



BOARD OF DIRECTORS
THURSDAY, January 22, 2014 at 2:00 p.m.

San Carlos Library
Conference Room A/B
610 Elm Street, San Carlos, CA 94070

1. Roll Call

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so.

Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting.

If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

3. Executive Director's Report

4. Approval of Consent Calendar:

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

- A. Adopt the November 20, 2014 BOD Meeting Minutes
- B. Adopt the December 17, 2014 BOD Meeting Minutes
- C. Resolution Accepting the FY1314 Annual Financial Statements
- D. Resolution Approving Revised SBWMA Investment Policy for 2015

5. Administration and Finance:

- A. Election of Board Officers for 2015 (*Approval item*)
- B. Resolution Accepting Mid-Year Adjustments to FY1415 Annual Operating Budget (*Approval item*)
- C. Executive Director Status Report on Goal Progress (*Informational item*)

6. Collection and Recycling Program Support and Compliance:

- A. Appointment of Board Members to Adhoc Subcommittee to Interview Recology GM candidates
- B. Recology Proposal to Automate Data Collection Associated with Annual Route Assessment (*Presentation and discussion item*)

7. Shoreway Operations and Contract Management:

- A. Update on Transfer Station Organics Recovery Project (*Informational item*)
- B. Update on Impact of Port of Oakland Operations on MRF Operations (*Informational item*)

8. Informational Items Only (no action required)

- A. 2015 Finance and Rate Setting Calendar
- B. Check Register for November and December 2014
- C. Technical Consulting Contracts for 4th Quarter 2014
- D. Potential Future Board Agenda Items

9. Board Member Comments

10. Adjourn

MEMBER AGENCIES

ATHERTON * BELMONT * BURLINGAME * EAST PALO ALTO * FOSTER CITY * HILLSBOROUGH * MENLO PARK * REDWOOD CITY
* SAN CARLOS * SAN MATEO * COUNTY OF SAN MATEO * WEST BAY SANITARY DISTRICT



EXECUTIVE DIRECTOR'S REPORT

Agenda Item 3



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Date: January 22, 2015 Board of Directors Meeting
Subject: Executive Director's Report

Board Agenda/Packet Items

For your planning purposes, please see agenda item 8A for a schedule of important financial and rate setting milestones in calendar year 2015, including budget review schedule and solid waste rate setting process. Staff will update this each month with any changes.

A listing of future potential Board agenda items can be found under agenda item 8D. This is also updated monthly. Notable upcoming Board agenda items include a discussion on the TAC at the February 26th meeting, a staff presentation on the draft Long Range Plan at the March 26th meeting, and a preliminary FY1516 budget discussion at the April 23rd Board.

Program and Operational Update

Recology to Acquire Community Recycling (member of SBR, LLC)

On December 17, 2014 the Board approved the consent to Assignment of majority interest in South Bay Recycling, LLC to Recology, Inc. SBR has not yet filed updated required legal documents which need to be filed on or before Recology's acquisition of Community Recycling's interest in SBR.

Recology Hiring of New General Manager for Recology San Mateo County

On December 23, 2014 we received an announcement from Recology that Mario Puccinelli will be promoted to Recology's Group Manager South Bay Region effective January 1st. Mario began his career working as a garbage collector in 1978 for Golden Gate Disposal and Recycling (a Recology company) in San Francisco and has taken on subsequent positions with Recology with increasing areas of responsibility. On behalf of my staff, let me extend again my congratulations to Mario on his promotion.

Mario will stay on as General Manager (GM) until a new person is hired. Per the franchise agreements, the SBWMA will participate in the hiring process. The staff report for agenda item 6A addresses this item and the inclusion of Board Members on an interview team along with staff.

Impacted Port of Oakland Operations Effect Shoreway MRF Operations

A slow-down at the Port of Oakland operations over past several months and intensifying in recent weeks has significantly impacted SBR's ability to export baled commodities via the Port. The staff report for agenda item 7B provides details on the impacts and the extraordinary costs that are being incurred as a result of SBR having to store baled commodities offsite as onsite bale storage capacity is full. The mid-year budget includes an estimated one-time cost impact of \$175,000. This is a fluid situation and more broadly a situation impacting U.S. commerce. Staff will provide regular updates on any notable changes in this situation and its impact on Shoreway MRF operations.

Announcements

Staff would like to extend its thanks to former San Mateo council member Robert Ross for his service on our Board and best wishes for improved health.

We would like to extend our congratulations to current Board Member Catherine Carlton on her new role as Mayor in Menlo Park, to Board alternate Art Kiesel as the new Mayor in Foster City, to Board alternate Cameron Johnson as new Vice Mayor in San Carlos, and to former Board Member Lisa Yarbrough-Gauthier as the new Mayor of East Palo Alto.

Finally, I wanted to extend my personal thanks to Jim Hardy for his many years of outstanding service on our Board from its inception in 1982 until 2013 when the Board changed its governance structure to elected officials. Jim recently announced his pending retirement as the city manager in Foster City.

News of Interest

Below is a link to an article on a proposed introduction of a pharmaceutical take-back ordinance by San Mateo County Supervisor Adrienne Tissier. Such take-back approaches require the manufacturers of specified products to pay for the proper management of their discarded products.

<http://www.sfexaminer.com/sanfrancisco/proposed-san-mateo-county-ordinance-would-require-drug-companies-to-pay-for-disposal-program/Content?oid=2916717>



CONSENT CALENDAR

Agenda Item 4



DRAFT MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
November 20, 2014 – 2:00 p.m.
San Carlos Library Conference Room A/B**

Call to Order: 2:00PM

1. Roll Call

Agency	Present	Absent	Agency	Present	Absent
Atherton		X	Menlo Park	X	
Belmont	X		Redwood City	X	
Burlingame	X		San Carlos	X	
East Palo Alto	X		San Mateo		X
Foster City	X		County of San Mateo		X
Hillsborough	X		West Bay Sanitary District	X	

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so.

Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting.

If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

Vice Chair Dehn announced the Chair Widmer had a death in the family and sends holiday greetings and regrets that he couldn't attend.

3. Executive Director's Report

Executive Director McCarthy noted the change in agenda format, and that Board meetings would start with the Executive Director going over any notable highlights. As part of that he announced that on November 11th he received a letter from South Bay Recycling requesting consent to assignment of the Operations Agreement. He noted that this means Recology is in the process of purchasing Community Recycling which is one of the two partners in SBR. He noted that correspondence has been sent to SBR with some legal and operational questions, and that this item deserves serious consideration by the Board, but given the timing of receiving the letter, and not having feedback yet from SBR, he didn't feel it would be ready for a full discussion at this Board meeting, but that Recology has requested this be completed by the first of the year, so we will be sending dates out to the Board to try to schedule a special Board meeting in December.

Member Benton asked for a review of the corporate structure of SBR.

Counsel Lanzone answered that SBR is a California LLC. In their Operations Agreement, they have two equal voting managers - Community Recycling has a 60% ownership interest, and Potential Industries has 40%. Recology is acquiring Community. He summarized that Recology would have 60% ownership of the LLC, but 50% management of the LLC.

Member Olbert commented that he was nervous about discussing an item not on the agenda.

Counsel Lanzone noted that the Executive Committee thought there would be a little discussion, but not much, and that there would be an email going out to request available dates for a Special Board Meeting in December.

4. Approval of Consent Calendar:

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

- A. Adopt the October 23, 2014 BOD Meeting Minutes
- B. Approval of 2015 Board Meeting Calendar
- C. Approval of Quarterly Investment Report as of 9/30/14

Member Bronitsky made a motion to approve the consent calendar.

Member Stone seconded the motion.

Voice Vote: All in Favor

5. Administration and Finance:

- A. Consideration of Approval of 2015 Merit Increase Pool for Unrepresented Employees

Executive Director McCarthy noted that Board approval of the merit increase pool was discussed in closed session at the last Board meeting. He added that the resolution is to adopt a merit increase pool that is 3% of wages, and that the total would be \$26,775, which is a little bit lower than the number in the staff report.

Member Stone made a motion to approve Resolution 2014-27

Member Benton seconded the motion.

Voice Vote: All in favor

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

B. Consideration of Approval of Change to Technical Advisory Committee Meeting Frequency

Counsel Lanzone summarized the staff report noting that when the TAC was established it was presented to the Board that the TAC would meet on an as needed basis, the Board at that time decided that it wanted the TAC to meet on a regularly scheduled basis. He noted that over the last year, the TAC has been effectively meeting on an as needed basis because limited items have been referred to them from the Executive Committee. So this Resolution is before you to change the meeting frequency to an as needed basis.

Executive Director McCarthy added that there is still an open discussion on what is the goal of the TAC, and that sometime after the first of the year there will be a special meeting to discuss the issue of what role should the TAC play; this resolution is just to change the meeting frequency to as needed.

Member Olbert questioned why the change was being proposed now, and suggested waiting until the in depth discussion.

Counsel Lanzone noted that it's just a convenience as the staff keeps having to send cancellation notices.

Member Olbert noted that he spoke with his TAC member, and his TAC member didn't recall being asked if the meeting frequency should be changed. He also noted that his TAC member thought it was odd that the TAC was not convened with the rate applications were received, and that is one of the things he would like to see the TAC tasked with, and that it's important to keep the staff technical experts involved early on. He noted that he wasn't in support of this change, and that next year he would be trying to persuade the Board to continue to have the TAC meet regularly.

Member Stone noted that he also spoke with his TAC member who is somewhat ambivalent about this, but noted that he echoes some of Member Olbert's concerns. He is concerned about continuity of institutional knowledge if these meetings aren't being held on a regular basis. He also questioned how as needed is determined.

Counsel Lanzone noted that as needed would be determined by the Board or the Executive Director as it says in the resolution.

Member Stone noted that he was supportive of waiting on the decision and then make that decision along with the broader discussion.

Member Abrica agreed that putting the decision off until the in depth discussion would be best, and asked that the Board determine a specific goal for the TAC, because he didn't want to see the issue become a point of contention when it doesn't need to be.

Vice Chair Dehn noted that the discussion would be different.

Member Benton commented that he would like to see the discussion be a part of the regular meeting, and not a special meeting.

Executive Director McCarthy noted that he felt it would be a lengthy discussion, and was worried about getting everything on a regular Board meeting agenda done in the allotted time.

Vice Chair Dehn concluded that the TAC discussion would be brought back to a regular Board meeting, after January.

6. Collection and Recycling Program Support and Compliance:

A. Progress Report on Long Range Plan

Executive Director McCarthy gave an update on long range planning activities, noting that the November 6th Workshop was part of phase 2 of the Long Range Plan which was an inventory of all of the existing programs. He noted that phase 3 would be beginning in November, and noted that the staff report included an emerging list of program ideas and service changes that staff would be taking a closer look at. He noted that staff would continue to give the Board regular updates as the Long Range plan moves along and the draft plan will be before the Board in March.

Member Benton asked if there was a big problem with recyclables being put into the black carts.

Executive Director McCarthy answered that in the residential sector there isn't much recoverable material in the black cart, but in the commercial sector there is more. He noted that a disposable ban is a policy tool that has been used by other JPAs in the Bay area, where they prohibit the disposal of yard waste. He also added that it's not enforced at the cart level, it's at the disposal site.

Member Aguirre now present.

Member Olbert asked Kevin to expand on what he means by mandatory recycling under policy options.

Executive Director McCarthy answered that in San Francisco and Alameda County the governing body has adopted an ordinance mandating participation in recycling or composting. He noted that this is 180 degrees different from anything this JPA has ever done, but he thought the long range plan should give the Board a range of options on what other agencies are doing.

Member Olbert noted that he thought from a policy standpoint what could be done to increase commercial diversion was missing from the plan.

Executive Director McCarthy noted that at meetings with Recology the topic has come up and noted that staff is looking at both policy and operations options. He also noted that Recology will be coming back to staff with information on whether they can expand the programs they have.

Member Olbert noted that he would like to see commercial diversion as a specific bullet point in the long range plan, and thought there should be options about visioning what the JPA would like done versus what could be done.

Executive Director McCarthy explained that he was explaining the process for coming to the diversion outcomes Member Olbert was referring to.

Vice Chair Dehn asked that the Executive Director specifically highlight commercial diversion throughout the process of the long range plan.

Executive Director McCarthy answered yes, and noted that it absolutely is a fundamental part of the Long Range Plan.

Member Olbert noted that he was intrigued by the idea of piloting an every other week garbage collection, because he thought the state law required weekly pick up.

Staff Feldman answered that there is a health and safety code that mandates that putrescible waste needs to be picked up weekly. He noted that the thinking behind every other week garbage collection, is that most of what is considered putrescible is in the green cart. He also added that staff tried to put a pilot program for every other week garbage collection in San Carlos a couple years ago, and the County said no to the pilot program, one of the primary reasons was no solution for disposable diapers. He noted that other agencies around the country have successfully come up with solutions, and as part of the Long Range Plan staff would like to move forward with an every other week pilot program on a small scale to see if it's feasible or not.

Member Olbert noted that the challenge for him, was that you can't guarantee that the black can wouldn't have putrescible waste, and so therefore it would need to be picked up every week.

Staff Feldman noted that by providing households the opportunity of food scrap collection every other week, whether they put their cans out or not meets the requirements of the health and safety code.

Member Olbert noted that San Carlos explored doing this as a way of decreasing rates, but were told that we couldn't do that.

Executive Director McCarthy acknowledged that the challenge is that the rate model is built around the black can, so member agencies are going to have to figure out how to shift costs on to the blue and the green carts to keep their revenue intact, and he thought this would be a bigger challenge than getting the department of environmental health to say yes.

Member Carlton commented that she was skeptical and not a fan of every other week garbage collection.

Member Aguirre noted that on the other hand when Redwood City went to every week recycling collection people didn't like that change and there were a lot of complaints especially about cost, and not needing every week.

B. Discussion on Scopes of Work for Auditing Recology and SBR Agreements

Staff Moran gave background information on the staff report and noted that in June the Board asked if any reductions could be made to the scope of the audits. He reminded the Board that each year there are two separate but complimentary audits on the self-reported information from both contractors, and that the audits are a critical component of managing the two contracts, and that it is the JPAs fiduciary responsibility to conduct annual audits as protection for the rate payers. He also noted that the financial audit this year which reviewed 2013 cost approximately \$61,000, and the report audit cost about \$55,000, the total cost of the audits has a rate impact of 0.012% on the total collection rate revenue. He also noted

that each year of the contract the cost and scope of the audit has been reduced, but cautioned the Board to not to emphasize the cost of the audit, but to look at value to the rate payers.

Vice Chair Dehn requested the Board give direction on the scope of the audits so that staff could implement any changes before the audit scopes go out in March.

Member Olbert asked if route hours are directly audited.

Staff Moran answered that there is a separate audit of the cost allocation process that was just completed for this year that does audit route hours.

Vice Chair Dehn wondered if that tied into the question that has been posed to Recology to see if more detailed route information can be gathered regularly rather than just in the four week period of time of the audit.

Staff Moran stated not at this time, because a response hasn't been received from Recology yet regarding automated data collection, and until that happens the audit scope for the cost allocation can't be revised.

Mario Puccinelli commented that Recology has made progress with RouteWare, the onboard computer system in the collection fleet, and they can now enter a range of dates a month at a time and then manually compile each month into a year's worth of data. He added that it is much more streamlined, but that there still is a manual component.

Executive Director McCarthy asked if Recology would be prepared to come to the January Board meeting and talk further about this, so that the Board can weigh in before the next route assessment which is scheduled for the spring so it's coming up soon.

Mario Puccinelli said yes.

Member Benton commented that he supports Staff Moran's last comment, and that he didn't want to short cut the value of an audit, and didn't want to see things that ought to be audited annually short cut.

7. Shoreway Operations and Contract Management:

A. Consideration of Approval of Additional Third Party Tons into Shoreway Environmental Center MRF

Executive Director McCarthy noted that the reason for this agenda item was in anticipation of the City of Daly City making a decision about their next franchised hauler, and they did vote last night four to one to keep their incumbent Allied Waste, and the details of that proposal doesn't currently involve tons coming to Shoreway, so at this point the opportunity to get those tons has been lost and no action is required.

8. Informational Items Only (no action required)

- A. 2015 Finance and Rate Setting Calendar
- B. Check Register for October 2014
- C. Potential Future Board Agenda Items

9. Board Member Comments

10. Adjourn 2:51PM



DRAFT MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
SPECIAL MEETING OF THE BOARD OF DIRECTORS
December 17, 2014 – 2:00 p.m.
San Carlos Library Conference Room A/B**

Call to Order: 2:05PM

1. Roll Call

Agency	Present	Absent	Agency	Present	Absent
Atherton	X		Menlo Park	X	
Belmont	X		Redwood City	X	
Burlingame	X (via phone)		San Carlos	X	
East Palo Alto		X	San Mateo		X
Foster City	X		County of San Mateo	X	
Hillsborough	X		West Bay Sanitary District		X

Alternate Member Art Kiesel represented Foster City

Alternate Member Rosanne Foust Represented Redwood City

2. Public Comment

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None

3. Shoreway Operations and Contract Management:

A. Resolution Approving Consent to Assignment of Majority Interest in South Bay Recycling, LLC to Recology, Inc.

Executive Director McCarthy explained that SBR has requested consent to assignment of the Operations Agreement and that staff has negotiated some conditions for approval to ensure that the financial value the SBWMA receives from having chosen SBR in the procurement process remains. He noted that there were a series of letters to Recology and responses back from Recology attached to the staff report, and he went over the list of conditions of approval.

Member Carlton asked if the partnership with the paper mills in China was the partnership being referred to.

Executive Director McCarthy clarified that SBR is an LLC and the partners in the LLC are Community Recycling and Potential Industries, and that was the partnership he was referring to. He noted that the conversation was around making sure that Potential remained a part of the LLC partnership, and clarified that Potential Industries owns two Paper Mills in China, and there will be no change in their relationship with SBR.

Member Olbert asked how any potential savings would flow back to the JPA.

Executive Director McCarthy answered if any savings were identified they would come back as credits on SBR's monthly invoices or done through the annual compensation process.

Member Benton commented that the Board made the strategic decision to separate the MRF operation from the hauling operation and wondered if Recology was gaining any advantage in the future contract negotiations by doing this. He noted that he had a phone conversation with Executive Director McCarthy prior to the Board meeting, and said that he was relieved to hear that Recology buying the 60% ownership of SBR was only a small part of a much larger strategic move for Recology in Southern California.

Member Olbert asked what happens if the assignment is not approved.

Counsel Lanzone answered that as far as this contract is concerned it requires the approval of the Board for the merger to move forward. Community would still be bound under the contract and their interest would not be assigned to Recology. If the merger went forward without the approval of the Board SBR would be in default of the contract, and all of the consequences associated with contract default would be initiated.

Member Foust asked some clarifying questions around SBR's cost proposal, and if this purchase helped SBR get out of a bad financial situation. She also wondered if the assignment wasn't approved, would SBR be able to get the job done.

Chair Widmer asked Recology to respond.

George McGrath, COO of Recology, thanked the Board for their time and explained that Recology has always wanted to get back into the market place in Southern California, and the City of Los Angeles issued a request for proposals to franchise all of the City of LA's commercial businesses and multifamily businesses. He noted that Recology worked with Community Recycling on a partnership to submit a proposal in Los Angeles, but what ended up transacting was Recology purchasing the assets of Community Recycling. He added that it was never in Recology's strategic plan to own SBR, that they have no intention of changing the LLC, and they plan to keep Potential Industries as the lead, as they are marketing experts in the United States, and they would not want to touch that model.

Executive Director McCarthy added that in looking at the table in the staff report, the first half of the table are the originally submitted numbers in which SBR was nearly 27% less than Allied, in the second half of the table the SBR number is only 17.4% less than Allied. He noted that \$1.2M was added back into the

proposal at the request of staff, but operationally their proposal was chosen because they were able to offer significant payload gains, and that is where all the cost savings are. He added that staff wasn't concerned that SBR gave a low ball number. He also noted that in the four years SBR has been operating the MRF they've performed well.

Chair Widmer added that additionally SBR has been using County labor, and that relationship will continue, but condition of approval number 8 is that SBR has been asked to develop a second source because an alternate source of labor gives the JPA more options.

Member Carlton expressed concern that SBR was the lowest bidder and Recology was the second highest and that presented a red flag. She would like to feel more comfortable that at the end of the three year period the price isn't going to go up significantly to more closely match Recology's proposal price.

Chair Widmer clarified that the three year period is an extension at the end of the contract ending in 2020, so it's 2023 before a different price structure could go into effect.

Member Kiesel expressed similar concerns and wondered how valid the originally proposed \$12.8 SBR number versus \$17.5 Allied number was, and who would pick up the \$5M difference if there was a difference.

Executive Director McCarthy responded that there is a very collaborative relationship with SBR, and that ongoing monthly operating reports are received from SBR. He noted that SBR has met every assumption because of the custom specification trailers that achieve much higher payloads, and the efficient MRF. He added that SBR has actually met higher payloads than they assumed in the proposal, noting that they just built a better mousetrap.

Member Kiesel, using the same analogy, asked if with the assignment, the mousetrap would be the same, similar or better.

Executive Director McCarthy answered that it's similar, and added that if Recology were to bid on this today, they'd have a better number than they did in 2008. When they bid, they weren't running a highly automated MRF, and now they have that experience in Seattle.

Member Benton asked for clarification on whether Executive Director McCarthy was referring to Potential Industries or Community Recycling.

Executive Director McCarthy answered that the JPA deals with one entity - SBR; and that Potential Industries and Community Recycling formed this LLC to bid on the operations. He noted however, if there is a question about the trucks Community Recycling gets the call, and if there is a question about the MRF it's Potential Industries that gets the call.

Member Benton noted that Recology has expressed the importance of Potential in the relationship, but that it appeared to him Potential was the minority holder, and he wanted to be comfortable that Recology wasn't going to take over.

Counsel Lanzone noted that in the operating agreement for the LLC its 50-50 equal management of the operation, the majority owner can only override the minority owner in some very limited situations.

Chair Widmer commented that he met with Dan Domonoske from Potential Industries and George McGrath from Recology today, and expressed concerns to them about the labor for the MRF, and continuance with the County program. He noted that he thought some savings projection should have been part of this consent to assignment.

Member Olbert commented that generally speaking in an acquisition situation things will either get better or get worse, and he wondered what would happen if they're not as efficient under the new agreement.

Executive Director McCarthy answered that the LLC has almost no way to come back and ask for additional compensation unless there is a change in the law.

Counsel Lanzone noted that SBR and the JPA are in a contract that is good until 2020; there is nothing in the contract that can change because of this consent to assignment whether they do better or worse.

Chair Widmer expressed concern that if SBR is obligated to be in a position where they are losing money, issues won't get fixed as quickly.

Member Olbert conversely noted that post the consent to assignment the JPA would be in a stronger position, because Recology would want to keep a positive image.

Lillian Clark asked if the consent to assignment would affect incentives and disincentives with one company reporting.

Executive Director McCarthy answered no, that nothing would change there would still be two entities, and that the Member Agencies would still get reports from both companies.

Dan Domonoske, Vice President of Potential Industries, thanked that Board for their time, and stated that Potential Industries is not going anywhere, he assured that they will continue to deliver the services in the MRF that they have for the last 4 years. He commented on the analogy of the mousetrap, noting that the mousetrap wasn't going anywhere, and nobody was taking it over, and what this JPA has is the best mousetrap in the country. He noted that the trucks which Community Recycling designed are staying here, and carry between 25-26 tons without going over 80,000 gross vehicle weight which ensure continued high payloads going forward. He added that Potential Industries came up with the MRF design that is exceeding expectations. As a result of those two things SBR is exceeding performance projections. He noted that SBR is not in a financially difficult condition, and as far as cost, the JPA is getting a pretty good deal based on the contract which notes specific CPI indexes, so if the 3 year extension option is executed there will be no surprises in costs for the next 9 years.

George McGrath thanked the Board as well and commented on the concerns of the Board Members. He noted that Recology protects its brand, and that Recology has come a long way in being nationally recognized for programs and services that they provide, so anything that would tarnish that brand would be dealt with very quickly and swiftly, and we would carry that relationship to SBR as needed. He commented in terms of the financial structure that Recology is governed by the charter which is 50-50 management of the operations. He also noted that the business model of the trucks is important to their success not only in this service area, but would also like to adopt it as part of Recology's niche in the market place. He noted that Recology is more than willing to fulfill the obligations that are attached to the resolution, and that he anticipated having a Finance Manager on board by May 1st. He noted that

Recology looks forward to continuing the relationship and commented that the SBWMA gains significant leverage in talking about extensions and how to control costs going forward with this assignment.

Member Foust thanked Dan and George for their comments, and commented that if they had spoken first, it would have framed more clearly for her what the Board was being asked to approve.

Member Benton clarified that the 3 year extension for SBR doesn't exist in the Recology contract.

Executive Director McCarthy stated that that was correct, and in the year 2017 each Member Agency has to decide whether to extend their Franchise Agreement or not with Recology.

Member Carlton wondered if the union negotiations were still ongoing, and if the consent to assignment would have any effect on the union negotiations.

Executive Director McCarthy answered that SBR is still in negotiations on a transfer station contract, but the hope is that it wouldn't affect the negotiations.

Member Olbert made a motion to approve Resolution 2014-28

Member Stone seconded the motion

Roll Call Vote: 9-0-0-3

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

4. Board Member Comments

5. Adjourn 3:07PM



STAFF REPORT

To: SBWMA Board Members
From: Marshall Moran, Finance Manager
Date: January 22, 2015 Board of Directors Meeting
Subject: Resolution Accepting the FY1314 Annual Financial Statements

Board Action

It is recommended that the SBWMA Board of Directors approve Resolution No. 2015-01 attached hereto authorizing the following action:

Accept the South Bayside Waste Management Authority's audited Annual Financial Statements (see **Exhibit A to the Resolution**) for the fiscal year ending June 30, 2014 as prepared by the SBWMA's audit firm, Lance Soll & Lunghard, LLP.

Summary

The purpose of the financial statements is to present a summary of the financial position of the Authority for the fiscal year. These reports have been reviewed by the Board Adhoc Audit Subcommittee which recommends approval. The final step in the formal process of preparing these financial statements is to transmit them to the Board for its acceptance.

Analysis

The financial statements of the SBWMA for fiscal year ending June 30, 2014, have been prepared by the City of San Carlos Administrative Services Department and examined by the independent auditing firm of Lance Soll & Lunghard, LLP and SBWMA staff. It is the **unqualified opinion** of the audit firm that the financial statements present fairly the financial position of the SBWMA as of June 30, 2014, and that the financial statements were prepared in conformity with generally accepted accounting principles. No exceptions or qualifications were found.

Financial Condition Highlights

As shown in Table 1 of the Audit report, total net assets increased \$0.6 million to \$22.4 million. The unrestricted net assets (Unrestricted Reserves) decreased slightly by \$0.7 million to \$14.1 million at June 30, 2014 (see Table 1 and 3 in Audit report). Operating Income increased by \$860,000 offset by capital expenditures of \$420,000 and other minor balance sheet changes. Unrestricted net assets are used to fund the Board designated reserves as shown in Table 3 of the Audit report.

General Operating Results

The operating results for FY1314 and FY1213 are as follows:

	FY2014	FY2013	Variance
			Better / (Worse)
Operating Revenues	\$42,137,600	\$41,358,400	\$779,200
Operating Expense	\$35,369,900	\$35,311,100	(\$58,800)
Depreciation Expense	\$3,276,600	\$3,227,300	(\$49,300)
Operating Income <Loss>	\$3,491,100	\$2,820,000	\$671,100
Interest Expense	(\$2,936,000)	(\$3,124,700)	\$188,700
Net Asset Change	\$555,100	(\$304,700)	\$859,800
<i>per Table 2 in Audit Report</i>			

Long-Term Debt

At the end of the current fiscal year, the SBWMA had bond debt outstanding of \$51,419,700 after the sale of the 2009 revenue bonds for Master Plan improvements and the defeasance of the 2000 bonds.

**Outstanding Debt
Activities**

	<u>FY2014</u>	<u>FY2013</u>
Revenue Bonds 2009A	\$51,420,000	\$52,405,000
Revenue Bonds 2009B	\$ 0	\$ 3,000,000

The 2009B bonds to Burlingame were paid off in full in August 2013.

Payment of principal on the 2009A bonds began on September 1, 2013. Additional information on the SBWMA's long-term debt can be found in the notes (5) to the accompanying financial statements.

Note: Early redemption of bonds cannot start until after September 1, 2019 per the bond indenture.

Fiscal Impact

There is no financial impact associated with the adoption of this Resolution.

Attachments:

Resolution 2015-01 Accepting the Authority's FY1314 Financial Statements

Exhibit A – FY1314 Annual Financial Statements



RESOLUTION NO. 2015-01

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ACCEPTING THE FISCAL YEAR 2013-2014 ANNUAL FINANCIAL STATEMENTS

WHEREAS, the South Bayside Waste Management Authority contracted with the audit firm of Lance Soll & Lunghard, LLP to conduct an audit of the Agency's financial records in accordance with Governmental Accounting Standards Board (GASB) Statement 34; and

WHEREAS, the financial statements for the fiscal year ending June 30, 2014 as prepared by said firm have been completed and are attached as **Exhibit A**; and

WHEREAS, it is recommended that the Board accept the financial statements.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the Annual Financial Report as prepared by Lance Soll & Lunghard, LLP for the fiscal year ending June 30, 2014.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 22nd day of January, 2015, 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. 2015-01 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on January 22, 2015.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cyndi Urman, Board Secretary

**SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY**

BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2014

SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY
BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2014

SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY

BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

To Members of the Board of Directors of the
South Bayside Waste Management Authority
San Carlos, California

Report on Financial Statements

We have audited the accompanying financial statements of the South Bayside Waste Management Authority (the "Authority") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To Members of the Board of Directors of the
South Bayside Waste Management Authority
San Carlos, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2014, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 15, 2014

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

Management's Discussion and Analysis

June 30, 2014

The Management's Discussion and Analysis (MD&A) section presents an overview and analysis of the financial performance of the South Bayside Waste Management Authority (SBWMA) for the fiscal year (FY) ended June 30, 2014. It should be read in conjunction with the audited financial statements that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The SBWMA's financial statements include:

Statement of Net Position presents information on the SBWMA's assets and liabilities as of year-end, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position presents the results of the SBWMA's operations over the course of the fiscal year and information as to how the net position changed during the year. These statements can be used as an indicator of the extent to which the Authority has successfully recovered its costs through user fees and other charges.

Statement of Cash Flows presents changes in cash and cash equivalents resulting from operational, capital, non-capital, and investing activities. The statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt and exclude non-cash accounting measures of depreciation or amortization of assets.

Notes to Financial Statements provide information that is essential to a full understanding of the financial statements that is not displayed on the face of the financial statements.

FINANCIAL ANALYSIS

The following table summarizes the Authority's changes in net position from last year to this year.

Table 1
Comparative Net Position
June 30, 2014 and 2013

	<u>FY 2014</u>	<u>FY 2013</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 25,112,407	\$ 24,299,730	\$ 812,677	3.3%
Capital assets, net of depreciation	55,393,521	58,344,825	(2,951,304)	-5.1%
Total assets	<u>80,505,928</u>	<u>82,644,555</u>	<u>(2,138,627)</u>	<u>-2.6%</u>
Long-term debt outstanding	51,419,747	55,577,247	(4,157,500)	-7.5%
Other liabilities	6,732,640	5,268,778	1,463,862	27.8%
Total liabilities	<u>58,152,387</u>	<u>60,846,025</u>	<u>(2,693,638)</u>	<u>-4.4%</u>
Net position:				
Net investment in capital assets	8,222,650	7,010,937	1,211,713	17.3%
Unrestricted	14,130,891	14,787,593	(656,702)	-4.4%
Total net position	<u>\$ 22,353,541</u>	<u>\$ 21,798,530</u>	<u>\$ 555,011</u>	<u>2.5%</u>

Net Position

The total net position increased by \$0.5 million or 3% from the prior fiscal year. The net increase of \$0.5 million is the result of a \$1.2 million increase in net investment in capital assets, which is offset by a \$0.7 million decrease in unrestricted net position.

The total liabilities decreased by \$2.7 million or 4%. The decrease of \$4.2 million or 7% in long-term debt is primarily due to the \$3.0 million payoff of the 2009B bonds. These changes are explained further in the “*Long-term Debt*” section below. The increase of \$1.5 million or 28% in other liabilities is related to the timing of payments for the Shoreway operations.

The largest portion of the Authority’s assets is its investment in net capital assets totaling \$55.4 million. These assets that comprise of land, construction-in-progress, buildings, equipment and infrastructure less accumulated depreciation are primarily located at the Shoreway Environmental Center. The actual year-over-year comparison of the capital assets, net of accumulated depreciation, shows a decrease of \$3.0 million or 5% due of an increase in accumulated depreciation. These changes are explained further in the “*Capital Assets*” section below.

The net investment in capital assets is \$8.2 million as of June 30, 2014. It represents the Authority’s investment in infrastructure and other capital assets, net of amounts borrowed to finance that investment. It should be noted that these funds are not available for spending because capital assets cannot be used to liquidate these liabilities. Therefore, the resources needed to repay this debt must be provided from other sources. Unrestricted net position totaling \$14.1 million represents the part of net position that can be used to finance operations.

Results of Operations

The following table summarizes the Authority's revenues, expenses, and changes in net position.

Table 2
Comparative Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2014 and 2013

	<u>FY 2014</u>	<u>FY 2013</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Charges for services	\$ 31,701,909	\$ 31,135,507	\$ 566,402	1.8%
Commodity revenue	9,503,894	9,547,841	(43,947)	-0.5%
Other operating revenues	768,003	615,793	152,210	24.7%
Investment Income	163,752	59,234	104,518	176.4%
Total Revenues	<u>42,137,558</u>	<u>41,358,375</u>	<u>\$ 779,183</u>	<u>1.9%</u>
Expenses				
Operating expenses	38,646,518	38,538,402	108,116	0.3%
Interest expense	2,936,029	3,124,738	(188,709)	-6.0%
Total Expenses	<u>41,582,547</u>	<u>41,663,140</u>	<u>(80,593)</u>	<u>-0.2%</u>
Increase (decrease) in net position	555,011	(304,765)	859,776	282.1%
Beginning net position	21,798,530	23,504,173	(1,705,643)	-7.3%
Restatements	-	(1,400,878)	1,400,878	100.0%
Beginning net position, restated	<u>21,798,530</u>	<u>22,103,295</u>	<u>(304,765)</u>	<u>-1.4%</u>
Ending net position	<u>\$ 22,353,541</u>	<u>\$ 21,798,530</u>	<u>\$ 555,011</u>	<u>2.5%</u>

While the Statement of Net Position (Table 1) shows the change in financial position, the Statement of Activities (Table 2 above) provides answers as to the nature and sources of the changes.

The operating results of the Authority for the current fiscal year were \$6.6 million, 12% better than the prior year. The operating results are the revenues from charges for services, commodity revenues, and other operating revenues less the expenses from the Shoreway operations, SBWMA administration expenses and franchise fees.

Charges for services, also known as tipping fee revenue, increased by \$0.6 million or 2%, from \$31.1 million in FY13 to \$31.7 million in FY14 due largely to an increase in public solid waste volume and a 2% tip fee increase. Public revenue is the revenue generated from non-franchised waste that is delivered to the Shoreway facility, while franchise revenue is from solid waste and organics materials collected by Recology San Mateo County from customers of SBWMA's member agencies and delivered to the Shoreway facility. The Other operating revenues increased by 25%, mainly due to an increase in the processing of third-party recyclables, which the Authority actively solicited, to help offset the fixed costs at the Shoreway facility.

The primary component of Operating expense is related to the Shoreway operations that constitute about 80% of non-discretionary, contractually obligated costs incurred to pay the Shoreway operator, and disposal and processing expense. The Shoreway operations expense was less in the current year as compared to the prior year since the prior year costs included the final payments that were made to the previous Shoreway operator of Republic Services/Allied Waste. Interest expense decreased by 6% as a result of interest savings generated due to the early payoff of 2009B bonds.

Reserves

Table 3 below reflects the amount of reserves that have been designated by the Board in the fiscal years 2014 and 2013.

Table 3
Unrestricted Reserves Balances

	<u>FY 2014</u>	<u>FY 2013</u>
Rate Stabilization Reserve	\$ 3,021,726	\$ 3,032,613
Emergency Reserve	3,021,726	3,032,613
Equipment Replacement	1,130,726	823,757
2009 A Bond Repayment	1,004,167	958,333
2009 B Note Repayment	-	3,000,000
Undesignated	<u>5,952,546</u>	<u>3,940,277</u>
Total Unrestricted Reserves	<u>\$ 14,130,891</u>	<u>\$ 14,787,593</u>

In 2002, the SBWMA Board established a reserve policy to set aside certain portions of unrestricted net position for specific uses in order to protect the short and long-term financial operation of the Authority. In May 2013 the Board revised the Cash Reserve Policy to accomplish the goal of more clearly defining the Reserve accounts. It maintains the two current reserve accounts - Rate Stabilization Reserve and Equipment Replacement Reserve, and replaced the existing Operating Reserve with an Emergency Reserve Account. The Emergency Reserve is to address unexpected and sudden 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”. The new Policy also changed the priority order of the accounts so the Rate Stabilization Reserve is first in priority followed by the Emergency Reserve. The Rate Stabilization Reserve & Emergency Reserve is calculated as 10% of Operating expenses, excluding depreciation, Buyback and Household Hazardous Waste payments.

Capital Assets

The following table summarizes changes in the Authority’s capital assets.

Table 4
Capital Assets, Net of Depreciation
Years Ended June 30, 2014 and 2013

	<u>FY 2014</u>	<u>FY 2013</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 14,000,000	\$ 14,000,000	\$ -	-
Buildings and system	34,507,581	34,105,819	401,762	1.2%
Machinery and equipment	22,549,837	22,531,170	18,667	0.1%
Construction in progress	6,029	101,177	(95,148)	-94.0%
Total Accumulated depreciation	<u>(15,669,926)</u>	<u>(12,393,341)</u>	<u>(3,276,585)</u>	<u>26.4%</u>
Total Net Capital Assets	<u>\$ 55,393,521</u>	<u>\$ 58,344,825</u>	<u>\$ (2,951,304)</u>	<u>-5.1%</u>

The net capital assets decreased by \$2.9 million or 5% from \$58.3 million in FY13 to \$55.4 million in FY14. This decrease is primarily due to the annual \$3.3 million increase in

accumulated depreciation. The \$0.1 million decrease in Construction in Progress relates to the transfer of assets to Buildings and system, on completion of work. The other additions to the Buildings & system relate to fire suppression upgrades at the Materials Recovery Facility, site signage, Transfer Station and Shoreway Administration building improvements.

Additional information on the capital assets can be found in Note (4) of the financial statements.

Long-term Debt

At the end of the current fiscal year, the Authority has \$51.4 million total debt outstanding.

Table 5
Outstanding Debt, Net of Amortized Costs
June 30, 2014 and 2013

	<u>FY 2014</u>	<u>FY 2013</u>	<u>\$ Change</u>	<u>% Change</u>
2009A Revenue Bond	\$ 51,255,000	\$ 52,405,000	\$ (1,150,000)	-2.2%
2009B Revenue Bond	-	3,000,000	(3,000,000)	-100.0%
Net Premium 2009A	164,747	172,247	(7,500)	-4.4%
Total	<u>\$ 51,419,747</u>	<u>\$ 55,577,247</u>	<u>\$ (4,157,500)</u>	<u>-7.5%</u>

Long-term debt consisted of the Revenue Bonds Series 2009A and 2009B that were issued to finance the construction and renovation of a solid waste materials recovery facility and transfer station as well as related equipment. In the June 27, 2013 board meeting, the Board adopted a resolution approving early redemption of the Solid Waste Enterprise Revenue Bonds Series 2009B bonds. This was paid in full on August 15, 2013, one year before it was due. The balance of long-term debt decreased due to the payment of principal of the 2009A bond.

Additional information on the Authority's long-term debt can be found in Note (5) to the accompanying financial statements.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our member agencies, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the revenues and expenses in the course of doing business. If you have questions about this report or need additional financial information, contact the Executive Director, South Bayside Waste Management Authority, 610 Elm Street, San Carlos, California 94070.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

**STATEMENT OF NET POSITION
JUNE 30, 2014**

ASSETS

Current Assets:

Cash and investments for operations	\$	14,942,598
Accounts receivable		3,886,231
Interest receivable		9,996
Prepaid items		15,723

Total Current Assets 18,854,548

Noncurrent Assets:

Cash and cash equivalents with fiscal agent		6,257,859
Capital assets		
Land		14,000,000
Construction in progress		6,029
Building		34,507,581
Equipment		22,549,837
Less: Accumulated depreciation		(15,669,926)
Net capital assets		<u>55,393,521</u>

Total Noncurrent Assets 61,651,380

Total Assets 80,505,928

LIABILITIES

Current Liabilities:

Accounts payable		4,326,816
Accrued liabilities		174,621
Interest payable		971,871
Current portion of compensated absences		13,654
Long-term debt, due in one year		1,205,000

Total Current Liabilities 6,691,962

Noncurrent Liabilities:

Accrued liabilities		1,239,826
Compensated absences due in more than one year		5,852
Long-term debt, due in more than one year		<u>50,214,747</u>

Total Noncurrent Liabilities 51,460,425

Total Liabilities 58,152,387

NET POSITION

Net Position:

Net investment in capital assets		8,222,650
Unrestricted		<u>14,130,891</u>

Total Net Position \$ 22,353,541

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

OPERATING REVENUES:

Charges for services	\$ 31,701,909
Commodity revenue	9,503,894
Other	768,003

Total Operating Revenues 41,973,806

OPERATING EXPENSES:

Shoreway operations	31,470,156
SBWMA program administration	2,392,659
Franchise fee - transfer station	1,507,118
Depreciation	3,276,585

Total Operating Expenses 38,646,518

Operating Income (Loss) 3,327,288

NONOPERATING REVENUES (EXPENSES):

Investment income	163,752
Interest expense	<u>(2,936,029)</u>

Net Nonoperating Revenue (Expense) (2,772,277)

Change in Net Position 555,011

NET POSITION AT BEGINNING OF YEAR 21,798,530

NET POSITION AT END OF YEAR \$ 22,353,541

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 41,804,520
Payments to suppliers	<u>(33,828,708)</u>
Net Cash Flows from Operating Activities	<u>7,975,812</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Increase) decrease in cash and investments with fiscal agent	(34,017)
Interest received	<u>164,392</u>
Net Cash Flows from Investing Activities	<u>130,375</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital asset acquisition and construction	(325,281)
Principal paid on long-term debt	(4,150,000)
Interest paid	<u>(3,012,696)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(7,487,977)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>618,210</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>14,324,388</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 14,942,598</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (loss)	<u>\$ 3,327,288</u>
Adjustments to reconcile operating income net cash provided (used) by operating activities:	
Depreciation and amortization	3,276,585
Change in assets and liabilities	
(Increase) decrease in accounts receivables	(169,286)
(Increase) decrease in prepaid expenses	8,196
Increase (decrease) in accounts payable	1,589,854
Increase (decrease) in accrued liabilities	(55,311)
Increase (decrease) in accrued compensated absences	<u>(1,514)</u>
Total Adjustments	<u>4,648,524</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 7,975,812</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
Amortization related to long-term debt	<u>\$ 7,500</u>

See Independent Auditors' Report and Notes to Basic Financial Statements

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies

a. Organization

The South Bayside Waste Management Authority (the Authority) is a joint powers authority formed on October 13, 1999 for the purpose of joint ownership, financing and administration of the Facilities, currently the Shoreway Environmental Center in San Carlos; and the planning, administration management, review, monitoring, enforcement and reporting of solid waste, recyclable material and plant material collection activities within Authority's service area.

Members of the Authority currently include the towns of Atherton and Hillsborough, and the cities of Belmont, Burlingame, East Palo Alto, Foster City, Menlo Park, Redwood City, San Carlos, San Mateo, as well as the West Bay Sanitation District and the County of San Mateo.

The Authority is controlled by a twelve member board consisting of one representative from each member. None of the member entities exercise specific control over the budgeting and financing of the Authority's activities beyond their representation on the board. Accounting services are provided by the City of San Carlos.

Based on the franchise agreements with each member agency and Recology effective January 1, 2011, the Authority collects service fees from Recology for the processing and disposal of collected materials. The facility operator, South Bay Recycling, also collects fees from public customers which are remitted to the Authority. South Bay Recycling is paid by the Authority to operate the facility and transport materials to disposal and processing facilities on a per ton basis pursuant to the Operations Agreement. The compensation to both contractors is adjusted annually based primarily on various CPI indices. The Authority also directly pays for disposal and processing of solid waste and organics materials to vendors such as BFI/Republic, Recology Grover, Zanker Road, and Bio-Fuel Systems.

b. Enterprise Fund Accounting

The Authority is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and the sale of commodities.

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its balance sheet, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred. Enterprise fund equity includes retained earnings and contributed capital.

c. Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is used.

d. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Expenditures which materially increase the value or life of capital assets are capitalized and depreciated over the remaining useful life of the asset. The Authority's policy is to capitalize all assets with costs exceeding the \$10,000 threshold and a useful life of more than one year.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method; meaning the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Authority has assigned the useful lives of capital assets by type as listed below:

Building	10 - 40 years
Improvements	5 - 20 years
Equipment	5 - 15 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

e. Compensated Absences

Compensated absences comprise unpaid vacation which is accrued as earned. All employees who hold full-time regular positions are entitled to 15 working days' vacation pay upon successful completion of their first year of continuous service. The accrual rate increases as length of service exceeds 5 years. Maximum accumulation of vacation is two years' vacation accrual. Upon termination or retirement, full-time employees are entitled to receive compensation at their current base salary for all unused vacation leave. The liability for compensated absences is determined annually.

f. Retirement and Deferred Compensation Plans

The Authority offers its employees a retirement plan created in accordance with Internal Revenue Code Section 401a. The employer contribution to the 401a is 10% plus a match up to 2% of the employee contribution.

The Authority also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457b. Pursuant to the IRC subsection (g), all amounts of compensation deferred under the deferred compensation plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the Plan. Deferred compensation funds are not subject to the claims of the Authority's

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

general creditors; consequently, the assets and related liabilities of the plan are not included within the Authority's financial statements.

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has no items that qualify for reporting in this category.

Note 2: Cash and Investments

The Authority pools cash from all sources except cash and investments held by fiscal agents so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

a. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the Authority's name and places the Authority ahead of general creditors of the institution. The Authority Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

The Authority invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the Authority employs the Trust Department of a bank as the custodian of certain Authority managed investments, regardless of their form.

The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

b. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of Authority debt instruments or agreements.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Cash and Investments (Continued)

<u>Statement of Net Position</u>	
Cash and investments for operations	\$ 14,942,598
Cash and investments with fiscal agent	<u>6,257,859</u>
Total Cash and Investments	<u>\$ 21,200,457</u>

Cash and investments for operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

c. Investment Authorized by the California Government Code and the Authority's Investment Policy

The Authority's Investment Policy and the California Government Code allow the Authority to invest in the following, provided the credit ratings of the issuers are acceptable to the Authority; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Authority's Investment Policy when the Authority's Investment Policy is more restrictive.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum in Portfolio</u>	<u>Maximum Investment In One Issuer</u>
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$40,000,000 per account	N/A
San Mateo County Investment Pool	Upon Demand	N/A	40,000,000 per account	N/A
U.S. Treasury Bonds, Notes and Bills	5 Years	N/A	100%	N/A
U.S. Government Agency and Federal Agency Securities	5 Years	N/A	100%	N/A
Bankers Acceptances	180 Days	N/A	30%	(A), (B)
Commercial Paper	270 Days	AA	25%	(A), (B)
Negotiable Certificates of Deposit	5 Years	N/A	30%	(A), (B)
Time Certificates of Deposit - Banks or Savings and Loans	5 Years	N/A	25%	(A), (B)
Medium Term Corporate Notes	5 Years	AA	30%	(A), (B)

- (A) 5% of outstanding paper of issuing corporation
- (B) 5% of the portfolio in one corporation

d. Investments Authorized by Debt Agreements

The Authority must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the Authority fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Authority resolutions, bond indentures or State statutes. The

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Cash and Investments (Continued)

table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Minimum Credit Quality
Direct obligations of the Department of the Treasury of the United States	None
Obligations issued or guaranteed by FMHA, FHA, General Services Administration, GNMA, U.S. Maritime Administration, HUD, and backed by the full faith and credit of the United States of America	None
Direct obligations of FHLB, FHLMC, FNMA, REFCORP, Farm Credit Enterprise, Federal Agriculture Mortgage Association, Tennessee Valley Authority	None
Money Market Fund	AA
U.S. dollar denominated Certificates of Deposit, savings accounts, deposit accounts	None
Investment agreements, including GIC's forward purchase agreements and reserve fund put agreements	None
Commercial Paper	A-1
General obligations of States or municipalities	AAA
Bankers acceptances	A-1+
Medium Term Notes	AAA
State of California Local Agency Investment Fund	None
San Mateo County Investment Pool	None

e. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity or earliest call date:

Investment Type	12 Months or less	1 to 3 years	Total
San Mateo County Investment Pool	\$ 2,289,490	\$ -	\$ 2,289,490
California Local Agency Investment Fund	12,595,347	-	12,595,347
Cash and Cash Equivalents with Fiscal Agent:			
Money Market Fund	4,769,859	-	4,769,859
Certificates of Deposit	-	1,488,000	1,488,000
Total Investments	<u>\$ 19,654,696</u>	<u>\$ 1,488,000</u>	21,142,696
Total Cash in Bank and Cash on Hand			57,761
Total Cash and Investments			<u>\$ 21,200,457</u>

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Cash and Investments (Continued)

Local Agency Investment Fund

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

San Mateo County Investment Fund

The Authority is a voluntary participant in the San Mateo County Investment Fund (SMCIF) that is regulated by California Government Code Section 53600 under the oversight of the treasurer of the County of San Mateo. The Authority reports its investment in SMCIF at the fair value amount provided by SMCIF. The balance available for withdrawal is based on the accounting records maintained by SMCIF, which are recorded on an amortized cost basis. Included in SMCIF's investment portfolio are U.S. Treasury Notes, obligations issued by agencies of the U.S. Government, LAIF, corporate notes, commercial paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The Authority reports its investments in SMCIF at the fair value amounts provided by SMCIF, which is the same as the value of the pool share.

f. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in California Local Agency Investment Fund and San Mateo County Investment Pool are not rated and therefore no rating is shown.

Presented below is the actual rating as of June 30, 2014, for each investment type as provided by Moody's ratings:

Investment Type	AAA	Not rated	Total
Cash and Cash Equivalents with Fiscal Agent:			
Money Market Fund	\$ 4,769,859	\$ -	\$ 4,769,859
Certificates of Deposit	-	1,488,000	1,488,000
San Mateo County Investment Pool	-	2,289,490	2,289,490
California Local Agency Investment Fund	-	12,595,347	12,595,347
Total Investments	\$ 4,769,859	\$ 16,372,837	21,142,696
Total Cash in Bank and Cash on Hand			57,761
Total Cash and Investments			\$ 21,200,457

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Note 2: Cash and Investments (Continued)

g. Concentration of Credit Risk

The Authority's investment policy contains certain limitations on the amount that can be invested in any one issuer. In certain categories, these limitations surpass those required by California Government Code Sections 53600 et seq. Investments in any one issuer, other than U.S. Treasury securities, mutual funds, and external investment pools that represent 5% or more of total Entity-wide investments. There were no such investments at June 30, 2014.

Note 3: Capital Assets and Facilities Operations

Pursuant to a sales agreement with Republic Services, Inc., the Authority purchased land, and buildings and personal property amounting to \$14 million and \$5.228 million, respectively. These facilities comprise the Shoreway Environmental Center in San Carlos. The Authority signed an agreement to lease back the facilities to Republic Services, Inc. to operate them. This agreement expired on December 31, 2006 and the Authority had extended the agreement until December 31, 2010. The Authority signed a new agreement effective January 1, 2011 with South Bay Recycling to operate the facility. For the year ended June 30, 2014, the Authority paid \$16,359,877 to South Bay Recycling to operate the Facility.

Note 4: Capital Assets

Changes in capital assets were as follows for fiscal ended June 30, 2014:

	Balance July 1, 2013	Transfers	Additions	Retirements	Balance June 30, 2014
Capital assets not depreciated:					
Land	\$ 14,000,000	\$ -	\$ -	\$ -	\$ 14,000,000
Construction in Progress	101,177	(101,177)	6,029	-	6,029
Total non-depreciable assets	<u>14,101,177</u>	<u>(101,177)</u>	<u>6,029</u>	<u>-</u>	<u>14,006,029</u>
Capital assets being depreciated:					
Buildings	34,105,819	101,177	300,585	-	34,507,581
Equipment	22,531,170	-	18,667	-	22,549,837
Total depreciable assets	<u>56,636,989</u>	<u>101,177</u>	<u>319,252</u>	<u>-</u>	<u>57,057,418</u>
Less accumulated depreciation:					
Buildings	(6,480,044)	-	(1,385,472)	-	(7,865,516)
Equipment	(5,913,297)	-	(1,891,113)	-	(7,804,410)
Total accumulated depreciation	<u>(12,393,341)</u>	<u>-</u>	<u>(3,276,585)</u>	<u>-</u>	<u>(15,669,926)</u>
Net depreciable assets	<u>44,243,648</u>	<u>101,177</u>	<u>(2,957,333)</u>	<u>-</u>	<u>41,387,492</u>
Capital assets, net	<u>\$ 58,344,825</u>	<u>\$ -</u>	<u>\$ (2,951,304)</u>	<u>\$ -</u>	<u>\$ 55,393,521</u>

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 5: Revenue Bonds

The Authority's debt issues and transactions are summarized below and discussed in detail thereafter.

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Due within one year
2009A Solid Waste System Revenue Bonds	\$ 52,405,000	\$ -	\$ (1,150,000)	\$ 51,255,000	\$ 1,205,000
2009B Solid Waste System Revenue Bonds	3,000,000	-	(3,000,000)	-	-
	<u>\$ 55,405,000</u>	<u>\$ -</u>	<u>\$ (4,150,000)</u>	51,255,000	<u>\$ 1,205,000</u>
				<u>164,747</u>	
				<u>\$ 51,419,747</u>	

a. Solid Waste Enterprise Revenue Bonds Series 2009A

On September 2, 2009, the Authority issued \$53,500,000 of *Solid Waste Enterprise Revenue Bonds Series 2009A*. The 2009A Bonds were issued to pay for the construction and renovation of a solid waste materials recovery facility and transfer station and related equipment, to fund a Reserve Fund, to fund capitalized interest, and to fund certain working capital and pay other costs, including issuance costs.

The series 2009A bonds are solely payable from and secured by the net revenues and debt service reserve fund held by the Authority's trustee, as defined under the bond indenture. Net Revenues means, for any period, all of the revenues during such period less all of the maintenance and operation costs during such period. Revenues mean all gross income and revenue received or receivable by the Authority.

Principal payments are payable annually on September 1, commencing September 1, 2012. The bond bears interest at 3.5%-6.0% which is payable semi-annually on September 1 and March 1, commencing on March 1, 2010.

b. Solid Waste Enterprise Revenue Bonds Series 2009B

On September 2, 2009, the Authority also issued \$3,000,000 of taxable Solid Waste Enterprise Revenue Bonds Series 2009B.

The series 2009B bonds are solely payable from and secured by the subordinate net revenues, as defined under the bond indenture. Subordinate net revenues means, for any period, net revenues during such period remaining after payment of all amounts required to be paid pursuant to the senior lien obligations or a senior lien indenture during such period, in an amount that is equal to debt service on the bonds and any subordinate parity obligations.

These bonds were fully redeemed as of June 30, 2014.

c. Revenue Pledge

The bonds are secured by a pledge of the Authority's Net Revenue as defined under the bond indenture. For the 2009A bonds, the pledge of future net revenue ends upon repayment of the 2009A bonds in the amount of \$51.3 million in remaining debt service

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Note 5: Revenue Bonds (Continued)

on the bonds which is scheduled to occur in fiscal year 2037.

According to the Rate Covenant in the 2009A Bond Indenture, the Authority will maintain a Net Revenue to Debt Service coverage ratio of 1.40. As of the Calendar Year 2013, the Net Revenues to Debt Service Coverage ratio was 1.55.

d. Debt Service Requirements

Annual debt service requirements on the bonds are shown below with specified repayment terms:

For the Year Ending June 30	Principal	Interest	Total
2015	\$ 1,205,000	\$ 2,885,488	\$ 4,090,488
2016	1,270,000	2,833,138	4,103,138
2017	1,310,000	2,784,713	4,094,713
2018	1,365,000	2,729,506	4,094,506
2019	1,420,000	2,665,000	4,085,000
2020-2024	8,280,000	12,811,125	21,091,125
2025-2029	10,815,000	10,716,013	21,531,013
2030-2034	14,570,000	7,261,438	21,831,438
2035-2037	11,020,000	3,451,500	14,471,500
Total	<u>\$ 51,255,000</u>	<u>\$ 48,137,921</u>	<u>\$ 99,392,921</u>

Note 6: Insurance

The Authority purchases commercial insurance policies to protect itself from claims arising from the following types of losses:

Type of Coverage	Coverage Limits
General Aggregate Limit	\$ 2,000,000
Products-Completed Operations Aggregate Limit	2,000,000
Personal and Advertising Injury Limit	1,000,000
Each Occurrence	1,000,000
Damage to Rented Premises Limit	300,000
Medical Expense Limit (Any one person)	25,000
Hired & Non-Owned Auto Limit	1,000,000
Pollution Legal Liability	1,000,000
Self-Insured Retention (SIR)	\$10,000 SIR
Environmental Impact Liability	per Incident

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Note 7: Pollution Remediation

Since 2000, the Authority has been the property owner of 333 Shoreway Road in San Carlos, a property which has ground water contamination. However, the County regulator has identified the site operator and former property owner, Allied Waste (Allied), as the responsible party.

There has been an ongoing project to treat ground water contamination for at least six years that Allied, as the responsible party, had been paying for. The contamination predates the ownership of the property by the Authority in 2000. Several sites have been treated except for one site under the building which remains contaminated and awaits treatment pending approval of the treatment method by the County. The project for this treatment and subsequent site monitoring remains outstanding as of June 30, 2014. This project to treat the contaminated site is in the preliminary stage. Final cost is unknown but estimated to not exceed \$1,500,000 over the next ten years, ending in fiscal year 2020.

In fiscal year 2010, the Authority and the on-site contractor, Republic Services (formerly Allied Waste and BFI) signed a settlement and release agreement. As part of the agreement, Republic Services paid the Authority \$1,500,000 as the estimated cost of remediation project. Remediation cost estimate was negotiated with Allied per methods approved by County regulators based on input from environmental engineers on remaining cost of work. There was no known additional cost as of June 30, 2014. As of June 30, 2014, the Authority had recorded \$1,239,826 of accrued liabilities.

Note 8: Net Position

Designations

The Authority has designated \$8,178,345 of the unrestricted net position for several reserves which include: \$3,021,726 for rate stabilization, \$3,021,726 for emergency reserve, \$1,130,726 for equipment replacement, \$1,004,167 for the payment of 2009A bonds. These designations may be modified, amended or removed by Authority Board action.

Note 9: Commitments and Contingent Liabilities

Litigation

SBWMA is subject to litigation arising in the normal course of business. In the opinion of legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of SBWMA.

Construction Commitments

There are no significant construction commitments as of June 30, 2014.



STAFF REPORT

To: SBWMA Board Members
From: Marshall Moran, Finance Manager
Date: January 22, 2015 Board of Director's Meeting
Subject: Resolution Approving Revised SBWMA Investment Policy for 2015

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2015-03 attached hereto authorizing the adoption of the Investment Policy for 2015. See **Exhibit A** to the Resolution for the actual 2015 Investment Policy.

Summary

As stated in the Investment Policy, the Investment Policy shall be adopted by resolution of the Board on an annual basis. It was last approved by the Board in September 2013. It has been reviewed by the Board adhoc Audit Sub-Committee (comprised of Board Members Bill Widmer, Michael Brownrigg and Jay Benton) which recommends approval. The minor changes to the policy that have been recommended are shown in the attached redline version (see **Exhibit B**).

The subcommittee did recommend a change in the investment mix to increase the County Fund to 30% to 50% while keeping the state LAIF Fund at 50% to 70%. This new mix also conforms to the Investment Policy.

Analysis

On August 24, 2000, the Board approved utilization of the City of San Carlos' Investment Policy for the SBWMA Investment Policy. This decision was based on the Authority's need to have policies in place. The Board has approved annual revisions. The attached SBWMA Investment Policy (see **Exhibit A**) is fully compliant with California Code and is the similar to the policy that is used by the City of San Carlos who serves as the Financial Agent for the Authority. City staff has also reviewed this proposed policy. The primary objective of the Investment Policy is safety of principal, while meeting the cash flow needs of the JPA, through prudent investment of unexpended cash.

The Audit Committee also reviewed the mix of investments between the County Pool and the state LAIF fund. Since the Lehman Brothers loss in 2009, only about 15% of funds have been invested in the County Pool. Since this fund has a slightly higher return than the state LAIF fund, we are losing some income. While there is always the risk/reward trade off, the Audit Sub-Committee agreed to increase the County Fund to 30% to 50% while keeping the state LAIF Fund at 50% to 70%. This new mix also conforms to the Investment Policy. As shown in the table on the next page, this change will generate approximately \$16,000 more income annually at current interest rates. The impact will probably increase if interest rates rise as expected. This change to practice, not to policy, is brought forward for Board discussion in case there are any concerns about it.

CURRENT	Actual	Mix %	Interest %	Interest \$
County Pool	\$ 2,293,000	15%	0.64%	\$ 14,675
LAIF	\$ 13,448,000	85%	0.24%	\$ 32,275
TOTAL	\$ 15,741,000	100%		\$ 46,950
	<i>9/30/2014</i>			<i>annual</i>
NEW	Estimate	Mix %	Interest %	Interest \$
County Pool	\$ 6,296,400	40%	0.64%	\$ 40,297
LAIF	\$ 9,444,600	60%	0.24%	\$ 22,667
TOTAL	\$ 15,741,000	100%		\$ 62,964
	<i>9/30/2014</i>			<i>annual</i>
INCREASED INTEREST ANNUAL INCOME				\$ 16,014
INCREASE %				34%

The Audit Sub-Committee also recommended that staff evaluate an option for more active management of the investment funds, including an option for hiring an investment advisor. Staff will be pursuing development of an RFP for investment advisor services and will report back to the Board on this by the end of the current fiscal year.

Fiscal Impact

There is no fiscal impact associated with approving the attached revised Investment Policy.

Attachments:

Resolution 2015-03

Exhibit A – Investment Policy

Exhibit B – Redline version of Investment Policy showing changes (only change is calendar year)



RESOLUTION NO. 2015-03

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING A REVISED INVESTMENT POLICY FOR 2015

WHEREAS, the South Bayside Waste Management Authority (SBWMA) and the City of San Carlos has reviewed and revised the current Investment Policy;

WHEREAS, the Board's adhoc Audit Sub-Committee has also reviewed the Policy and supports the recommended changes;

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the 2015 SBWMA Investment Policy document as shown in Exhibits A and B.

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 January, 2015, 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. 2015-03 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on January 22, 2015.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cynthia Urman, Board Secretary

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY INVESTMENT POLICY

January 2015

POLICY

The investment of the funds of the South Bayside Waste Management Authority (SBWMA) is directed to the goals of safety, liquidity and yield. This Investment Policy incorporates the policies defined by the certified investment policy standards recommended by the Association of Public Treasurers. The authority governing investments for municipal governments is set forth in the California Government Code, Sections 53601 through 53659.

The primary objective of the investment policy of the South Bayside Waste Management Authority is SAFETY OF PRINCIPAL. Investments shall be placed in those securities as outlined by type and maturity sector in this document. Effective cash flow management and resulting cash investment practices are recognized as essential to good fiscal management and control. The SBWMA's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. Portfolio management requires continual analysis and as a result the balance between the various investments and maturities may change in order to give the SBWMA the optimum combination of necessary liquidity and optimal yield based on cash flow projections.

SCOPE

The investment policy applies to all financial assets of the South Bayside Waste Management Authority as accounted for in the Annual Financial Statements. Policy statements outlined in this document focus on the SBWMA's pooled funds and debt-related funds held by the trustee/ fiscal agent.

PRUDENCE

The standard to be used by investment officials shall be that of a "prudent investor" and shall be applied in the context of managing all aspects of the overall portfolio. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

It is the SBWMA's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars.

However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized that in a well-diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long-term rate of return.

The Administrative Services Director of the City of San Carlos (City) and other individuals assigned, as approved by the SBWMA Executive Director and SBWMA Finance Manager to

manage the SBWMA investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

OBJECTIVES

Safety of Principal

Safety of principal is the foremost objective of the South Bayside Waste Management Authority. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default or erosion of market value. The SBWMA shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that the failure of any one issuer does not unduly harm the SBWMA's capital base and cash flow.

Market risk, defined as market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by limiting the average maturity of the SBWMA's investment portfolio to two years, the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long term securities for the sole purpose of short term speculation.

Liquidity

Historical cash flow trends are compared to current cash flow requirements on an ongoing basis in an effort to ensure that the SBWMA's investment portfolio will remain sufficiently liquid to enable the SBWMA to meet all reasonably anticipated operating requirements.

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Maturities of investments will be selected based on liquidity requirements to minimize interest rate risk and maximize earnings. Current and expected yield curve analysis will be monitored and the portfolio will be invested accordingly. The weighted average maturity of the pooled portfolio should not exceed two years and the following percentages of the portfolio should be invested in the following maturity sectors:

Maturity Range	Suggested Percentage
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7 days to 180	10 to 30%
180 days to 360 days	10 to 30%
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4 years to 5 years	0 to 20%
Over 5 years	Board Authorization Required *

* One exception does exist regarding the investment of bond reserve funds. If in the opinion of the City Administrative Services Director, matching the segregated investment portfolio of the bond reserve fund with the maturity schedule of an individual bond issue is prudent given current economic analysis, the investment policy authorizes extending beyond the five year maturity limitation as outlined in this document.

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The SBWMA's investment portfolio is designed to at least attain a market average rate of return through economic cycles. The market average rate of return is defined as average return on the Local Agency Investment Fund (assuming the State does not adversely affect LAIF's returns due to budget constraints).

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The Joint Powers Authority Agreement of the South Bayside Waste Management Authority and the authority granted by SBWMA Board assign the responsibility of investing unexpended cash to the City's Administrative Services Director. Daily management responsibility of the investment program may be delegated to the City's Financial Services Manager, who shall establish procedures for the operation consistent with this investment policy.

INVESTMENT COMMITTEE

An investment committee consisting of the City of San Carlos Treasurer, City Manager, and Administrative Services Director shall be established to provide general oversight and direction concerning the policy related to management of the SBWMA's investment pool. The Financial Services Manager shall not be a member of the committee but shall serve in a staff and advisory capacity. The committee shall review and approve quarterly investment reports prepared by the Finance Department and reviewed by the Financial Services Manager or meet as necessary to discuss changes to the report or the investment strategy. The Investment Committee serving as the legislative body of the Investment Policy will have the quarterly reports for their review within thirty (30) days following the end of the quarter covered by the report as per Section 53646 (b)(1) of the California Government Code.

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Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program, or impairs their ability to make impartial investment decisions. Additionally the City's Administrative Services Director and the Financial Services Manager are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC).

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To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the SBWMA shall be held in safekeeping by a third party bank trust department, acting as agent for the SBWMA under the terms of a custody agreement. All trades executed by a dealer will settle delivery versus payment (DVP) through the SBWMA's safekeeping agent.

Securities held custody for the SBWMA shall be monitored by the City's Administrative Services Director to verify investment holdings.

All exceptions to this safekeeping policy must be approved by the City's Administrative Services Director in written form and included in the quarterly reporting to the Investment Committee and the SBWMA Board of Directors.

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Investment decisions are made by the City's Administrative Services Director, executed by the Administrative Services Director or Financial Services Manager and confirmed by the Senior Accountant. All wire transfers initiated by the Administrative Services Director or Financial Services Manager must be reconfirmed by the appropriate financial institution by the Senior Accountant. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted to ensure proper handling of all transactions.

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The City's Administrative Services Director shall review and render quarterly reports to the Investment Advisory Committee and to the Board of Directors which shall include the face amount of the cash investment, the classification of the investment, the name of the institution or entity, the rate of interest, the maturity date, the current market value and accrued interest due for all securities. The quarterly reports will be submitted to the Investment Committee within thirty (30) days following the end of the quarter covered by the report as per Section 53646 (b)(1) of the California Government Code. Once approved by the Investment Committee, the quarterly reports shall be placed on the Board of Director's meeting agenda for its review and approval no later than 60 days after the quarter ends.

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The Administrative Services Director or Financial Services Manager shall annually send a copy of the current investment policy to all broker/dealers approved to do business with the SBWMA. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the SBWMA's investment policies and intends to sell the SBWMA only appropriate investments authorized by this investment policy.

COLLATERAL REQUIREMENTS

Collateral is required for investments in certificates of deposit. In order to reduce market risk, the collateral level will be at least 110% of market value of principal and accrued interest.

AUTHORIZED INVESTMENTS

Investment of SBWMA funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

1. United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.
2. Obligations issued by the Government National Mortgage Association (GNMA), the Federal Farm Credit System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal National Mortgage Association (FNMA), the Student Loan Marketing Association (SLMA), and the Federal Home Loan Mortgage Corporation (FHLMC). There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.

Investments detailed in items 3 through 10 are further restricted to a percentage of the cost value of the portfolio in any single issuer name to a maximum of 5%. The total value invested in any one issuer shall not exceed 5% of the issuers net worth. Again, a five-year maximum maturity limitation is applicable unless further restricted by this policy.

3. Bills of exchange or time drafts drawn on and accepted by commercial banks, otherwise known as banker's acceptances. Banker's acceptances purchased may not exceed 180 days to maturity or 30% of the cost value of the portfolio.
4. Commercial paper ranked P1 by Moody's Investor Services or A1+ by Standard & Poor's, and issued by domestic corporations having assets in excess of \$500,000,000 and having an AA or better rating on its' long term debentures as provided by Moody's or Standard &

Poor's. Purchases of eligible commercial paper may not exceed 270 days to maturity nor represent more than 5% of the outstanding paper of the issuing corporation. Purchases of commercial paper may not exceed 25% of the cost value of the portfolio.

5. Negotiable Certificates of Deposit issued by nationally or state chartered banks (FDIC insured institutions) or state or federal savings institutions. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio. A maturity limitation of five years is applicable.
6. Local Agency Investment Fund (LAIF) which is a State of California managed investment pool, and San Mateo County Investment pool, may be used up to the maximum permitted by California State Law. A review of the pool/fund is required when they are part of the list of authorized investments.
7. Time deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 25% of the investment portfolio may be invested in this investment type.
8. Medium Term Corporate Notes, with a maximum maturity of five years may be purchased. Securities eligible for investment shall be rated AA or better by Moody's or Standard & Poor's rating services. Purchase of medium term notes may not exceed 30% of the market value of the portfolio and no more than 5% of the market value of the portfolio may be invested in notes issued by one corporation. Commercial paper holdings should also be included when calculating the 15% limitation.
9. Ineligible investments are those that are not described herein, including but not limited to, common stocks and long term (over five years in maturity) notes and bonds are prohibited from use in this portfolio. It is noted that special circumstances arise that necessitate the purchase of securities beyond the five-year limitation. On such occasions, requests must be approved by Board of Directors prior to purchase.
10. Various daily money market funds administered for or by trustees, paying agents and custodian banks contracted by the SBWMA may be purchased as allowed under State of California Government Code. Only funds holding U.S. Treasury or Government agency obligations can be utilized.

The following summary of maximum percentage limits, by instrument, is established for the SBWMA's total pooled funds portfolio:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	Upon Demand	N/A	\$40 million per account	N/A
San Mateo County Investment Pool	Upon Demand	N/A	\$40 million per account	N/A
Treasury Bills	5 Years	N/A	100%	N/A
US Government Agency and Federal	5 Years	N/A	100%	N/A

Agency Securities				
Bankers Acceptances	180 Days	N/A	30%	(A), (B)
Commercial Paper	270 Days	AA	25%	(A), (B)
Negotiable Certificates of Deposit	5 Years	N/A	30%	(A), (B)
Time Certificates of Deposit – Banks or Savings and Loans	5 Years	N/A	25%	(A), (B)
Medium Term Corporate Notes	5 Years	AA	30%	(A), (B)

(A) 5% of outstanding paper of issuing corporation

(B) 5% of the portfolio in one corporation

DERIVATIVE INVESTMENTS

Derivatives are investments whose value is "derived" from a benchmark or index. That benchmark can be almost any financial measure from interest rates to commodity and stock prices. The use of derivatives is prohibited under this policy.

LEGISLATIVE CHANGES

Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations will be incorporated into the South Bayside Waste Management Authority's Investment Policy and supersede any and all previous applicable language.

INTEREST EARNINGS

All moneys earned and collected from investments authorized in this policy shall be allocated quarterly to various fund accounts based on the cash balance in each fund at quarter end as a percentage of the entire pooled portfolio.

LIMITING MARKET VALUE EROSION

The longer the maturity of securities, the greater their market price volatility. Therefore, it is the general policy of the SBWMA to limit the potential effects from erosion in market values by adhering to the following guidelines:

All immediate and anticipated liquidity requirements will be addressed prior to purchasing all investments.

Maturity dates for long-term investments will coincide with significant cash flow requirements where possible, to assist with short term cash requirements at maturity.

All long-term securities will be purchased with the intent to hold all investments to maturity under then prevailing economic conditions. However, economic or market conditions may change, making it in the SBWMA's best interest to sell or trade a security prior to maturity.

PORTFOLIO MANAGEMENT ACTIVITY

The investment program shall seek to augment returns consistent with the intent of this policy, identified risk limitations and prudent investment principals. These objectives will be achieved by use of the following strategies:

Active Portfolio Management. Through active fund and cash flow management, taking advantage of current economic and interest rate trends, the portfolio yield may be enhanced with limited and measurable increases in risk by extending the weighted maturity of the total portfolio.

Portfolio Maturity Management. When structuring the maturity composition of the portfolio, the SBWMA shall evaluate current and expected interest rate yields and necessary cash flow requirements. It is recognized that in normal market conditions longer maturities produce higher yields. However, the securities with longer maturities also experience greater price fluctuations when the level of interest rates change.

Security Swaps. The SBWMA may take advantage of security swap opportunities to improve the overall portfolio yield. A swap, which improves the portfolio yield, may be selected even if the transactions result in an accounting loss. Documentation for swaps will be included in the SBWMA permanent investment file documents.

Competitive Bidding. It is the policy of the SBWMA to require competitive bidding for investment transactions that are not classified as "new issue" securities. For the purchase of non-"new issue" securities and the sale of all securities at least three bidders must be contacted. Competitive bidding for security swaps is also suggested, however, it is understood that certain time constraints and broker portfolio limitations exist which would not accommodate the competitive bidding process. If a time or portfolio constraining condition exists, the pricing of the swap should be verified to current market conditions and documented for auditing purposes.

POLICY REVIEW

The South Bayside Waste Management Authority's investment policy shall be adopted by resolution of the Board on an annual basis. This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and yield, and its relevance to current law and financial and economic trends. Any amendments to the policy shall be forwarded to Board for approval.

Glossary of Terms

Accrued Interest- Interest earned but not yet received.

Active Deposits- Funds which are immediately required for disbursement.

Amortization- An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Annual Financial Report - The official annual financial report for the SBWMA. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principals (GAAP).

Asked Price- The price a broker dealer offers to sell securities.

Basis Point- One basis point is one hundredth of one percent (.01).

Bid Price- The price a broker dealer offers to purchase securities.

Bond- A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Bond Swap – Selling one bond issue and buying another at the same time in order to create an advantage for the investor. Some benefits of swapping may include tax-deductible losses, increased yields, and an improved quality portfolio.

Book Entry Securities – Securities, such stocks held in “street name,” that are recorded in a customer’s account, but are not accompanied by a certificate. The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors’ concerns about the certificates themselves. All the large New York City banks, including those that handle the bulk of the transactions of the major government securities dealers, now clear most of their transactions with each other and with the Federal Reserve through the use of automated telecommunications and the “book-entry” custody system maintained by the Federal Reserve Bank of New York. These banks have deposited with the Federal Reserve Bank a major portion of their government and agency securities holdings, including securities held for the accounts of their customers or in a fiduciary capacity. Virtually all transfers for the account of the banks, as well as for the government securities dealers who are their clients, are now effected solely by bookkeeping entries. The system reduces the costs and risks of physical handling and speeds the completion of transactions.

Bearer and Registered Bonds - In the past, bearer and registered bonds were issued in paper form. Those still outstanding may be exchanged at any Federal Reserve Bank or branch for an equal amount of any authorized denomination of the same issue. Outstanding bearer bonds are interchangeable with registered bonds and bonds in “book-entry” form. That is, the latter exist as computer entries only and no paper securities are issued. New bearer and registered bonds are no longer being issued. Since August 1986, the Treasury’s new issues of marketable notes and bonds are available in book-entry form only. All Treasury bills and more than 90% of all other marketable securities are now in book-entry form. Book-entry obligations are transferable only pursuant to regulations prescribed by the Secretary of the Treasury.

Book Value- The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Broker – In securities, the intermediary between a buyer and a seller of securities. The broker, who usually charges a commission, must be registered with the exchange in which he or she is trading, accounting for the name registered representative.

Certificate of Deposit- A deposit insured up to \$100,000 by the FDIC at a set rate for a specified period of time.

Collateral- Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Constant Maturity Treasury (CMT) - An average yield of a specific Treasury maturity sector for a specific time frame. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

Coupon- The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

Credit Analysis- A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

Current Yield- The interest paid on an investment expressed as a percentage of the current price of the security.

Custody- A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Delivery vs. Payment (DVP) - Delivery of securities with a simultaneous exchange of money for the securities.

Discount- The difference between the cost of a security and its value at maturity when quoted at lower than face value.

Diversification- Dividing investment funds among a variety of securities offering independent returns and risk profiles.

Duration- The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serve as the weights; the future point in time at which on average, an investor has received exactly half of the original investment, in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

Fannie Mae- Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

Federal Reserve System- The central bank of the U.S. that consists of a seven member Board of Governors, 12 regional banks and 5,700 commercial banks that are members.

Federal Deposit Insurance Corporation (FDIC) - Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently \$100,000) per account.

Fed Wire- A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

Freddie Mac- Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

Ginnie Mae- Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

Inactive Deposits- Funds not immediately needed for disbursement.

Interest Rate- The annual yield earned on an investment, expressed as a percentage.

Investment Agreements- An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

Liquidity- Refers to the ability to rapidly convert an investment into cash.

Market Value- The price at which a security is trading and could presumably be purchased or sold.

Maturity- The date upon which the principal or stated value of an investment becomes due and payable.

New Issue- Term used when a security is originally "brought" to market.

Perfected Delivery- Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

Portfolio- Collection of securities held by an investor.

Primary Dealer- A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Purchase Date- The date in which a security is purchased for settlement on that or a later date.

Rate of Return- The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (REPO) - A transaction where the seller (bank) agrees to buy back from the buyer (SBWMA) the securities at an agreed upon price after a stated period of time.

Reverse Repurchase Agreement (REVERSE REPO) - A transaction where the seller (SBWMA) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Risk- Degree of uncertainty of return on an asset.

Safekeeping- see custody.

Sallie Mae- Trade name for the Student Loan Marketing Association (SLMA), a U.S. sponsored corporation.

Secondary Market- A market made for the purchase and sale of outstanding issues following the initial distribution.

Settlement Date- The date on which a trade is cleared by delivery of securities against funds.

Time Deposit – A deposit in an interest-paying account that requires the money to remain on account for a specific length of time. While withdrawals can generally be made from a passbook account at any time, other time deposits, such as certificates of deposit, are penalized for early withdrawal.

Treasury Bills- U.S. Treasury Bills which are short-term, direct obligations of the U.S. Government issued with original maturities of 13 weeks, 26 weeks and 52 weeks; sold in minimum amounts of \$10,000 in multiples of \$5,000 above the minimum. Issued in book entry form only. T-bills are sold on a discount basis.

U.S. Government Agencies- Instruments issued by various US Government Agencies most of which are secured only by the credit worthiness of the particular agency.

Yield- The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity- The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

Yield Curve- The yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY INVESTMENT POLICY

| ~~September~~January 2015~~3~~

POLICY

The investment of the funds of the South Bayside Waste Management Authority (SBWMA) is directed to the goals of safety, liquidity and yield. This Investment Policy incorporates the policies defined by the certified investment policy standards recommended by the Association of Public Treasurers. The authority governing investments for municipal governments is set forth in the California Government Code, Sections 53601 through 53659.

The primary objective of the investment policy of the South Bayside Waste Management Authority is SAFETY OF PRINCIPAL. Investments shall be placed in those securities as outlined by type and maturity sector in this document. Effective cash flow management and resulting cash investment practices are recognized as essential to good fiscal management and control. The SBWMA's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. Portfolio management requires continual analysis and as a result the balance between the various investments and maturities may change in order to give the SBWMA the optimum combination of necessary liquidity and optimal yield based on cash flow projections.

SCOPE

The investment policy applies to all financial assets of the South Bayside Waste Management Authority as accounted for in the Annual Financial Statements. Policy statements outlined in this document focus on the SBWMA's pooled funds and debt-related funds held by the trustee/ fiscal agent.

PRUDENCE

The standard to be used by investment officials shall be that of a "prudent investor" and shall be applied in the context of managing all aspects of the overall portfolio. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

It is the SBWMA's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars.

However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized that in a well-diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long-term rate of return.

The Administrative Services Director of the City of San Carlos (City) and other individuals assigned, as approved by the SBWMA Executive Director and SBWMA Finance Manager to manage the SBWMA investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

OBJECTIVES

Safety of Principal

Safety of principal is the foremost objective of the South Bayside Waste Management Authority. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default or erosion of market value. The SBWMA shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that the failure of any one issuer does not unduly harm the SBWMA's capital base and cash flow.

Market risk, defined as market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by limiting the average maturity of the SBWMA's investment portfolio to two years, the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long term securities for the sole purpose of short term speculation.

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QUALIFIED BROKER/DEALERS

The SBWMA shall transact business only with banks, savings and loans, and with broker/dealers. The broker/dealers should be primary or regional dealers. The City's Administrative Services Director will make exceptions only upon written authorization. Investment staff shall investigate dealers wishing to do business with the SBWMA to determine if they are adequately capitalized, have pending legal action against the firm or the individual broker and make markets in the securities appropriate to the SBWMA's needs.

The Administrative Services Director or Financial Services Manager shall annually send a copy of the current investment policy to all broker/dealers approved to do business with the SBWMA. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the SBWMA's investment policies and intends to sell the SBWMA only appropriate investments authorized by this investment policy.

COLLATERAL REQUIREMENTS

Collateral is required for investments in certificates of deposit. In order to reduce market risk, the collateral level will be at least 110% of market value of principal and accrued interest.

AUTHORIZED INVESTMENTS

Investment of SBWMA funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

1. United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.
2. Obligations issued by the Government National Mortgage Association (GNMA), the Federal Farm Credit System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal National Mortgage Association (FNMA), the Student Loan Marketing Association (SLMA), and the Federal Home Loan Mortgage Corporation (FHLMC). There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.

Investments detailed in items 3 through 10 are further restricted to a percentage of the cost value of the portfolio in any single issuer name to a maximum of 5%. The total value invested in any one issuer shall not exceed 5% of the issuers net worth. Again, a five-year maximum maturity limitation is applicable unless further restricted by this policy.

3. Bills of exchange or time drafts drawn on and accepted by commercial banks, otherwise known as banker's acceptances. Banker's acceptances purchased may not exceed 180 days to maturity or 30% of the cost value of the portfolio.
4. Commercial paper ranked P1 by Moody's Investor Services or A1+ by Standard & Poor's, and issued by domestic corporations having assets in excess of \$500,000,000 and having an AA or better rating on its' long term debentures as provided by Moody's or Standard & Poor's. Purchases of eligible commercial paper may not exceed 270 days to maturity nor represent more than 5% of the outstanding paper of the issuing corporation. Purchases of commercial paper may not exceed 25% of the cost value of the portfolio.
5. Negotiable Certificates of Deposit issued by nationally or state chartered banks (FDIC insured institutions) or state or federal savings institutions. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio. A maturity limitation of five years is applicable.
6. Local Agency Investment Fund (LAIF) which is a State of California managed investment pool, and San Mateo County Investment pool, may be used up to the maximum permitted by California State Law. A review of the pool/fund is required when they are part of the list of authorized investments.
7. Time deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 25% of the investment portfolio may be invested in this investment type.
8. Medium Term Corporate Notes, with a maximum maturity of five years may be purchased. Securities eligible for investment shall be rated AA or better by Moody's or Standard & Poor's rating services. Purchase of medium term notes may not exceed 30% of the market value of the portfolio and no more than 5% of the market value of the portfolio may be invested in notes issued by one corporation. Commercial paper holdings should also be included when calculating the 15% limitation.
9. Ineligible investments are those that are not described herein, including but not limited to, common stocks and long term (over five years in maturity) notes and bonds are prohibited from use in this portfolio. It is noted that special circumstances arise that necessitate the purchase of securities beyond the five-year limitation. On such occasions, requests must be approved by Board of Directors prior to purchase.
10. Various daily money market funds administered for or by trustees, paying agents and custodian banks contracted by the SBWMA may be purchased as allowed under State of California Government Code. Only funds holding U.S. Treasury or Government agency obligations can be utilized.

The following summary of maximum percentage limits, by instrument, is established for the SBWMA's total pooled funds portfolio:

Authorized Investment Type	Maximum	Minimum	Maximum in	Maximum
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	Maturity	Credit Quality	Portfolio	Investment in One Issuer
Local Agency Investment Fund (LAIF)	Upon Demand	N/A	\$40 million per account	N/A
San Mateo County Investment Pool	Upon Demand	N/A	\$40 million per account	N/A
Treasury Bills	5 Years	N/A	100%	N/A
US Government Agency and Federal Agency Securities	5 Years	N/A	100%	N/A
Bankers Acceptances	180 Days	N/A	30%	(A), (B)
Commercial Paper	270 Days	AA	25%	(A), (B)
Negotiable Certificates of Deposit	5 Years	N/A	30%	(A), (B)
Time Certificates of Deposit – Banks or Savings and Loans	5 Years	N/A	25%	(A), (B)
Medium Term Corporate Notes	5 Years	AA	30%	(A), (B)

(A) 5% of outstanding paper of issuing corporation
(B) 5% of the portfolio in one corporation

DERIVATIVE INVESTMENTS

Derivatives are investments whose value is "derived" from a benchmark or index. That benchmark can be almost any financial measure from interest rates to commodity and stock prices. The use of derivatives is prohibited under this policy.

LEGISLATIVE CHANGES

Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations will be incorporated into the South Bayside Waste Management Authority's Investment Policy and supersede any and all previous applicable language.

INTEREST EARNINGS

All moneys earned and collected from investments authorized in this policy shall be allocated quarterly to various fund accounts based on the cash balance in each fund at quarter end as a percentage of the entire pooled portfolio.

LIMITING MARKET VALUE EROSION

The longer the maturity of securities, the greater their market price volatility. Therefore, it is the general policy of the SBWMA to limit the potential effects from erosion in market values by adhering to the following guidelines:

All immediate and anticipated liquidity requirements will be addressed prior to purchasing all investments.

Maturity dates for long-term investments will coincide with significant cash flow requirements where possible, to assist with short term cash requirements at maturity.

All long-term securities will be purchased with the intent to hold all investments to maturity under then prevailing economic conditions. However, economic or market conditions may change, making it in the SBWMA's best interest to sell or trade a security prior to maturity.

PORTFOLIO MANAGEMENT ACTIVITY

The investment program shall seek to augment returns consistent with the intent of this policy, identified risk limitations and prudent investment principals. These objectives will be achieved by use of the following strategies:

Active Portfolio Management. Through active fund and cash flow management, taking advantage of current economic and interest rate trends, the portfolio yield may be enhanced with limited and measurable increases in risk by extending the weighted maturity of the total portfolio.

Portfolio Maturity Management. When structuring the maturity composition of the portfolio, the SBWMA shall evaluate current and expected interest rate yields and necessary cash flow requirements. It is recognized that in normal market conditions longer maturities produce higher yields. However, the securities with longer maturities also experience greater price fluctuations when the level of interest rates change.

Security Swaps. The SBWMA may take advantage of security swap opportunities to improve the overall portfolio yield. A swap, which improves the portfolio yield, may be selected even if the transactions result in an accounting loss. Documentation for swaps will be included in the SBWMA permanent investment file documents.

Competitive Bidding. It is the policy of the SBWMA to require competitive bidding for investment transactions that are not classified as "new issue" securities. For the purchase of non-"new issue" securities and the sale of all securities at least three bidders must be contacted. Competitive bidding for security swaps is also suggested, however, it is understood that certain time constraints and broker portfolio limitations exist which would not accommodate the competitive bidding process. If a time or portfolio constraining condition exists, the pricing of the swap should be verified to current market conditions and documented for auditing purposes.

POLICY REVIEW

The South Bayside Waste Management Authority's investment policy shall be adopted by resolution of the Board on an annual basis. This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and yield, and its relevance to current law and financial and economic trends. Any amendments to the policy shall be forwarded to Board for approval.

Glossary of Terms

Accrued Interest- Interest earned but not yet received.

Active Deposits- Funds which are immediately required for disbursement.

Amortization- An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Annual Financial Report - The official annual financial report for the SBWMA. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principals (GAAP).

Asked Price- The price a broker dealer offers to sell securities.

Basis Point- One basis point is one hundredth of one percent (.01).

Bid Price- The price a broker dealer offers to purchase securities.

Bond- A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Bond Swap – Selling one bond issue and buying another at the same time in order to create an advantage for the investor. Some benefits of swapping may include tax-deductible losses, increased yields, and an improved quality portfolio.

Book Entry Securities – Securities, such stocks held in “street name,” that are recorded in a customer’s account, but are not accompanied by a certificate. The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors’ concerns about the certificates themselves. All the large New York City banks, including those that handle the bulk of the transactions of the major government securities dealers, now clear most of their transactions with each other and with the Federal Reserve through the use of automated telecommunications and the “book-entry” custody system maintained by the Federal Reserve Bank of New York. These banks have deposited with the Federal Reserve Bank a major portion of their government and agency securities holdings, including securities held for the accounts of their customers or in a fiduciary capacity. Virtually all transfers for the account of the banks, as well as for the government securities dealers who are their clients, are now effected solely by bookkeeping entries. The system reduces the costs and risks of physical handling and speeds the completion of transactions.

Bearer and Registered Bonds - In the past, bearer and registered bonds were issued in paper form. Those still outstanding may be exchanged at any Federal Reserve Bank or branch for an equal amount of any authorized denomination of the same issue. Outstanding bearer bonds are interchangeable with registered bonds and bonds in “book-entry” form. That is, the latter exist as computer entries only and no paper securities are issued. New bearer and registered bonds are no longer being issued. Since August 1986, the Treasury’s new issues of marketable notes and bonds are available in book-entry form only. All Treasury bills and more than 90% of all other marketable securities are now in book-entry form. Book-entry obligations are transferable only pursuant to regulations prescribed by the Secretary of the Treasury.

Book Value- The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Broker – In securities, the intermediary between a buyer and a seller of securities. The broker, who usually charges a commission, must be registered with the exchange in which he or she is trading, accounting for the name registered representative.

Certificate of Deposit- A deposit insured up to \$100,000 by the FDIC at a set rate for a specified period of time.

Collateral- Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Constant Maturity Treasury (CMT) - An average yield of a specific Treasury maturity sector for a specific time frame. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

Coupon- The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

Credit Analysis- A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

Current Yield- The interest paid on an investment expressed as a percentage of the current price of the security.

Custody- A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Delivery vs. Payment (DVP) - Delivery of securities with a simultaneous exchange of money for the securities.

Discount- The difference between the cost of a security and its value at maturity when quoted at lower than face value.

Diversification- Dividing investment funds among a variety of securities offering independent returns and risk profiles.

Duration- The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serve as the weights; the future point in time at which on average, an investor has received exactly half of the original investment, in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

Fannie Mae- Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

Federal Reserve System- The central bank of the U.S. that consists of a seven member Board of Governors, 12 regional banks and 5,700 commercial banks that are members.

Federal Deposit Insurance Corporation (FDIC) - Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently \$100,000) per account.

Fed Wire- A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

Freddie Mac- Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

Ginnie Mae- Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

Inactive Deposits- Funds not immediately needed for disbursement.

Interest Rate- The annual yield earned on an investment, expressed as a percentage.

Investment Agreements- An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

Liquidity- Refers to the ability to rapidly convert an investment into cash.

Market Value- The price at which a security is trading and could presumably be purchased or sold.

Maturity- The date upon which the principal or stated value of an investment becomes due and payable.

New Issue- Term used when a security is originally "brought" to market.

Perfected Delivery- Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

Portfolio- Collection of securities held by an investor.

Primary Dealer- A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Purchase Date- The date in which a security is purchased for settlement on that or a later date.

Rate of Return- The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (REPO) - A transaction where the seller (bank) agrees to buy back from the buyer (SBWMA) the securities at an agreed upon price after a stated period of time.

Reverse Repurchase Agreement (REVERSE REPO) - A transaction where the seller (SBWMA) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Risk- Degree of uncertainty of return on an asset.

Safekeeping- see custody.

Sallie Mae- Trade name for the Student Loan Marketing Association (SLMA), a U.S. sponsored corporation.

Secondary Market- A market made for the purchase and sale of outstanding issues following the initial distribution.

Settlement Date- The date on which a trade is cleared by delivery of securities against funds.

Time Deposit – A deposit in an interest-paying account that requires the money to remain on account for a specific length of time. While withdrawals can generally be made from a passbook account at any time, other time deposits, such as certificates of deposit, are penalized for early withdrawal.

Treasury Bills- U.S. Treasury Bills which are short-term, direct obligations of the U.S. Government issued with original maturities of 13 weeks, 26 weeks and 52 weeks; sold in minimum amounts of \$10,000 in multiples of \$5,000 above the minimum. Issued in book entry form only. T-bills are sold on a discount basis.

U.S. Government Agencies- Instruments issued by various US Government Agencies most of which are secured only by the credit worthiness of the particular agency.

Yield- The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity- The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

Yield Curve- The yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.



ADMINISTRATION AND FINANCE

Agenda Item 5



STAFF REPORT

To: SBWMA Board Members
From: Robert J. Lanzone, General Counsel
Date: January 22, 2015 Board of Directors Meeting
Subject: Election of Board Officers for 2015

Recommendation

The Board is required to annually elect a Board Chair and Vice Chair per Article 8 of the JPA Agreement.

Background

Staff recommends the following process for the Board to follow in electing a Chair and Vice Chair for calendar year 2015:

1. Chair calls for nominations for the position of Chair (nominations do not require a second).
2. Motion is adopted to close nominations.
3. Board votes on nominations in the order in which the nominations were made until a Chair is elected.
4. Sections 8.5 and 10.8 of the JPA Agreement require the successful vote to be by 2/3 of the Directors present.
5. The new Chair takes the gavel and assumes the office and calls for nominations for Vice Chair and the same procedure is followed for electing the Vice Chair.

As a matter of practice, the Board Chair and Vice Chair along with the Executive Director, General Counsel and Board Clerk meet on a monthly basis as the "Executive Committee" to conduct Board meeting agenda planning and discuss major items of note related to JPA operations. The Executive Director also updates the Executive Committee on a regular basis on any major issues that may come up in the course of day-to-day operations.

Fiscal Impact

None.

Attachments:

None.



A Public Agency

STAFF REPORT

To: SBWMA Board Members
 From: Kevin McCarthy, Executive Director
 Marshall Moran, Finance Manager
 Date: January 22, 2015 Board of Directors Meeting
 Subject: Resolution Accepting Mid-Year Review of FY1415 Annual Operating Budget

Board Action

It is recommended that the SBWMA Board of Directors approve Resolution No. 2015-02 attached hereto authorizing the following action:

Approval of the Mid-Year Budget Adjustments for FY1415

More specifically, Board approval would include a change to the Environmental Education Associate position from a 32-hour per week position to a 40-hour per week position effective February 1, 2015. Board approval would also cover the \$175,000 estimated change in SBR's compensation due to additional costs associated with offsite storage of baled commodities; this is an estimated cost for about two-weeks of additional offsite storage capacity. Staff will come back to the Board if such costs are projected to go higher than \$175,000.

Analysis

Staff has conducted a thorough analysis of year-to-date revenues and expenditures. One attachment has been prepared to provide the Board with key budget and related information as follows:

- **Attachment A** contains budget worksheets providing line item detail for all projected revenues, expenditures, cash reserve balances and capital spending.

Financial Summary

Contributions to Cash Reserves (formerly known as "net income") are projected at \$2,158,764 (see **Table 1**) which is \$181,061 less than budgeted (7.7% or 0.4% of revenue). As explained further under the "fiscal impact" section of this staff report, this is largely due to estimated one-time SBR operating expenses of \$175,000 for offsite storage of baled commodities due to a slow-down of Port of Oakland operations.

Table 1

<u>FY1415 CONTRIBUTION TO CASH RESERVES</u>				
<u>Revenues</u>	<u>FY1415 Adopted Budget</u>	<u>FY1415 Mid-Year Projections</u>	<u>Variance</u>	<u>Variance %</u>
Total Revenues	\$41,927,800	\$41,263,900	(\$663,900)	-1.6%
Total Expenditures	\$39,587,975	\$39,105,136	(\$482,839)	-1.2%
Contributions to Cash Reserves:	\$2,339,825	\$2,158,764	(\$181,061)	-7.7%

Revenues

Total operating revenues (see **Table 2**) for FY1415 are projected to be \$663,900 (1.6%) lower than our adopted FY1415 budget. Public revenue (non-franchise) is projected to be down 4.4% in part due to continued reduced green waste volumes resulting from drought conditions persisting through nearly all of 2014. Commodity prices have also softened somewhat. HHW and other revenue (e-scrap revenue) is up largely due to additional projected revenue of \$120,000 from the start-up of door-to-door HHW collection services in Atherton and Redwood City on March 1, 2015; these HHW revenues are 100% offset by expenses paid to the service provider.

Table 2

FY1415 REVENUES				
<u>Revenues</u>	<u>FY1415 Adopted Budget</u>	<u>FY1415 Mid-Year Projections</u>	<u>Variance</u>	<u>Variance %</u>
Tip Fee Revenues	\$32,221,900	\$31,773,100	(\$448,800)	-1.4%
Non Franchised	\$6,229,700	\$5,952,900	(\$276,800)	-4.4%
Franchised	\$25,992,200	\$25,820,200	(\$172,000)	-0.7%
Net Commodity Sales Revenues*	\$8,674,800	\$8,272,300	(\$402,500)	-4.6%
MRF - Host Fees	\$361,800	\$390,400	\$28,600	7.9%
Interest Income	\$56,500	\$67,400	\$10,900	19.3%
HHW and Other Revenue	\$612,800	\$760,700	\$147,900	24.1%
Total Revenues:	\$41,927,800	\$41,263,900	(\$663,900)	-1.6%
*Gross commodity sales – 28% revenue share with SBR and buyback payments.				

Expenditures

The SBWMA program expense budget (see **Table 3**), exclusive of Shoreway operations and HHW collection services, is projected at \$8,200 better than budget. The AB 939 program staff budget line is \$10,700 lower than budgeted after accounting for assumed higher costs of \$5,539 associated with changing the Environmental Education Associate position from a 32-hour per week position to a 40-hour per week position effective February 1, 2015. This overall lower costs for the AB 939 program staff line item is due to cost savings associated with an employee leave of absence for the Environmental Education Coordinator position.

Table 3

FY1415 EXPENDITURES				
<u>Expenditures</u>	<u>FY1415 Adopted Budget</u>	<u>FY1415 Mid-Year Projections</u>	<u>Variance</u>	<u>Variance %</u>
Administrative Expenses	\$1,762,475	\$1,754,275	(\$8,200)	-0.5%
Contract Compliance & Support	\$257,400	\$257,400	\$0	0.0%
Recycling & AB 939 Compliance	\$881,500	\$881,500	\$0	0.0%
Collection Operations	\$521,500	\$645,261	\$123,761	23.7%
Total SBWMA Expenses (w/o Collection Operations):	\$2,901,375	\$2,893,175	(\$8,200)	-0.2%
Total SBWMA Expenses:	\$3,422,875	\$3,538,436	\$115,561	3.4%
Shoreway Operations:	\$36,165,100	\$35,566,700	(\$598,400)	-1.7%
Total Expenses:	\$39,587,975	\$39,105,136	(\$482,839)	-1.2%

The recommendation for the change to the Environmental Education Associate position is based on merit and performance and the need for additional staffing to meet our needs.

The Shoreway operations budget (see **Table 4**) reflects lower operating expense in terms of payments to SBR ("SBR compensation" line item) and disposal expense (payments to offsite disposal and processing facilities). Such lower operating expenses which total \$538,600 are in line with lower tipping fee revenues (see **Table 2**) of \$448,800 resulting from reduced facility tonnage.

The SBR compensation line item includes an estimated \$175,000 in one-time expense related to extra handling costs (i.e., offsite storage) for baled commodities due to impacted Port of Oakland operations. The staff report for agenda item 7B provides the explanation and background for this situation.

Other projected lower expense items include the education center budget at \$15,000 and San Carlos franchise fee payments at \$33,800 on lower revenue. The education center projection is lower due to a staff vacancy (from an employee leave) partially offset by a part-time temporary employee.

Table 4

FY1415 EXPENDITURE DETAIL FOR SHOREWAY OPERATIONS				
Expenditures	FY1415 Adopted Budget	FY1415 Mid-Year Projections	Variance	Variance %
SBR Compensation*	\$17,061,200	\$17,015,900	(\$45,300)	-0.3%
Disposal and Processing*	\$14,121,800	\$13,628,500	(\$493,300)	-3.5%
Insurance Shoreway	\$213,400	\$213,000	(\$400)	-0.2%
Education Center	\$75,000	\$60,000	(\$15,000)	-20.0%
Debt Service Bond Interest	\$2,885,500	\$2,885,500	\$0	0.0%
Other Operating Expenses	\$226,000	\$216,000	(\$10,000)	-4.4%
Taxes (Sewer)	\$35,400	\$34,800	(\$600)	-1.7%
Franchise Fee (San Carlos)**	\$1,546,800	\$1,513,000	(\$33,800)	-2.2%
Total Shoreway Operations:	\$36,165,100	\$35,566,700	(\$598,400)	-1.7%
* Expense projection based on estimated facility tonnage				
** Expense projection based on estimated gate revenue (tipping fees x estimated tons)				

Capital Spending

Projected capital spending is \$15,000 less than the adopted budget amount of \$925,000 due to elimination of a small capital project related to the education center. Please see **Attachment A** for a worksheet on our capital projects.

Reserve Balances

Table 5 on the next page captures the reserve balance projections for FY1415 compared to the approved budget reserve balance. The projected unrestricted general reserve balance is significantly higher at \$13.1 million vs. the adopted budget at \$11.9 million due to a much higher ending balance for undesignated cash for FY1314. Staff is currently estimating an undesignated cash balance of \$3.9 million for FY1415.

Table 5

	ACTUAL FY1314	ADOPTED BUDGET FY1415	MID-YEAR BUDGET FY1415
UNRESTRICTED:			
RATE STABILIZATON (10% of expense)	\$ 3,021,726	\$ 3,906,648	\$ 3,845,988
EMERGENCY RESERVE (10% of total expense)	\$ 3,021,726	\$ 3,906,648	\$ 3,845,988
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 1,130,726	\$ 1,542,328	\$ 1,542,328
UNDESIGNATED	\$ 5,952,546	\$ 2,530,236	\$ 3,882,022
TOTAL UNRESTRICTED GENERAL RESERVES	\$ 13,126,724	\$ 11,885,859	\$ 13,116,325
COMMITTED:			
BOND PRINCIPAL PAYMENT FUND	\$ 1,004,167	\$ 1,058,330	\$ 1,058,330
TOTAL GENERAL RESERVES	\$ 14,130,891	\$ 12,944,189	\$ 14,174,655

Background

On June 26, 2014 the SBWMA Board of Directors adopted the FY1415 Annual Operating Budget.

The large increase in the Collection Operations portion of the budget is for the new door-to-door HHW collection program in Atherton and Redwood City. This is a pass through expense which is 100% offset by revenues collected from these Member Agencies for the program and therefore exempt from Board approval per the policy below:

The transfer of funds portion of our budget policy was amended on March 28, 2013 to read:

“Any appropriations, with the exception of pass through expenses that are 100% offset by revenue from the same source, in excess of the total expenditures (sum of all four programs areas) included in the adopted budget are subject to Board approval. In the case of pass through expenses, the Executive Director shall provide an update at a Board meeting notifying the Board of the planned expenditures.”

Fiscal Impact

Contributions to cash reserves (formerly known as “net income”) are projected at \$2,158,764 (see **Table 1**) which is \$181,061 less than budgeted (7.7% or 0.4% of revenue). This small variance is largely due to estimated one-time SBR operating expenses of \$175,000 for offsite storage of baled commodities due to a slow-down of Port of Oakland operations. It should be noted that the SBWMA has significant cash reserves in place, see **Table 5**, to address any major operational upsets such as an extended Port of Oakland shutdown, major commodity revenue drops, natural disasters, etc. These reserves buffer Member Agencies from any rate impacts associated with such extraordinary situations.

Approval of the change to Environmental Education Associate position increases staff costs by \$5,539 this fiscal year and an estimated \$12,971 in future fiscal years.

Attachments:

Resolution 2015- 02

Exhibit A – FY1415 Budget Worksheets



RESOLUTION NO. 2015-02

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ACCEPTING MID-YEAR REVIEW OF FY1415 ANNUAL OPERATING BUDGET

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

NOW THEREFORE, BE IT RESOLVED, the South Bayside Waste Management Authority hereby approves the adjustments to the fiscal year 2014/2015 operating budget.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 22nd day of January, 2015, 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. 2015-02 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on January 22, 2015.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cyndi Urman, Board Secretary

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
RESERVE SUMMARY**

FY1415 MID-YEAR BUDGET

	ACTUAL FY1314	ADOPTED BUDGET FY1415	MID-YEAR BUDGET FY1415
UNRESTRICTED:			
RATE STABILIZATON (10% of expense)	\$ 3,021,726	\$ 3,906,648	\$ 3,845,988
EMERGENCY RESERVE (10% of total expense)	\$ 3,021,726	\$ 3,906,648	\$ 3,845,988
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 1,130,726	\$ 1,542,328	\$ 1,542,328
UNDESIGNATED	\$ 5,952,546	\$ 2,530,236	\$ 3,882,022
TOTAL UNRESTRICTED GENERAL RESERVES	\$ 13,126,724	\$ 11,885,859	\$ 13,116,325
COMMITTED:			
BOND PRINCIPAL PAYMENT FUND	\$ 1,004,167	\$ 1,058,330	\$ 1,058,330
TOTAL GENERAL RESERVES	\$ 14,130,891	\$ 12,944,189	\$ 14,174,655

RESERVES CASH FLOW

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
REVENUE SUMMARY**

FY1415 MID-YEAR BUDGET

	ACTUAL FY1314	ADOPTED BUDGET FY1415	YTD 1/9/15	MID-YEAR PROJECTION FY1415	Variance to Adopted Budget	Variance to Appvd Bud %
REVENUE SUMMARY						
ADMINISTRATIVE REVENUES						
409100 INVESTMENT INCOME	155,458	56,500	14,355	67,400	10,900	19.5%
409101 INVESTMENT (GASB 31) MARKET VALUE ADJ					-	
409200 INTEREST INCOME	8292				-	
TOTAL ADMINISTRATIVE	163,750	56,500	14,355	67,400	10,900	19.5%
OPERATIONS						
480026 TIPPING FEES - Non Franchised	6,096,285	6,229,700	2,881,501	5,952,900	(276,800)	-4.9%
480027 TIPPING FEES - Franchised	25,605,623	25,992,200	10,660,221	25,820,200	(172,000)	-0.6%
480028 COMMODITY SALES	10,739,075	10,812,200	3,766,232	10,568,100	(244,100)	-2.3%
480029 COMMODITY REVENUE SHARE	(1,235,181)	(1,521,400)	1,148,671	(1,407,600)	113,800	-7.6%
522717 BUYBACK PAYMENTS	(762,049)	(616,000)	(313,622)	(888,200)	(272,200)	46.0%
480025 E-SCRAP REVENUE	70,287	66,300	2,554	94,500	28,200	40.3%
480033 MRF Host Fee - 3RD PARTY TONS	203,848	361,800	129,766	390,400	28,600	38.2%
480031 HHW DOOR TO DOOR COLLECTION SERVICE	492,980	521,500	286,533	641,200	119,700	24.1%
480032 PERFORMANCE INCENTIVE / DISINCENTIVE		-			-	0.0%
480008 MISCELLANEOUS REVENUE	888	25,000	500	25,000	-	
TOTAL OPERATIONS	41,211,756	41,871,300	18,562,357	41,196,500	(674,800)	-1.6%
TOTAL REVENUE	41,375,506	41,927,800	18,576,712	41,263,900	(663,900)	-1.6%
CONTRIBUTION TO CASH RESERVES	3,854,831	2,339,825		2,158,764	(181,061)	-6.3%
% OF REVENUE		5.6%			-0.43%	

REVENUES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
EXPENSE DETAIL BY PROGRAM

FY1415 MID-YEAR BUDGET

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY							
		ACTUAL	ADOPTED	YTD SPENT	MID-YEAR	Variance to	Notes
EXPENDITURE SUMMARY		FY1314	BUDGET FY1415	1/9/15	PROJECTION FY1415	Adopted Budget	
ADMINISTRATIVE EXPENSES							
520305	ADMINISTRATIVE STAFF	463,454	566,900	257,900	567,500	600	Staff wages and benefits for Exec. Dir., Finance Manager & Board Sec. Three month overlap with new Finance Manager (April-June); estimated cost of \$43,000.
520306	AB 939 PROGRAM STAFF	701,035	703,000	338,900	692,300	(10,700)	Staff wages and benefits for Recycling, Outreach, Compliance and Shoreway. Reflects adjustment for Env. Education Associate position from 32 hrs/week to 40hrs/week.
520328	EMPLOYEE RECRUITMENT / HR SUPPORT		25,000	-	25,000	-	Recruitment cost for new Finance Manager.
520337	PEO COST (HR & PR FEES)	18,408	19,000	6,876	19,400	400	Fees paid to contract HR and payroll service provider.
520312	BOARD COUNSEL	115,565	65,000	17,411	65,000	-	Contracted legal counsel services. Reflects small increase in hourly rate.
520300	BOARD MEETINGS	6,903	3,000	2,006	3,000	-	
520310	ACCOUNTING SERVICES (City of San Carlos)	128,036	131,900	65,950	131,900	-	Fees paid to City of San Carlos for annual accounting and finance support.
520334	INFORMATION TECHNOLOGY	26,999	27,000	18,822	27,000	-	Fees paid to IT service provider.
520338	WEBSITE	12,578	15,000	9,433	15,000	-	Fees paid to website management service provider.
520301	ANNUAL FINANCIAL AUDIT	11,730	9,700	4,950	9,700	-	Fees paid to auditors to complete FY & calendar year financial statements.
520701	D&O INSURANCE	43,817	32,500	34,570	34,600	2,100	Annual insurance premium for Director's and Officer's insurance.
520202	BANK FEES	5,364	7,900	4,973	7,900	-	Bank fees exclusive of fees paid to BNY as the Bond Trustee.
520203	RENT	46,925	53,000	30,578	52,450	(550)	
520204	PRINTING AND POSTAGE	112	150	71	150	-	
520107	UTILITIES & PHONE	15,213	17,000	6,184	17,000	-	City going out to bid for new janitorial services but currently approx. \$2,000/qtr.
520905	OFFICE/TENANT IMPROVEMENTS	395	1,000	-	1,000	-	
520201	OFFICE SUPPLIES	14,594	17,000	7,750	17,000	-	
520215	OFFICE EQUIPMENT COSTS	21,365	25,500	11,204	25,500	-	This may change if we need to change phones with new service.
520504	PUBLICATIONS & PUBLIC NOTICES	1,440	3,000	-	3,000	-	Assumes notice for 2 bids.
520501	PROFESSIONAL DUES & MEMBERSHIPS	2,187	2,300	584	2,300	-	
520801	VEHICLE MILEAGE & TOLLS		125	-	75	(50)	
520105	CELL PHONES	3,667	4,000	1,899	4,000	-	Reimbursement for employee work related cell phone costs.
520503	CONFERENCE & MEETINGS	7,973	10,000	4,666	10,000	-	Higher participation at conferences assumed due to long range planning.
520502	TRAINING	2,387	6,500	1,250	6,500	-	Includes employee professional development and education.
520511	SPONSORSHIPS & DONATIONS	9,000	9,000	3,000	9,000	-	Sponsorships for Acterra, SSMC, CAW and CPSC.
522706	COMPUTER PURCHASE	7,902	8,000	6,555	8,000	-	
TOTAL ADMINISTRATIVE		\$ 1,667,049	\$ 1,762,475	\$ 835,530	\$ 1,754,275	\$ (8,200)	
CONTRACT COMPLIANCE AND SUPPORT							
520307	RATE REVIEW	32,179	40,000	6,377	40,000	-	
TOTAL RATE REVIEW		32,179	40,000	6,377	40,000	-	
CONSULTANT SUPPORT							
520308	FACILITY IMPROVEMENT OVERSIGHT		30,000	-	30,000	-	Disaster Management Plan.
520309	HCM01 CONTRACT MANAGEMENT SUPPORT	58,914	66,400	13,686	66,400	-	Annual financial audit of RSMC and SBR.
520309	HCS02 COLLECTION SERVICES FRANCHISE ADMIN.	53,353	75,000	10,913	75,000	-	\$15k call center monitoring; \$60k annual audit.
520336	QUARTERLY LOAD CONTAMINATION MONITORING	41,801	46,000	21,533	46,000	-	Bi-annual Recology contamination sampling.
TOTAL CONSULTANT		154,068	\$ 217,400	\$ 46,132	\$ 217,400	\$ -	
TOTAL CONTRACT COMPLIANCE & SUPPORT		\$ 186,247	\$ 257,400	\$ 52,509	\$ 257,400	\$ -	

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
EXPENSE DETAIL BY PROGRAM

FY1415 MID-YEAR BUDGET

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY						
EXPENDITURE SUMMARY	ACTUAL FY1314	ADOPTED BUDGET FY1415	YTD SPENT 1/9/15	MID-YEAR PROJECTION FY1415	Variance to Adopted Budget	Notes
RECYCLING - AB939 AND AB 341 COMPLIANCE						
RECYCLING ADMINISTRATION						
520311 CIWMB ANNUAL REPORTS	20,311	25,000	19,750	25,000	-	CalRecycle Electronic Annual Report for 10 Member Agencies.
520341 SBWMA ANNUAL REPORT	3	5,000	-	5,000	-	
520309 HDV01 DIVERSION PROGRAM SUPPORT	17,534	60,000	-	60,000	-	\$35k pilot public spaces recycling project, \$25k for pilot code enforcement.
520604 EVENT GIVEAWAYS		1,500		1,500	-	
TOTAL RECYCLING ADMINISTRATION	37,848	91,500	19,750	91,500	-	
LONG RANGE PLAN/DIVERSION PROGRAMS						
520340 LONG RANGE PLAN ALTERNATIVES	51,358	232,500	38,410	247,500	15,000	\$45K organics recovery study (SVCW MOU) including technology analysis, and operational pilot and testing; \$207.5k for development of Long Range Plan. Transferred \$15k from line item 520604 as Home diversion calculator project cancelled.
520340 MPOTR MASTER PLAN OUTREACH					-	
520344 SOLAR SYSTEM ENGINEERING AND EVALUATION					-	
TOTAL LONG RANGE PLAN/DIVERSION PROGRAMS	51,358	232,500	38,410	247,500	15,000	
COMMERCIAL PROGRAMS						
520331 LARGE EVENT/VENUE CONSULTING		7,500	-	7,500	-	Repurpose 2nd trailer as mobile education trailer, will explore grant funding opportunities.
520608 CLIMATE CHANGE REPORTING	26,909	23,000	2,924	23,000	-	Incorporating all of Shoreway requires much more reporting requirements and review by outside auditors.
520604 COE01 COMMERCIAL RECYCLING TECHNICAL ASSIST.	48,766	85,000	4,830	85,000	-	\$15k-AB341 Compliance Outreach; \$20K commercial toolkit; \$10k-business awards program; \$25k-Reporting System Ordinance; \$15k-website upgrade for Reporting System
520604 COE02 PURCHASE COMM/MFD CONTAINERS FOR RECOLOGY	35,894	60,000	3,800	60,000	-	\$10k for buddy bags, \$10k for other commercial containers, \$20k for municipal bldgs., \$20k for other public spaces (downtowns, parks). All purchases for Recology.
520604 CDRCY C&D RECYCLING PROGRAM		-	-	-	-	
520604 MF001 MULTI-FAMILY OUTREACH	15,346	50,000	3,821	50,000	-	Includes \$30K MFD toolkit updates/additions; \$10K battery/cell outreach; \$10K-MFD awards program.
TOTAL COMMERCIAL PROGRAMS	126,915	225,500	15,374	225,500	-	
RESIDENTIAL PROGRAMS						
520604 QNL01 QUARTERLY NEWLESTTER DESIGN/SETUP	1,455	15,000	15,139	20,000	5,000	Design/produce 3 newsletters - pricing based on Pub ED RFQ/Cost proposals. (Adjusted to reflect actual spend; invoice had additional \$8K for this line item when it should be charged against printing of newsletter. Adj. budget by \$5K to reflect pricing from RFQ.)
520604 QNLPM QUARTERLY NEWLETTER PRINTING/MAILING	82,248	95,000	18,962	90,000	(5,000)	Assumes 2 direct mail newsletters and one sent via bill insert. Will be adjusted to reflect findings of residential phone survey. Adjusted to reflect actual spend (added \$8K to this line item for corrected invoice. Adjusted budget by \$5K to reflect pricing from RFQ)
520604 RES01 RESIDENTIAL OUTREACH PROGRAMS	136,895	135,000	34,625	120,000	(15,000)	Includes \$70K on-going outreach/support for existing programs; \$12K annual residential service notice development; \$15K website/social media maintenance and updates; \$23,000 mobile phone app annual fee. Removed \$15K for home diversion calculator promotion.
520604 COMPS COMPOST GIVEAWAY		1,000	675	1,000	-	Transferred \$15K to LRP line item.
520604 HHWUW HHW DOOR TO DOOR COLLECTION OUTREACH	69,778	80,000	17,629	80,000	-	Ongoing promotion for existing Member Agencies (MAs) in program, includes direct mail, print and outdoor advertisements; also includes budget (\$25k) for new MAs joining program.
520335 CURBSIDE HOUSEHOLD BATTERY OUTREACH	2,866	5,000	-	5,000	-	Ongoing outreach to promote our curbside battery and cell phone collection services.
520604 ECE01 ELECTRONIC COLLECTIONS EVENTS		1,000	945	1,000	-	
TOTAL RESIDENTIAL PROGRAMS	293,242	332,000	87,975	317,000	(15,000)	
TOTAL RECYCLING - AB939 AND AB 341 COMPLIANCE	\$ 509,363	\$ 881,500	\$ 161,508	\$ 881,500	\$ -	
SUBTOTAL SBWMA PROGRAM BUDGET	\$ 2,362,659	\$ 2,901,375	\$ 1,049,548	\$ 2,893,175	\$ (8,200)	
COLLECTION OPERATIONS						
522710 HHW DOOR TO DOOR COLLECTION SERVICES	490,847	521,500	163,616	641,200	119,700	Added Atherton and Redwood City effective 3/1/15. This is a pass through expense 100% offset by revenue.
522719 SHRED EVENT SERVICE - NEW ACCOUNT			1,692	4,061	4,061	
522711 CURBSIDE HOUSEHOLD BATTERY RECYCLING SERVICES						<i>Budget line inactive</i>
TOTAL COLLECTION OPERATIONS	490,847	521,500	165,308	645,261	123,761	Included in disposal and processing costs line item.
TOTAL SBWMA PROGRAM BUDGET	\$ 2,853,506	\$ 3,422,875	\$ 1,214,856	\$ 3,538,436	\$ 115,561	

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY							
		ACTUAL	ADOPTED	YTD SPENT	MID-YEAR	Variance to	Notes
EXPENDITURE SUMMARY		FY1314	BUDGET	1/9/15	PROJECTION	Adopted	
		FY1415	FY1415		FY1415	Budget	
SHOREWAY OPERATIONS							
522712	OPERATOR COMPENSATION - SBR	16,359,877	17,061,200	5,646,530	17,015,900	(45,300)	Payments per ton by JPA to SBR for facility operations services per Ops. Agreement. Added \$175k in expense related to extra handling costs for commodities due to impacted Port of Oakland operations. Incurring extra costs for offsite storage of baled commodities.
522713	DISPOSAL & PROCESSING COSTS	13,357,426	14,121,800	5,620,435	13,628,500	(493,300)	
520710	INSURANCE SHOREWAY	203,081	213,400	135,299	213,000	(400)	Payments per ton by JPA to third party disposal and processing vendors such as Ox. Mtn. landfill, organics processors, etc.
522714	SHOREWAY FACILITY COST	171,369	160,000	72,000	160,000	-	
570300	SHOREWAY MAINTENANCE - New	25,219				-	Facility repair and maintenance projects not treated as "capital" projects.
522701	ALLIED WASTE BALANCING ACCOUNT						
<i>Budget line inactive</i>							
522718	EDUCATION CENTER OPERATIONS	38,589	75,000	13,325	60,000	(15,000)	Budget for tour supplies, special events such as Earth Day and America Recycles Day, outreach materials, school compost, trash to art contest, and school busing (\$25k). Lower spending due to reduced staffing YTD.
522716	MAINTENANCE - OX MTN TIPPER	28,421	36,000	13,245	36,000	-	
520901	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k		30,000	-	20,000	(10,000)	Unplanned MRF equipment repairs greater than \$10k are responsibility of JPA.
520324	TAXES (SEWER)	32,540	35,400	16,815	34,800	(600)	
SUBTOTAL SHOREWAY OPERATIONS		\$ 30,216,522	\$ 31,732,800	\$ 11,517,648	\$ 31,168,200	\$ (564,600)	
SHOREWAY OTHER							
521104	DEBT SERVICE BOND INTEREST	2,943,529	2,885,500	485,935	2,885,500	-	Solid Waste Enterprise Revenue Bond interest payments.
522702	FRANCHISE FEE	1,507,118	1,546,800	517,846	1,513,000	(33,800)	5% franchise fee payments by JPA to City of San Carlos.
SUBTOTAL SHOREWAY OTHER		\$ 4,450,647	\$ 4,432,300	\$ 1,003,781	\$ 4,398,500	\$ (33,800)	
TOTAL SHOREWAY OPERATING EXPENSE		\$ 34,667,169	\$ 36,165,100	\$ 12,521,429	\$ 35,566,700	\$ (598,400)	
TOTAL OPERATING EXPENSES (SBWMA Program + Shoreway Operations)		\$ 37,520,675	\$ 39,587,975	\$ 13,736,284	\$ 39,105,136	\$ (482,839)	
<i>excludes non-cash items such as depreciation</i>							

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
CAPITAL BUDGET**

FY1415 MID-YEAR BUDGET

			CAPITAL PROJECTS						
PROJECT DESCRIPTION			ADOPTED BUDGET FY1314	ADOPTED BUDGET FY1415	MID YEAR PROJECTION FY1415	FORECAST FY1516	FORECAST FY1617	FORECAST FY1718	FORECAST FY1819
570300	SF044	Transfer Station (TS)Tipping floor resurfacing	150,000	200,000	200,000	100,000	100,000	100,000	100,000
570300	SF045	Site paving repairs and restriping						600,000	
570300	SF047	Site signage	40,000	40,000	40,000				
570300	SF049	Truck shop building maintenance	25,000	20,000	20,000	20,000	20,000	20,000	20,000
570300	SF050	TS building maintenance	25,000	20,000	20,000	20,000	20,000	20,000	20,000
570300	SF051	MRF building maintenance	25,000	25,000	25,000	125,000	125,000	125,000	125,000
570300	SF052	Admin building maintenance	40,000	40,000	40,000	40,000	115,000	40,000	40,000
570300	SF053	Site maintenance	25,000	25,000	25,000	25,000	25,000	25,000	25,000
570300	SF055	Fire suppression	140,000						
570300	SF056	Repairs to landfill tipper	80,000	70,000	70,000				
570300	SF060	Education center exhibits	20,000	15,000	-			15,000	
570300	new	MRF tip area canopy		450,000	450,000				
570300	new	Electric charging station		20,000	20,000			15,000	
570300	new	Replace fuel storage and distribution system							1,000,000
570300	new	Energy storage system							
570300	new	Baler reline							120,000
570300	new	CNG fueling station							
570300	new	Organics to energy					5,000,000		
SUBTOTAL CAPITAL PROJECTS			570,000	925,000	910,000	330,000	5,405,000	960,000	1,450,000

CAPITAL



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Date: January 22, 2015 Board of Directors Meeting
Subject: Executive Director Status Report on Goal Progress

Recommendation

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

Analysis

At the request of the Board Chair and Vice Chair, the Executive Director has prepared a status report (see **Attachment A**) on progress towards meeting his FY1415 goals as adopted by the Board on September 25, 2014. These goals were also discussed in closed session on August 28, 2014 and September 11, 2014.

As shown in **Attachment A**, substantial progress has been made on nearly all of the goals and the Executive Director looks forward to answering any questions about this at the Board meeting.

Background

The Executive Director's goals were developed through a collaborative, multi-step process that captured feedback from all Board Members and from the Executive Director. Board feedback was provided through a Board adhoc subcommittee and through discussions at two closed sessions. Feedback from the Executive Director was through discussions with the Board Chair.

The goals cover the full scope of the JPA's legal obligations and responsibilities to manage a nearly \$100 million per year recycling, composting and solid waste collection system including ownership of the nationally recognized Shoreway Environmental Center in San Carlos. The goals also address future long range planning efforts, a review of major policies, and enhanced engagement between the Executive Director and Board Members.

Fiscal Impact

There is no fiscal impact associated with this item.

Attachments:

A – Executive Director FY1415 Goals – Status Report

ATTACHMENT A
FY 1415 Executive Director Goals – Status Report

1. **Long Range Plan Visioning Workshop:** Plan and host a one-day “Visioning” workshop which will provide SBWMA Board Members and other key stakeholders in our service area insight into future waste reduction, recycling and composting policies, programs and technologies to meet the state’s 75% diversion goal by 2020.

Results Achieved: The Executive Director with strong support from his staff, organized and hosted a very successful “Visioning” workshop held on November 6, 2014. The workshop had 7 speakers on three panels and a keynote speaker whose presentation was widely praised. The workshop was well attended by Board Members, TAC Members and other key stakeholders. A home page for the workshop can be found on our website at <http://www.rethinkwaste.org/about/board-of-directors/long-range-plan>.

2. **Strategic Plan Development:** Prepare and gain board approval of a 10-year strategic plan for effective waste collection, processing and overall waste reduction plus include steps necessary to meet the state’s 75% diversion goal by 2020. The plan will address emerging technologies and major capital improvements anticipated over the time period.

Each project shall have a descriptive explanation (e.g., project purposes, goals, etc.), projected initial costs as well as lifetime costs and an ROI as appropriate. The capital projects will be individually discussed with the Board. The project details will be available prior to April 2015, assuming Board approval of the Plan in March or April 2015 so as to be included in the FY1516 Budget CIP.

Results Achieved: The Executive Director with strong support from his staff has met all milestones to date in development of the Long Range Plan including: preparing and getting Board approval on September 11, 2014 of the Guiding Principles for the LRP; active engagement of our contractors (i.e., Recology and SBR) through hosting two half day meetings in September to discuss program ideas and service enhancements and ongoing communications; organizing and hosting the Visioning Workshop on November 6, 2014; and providing a status report to the Board on November 20, 2014. Staff is on schedule to present a draft Long Range Plan to the Board at the March 26, 2015 Board meeting.

3. **Efficient and effective management:** Provide management of the RethinkWaste Team to ensure efficient operation of the organization, applicable project coordination and execution and budget control. Manage the Shoreway facility, Recology contract and other major contracts.

Results Achieved: Staff have been effectively managed to clearly defined performance goals and all major projects are on track. Contract administration and support is ongoing for the franchise agreements and Shoreway Operations Agreement with successful completion of 2013 audits (completed in 2014), and 2015 annual compensation adjustment process for both contractors. The majority of our Member Agencies had no rate adjustments for the third year in a row. New contracts were negotiated for our organics processing vendors with overall costs projected below the adopted FY1415 budget figures.

Mid-year budget review completed and to be presented at the January 22, 2015 Board meeting; SBWMA program budget projected to be under budget for full fiscal year. All unrestricted general reserves (rate stabilization, emergency reserve and equipment replacement) are fully funded and undesignated cash balances are higher than projected.

A special item came up with regards to the SBR request for consent to Assignment and this was handled in a timely, thorough and financially and operationally beneficial manner. With the Board's approval on December 17, 2014 of the consent to Assignment, the JPA have retained the significant financial value of the SBR contract, met all legal requirements, added new value with the pending hiring of a senior finance position by Recology and negotiated some short-term financial savings. Further savings may accrue in the future pending required follow-up information by SBR.

4. Budget Control: Develop and manage overall budgets effectively. Ensure budget development is initiated such that all Board presentations on budget and CIP items are completed by May 2015 to allow the Board adequate time to evaluate and consider all aspects. The FY1516 Budget shall also include a 2016-2020 capital budget projection. Identify any risks to budget within 30 days of identification and present alternatives and projections to the next scheduled Board meeting or call a special Board meeting as needed.

Results Achieved: The budget process for FY1516 has effectively started with staff completion of the mid-year budget review for FY1415 which is before the Board on January 22, 2015. Staff has also committed to preparing the draft FY1516 budget with actual budget figures in time for the April 23, 2015 Board meeting.

In the FY1415 mid-year budget review, staff has identified a risk item relating to the one-time costs associated with a slow-down of Port of Oakland operations; the slow-down is impacting SBR's ability to export baled commodities so offsite bale storage has occurred. Staff is in daily contact with SBR regarding this issue and will keep the Board apprised if the issue continues for an extended period of time or threatens daily MRF operations.

5. Policies/Procedures Review: Periodically review existing SBWMA policies with the Board for input and/or revisions. All major agency policies (e.g., purchasing, cash reserve, employee policies, etc.) shall be reviewed at least every three years unless other considerations are documented that would require a shorter or longer review timeframe. During FY1415, the Board will review the Purchasing and Employee Compensation policies.

Results Achieved: Staff will be reviewing a number of polices and seeking Board input. At the January 22, 2015 Board meeting, the Investment Policy will be reviewed. The Employee Handbook and Employee Compensation policy will be reviewed at the February 26, 2015 Board meeting; such policies are being reviewed in lieu of the Purchasing Policy which will be reviewed next fiscal year.

6. Evaluate Outsourced Services: Other than any long-term contracts (e.g., franchise agreements, Operations Agreement, disposal and processing contracts, etc.), review other vendor contracts and recommend to the Board an appropriate strategy for whether and when to conduct a competitive procurement process. During FY1415, staff will evaluate the office lease and accounting and finance contracts and conduct a competitive procurement process as necessary.

Results Achieved: Staff has reviewed the office lease with the City of San Carlos and is recommending a short-term extension of 6-12 months so additional options can be reviewed by the Board. Staff did meet with a local commercial real estate broker regarding how competitive the SBWMA's current lease rate was and determined that we have a very competitive rate. Staff also found out that the San Carlos Chamber of Commerce's new lease rate, they just recently moved into space at the San Carlos Library, is lower at \$1.70/sq. ft. than the SBWMA's lease rate of \$1.80/sq. ft. The Long Range Plan will include options and preliminary costs for creating administrative space at the Shoreway Environmental Center to house the SBWMA staff.

Staff is in the process of determining the best long-term options for its accounting and finance services. The City of San Carlos has expressed interest in a longer-term contract. One other Member Agency, the Town of Atherton, has also expressed interest in providing the service. Staff, however, doesn't feel it makes sense to make any

changes to our service provider in the next six-nine months given the planned hiring of a new Finance Manager this spring.

7. Plan for Future Franchise Agreements: Develop plan and decision support model (process) for how to prepare Member Agencies for the 2017 decision to extend or not the current franchise agreement with Recology. The plan will address how to review the existing uniform franchise agreement, how to develop the future scope of work for collection services, and how to develop a proforma model to benchmark current and future projected collection costs.

Results Achieved: Staff is preparing an agenda item for the February 26, 2015 Board meeting to address this goal.

8. Work effectively with the Board: Invite each Board member to meet at least two times per year outside of Board meetings. In staff reports for Board meetings, include options and/or alternatives to issues and decision items. Staff reports should provide more of an executive summary and staff recommendation, followed by analysis with alternate options as applicable with drill down detail (such as on budgets) following or as links.

Results Achieved: The Executive Director meets at least monthly with the Board Chair and Vice Chair. To date, the Executive Director has also met with nine of the other ten Board Members at least once. The Executive Director has also engaged with the adhoc Audit Subcommittee (Board Members Widmer, Benton and Brownrigg) twice so far this fiscal year. Future engagement will occur with Board Members participating on the adhoc subcommittee to interview Recology GM candidates and a separate subcommittee that will be created to interview SBWMA Finance Manager candidates. The Executive Director will also continue to invite Board Members to meet as needed to address specific items or concerns that may come up.

The Executive Director and staff have worked diligently to streamline staff presentations and staff reports. Major staff reports have a new "summary" section to provide the Board a brief snapshot of what the purpose of the item is, and what action or feedback is requested of the Board. The analysis section of staff reports will continue to serve the purpose of providing a rationale for any recommended action and state any alternatives to the recommendation as appropriate. These changes in total have reduced the length (# of pages) of the Board packets, too.

Starting with the November 2014 Board meeting agenda, it is now structured around the JPA's key functional areas (Administration and Finance, Collection and Recycling Programs, and Shoreway Operations). Staff updates have been eliminated and an Executive Director's Report created to better communicate critical information including sharing industry news or stories of interest. Informational items have been grouped together at the end of the agenda.

9. Perform independent and confidential employee self-evaluation and share results with Board. Include in Board report feedback and any suggestions for improvement.

Results Achieved: A 360 degree survey was provided to employees in August 2014 with feedback tabulated on August 29, 2014. The results were very positive and will be shared with the Board at a future Board meeting in the next 60-90 days.



COLLECTION AND RECYCLING PROGRAM SUPPORT AND COMPLIANCE

Agenda Item 6



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



SHOREWAY OPERATIONS AND CONTRACT MANAGEMENT

Agenda Item 7



STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Facility Operations Contracts Manager
Date: January 22, 2015 Board of Directors Meeting
Subject: Update on Transfer Station Organics Recovery Project

Recommendation

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

Summary

This report provides an update on the work that the SBWMA and Silicon Valley Clean Water (SVCW) staff and consultants have completed in developing a preliminary technical and financial feasibility study to determine the viability of a joint venture project that would convert discarded food waste from garbage to bio-methane and energy. A proforma on this project will be included in the draft Long Range Plan document to be presented at the March 26, 2015 Board meeting.

Analysis

The SBWMA's primary goal for the Organics to Energy project is to achieve high levels of diversion to meet the State's 75% recycling goal and to do so at or below the cost of current and projected landfill disposal costs. Staff believes that through a partnership approach with Silicon Valley Clean Water (SVCW) the agencies can leverage existing infrastructure at the Shoreway facility and at the SVCW wastewater treatment plant to keep project capital expense lower. Additionally, it is expected that each agency can realize value from the sale of recyclable materials, from avoided landfill disposal cost, and from avoided energy purchase that will partially offset the operational expenses of the project.

The SBWMA staff have been working on a parallel track with SVCW in the development of a preliminary technical and financial feasibility study. The following work tasks are in various stages of completion:

- Waste characterization analysis to identify recyclables materials and food waste quantities and values
- MSW processing equipment design with capital and operational cost estimates
- Scenario analysis for transfer station building expansion footprint
- Design and layout for an organics extrusion press, slurry handling and slurry load-out system
- Transportation capital and operations cost analysis for organics delivery to SVCW
- Landfill disposal cost savings projections
- Analysis of potential recyclable commodity recovery and associated sales revenue
- Project preliminary financial pro forma development with cost sensitivity analysis

Sloan Vasquez consultants and Anaergia, Inc. are assisting the SBWMA in performing the above tasks – Sloan Vasquez has extensive MRF experience and has completed prior waste characterization analyses for the SBWMA; Anaergia has experience facilitating partnerships between solid waste and wastewater treatment agencies and is also assisting SVCW in the analysis of food waste digestion.

Findings to-date from both SBWMA and SVCW preliminary technical and financial feasibility study indicate that the project has the potential to deliver benefits on all of the goals set out for the project. Staff will provide an

update to the Board in March as part of the Long Range Plan process and as more conclusive results are available.

Background

Since 2009, staff of SBWMA and SVCW has been exploring a potential partnership opportunity to divert SBWMA's food waste into SVCW's digesters for increased biogas production. In April 2014 the SBWMA and the SVCW Boards approved a memorandum of understanding (MOU) demonstrating each agency's commitment to further developing a project to sort food waste from garbage at the Shoreway transfer station and process this into a feedstock for anaerobic digestion and energy production at the SVCW wastewater treatment facility. Both agencies have committed funds towards researching the technical and financial feasibility of such a joint venture project. The SBWMA Board approved a budget amount for FY1415 of \$45, 000 to complete the technical and financial feasibility analysis. As part of the study, the SBWMA staff and consultants have been working to resolve technical hurdles related to food waste separation and contaminant removal. SVCW is on a parallel research track and is analyzing the technical and financial feasibility of anaerobically digesting food slurry with their biosolids to produce energy for use at the wastewater treatment facility.

Numerous benefits of an organics-to-energy project have been identified and presented to the Board in prior updates. Strategic drivers and benefits of the project include:

- Potential to divert from the landfill and into energy production, 25% of the SBWMA's waste stream (171 tons of 685 tons per day of garbage) which could bring the JPA much closer to achieving the State's goal of 75% diversion from landfill by 2020
- Substantial increases to SVCW's biogas production and onsite energy generation, reducing SVCW's reliance on PG&E for purchased energy and associated price fluctuation vulnerabilities
- Substantial reductions in overall disposal and transportation cost incurred by SBWMA that would be shared with the SVCW to offset SVCW's increased operational and biosolids handling costs
- Several promising outside grant funding opportunities (from PG&E, CalRecycle, California Energy Commission and other State entities) that may be applicable to this project
- Compliance with AB1832 – Organics Diversion Regulation passed in 2014 that requires commercial waste generators to set up separate collection for food waste if they generate over a certain quantity of materials
- Joint venture effort with SVCW provides capital cost efficiency by leveraging existing wastewater treatment infrastructure

Past Project Milestones include:

- Demonstration of Anaergia's test extrusion press at Shoreway transfer station in October 2013
- Workshop between SBWMA, SVCW, and Anaergia held in January 2014
- MOU between SBWMA and SVCW approved by the Board in April 2014
- SVCW Board project update scheduled for January 22, 2015

Fiscal Impact

The SBWMA FY1415 budget included expenditures in the amount of \$45, 000 to evaluate the preliminary technical and financial feasibility an organics-to-energy project. The project is on track to spend the full budget amount on consulting expense, laboratory analysis fees, and waste composition work. It is anticipated that the project funds will be spent before the end of the fiscal year. Funding for the next steps of the project will be forecast to the Board as part of the FY1516 budget process.

STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Facility Operations Contracts Manager
Date: January 22, 2015 Board of Directors Meeting
Subject: Update on Impact of the Port of Oakland Operations on MRF Operations

Recommendation

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

Summary

Staff would like to bring to the Board's attention that there are ongoing impacted operations at the Port of Oakland that are having a significant impact on SBR's ability to ship recycled commodities and this is impacting Shoreway MRF operations and cost. As a result of delays at the Port, bales of fiber commodities are being stored in offsite locations as onsite storage capacity at the Shoreway facility is full. The duration of the impacted Port of Oakland operations is unknown and therefore the operational impacts and full cost to SBR is unknown. Staff and legal counsel believe that the expenses incurred as a result of the Port disruptions are not the fault of SBR and therefore should not be borne by the company. For the purposes of budgeting, staff has included an estimate of \$175,000 for these extraordinary one-time costs in the mid-year budget documents included in the January 22, 2015 Board packet. Staff has also temporarily prohibited any inbound third-party tons into the Shoreway facility.

Analysis

For roughly eight months, labor disputes and related operational issues at the Port of Oakland have impacted and slowed the normal processing and shipping of export-bound commodities from the Shoreway MRF. Since December the situation at the Port has gotten progressively worse, requiring stockpiling of commodities on-site and offsite. After SBR used up all on-site storage that is normally used to store commodities they began transporting and storing materials to offsite warehouses in Newark so that MRF operations could continue without curtailment (i.e., reduced ability to receive inbound materials from Recology route trucks). Specifically, on Sunday December 28th, SBR transported 16 loads (303 bales) to offsite storage and moved all of the remaining non-fiber bales to outside storage at the Shoreway facility. SBR delivered an additional thirty 30 loads (569 bales) the week of December 29th for a total of 960 bales shipped to offsite storage locations.

Image of Bale Storage at Shoreway MRF



As of January 14th, SBR has stored 300 tons of baled material on-site and has transported 1,100 tons of baled fiber to two leased warehouses in Newark. The current conditions at the Port of Oakland are tenuous and commodities are being exported on a very limited basis.

To prevent a material back up that could threaten the MRF operations, staff and SBR are searching for additional offsite storage options. Regulatory agencies responsible for oversight of Shoreway have been advised of the situation. Staff also directed SBR on January 13th to not receive any non-franchise ("third party") recyclables through at least January 16th and then such receipt will be further evaluated.

SBR has provided regular updates to the SBWMA staff regarding the disruptions at the Port of Oakland. On January 8, 2015, SBR provided notice to the SBWMA of their intentions to request an "Excuse from Performance" under Section 11.09 of the Operations Agreement (see **Attachment A**, Letter from SBR). After consultation with SBWMA legal counsel, staff has agreed in principle that the expenses incurred by SBR as a result of the Port of Oakland disruption are not the fault of the company and therefore should not be borne by the company. SBWMA staff has reviewed the material handling and warehousing cost-structure submitted by SBR and has approved in principle the cost-basis for SBR's materials handling and storage expenses. Detailed costs for alternative additional material handling and storage options will be analyzed as they are identified.

Material Handling Logistics and Associated Cost

As mentioned above, the SBWMA staff has reviewed and approved in principle the cost-basis for SBR's extra material handling expenses and will be updating the material handling logistics and associated costs on a regular basis. An estimate of the cost of the special material handling and storage expense has been forecast at \$175,000 and included in the mid-year budget (provided to the Board in the January Board Packet). The mid-year budget forecast has been estimated by assuming that two weeks of baled fiber (paper) production (i.e., approximately 3,000 tons) from the MRF is stored in offsite warehouses. The estimated expense for the materials handling, transportation, and offsite storage of the currently warehoused 1,100 tons is \$57,500 - note that 1,100 tons of material is equal to 3.5 days of MRF commodity storage and if more offsite storage is required, this cost will increase. Other factors that will impact final costs are: length of time for Port delays and recovery time period, volume of materials and storage size needed, rental terms of storage facilities (may be multiple sites), and distance to travel to storage sites.

As the situation at the Port of Oakland changes, staff will update the Board Members particularly if there is any threat to continued MRF operations and/or if projected cost impacts are expected to differ from the estimate included in the mid-year budget review.

Background

Throughout December 2014 and into January 2015, the Port of Oakland (as well as the Port of Long Beach and Port of Seattle) have experienced reduced container processing due to labor disruptions. The slow-downs are the outcome of disagreements between the International Longshore and Warehouse Union (ILWU) and the Port of Oakland operators, the Pacific Maritime Association. As described further in **Attachments B and C**, a federal mediator was called-in in early January help break the impasse in negotiations, but, as of the writing of this staff report commodity shipping conditions have not improved (toward the end of December the Port of Oakland was closed on 4 weekdays and has operated at substantially below capacity throughout January). The labor disruptions have caused substantial delays for all import and export cargo moving through the Port of Oakland and the rest of the West Coast. SBR exports all of the fiber (cardboard, newspaper, mix paper) and most of the plastics from the Shoreway MRF via the Port of Oakland and as a result, SBR (as well as other recyclers in the

Bay Area) has been forced to find temporary storage for baled fiber commodities until the delays at the Port are resolved.

Fiscal Impact

Based on reviewing cost information provided by SBR and assuming only 3,000 tons are affected, staff has estimated \$175,000 in one-time expense associated with the offsite storage of baled fiber commodities destined for export via the Port of Oakland. This figure has been incorporated into the mid-year budget review documents included as agenda item 5B in the Board packet.

Attachments:

A – Letter from SBR regarding Excuse from Performance

B – Port of Oakland 1/6/2015 Press Release

C – SF Gate January 14th article on Port of Oakland congestion

Attachment A

South Bay Recycling, LLC



January 8, 2015

Mr. Kevin McCarthy
Executive Director
SBWMA - ReThink Waste
610 Elm Street, Suite 202
San Carlos, CA 94070

Re: Agreement For Operation of the Shoreway Recycling and Disposal Center
Partial Excuse From Performance 11.09 – Recyclables Shipped from Site

Dear Mr. McCarthy:

The purpose of this letter is to notify the SBWMA of SBR's request for partial excuse from performance to ship some of the baled fiber (OCC, ONP, and Mix Paper) to a temporary warehouse in the bay area due to causes at the Port of Oakland which are not the fault of or within the reasonable control of SBR.

In the fourth quarter of 2014 delays and disruptions at the Port of Oakland came to a head at the end of December. SBR notified SBWMA of these issues during conversations and emails dated Nov 19, Dec 23, Dec 24, and Dec 26. We also provided documentation and information regarding the evolving situation from steamship lines, news reports, press releases, truckers, and recyclers.

The event itself is an ongoing labor dispute between the Pacific Maritime Association (PMA) and the International Longshoremen Warehouse Union (ILWU) who have been working without a contract for over 6 months. The service impacted from this event is the lack of outbound shipment capacity to move baled fiber from the site. The expected length of time is two months, but during this time SBR will continue to operate the site and receive material. The impact during this period to the SBWMA is the need to temporarily store apx. 1,200 tons of baled fiber in a temporary warehouse in the bay area.

SBR will continue to keep SBWMA advised of the situation and present staff with documentation for the material handling costs which were incurred to deal with the above mentioned issue. It is our expectation that costs which were reasonable and necessary will be reimbursed to SBR, subject to review and approval of SBWMA.

Regards,

A handwritten signature in black ink that reads "Daniel J. Domonoske".

Daniel J. Domonoske
Vice President

333 Shoreway Road | San Carlos, California 94070
Tel 650.802.8355 | Fax 650.591.3268 | www.SBRrecycling.net

Port of Oakland Applauds Call for Federal Mediator in Labor Talks

Agreement seen as first step in breaking eight-month waterfront negotiating impasse

Oakland, CA – Jan. 6, 2015 – The Port of Oakland today applauded a decision to bring federal mediation to stalled West Coast waterfront labor talks. It called the action a key first step in breaking an eight-month negotiating impasse between employers of the Pacific Maritime Association and the International Longshore and Warehouse Union. Representatives from both sides asked last night for outside help in negotiating a contract to replace one that expired last July.

"The announcement shows that both sides understand the importance of arriving at a contract settlement," said Port of Oakland Executive Director Chris Lytle. "The impasse has affected port operations up and down the West Coast and the sooner it's resolved, the sooner we can resume the normal flow of trade in and out of the U.S."

Ports from Los Angeles to Seattle reported productivity declines in the fourth quarter of 2014 that slowed trade flows. Labor-management disputes were cited as one of the principal causes. A new contract for dockworkers is expected to help restore the flow of containerized cargo.

The Port of Oakland is not part of the waterfront labor talks. As a landlord port, it leases its facilities to private-sector operators who manage terminals and hire longshore workers. Nevertheless, the Port and terminal operators have taken an active role in addressing the impact of stalled negotiations. The steps include:

- Night and weekend gates to help ease a cargo buildup at marine terminals;
- Express lanes to speed the movement of containerized imports out of the Port; and
- Daily status updates for customers that include reports on waterfront staffing levels.

Mediation is just the first step in producing a new contract for dock workers. The goal is to craft a deal that can be ratified by employers and the full union membership. Both sides have remained mum on the issues that stand in the way an agreement.

About the Port of Oakland

The Port of Oakland oversees the Oakland seaport and Oakland International Airport. The Port's jurisdiction includes 20 miles of waterfront from the Bay Bridge through Oakland International Airport. The Oakland seaport is the fifth busiest container port in the U.S.; Oakland International Airport is the second largest San Francisco Bay Area airport offering over 300 daily passenger and cargo flights; and the Port's real estate includes commercial developments such as Jack London Square and hundreds of acres of public parks and conservation areas. Together, through Port operations and those of its tenants and users, the Port supports more than 73,000 jobs in the region and nearly 827,000 jobs across the United States. The Port of Oakland was established in 1927 and is an independent department of the City of Oakland. Connect with the [Port of Oakland](#) and [Oakland International Airport](#) through Facebook, or with the Port on Twitter, YouTube, and at www.portofoakland.com

1/15/2015

Congestion at West Coast ports is getting even worse - SFGate

SFGATE <http://www.sfgate.com/business/bottomline/article/Congestion-at-West-Coast-ports-is-getting-even-6013264.php>

Congestion at West Coast ports is getting even worse

By Andrew S. Ross Updated 10:40 am, Wednesday, January 14, 2015



IMAGE 1 OF 4

Container ships wait at terminals at the Port of Oakland, full of cargo that is not reaching its destination.

The seasonal rush is over and federal mediators are in San Francisco to help settle a contract dispute between shippers and longshoremen. The conditions at the congested Port of Oakland and other West Coast ports should be improving then, right?

Actually, it's getting worse. There are more container ships sitting in the bay, more trucks waiting in line outside terminal gates, and more local businesses losing customer orders.

And the two sides are taking potshots at each other.

The **International Longshore and Warehouse Union**, representing 20,000 dockworkers at those ports, "has crippled what were fully productive terminals" at Oakland and other West Coast ports, the **Pacific Maritime Association**, which represents shipping lines and terminal operators, said Monday. The International Longshore Union responded that the PMA is "making nonsensical moves ... creating gridlock in a cynical attempt to turn public opinion against workers."

RELATED STORIES

West Coast port troubles persist despite federal mediation

Port dispute forces Weyerhaeuser to cut Longview mill jobs



Federal mediators sail into dispute at ports including Oakland

Maybe it's part of a kabuki dance prior to an agreement being announced. Or maybe those federal mediators, "prepared and ready to render prompt assistance" to end a seven-month standoff, are ready to tear their hair out.

What no one disputes is that the situation at the ports is approaching gridlock. According to the Port of Oakland Tuesday, 10 to 15 ships "are anchored in San Francisco Bay daily awaiting berths at Oakland marine terminals." Truckers are becoming increasingly frustrated at the wait times of eight hours or more to get into terminals and load or unload their cargo.

Answering customers

"What we the truckers need to know (is) why do we have to go through (what) I would say torture," the operations manager of an East Bay trucking company e-mailed the terminal operator last week. "I sit in my office and answer to my customers from 7 a.m. till I leave my office and now I'm at that point where I don't really know what to say to my customers any longer."

Ironically, perhaps, the Port of Oakland said Tuesday that it broke an "all-time cargo handling record in 2014" — the equivalent of 2.4 million 20-foot freight containers. This due to increased imports from Asia, the port's marketing efforts, and cargo diversions from Southern California ports, which of course is leading to more congestion.

"An unprecedented series of events has brought us to this point," said port maritime director **John Driscoll**. "It's our job now to efficiently manage the growth."

At the same time, productivity at Oakland and other West Coast ports has declined, for a variety of reasons, depending on whom you talk to. The maritime association cites slowdowns and other actions by dockworkers, especially at the ports of Los Angeles and Long Beach, the nation's two biggest container ports (Oakland is fifth). Quite the reverse, says the ILWU, pointing to a management proposal to cut shifts, worsening congestion that was already a problem due to the lack of space and the shortage of chassis.

"The (association) isn't blameless," said **Cory Peters**, vice president of drayage at Gardner Trucking in Manteca (San Joaquin County), who is not particularly fond of either side. "They aren't ordering as much labor, which is making the situation worse."

Meanwhile, back at the bargaining table, tentative agreements have reportedly been reached on health care benefits and pay guarantees, said the association. It's not clear whether that includes the amount of pay, which has been an issue, along with pensions, job jurisdiction and work rules.

While the two sides disagree on how much West Coast longshoremen actually earn, "the pay is very good for blue-collar work, but also extremely dangerous with fatality rates that exceed those of police and firefighters," ILWU spokesman **Craig Merrilees** said last week.

Paper mill shutdown

At one point last week, the ILWU said the two sides were close to an agreement. Recent rhetoric would suggest otherwise. Either way, the 500 workers at a Weyerhaeuser paper mill in Longview, Wash., have been told the plant is to be shut down. "Due to the current port congestion (at the ports of Tacoma and Seattle), we're unable to get our products to our customers," a company spokesman told local media last week.

The situation is getting dire for Pavel Hanousek, co-founder of SkLO, a glass product design and manufacturing firm in Healdsburg. His monthly container of glass from the Czech Republic has been delayed for more than three weeks, orders worth \$100,000 have been canceled and most of his 12 employees have been sent home. Hanousek is looking at other ports, including Houston and the East Coast, instead of Oakland, for his shipping needs.

"Should this repeat with the next container, we could be forced to close doors," he e-mailed me this week. "We have no luxury to stand by and watch the big boys stand off."

Andrew S. Ross is a San Francisco Chronicle staff writer. E-mail: asross@sfgate.com Blog:

<http://blog.sfgate.com/bottomline> Twitter: @andrewsross

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INFORMATIONAL ITEMS ONLY

Agenda Item 8



STAFF UPDATE

To: SBWMA Board Members
From: Marshall Moran, Finance Manager
Date: January 22, 2015 Board of Directors Meeting
Subject: 2015 Finance and Rate Setting Calendar

Recommendation

This is an informational report and no action is necessary.

Summary

The purpose of this staff report is to keep the Board and Member Agency staff informed on the schedule of important financial and rate setting events in 2015. This staff report is updated as necessary and included in the Board packet each month.

Schedule of Finance, Contractor Compensation and Rate Adjustment Activities in 2015:

January 2015

- Approval of FY1314 audited Financial Statement.
- Mid-Year review of FY1415 Operating Budget.

March 2015

- Approval of unaudited calendar year financial statement for bond reporting requirements.
- Recology submittal of the 2014 Revenue Reconciliation Report (March 31).

April 2015

- Discussion on preliminary FY1516 SBWMA Operating Budget

May 2015

- Additional Review of FY1516 detailed SBWMA Operating Budget.

June 2015

- Approval of final FY1516 SBWMA Operating Budget.
- Recology's 2016 Compensation Application due to the SBWMA and Member Agencies (June 15).

July 2015

- SBR's 2016 Compensation Application due to the SBWMA (July 1).
- SBWMA staff issues comments to Recology on its 2016 Compensation Application (July 3).
- SBWMA issues the following reports to the Board and Member Agency staff for review and comment: 1) estimated 2015 and 2016 residential and commercial base revenue, 2) collected tonnage, and 3) 2016 Member Agency fees to be used in the 2016 cost projections.
- Recology revised 2016 Compensation Application due to the SBWMA and Member Agencies.

August 2015

- SBWMA issues the Draft Report Reviewing Recology's 2016 Compensation Application, recommended total Revenue Requirement and rate adjustment(s) (August 14).
- SBWMA issues the Draft Report Reviewing SBR's 2016 Compensation Application.
- Comments due back from Member Agencies on draft Reports Reviewing Recology's 2016 Compensation Application and SBR's 2016 Compensation Application (August 28)

September 2015

- SBWMA issues Final Report Reviewing Recology's 2016 Compensation Application including the recommended total collection rate adjustment for 2016. (September 17 BOD Packet)
- SBWMA issues Final Report Reviewing SBR's 2016 Compensation Application. (September 17 BOD Packet)
- Approval of the SBR 2016 Compensation Application. (September 24 BOD Meeting)
- Approval of the Recology 2016 Compensation Application and total recommended Revenue Requirement. (September 24 BOD Meeting)

September – December, 2015

- Member Agencies issue Prop. 218 notice and approve final 2016 solid waste rates.

November 2015

- SBWMA issues report to Board on recommended January 1, 2016 Shoreway tip fee adjustments including calendar year 2016 SBWMA financial projection with assumed tip fee and cash reserve balances.
- Approval of 2016 Investment Policy



STAFF REPORT

To: SBWMA Board Members
From: Marshall Moran, Finance Manger
Date: January 22, 2015 Board of Directors Meeting
Subject: November and December 2014 Check Registers

Recommendation

This is an informational item only and no action is required. This report was requested by the Board members.

Summary

The purpose of this report is to provide transparency to the Board and the public on the actual spending by the SBWMA. All payments made by check issued in November and December 2014 are listed on the attached report for review.

Analysis

The SBWMA has a contract with the City of San Carlos for accounting services including the issuing of all payments and deposit of all receipts. In accordance with the City of San Carlos' policies, checks are normally issued every two weeks. All SBWMA invoices are approved for payment by the program manager and then by the Executive Director or Finance Manager. Total A/P spending for November 2014 was \$1,696,600.56 and for December 2014 was \$2,118,167.00 as detailed in **Attachment A**. Certain ACH transactions such as payroll and some benefit payments are drawn directly from the bank and are therefore not included in these A/P reports.

If you have any questions on this, please contact Cyndi Urman or Marshall Moran. The format of the check registers is limited to what is available from the city's MUNIS accounting system.

Attachments:

Attachment A: November and December 2014 Check Registers

11/14/2014 11:38
linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S111414

PG 1
apcshdsb

CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
----- INVOICE DTL DESC -----								
6210	11/14/2014	WIRE	3622 WELLS FARGO REMITTANCE CENTER	102714	10/27/2014			506.32
			Invoice: 102714					
				9.37 S0113010 520201	10/27/14		STATEMENT OF EXPENSES	
				156.83 S0113010 520604HHWUW			OFFICE SUPPLIES	
				221.69 S0113010 522718			PUBLIC EDUCATION/OUTREACH/WORK	
				118.43 S0113010 520300			EDUCATION CENTER OPERATIONS	
							BOARD ADMINISTRATION	
						CHECK	6210 TOTAL:	506.32
6211	11/14/2014	EFT	3 AARONSON DICKERSON COHN & LANZONE	102014047-SB.R	10/27/2014		S111414	2,614.50
			Invoice: 102014047-SB.R					
				2,614.50 S0113010 520312			OCT 2014 SERVICES	
							BOARD COUNSEL	
						CHECK	6211 TOTAL:	2,614.50
6212	11/14/2014	EFT	6922 HAZARD CONTROL TECHNOLOGIES INC	14-6520R1	10/21/2014		S111414	1,992.89
			Invoice: 14-6520R1					
				2,172.25 S2251000 570300SF055			F-500 ENCAPSULATOR TECHNOLOGY	
							FACILITIES IMPROVEMENTS	
						CHECK	6212 TOTAL:	1,992.89
6213	11/14/2014	EFT	1278 LOCAL GOVERNMENT SERVICES	ADV12-2014	10/27/2014		S111414	14,500.00
			Invoice: ADV12-2014					
				14,500.00 S0113010 520306			ADVANCE DEC 2014 RECYCLE PROG MGR	
							AB939 PROGRAM STAFF	
						CHECK	6213 TOTAL:	14,500.00
6214	11/14/2014	EFT	6868 MUNICIPAL MEDIA CORP	4544	11/01/2014		S111414	19,845.00
			Invoice: 4544					
				19,845.00 S0113010 520604RES01			MY-WASTE MOBILE APP-ANNUAL FEE	
							PUBLIC EDUCATION/OUTREACH/WORK	
						CHECK	6214 TOTAL:	19,845.00
6215	11/14/2014	EFT	3089 R3 CONSULTING GROUP INC	7417	11/03/2014	931	S111414	7,422.50
			Invoice: 7417					
				7,422.50 S0113010 520340			LONG RANGE PLAN COLLECTION SVS	
							LONG RANGE PLAN	
						CHECK	6215 TOTAL:	7,422.50
6216	11/14/2014	EFT	725 CITY OF SAN CARLOS	198114	11/01/2014		S111414	4,368.25
			Invoice: 198114					
				4,368.25 S0113010 520203			NOV 2014 LEASE	
							RENT	
			Invoice: 198113					
			CITY OF SAN CARLOS	198113	10/28/2014		S111414	304.80
				304.80 S0113010 520202			SEPT 2014 BANK SERVICE FEES	
							BANK FEES AND SERVICES	

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S111414

PG 2
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET

Invoice: 198201			CITY OF SAN CARLOS	198201	10/29/2014		S111414	2,548.02
				2,548.02 S0113010 520107	JUL-SEPT 2014 UTILITY/JANITORIAL CHGS UTILITIES & PHONE			
					CHECK		6216 TOTAL:	7,221.07
6217 11/14/2014 PRTD Invoice: 1000268491			6226 COSCO FIRE PROTECTION INC	1000268491	10/10/2014		S111414	500.00
				500.00 S0113010 522714	10/14 FIRE SPRINKLER INSPECTION SHOREWAY FACILITY COST			
					CHECK		6217 TOTAL:	500.00
6218 11/14/2014 PRTD Invoice: 41826			5342 DAILY POST	41826	10/31/2014		S111414	675.00
				675.00 S0113010 520604	OCT 2014 ADVERTISING COMPS PUBLIC EDUCATION/OUTREACH/WORK			
					CHECK		6218 TOTAL:	675.00
6219 11/14/2014 PRTD Invoice: 88616			6156 SHRED WORKS INC	88616	11/01/2014		S111414	564.00
				564.00 S0113010 522719	11/1/14 SHRED DAY SVS SHRED EVENT SVCS (PASS THRU)			
Invoice: 88395			SHRED WORKS INC	88395	10/25/2014		S111414	564.00
				564.00 S0113010 522719	10/25/14 SHRED DAY SVS SHRED EVENT SVCS (PASS THRU)			
					CHECK		6219 TOTAL:	1,128.00
6220 11/14/2014 PRTD Invoice: 9404381690			4519 SHRED-IT USA SF	9404381690	10/27/2014		S111414	89.14
				89.14 S0113010 520201	OCT 2014 SERVICES OFFICE SUPPLIES			
					CHECK		6220 TOTAL:	89.14
6221 11/14/2014 PRTD Invoice: SBWMA-052			3474 SLOAN VAZQUEZ LLC	SBWMA-052	10/31/2014	645	S111414	2,800.00
				2,800.00 S0113010 520340	PHASE 2 OPERATIONS ASSESSMENT LONG RANGE PLAN			
					CHECK		6221 TOTAL:	2,800.00

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S111414

PG 3
apcshdsb

NUMBER OF CHECKS 12 *** CASH ACCOUNT TOTAL *** 59,294.42

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	5	5,192.14
TOTAL WIRE TRANSFERS	1	506.32
TOTAL EFT'S	6	53,595.96

CP	<input checked="" type="checkbox"/>
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EFT	<input checked="" type="checkbox"/>
Email	<input type="checkbox"/>

*** GRAND TOTAL *** 59,294.42

PREPARED BY: Linda DATE: 11/14/14
 APPROVED BY: [Signature] DATE: 11/14/14
 FUNDS TRANSFERRED BY: [Signature] DATE: 11/14/14
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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S112614

PG 1
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
6222	11/25/2014	WIRE	2223 THE BANK OF NEW YORK MELLON TRUST	DEC2014-2009A	11/24/2014			343,571.85
			Invoice: DEC2014-2009A		DEC 2014	2009A	BOND PYMT INVESTMENT BNY 2009AB INTEREST	
			343,571.85 S011 114467				CHECK 6222 TOTAL:	343,571.85
6223	11/26/2014	EFT	152 BROWNING FERRIS IND OF CA	0000000533	10/31/2014		S112614	213,558.46
			Invoice: 0000000533		OCT 2014		YARDWASTE DISPOSAL DISPOSAL & PROCESSING COSTS	
			213,558.46 S0113010 522713				CHECK 6223 TOTAL:	213,558.46
6224	11/26/2014	EFT	1097 IRON MOUNTAIN INFORMATION MANAGEM KWT2140		10/31/2014		S112614	152.00
			Invoice: KWT2140		NOV 2014		STORAGE SVS OFFICE SUPPLIES	
			152.00 S0113010 520201				CHECK 6224 TOTAL:	152.00
6225	11/26/2014	EFT	1278 LOCAL GOVERNMENT SERVICES	2171	10/31/2014		S112614	2,671.66
			Invoice: 2171		OCT 2014		TRUE UP CONSULTING CONTRACTS RGS/LGS CONFERENCES & MEETINGS SALARIES - CAR ALLOWANCE CELL PHONES OFFICE SUPPLIES AB939 PROGRAM STAFF	
			750.00 S0113010 520337 309.00 S0113010 520503 400.00 S0113010 511830 238.83 S0113010 520105 118.74 S0113010 520201 855.09 S0113010 520306				CHECK 6225 TOTAL:	2,671.66
6226	11/26/2014	EFT	1419 THE OFFICE CITY	IN-1244520	11/17/2014		S112614	187.43
			Invoice: IN-1244520		OFFICE SUPPLIES		OFFICE SUPPLIES	
			187.43 S0113010 520201				CHECK 6226 TOTAL:	187.43
6227	11/26/2014	EFT	5558 ZANKER ROAD RESOURCE MANAGEMENT L	02014-10-0303	10/31/2014		S112614	3,021.34
			Invoice: 02014-10-0303		10/6/14		DISPOSAL PROCESSING DISPOSAL & PROCESSING COSTS	
			3,021.34 S0113010 522713				CHECK 6227 TOTAL:	138,770.65
			Invoice: Z2014-10-0232		OCT 2014		DISPOSAL PROCESSING DISPOSAL & PROCESSING COSTS	
			135,749.31 S0113010 522713				CHECK 6227 TOTAL:	138,770.65

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S112614

PG 2
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
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CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
----- INVOICE DTL DESC -----								
6228	11/26/2014	PRTD	88 ARROWHEAD	04K0028452035	11/11/2014		S112614	72.01
			Invoice: 04K0028452035		OCT 2014 WATER SVS			
				72.01 S0113010 520201	OFFICE SUPPLIES			
					CHECK		6228 TOTAL:	72.01
6229	11/26/2014	PRTD	776 AT&T	111314-5967146	11/13/2014		S112614	203.97
			Invoice: 111314-5967146		10/1-11/13/14 PHONE SVS			
				203.97 S0113010 522714	SHOREWAY FACILITY COST			
					CHECK		6229 TOTAL:	203.97
6230	11/26/2014	PRTD	2270 THE MERCURY NEWS	0000817666	10/31/2014		S112614	945.00
			Invoice: 0000817666		AD SVS-ELECTRONIC COLLECTIONS			
				945.00 S0113010 520604ECE01	PUBLIC EDUCATION/OUTREACH/WORK			
					CHECK		6230 TOTAL:	945.00
6231	11/26/2014	PRTD	5556 BFI OF CALIFORNIA	4227-000039375	10/31/2014		S112614	3,515.41
			Invoice: 4227-000039375		10/31/14 TIPPER MAINT			
				3,515.41 S0113010 522716	MAINTENANCE ON TIPPER OX MTN			
			Invoice: 0000039302					
			BFI OF CALIFORNIA	0000039302	10/31/2014		S112614	693,651.33
				693,651.33 S0113010 522713	OCT 2014 DISPOSAL PROCESSING			
					DISPOSAL & PROCESSING COSTS			
					CHECK		6231 TOTAL:	697,166.74
6232	11/26/2014	PRTD	5640 BIO FUEL SYSTEMS INC	101401	10/16/2014		S112614	8,841.53
			Invoice: 101401		10/1-10/15/14 DISPOSAL PROCESSING			
				8,841.53 S0113010 522713	DISPOSAL & PROCESSING COSTS			
			Invoice: 101411					
			BIO FUEL SYSTEMS INC	101411	11/03/2014		S112614	8,011.76
				8,011.76 S0113010 522713	10/16-10/31/14 DISPOSAL PROCESSING			
					DISPOSAL & PROCESSING COSTS			
					CHECK		6232 TOTAL:	16,853.29
6233	11/26/2014	PRTD	5412 BIRCH COMMUNICATIONS	17101305	11/20/2014		S112614	605.93
			Invoice: 17101305		NOV 2014 PHONE SVS			
				605.93 S0113010 520107	UTILITIES & PHONE			
					CHECK		6233 TOTAL:	605.93

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S112614

PG 3
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
6234	11/26/2014	PRTD	6226 COSCO FIRE PROTECTION INC	1000271806	11/13/2014		S112614	840.00
			Invoice: 1000271806	840.00 S0113010 522714	REPAIR-RISER SPINKLER VALVE		ZONE 3	
					SHOREWAY FACILITY COST			
			Invoice: 1000263787	699.62 S0113010 522714	08/21/2014		S112614	699.62
					FIRE ALARM REPAIRS			
					SHOREWAY FACILITY COST			
			Invoice: 1000263791	580.00 S0113010 522714	08/21/2014		S112614	580.00
					8/21/14 PIV TROUBLE			
					SHOREWAY FACILITY COST			
					CHECK		6234 TOTAL:	2,119.62
6235	11/26/2014	PRTD	1575 ENVIRONMENTAL SCIENCE ASSOCIATES	110831	10/28/2014		S112614	3,248.36
			Invoice: 110831	3,248.36 S0113010 520309HCS02	JUL-OCT 2014 FRANCHISE ADMIN			
					BUSINESS CONSULTANT (HFH)			
					CHECK		6235 TOTAL:	3,248.36
6236	11/26/2014	PRTD	3581 HILARY GANS	112414EXP	11/24/2014		S112614	89.56
			Invoice: 112414EXP	58.00 S0113010 520503	REIMB MEETING EXPENSES			
				31.56 S0113010 520201	CONFERENCES & MEETINGS			
					OFFICE SUPPLIES			
			Invoice: 112414PHONE	120.00 S0113010 520105	11/24/2014		S112614	120.00
					SEPT/OCT/NOV 2014 CELL PHONE SVS			
					CELL PHONES			
					CHECK		6236 TOTAL:	209.56
6237	11/26/2014	PRTD	1496 HF&H CONSULTANTS LLC	9712942	11/10/2014		S112614	8,398.75
			Invoice: 9712942	8,398.75 S0113010 520309HCM01	OCT 2014 COST ALLOCATION STATS			
					BUSINESS CONSULTANT (HFH)			
					CHECK		6237 TOTAL:	8,398.75
6238	11/26/2014	PRTD	3277 J R MILLER AND ASSOCIATES INC	29899	10/31/2014	646	S112614	2,352.50
			Invoice: 29899	2,352.50 S0113010 520340	OCT 14 LRP MSTR PLAN SITE			
					LONG RANGE PLAN			
					CHECK		6238 TOTAL:	2,352.50
6239	11/26/2014	PRTD	3431 KEVIN MCCARTHY	NOV2014	11/21/2014		S112614	115.00
			Invoice: NOV2014	115.00 S0113010 520105	OCT 2014 ATT CHGS			
					CELL PHONES			

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S112614

PG 4
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET

							CHECK 6239 TOTAL:	115.00
6240	11/26/2014	PRTD	4383 MARSHALL MORAN	112114	11/21/2014		S112614	98.90
			Invoice: 112114		SEPT/OCT 2014 ATT CHGES			
				98.90 S0113010 520105	CELL PHONES			
							CHECK 6240 TOTAL:	98.90
6241	11/26/2014	PRTD	6868 MUNICIPAL MEDIA CORP	4544-REISSUE	11/01/2014		S112614	19,845.00
			Invoice: 4544-REISSUE		ANNUAL FEE-MY WASTE MOBILE APP			
				19,845.00 S0113010 520604RES01	PUBLIC EDUCATION/OUTREACH/WORK			
							CHECK 6241 TOTAL:	19,845.00
6242	11/26/2014	PRTD	5557 RECOLOGY GROVER ENVIRONMENTAL PRO	141031	11/02/2014		S112614	120,053.08
			Invoice: 141031		OCT 2014 DISPOSAL PROCESSING			
				120,053.08 S0113010 522713	DISPOSAL & PROCESSING COSTS			
							CHECK 6242 TOTAL:	120,053.08
6243	11/26/2014	PRTD	202 CITY OF REDWOOD CITY	BR34306	10/31/2014		S112614	300.00
			Invoice: BR34306		14-15 2ND QTR CONT MGT SUPPORT			
				300.00 S0113010 520309HCM01	BUSINESS CONSULTANT (HFH)			
							CHECK 6243 TOTAL:	300.00
6244	11/26/2014	PRTD	7193 SAN FRANCISCO PRINT MEDIA CO	36603	10/31/2014		S112614	1,596.00
			Invoice: 36603		OUTREACH			
				1,596.00 S0113010 520604HHWUW	PUBLIC EDUCATION/OUTREACH/WORK			
							CHECK 6244 TOTAL:	1,596.00
6245	11/26/2014	PRTD	3474 SLOAN VAZQUEZ LLC	SBWMA-051	11/13/2014	792	S112614	21,532.81
			Invoice: SBWMA-051		FY 15 BI ANNUAL CONTAMINATION			
				21,532.81 S0113010 520336	QTRLY LOAD CONTAMINATION MONIT			
							CHECK 6245 TOTAL:	21,532.81
6246	11/26/2014	PRTD	5443 SPECIALTY'S CAFE & BAKERY INC	T2423-9968969	11/14/2014		S112614	111.16
			Invoice: T2423-9968969		LRP LUNCH MEETING			
				111.16 S0113010 520340	LONG RANGE PLAN			

11/26/2014 11:26
linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S112614

PG 5
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

		CHECK	6246 TOTAL:	111.16
6247 11/26/2014 PRTD Invoice: CBR5433	4326 THE CLIMATE REGISTRY	CBR5433	11/10/2014 S112614	1,200.00
	1,200.00 S0113010 520608		2015 ANNUAL CLIMATE REGISTRY CLIMATE CHANGE POLICY OPTIONS	
		CHECK	6247 TOTAL:	1,200.00
6248 11/26/2014 PRTD Invoice: 112114	5648 SBWMA PETTY CASH/CYNDI URMAN	112114	11/21/2014 S112614	462.51
	245.54 S0113010 520201		REPLENISH PETTY CASH	
	71.00 S0113010 522718		OFFICE SUPPLIES	
	57.00 S0113010 520503		EDUCATION CENTER OPERATIONS	
	88.97 S0113010 520300		CONFERENCES & MEETINGS BOARD ADMINISTRATION	
		CHECK	6248 TOTAL:	462.51
6249 11/26/2014 PRTD Invoice: 0000106-2960-8	5533 WM CURBSIDE LLC	0000106-2960-8	11/01/2014 S112614	40,903.90
	40,903.90 S0113010 522710		OCT 2014 COLLECTION SVS HHW COLLECTION SERVICE	
		CHECK	6249 TOTAL:	40,903.90

NUMBER OF CHECKS 28 *** CASH ACCOUNT TOTAL *** 1,637,306.14

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	22	938,394.09
TOTAL WIRE TRANSFERS	1	343,571.85
TOTAL EFT'S	5	355,340.20

CP	<input checked="" type="checkbox"/>
ARP	<input checked="" type="checkbox"/>
EFT	<input checked="" type="checkbox"/>
Email	_____

*** GRAND TOTAL *** 1,637,306.14

PREPARED BY: B. Linda DATE: 11/26/14
 APPROVED BY: [Signature] DATE: 11/26/14
 FUNDS TRANSFERRED BY: [Signature] DATE: 11/26/14

12/03/2014 11:21
linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL s120314

PG 1
apcshdsb

CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

6250 12/03/2014 PRD 7285 UNITED HEALTH CARE 1069-1503 12/03/2014 s120314 5,543.09
Invoice: 1069-1503

5,543.09 S0113010 512830

DEC 2014 HEALTH CARE PYMT
BENEFITS - MEDICAL

CHECK 6250 TOTAL: 5,543.09

NUMBER OF CHECKS 1 *** CASH ACCOUNT TOTAL *** 5,543.09

TOTAL PRINTED CHECKS COUNT AMOUNT
1 5,543.09

CP	<input checked="" type="checkbox"/>
ARP	<input checked="" type="checkbox"/>
EFT	<input checked="" type="checkbox"/>
Email	<input type="checkbox"/>

*** GRAND TOTAL *** 5,543.09

PREPARED BY: *Linda* DATE: 12/3/14
APPROVED BY: *[Signature]* DATE: 12/3/14
FUNDS TRANSFERRED BY: _____ DATE: _____

12/11/2014 15:43
linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S121214

PG 1
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
6251	12/12/2014	WIRE	3622 WELLS FARGO PAYMENT REMITTANCE CT	112714	12/05/2014			4,377.00
			Invoice: 112714		11/27/14	CREDIT CARD STMT		
				429.00 S0113010 520503		CONFERENCES & MEETINGS		
				212.42 S0113010 520340		LONG RANGE PLAN		
				64.00 S0113010 522718		EDUCATION CENTER OPERATIONS		
				304.00 S0113010 522714		SHOREWAY FACILITY COST		
				21.58 S0113010 520340		LONG RANGE PLAN		
				66.43 S0113010 520340		LONG RANGE PLAN		
				369.04 S0113010 520340		LONG RANGE PLAN		
				95.89 S0113010 520201		OFFICE SUPPLIES		
				64.00 S0113010 522718		EDUCATION CENTER OPERATIONS		
				9.09 S0113010 520201		OFFICE SUPPLIES		
				2,741.55 S2251000 570300SF061		FACILITIES IMPROVEMENTS		
						CHECK	6251 TOTAL:	4,377.00
6252	12/12/2014	EFT	3 AARONSON DICKERSON COHN & LANZONE	102014241-SB	11/24/2014		S121214	6,356.25
			Invoice: 102014241-SB		NOV 2014	LEGAL SVS		
				6,356.25 S0113010 520312		BOARD COUNSEL		
						CHECK	6252 TOTAL:	6,356.25
6254	12/12/2014	EFT	2659 CRYSTAL SPRINGS CATERING	46905	11/19/2014		S121214	1,125.46
			Invoice: 46905		11/20/14	SERVICES		
				1,125.46 S0113010 520300		BOARD ADMINISTRATION		
			Invoice: 47064		11/05/2014		S121214	-348.29
				-348.29 S0113010 520340		CREDIT-LINEN NAPKINS		
						LONG RANGE PLAN		
			Invoice: 47066		11/05/2014		S121214	-322.60
				-322.60 S0113010 520340		CREDIT		
						LONG RANGE PLAN		
						CHECK	6254 TOTAL:	454.57
6255	12/12/2014	EFT	1278 LOCAL GOVERNMENT SERVICES	ADV1-2015	11/25/2014		S121214	14,500.00
			Invoice: ADV1-2015		ADVANCE-JAN 2015	PROG MGR		
				14,500.00 S0113010 520306		AB939 PROGRAM STAFF		
			Invoice: 2177		10/31/2014		S121214	666.57
					JUL-AUG 2014	PHONE/MEETINGS		
				118.74 S0113010 520201		OFFICE SUPPLIES		
				238.83 S0113010 520105		CELL PHONES		
				309.00 S0113010 520503		CONFERENCES & MEETINGS		
						CHECK	6255 TOTAL:	15,166.57

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linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S121214

PG 2
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
----- INVOICE DTL DESC -----								
6256	12/12/2014	EFT	6809 PRECISE PRINTING & MAILING	12935	11/28/2014		S121214	7,748.18
			Invoice: 12935					
				7,748.18	S0113010	520604RES01	2014 HOLIDAY SCHEDULE CARD PUBLIC EDUCATION/OUTREACH/WORK	
							CHECK 6256 TOTAL:	7,748.18
6257	12/12/2014	EFT	3089 R3 CONSULTING GROUP INC	7361	06/30/2014	2510	S121214	2,022.50
			Invoice: 7361					
				2,022.50	S0113010	520309HCS02	TASK 13 - FINAL REPORT BUSINESS CONSULTANT (HFH)	
			Invoice: 7330					
			R3 CONSULTING GROUP INC	7330	05/31/2014	2510	S121214	2,845.00
				2,845.00	S0113010	520309HCS02	TASK 12 DRAFT FINAL REPORT BUSINESS CONSULTANT (HFH)	
							CHECK 6257 TOTAL:	4,867.50
6258	12/12/2014	EFT	5446 RECOLOGY SAN MATEO COUNTY	08312014PRJ52	10/02/2014		S121214	3,823.00
			Invoice: 08312014PRJ52					
				3,823.00	S0113010	522714	2ND FLR CARPET INSTALLATION SHOREWAY FACILITY COST	
							CHECK 6258 TOTAL:	3,823.00
6259	12/12/2014	EFT	5512 SOUTH BAY RECYCLING LLC	2014-11	11/18/2014		S121214	1,471,531.50
			Invoice: 2014-11					
				-33,271.29	S0113010	480033	OCT 2014 BILLING	
				11,153.75	S0113010	522713	MRF 3RD PARTY PROCESSING FEE	
				-31,611.65	S0113010	522713	DISPOSAL & PROCESSING COSTS	
				73,488.12	S0113010	522717	DISPOSAL & PROCESSING COSTS	
				1,800.31	S0113010	522714	BUYBACK PAYMENTS	
				1,449,972.26	S0113010	522712	SHOREWAY FACILITY COST OPERATOR COMPENSATION SBR	
			Invoice: 2013-RECONCILE					
			SOUTH BAY RECYCLING LLC	2013-RECONCILE	12/04/2014		S121214	159,880.00
				159,880.00	S0113010	480029	2013 CALCULATION/RECONCILE COMMODITY SHARE SBR	
							CHECK 6259 TOTAL:	1,631,411.50
6260	12/12/2014	EFT	3892 T324 INC	IN90447107	11/25/2014		S121214	4,830.00
			Invoice: IN90447107					
				4,830.00	S0113010	520604COE01	20 HRS - REPORTING SYSTEM PUBLIC EDUCATION/OUTREACH/WORK	
			Invoice: IN90447507					
			T324 INC	IN90447507	12/03/2014		S121214	3,144.45
				3,144.45	S0113010	520338	JAN-MAR2015 WEBSITE MAINT WEBSITE SUPPORT	
			Invoice: IN90447607					
			T324 INC	IN90447607	12/03/2014		S121214	6,274.10
							JAN-MAR 2015 IT SUPPORT	

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S121214

PG 3
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
				6,274.10	S0113010	520334	IT SUPPORT	
							CHECK 6260 TOTAL:	14,248.55
6261	12/12/2014	PRTD	7254 ABBE & ASSOCIATES	01	11/30/2014	1008	S121214	2,000.00
Invoice: 01				2,000.00	S0113010	520340	LONG RANGE PLAN LEGISLATIVE UP LONG RANGE PLAN	
							CHECK 6261 TOTAL:	2,000.00
6262	12/12/2014	PRTD	4917 CASCADIA CONSULTING GROUP INC	3485	12/04/2014		S121214	2,085.00
Invoice: 3485				2,085.00	S0113010	520340	NOV 2014 SERVICES LONG RANGE PLAN	
							CHECK 6262 TOTAL:	2,085.00
6263	12/12/2014	PRTD	6226 COSCO FIRE PROTECTION INC	1000273254	11/25/2014		S121214	3,230.52
Invoice: 1000273254				3,230.52	S0113010	522714	REPAIR-SHOREWAY FACILITY SHOREWAY FACILITY COST	
							CHECK 6263 TOTAL:	3,230.52
6264	12/12/2014	PRTD	1575 ENVIRONMENTAL SCIENCE ASSOCIATES	111224	11/20/2014	2512	S121214	590.71
Invoice: 111224				590.71	S0113010	520309HCS02	RECOLOGY CALL CTR MONITORING BUSINESS CONSULTANT (HFH)	
Invoice: 111412				2,206.26	S0113010	520309HCS02	ENVIRONMENTAL SCIENCE ASSOCIATES 111412 RECOLOGY CALL CTR MONITORING BUSINESS CONSULTANT (HFH)	2,206.26
							CHECK 6264 TOTAL:	2,796.97
6265	12/12/2014	PRTD	435 FEDEX	285355205	11/21/2014		S121214	62.91
Invoice: 285355205				62.91	S0113010	520201	MAILING SVS OFFICE SUPPLIES	
							CHECK 6265 TOTAL:	62.91
6266	12/12/2014	PRTD	7295 THE JG PRESS INC	2015RENEWAL	12/03/2014		S121214	74.00
Invoice: 2015RENEWAL				74.00	S0113010	520501	RENEWAL-BIOCYCLE PROFESSIONAL DUES & MEMEBERSHS	
							CHECK 6266 TOTAL:	74.00

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S121214

PG 4
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

6267	12/12/2014	PRTD	2033 RESOURCE RECYCLING INC	110614JP	11/06/2014	S121214	773.11
			Invoice: 110614JP		REIMB TRAVEL EXP-11/6/14 WKSHOP		
			773.11 S0113010 520340		LONG RANGE PLAN		
					CHECK	6267 TOTAL:	773.11
6268	12/12/2014	PRTD	1260 RICOH AMERICAS CORPORATION	19006411	11/14/2014	S121214	1,585.58
			Invoice: 19006411		DEC 2014 LEASE		
			1,585.58 S0113010 520215		OFFICE EQUIPMENT COSTS		
					CHECK	6268 TOTAL:	1,585.58
6269	12/12/2014	PRTD	6068 RISK STRATEGIES COMPANY	554276	12/02/2014	S121214	45,099.50
			Invoice: 554276		QUARTERLY INSTALL-EFF 1/1/15		
			45,099.50 S0113010 520710		INSURANCE SHOREWAY		
					CHECK	6269 TOTAL:	45,099.50
6270	12/12/2014	PRTD	725 CITY OF SAN CARLOS	BLD2014-00883	12/02/2014	S121214	4,132.35
			Invoice: BLD2014-00883		CANOPY PERMIT FEES		
			4,132.35 S2251000 570300SF061		FACILITIES IMPROVEMENTS		
					CHECK	6270 TOTAL:	4,132.35
6271	12/12/2014	PRTD	4519 SHRED-IT USA SF	9404508324	11/21/2014	S121214	88.74
			Invoice: 9404508324		11/21/14 SHRED SVS		
			88.74 S0113010 520201		OFFICE SUPPLIES		
					CHECK	6271 TOTAL:	88.74

NUMBER OF CHECKS 20 *** CASH ACCOUNT TOTAL *** 1,750,381.80

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	11	61,928.68
TOTAL WIRE TRANSFERS	1	4,377.00
TOTAL EFT'S	8	1,684,076.12

CP	<input checked="" type="checkbox"/>
ARP	<input checked="" type="checkbox"/>
EFT	<input checked="" type="checkbox"/>
Email	<input type="checkbox"/>

*** GRAND TOTAL *** 1,750,381.80

PREPARED BY: Reynolds DATE: 12/11/14
 APPROVED BY: [Signature] DATE: 12/12/14
 FUNDS TRANSFERRED BY: [Signature] DATE: 12/11/14
 FULL PACKET PAGE 136 OF 141
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linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S122314

PG 1
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
6272	12/22/2014	WIRE	2223 THE BANK OF NEW YORK MELLON TRUST	JAN2015-2009A	12/17/2014			343,571.85
			Invoice: JAN2015-2009A					
				343,571.85 S011 114467	JAN 2015 2009A BOND PYMT			
					INVESTMENT BNY 2009AB INTEREST			
					CHECK	6272	TOTAL:	343,571.85
6274	12/23/2014	EFT	1097 IRON MOUNTAIN	KYZ5433	11/30/2014		S122314	152.00
			Invoice: KYZ5433					
				152.00 S0113010 520201	DEC 2014 STORAGE PERIOD			
					OFFICE SUPPLIES			
					CHECK	6274	TOTAL:	152.00
6275	12/23/2014	EFT	3089 R3 CONSULTING GROUP INC	7445	12/05/2014	931	S122314	6,460.00
			Invoice: 7445					
				6,460.00 S0113010 520340	LONG RANGE PLAN COLLECTION SVS			
					LONG RANGE PLAN			
					CHECK	6275	TOTAL:	6,460.00
6276	12/23/2014	EFT	5446 RECOLOGY SAN MATEO COUNTY	10312014PRJ58	12/04/2014		S122314	2,746.69
			Invoice: 10312014PRJ58					
				2,746.69 S0113010 522714	REIMB-BIRD REPLACEMENT SPIKES			
					SHOREWAY FACILITY COST			
			Invoice: 10312014PRJ56					
				2,105.00 S0113010 522714	COMBO UNIT FLUSHING/VACUUMING			
					SHOREWAY FACILITY COST			
					CHECK	6276	TOTAL:	4,851.69
6277	12/23/2014	PRTD	2659 CRYSTAL SPRINGS CATERING	47066-REISSUE	11/05/2014		S122314	-322.60
			Invoice: 47066-REISSUE					
				-322.60 S0113010 520340	REVISED INVOICE			
					LONG RANGE PLAN			
			Invoice: 47064REISSUE					
				-348.29 S0113010 520340	REVISED INVOICE			
					LONG RANGE PLAN			
			Invoice: 46905REISSUE					
				1,125.46 S0113010 520300	11/19/2014		S122314	1,125.46
					11/20/14 HOLIDAY LUNCHEON			
					BOARD ADMINISTRATION			
					CHECK	6277	TOTAL:	454.57
6278	12/23/2014	PRTD	747 SAN MATEO DAILY JOURNAL	113014	11/30/2014		S122314	6,934.00
			Invoice: 113014					
				6,934.00 S0113010 520604HHWUW	NOV 2014 ADS-DOOR TO DOOR HHW			
					PUBLIC EDUCATION/OUTREACH/WORK			

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linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S122314

PG 2
apcshdsb

CHECK 6278 TOTAL: 6,934.00

NUMBER OF CHECKS 6 *** CASH ACCOUNT TOTAL *** 362,424.11

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	2	7,388.57
TOTAL WIRE TRANSFERS	1	343,571.85
TOTAL EFT'S	3	11,463.69

CP	<input checked="" type="checkbox"/>
ARP	<input checked="" type="checkbox"/>
EFT	<input checked="" type="checkbox"/>
Email	<input type="checkbox"/>

*** GRAND TOTAL *** 362,424.11

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PREPARED BY: [Signature] DATE: 12/22/14

APPROVED BY: [Signature] DATE: 12/23/14

FUNDS TRANSFERRED BY: [Signature] DATE: 12/23/14



STAFF REPORT

To: SBWMA Board Members
From: Cyndi Urman, Office Manager/Board Secretary
Date: January 22, 2015 Board of Directors Meeting
Subject: Technical Consulting Contracts – 4th Quarter 2014

Recommendation

This is an informational item only and no action is required. This report was requested by the Board members.

Summary

The purpose of this report is to provide an update to the Board on a quarterly basis on the technical consulting contracts that have been issued. All contracts issued in the 4th Quarter 2014 are listed on the attached report for review.

Each quarter throughout a given calendar year, staff will update this listing with any new technical contracts issued. How frequently this report is produced (e.g., monthly or quarterly) was discussed with the Executive Committee and it was decided given the small number of contracts issued that a quarterly frequency was appropriate.

If you have any questions on the attached listing of technical contracts, please contact Cyndi Urman or Kevin McCarthy.

Attachments:

Attachment A – Technical Consulting Contracts – 4th Quarter 2014

Technical Consultant Contracts - 4th Quarter 2014

January 15, 2015

<u>Vendor Name</u>	<u>Amount of Contract</u>	<u>Scope of Work</u>	<u>Date of Award</u>	<u>Contract Procedures Used</u>	<u>Budget Line Item</u>	<u>Budget Line Item Description</u>
HF&H Consultants	\$ 13,600.00	2014 Cost Allocation Statistics	10/13/14	Single Source	520309-HCM01	Contract Management Support
Sloan/Vazquez	\$ 14,400.00	Organics To Energy Phase 1	10/07/14	Single Source	520340	Long Range Plan
JR Miller & Associates	\$ 30,900.00	Architectural Work for MRF Canopy	10/13/14	Single Source	570300-SF061	Capital - MRF Tip Area Canopy
Sloan/Vazquez	\$ 46,000.00	Quarterly Contamination Study	10/13/14	Single Source	520336	Quarterly Load Contamination Monitoring
R3	\$ 48,000.00	Long Range Plan Collection Services	10/28/14	Competitive Procurement	520340	Long Range Plan
Abbe and Associates	\$ 25,000.00	Long Range Plan Legislative Update	11/10/14	Competitive Procurement	520340	Long Range Plan
Betsey Meyer	\$ 12,000.00	Long Range Plan Education Center Expansion	10/28/14	Single Source	520340	Long Range Plan
Cascadia Consulting	\$ 20,000.00	Long Range Plan Public Education Research	12/23/14	Single Source	520340	Long Range Plan
Gigantic Idea Studio	\$ 5,000.00	Long Range Plan Best Practices Research	11/21/14	Competitive Procurement	520340	Long Range Plan
T324	\$ 10,000.00	Recycling Reporting Ordinance System Data Base Design	12/23/04	Single Source	520604-COE01	Commercial Recycling Technical Assistance
Cascadia Consulting	\$ 25,000.00	Recycling Reporting Ordinance Implementation Assistance	12/23/14	Single Source	520604-COE01	Commercial Recycling Technical Assistance

Competitive Procurement includes selecting contractors resulting from Requests for Proposals (RFP), Requests for Qualifications (RFQ), obtaining multiple bids/proposals and/or obtaining bids/proposals from firms pre-qualified per responses to published RFP/RFQ.

Single Source includes selecting contractors based on a sole source solicitation of bids/contracts and subsequent contract negotiations.



STAFF UPDATE

February 2015 – June 2015 Potential Future Board Agenda Items

February 26, 2015 (meeting at San Carlos Library Conference Room)

- Draft Plan and Recommended Process to Support Member Agencies with Future Decisions Regarding Franchise Agreements with Recology (**Discussion item**)
- TAC and Board Committee Structure (**Discussion item**)
- Approval of Changes to Employee Handbook (**Approval item**)
- Resolution Approving New Capital Request by SBR for One Transfer Trailer (**Approval item**)
- Review of Employee Compensation Policy (**Discussion item**)
- Approval of Quarterly Investment Report as of 12/31/14 (**Consent item**)
- Staff Update on Implementation of Commercial Recycling Hauler Reporting System Ordinance (**Info. only item**)

March 26, 2015 (meeting at San Carlos Library Conference Room)

- Review Draft Long Range Plan Report (**Staff presentation and discussion item**)
- Resolution Approving Calendar Year 2014 Financial Statements (**Consent item**)
- Resolution Approving Agreement to Conduct a Financial Systems Audit of the Collection Services and Facility Operations Contractors (**Consent item**)
- Resolution Approving Agreement to Conduct a Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems (**Consent item**)
- Appointment of Board Members to Adhoc Subcommittee to Interview Finance Manager Candidates
- Member Agency 2014 Snapshot Reports (**Info. only item**)

April 23, 2015 (meeting at San Carlos Library Conference Room)

- Consideration of Approval of Long Range Plan Report (**Approval item**)
- Discussion on FY1516 Budget Priorities (**includes status on FY1415 projects and preliminary budget figures**)

May 28, 2015 (meeting at San Carlos Library Conference Room)

- Review of Draft FY1516 Budget (**Discussion item**)
- Approval of Quarterly Investment Report as of 3/31/15 (**Consent item**)
- Annual Solid Waste Rate Survey Results (**Info. only item**)
- Staff Update on Implementation of Commercial Recycling Hauler Reporting System Ordinance (**Info. only item**)

June 25, 2015 (meeting at San Carlos Library Conference Room)

- Resolution Adopting FY1516 Budget (**Approval item**)
- Resolution Approving Audit Findings from Review of Collection Services and Facility Operations Agreements (**Approval item**)
- Approval of Annual Contracts with Various Vendors (**Consent items**)