00		\$12.00		\$20.00		\$20.00	
Blue Line Transfer (South SF-Scavenger)	S. San Francisco		<input checked="" type="checkbox"/>	1200		\$88.00		\$88.00		\$76.00		\$73.00		\$62.00		
WM Davis Street TS (2/1/11)	San Leandro		<input checked="" type="checkbox"/>	5600	\$30.62	\$121.43	\$30.62	\$121.43	\$26.00		\$26.00	\$60.00	\$55.00	\$105.00	\$30.62	\$121.43
Fremont Recycling & TS (BLT Enterprises)	Fremont		<input checked="" type="checkbox"/>	2400		\$81.80		\$81.80		\$80.40		\$80.40		\$80.40		\$80.40
Newby Island Landfill (Republic) (effective 7/1/11)	Milpitas		<input checked="" type="checkbox"/>	4000	\$39.00		\$39.00		\$34.00				\$32.00		\$35.00	
Ox Mountain Landfill (Republic) (effective 6/1/11)	Half Moon Bay		<input checked="" type="checkbox"/>		\$24.50	\$59.00	\$24.50	\$59.00	\$18.00	\$33.00	\$18.00	\$33.00	\$24.50	\$24.50	\$24.50	\$24.50
San Bruno Transfer Station (Recology)	San Bruno		<input checked="" type="checkbox"/>		\$50.00				\$50.00	\$65.00	\$50.00	\$65.00	\$65.00		\$40.00	\$65.00
SF Dump (Sunset Scavenger- Recology)	San Francisco		<input checked="" type="checkbox"/>	3000		\$140.76								\$140.76		\$140.76
Zanker Materials Recovery and Landfill	San Jose		<input checked="" type="checkbox"/>						\$12.00		\$8.00		\$25.00		\$25.00	

Note: *SBWMA member agency rate.