



**SBWMA Technical Advisory
Committee (TAC) Meeting**
THURSDAY, April 9, 2015 at 2:00 p.m.
San Carlos Library
Conference Room A
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. 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 9, 2014 TAC Meeting Minutes

4. Review of Draft 2015 Long Range Plan

5. Recology San Mateo County 2014 Revenue Reconciliation

6. TAC Member Comments

7. 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



DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 MEETING OF THE TECHNICAL ADVISORY COMMITTEE
 October 9, 2014 – 2:00 p.m.
 San Carlos Library Conference Room A

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

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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.

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None

3. 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 March 13, 2014 TAC Meeting Minutes

Motion/Second: Murray/LaMariana

Voice Vote: All in Favor

4. New Business:

- A. Update on Long Range Plan and Discussion on Existing Programs and Infrastructure

Executive Director McCarthy gave an overview of the staff report, noting that the purpose was to seek TAC feedback on current programs, and that the staff report included information on current programs and whether to keep, change or eliminate them. He also noted that policy options will be discussed in

phase 2, and will be on the final list. He explained that this long range plan document is about programs and infrastructure and not about the Franchise and Operations agreements, noting that the process for looking at those agreements would start about 9 months to a year from now.

Member Murray asked if a wet/dry system was considered.

Executive Director McCarthy answered that staff, Recology and SBR did not assume any fundamental changes in the current collection system. He noted that the Member Agencies spent \$120M on this system which is producing really good results. He added that it was discussed, but that the group didn't want to go that route and likely degrade the value of the material being recycled.

Member Scott asked for clarification around glass storage options, and wondered if it would affect how glass was collected.

Executive Director McCarthy answered that there are operational challenges around how glass is handled at the facility, so the thought is to look at process improvements to see if there is something that can be done to improve the process, noting that nothing would change in the way it was collected.

Member Scott asked if it was looked at in the building plans.

Executive Director McCarthy answered yes, and at the time it was thought that the process adopted was the best option, but staff would like to take another look at this point to see if there is a better option.

Member Scott asked if there was an equipment replacement fund.

Executive Director McCarthy answered that there was an equipment replacement fund in place, and noted that the Long Range Plan wasn't assuming any changes in funding, but is assuming some changes in equipment, as it will be time to replace some of it.

Member Scott questioned why the MRF was being expanded if it wasn't at full capacity.

Executive Director McCarthy answered that as part of the Board approving the additional tons they required a second shift, they also approved extending the tipping floor area because there isn't enough storage for the additional tons.

Dwight Herring of SBR noted that currently the facility is processing about 100,000 tons per year, and there is probably capacity for 10-15,000 additional tons per year.

Executive Director McCarthy added that the permit to operate our facility requires that all the material be inside, nothing can be outside.

Member LaMariana clarified that there is limitations in storage, as the material is being staged for wherever it is going next.

Member Scott asked for clarification about moving to a single waste stream.

Executive Director McCarthy answered that staff is investigating a project to recover wet waste at the transfer station, and as part of that other options for garbage are being considered including possible every other week garbage pickup.

Chair Oskoui expressed concern that the law required garbage to be picked up at least every 7 days.

Executive Director McCarthy answered that some large cities have done it on a trial basis, like the City of Portland, and that if our agency were to try every other week collection it would also be on a trial basis. He also added it would require San Mateo County Department of Health approval before a trial would start.

Chair Oskoui asked what the analysis on rates would be for every other week collection.

Staff Feldman answered that behavior changes would need to be closely monitored during the trial, because a decrease in the garbage collection by 50% only decreases Recology's cost by 1/6, but the rates are based on the size of the black cart, so the customer's perception would need to be monitored.

Executive Director McCarthy added that there is concern that people will put garbage in the blue or green cart, if they don't have capacity in the black cart, which is what happened in some of the cities that have tried it, so there would definitely be a pilot program to measure the effectiveness.

Member Scott wondered if there were other cost savings other than the route hours if a pilot program was initiated.

Staff Feldman answered that one of the reasons for doing a pilot of the program is to see what the benefits might be.

Executive Director McCarthy added that page 2 of the staff report lists things to staff would like to get more data on, and that there is a window to try things and make recommendations for changes.

Member Scott noted that changes are scary because many Member Agencies had such big rate increases in 2012.

Executive Director McCarthy acknowledged that any new idea would go through a vetting process to improve efficiencies and lower costs.

Member Murray suggested that the Member Agencies look at how the service is being charged.

Executive Director McCarthy noted that it would be smart to review because almost every agency has a commercial subsidy of residential rates.

Chair Oskoui asked about the possibility of embedded bar codes on carts and scales on trucks.

Executive Director McCarthy answered that staff would like to see that tested, because rate models could be changed to charge on usage rather than size of cart.

Member Augustine noted that the truck scales didn't make it to the summary page.

Member Scott asked if recycling would be weighed too with the scale system.

Executive Director McCarthy noted that if operationally the scale system work then rate systems could be built around that information and staff could go from there.

Mario Puccinelli added that currently Recology is test driving scales on the mechanical arms, and that it's very new technology.

Executive Director McCarthy added that this would be a fundamental change for the residents and a complex rate system, but through the long range plan staff would like to see if there is a better way of structuring the rates.

Member Scott commented that he was not optimistic about the project, noting that it was complicated and the equipment would cost a lot.

Member Scott asked for clarification on the compressed natural gas test.

Executive Director McCarthy noted that anything of that nature would be implemented when there is a new contract with the service provider, but it is noted in the long range plan because with current natural gas prices, converting the collection fleet to CNG vehicles is a winner.

Member Scott asked Executive Director McCarthy to expand on the Admin building plans.

Executive Director McCarthy answered that as part of the long range plan staff is looking at relocating the admin building because with the existing infrastructure there is no more room at Shoreway. The MRF is at capacity, and with the organics to energy project and other possible changes more room will be needed in the transfer station, and the only places to expand are to the east or west. In order to move west the current administration building would need to be relocated, and as it turns out Recology would rather be in the back where their operations are.

Chair Oskoui asked if there was a campus master plan team.

Executive Director McCarthy answered that JR Miller, the original architect for Shoreway, has been hired to give a cost evaluation of the ideas in the long range plan.

Member Scott asked if the building changes were related to when the contract renews or changes.

Executive Director McCarthy answered with the exception of the CNG project the infrastructure would be separate from the contractor, but the idea is to get preliminary numbers to see if the ideas in the long range plan make sense or don't.

Chair Oskoui asked if CNG gas would be delivered and wondered if the SBSA pipeline project offered a potential for methane gas.

Staff Gans answered that SBSA had approached him with a pipeline proposal of running a gas line to our facility, and running a slurry line to their facility, and that staff is thinking about the proposal but not sure if the timing will work out.

Member Scott asked if it would be enough gas for the Recology vehicles.

Staff Gans answered that he didn't know yet, it is not a simple process, and there are a lot of parts to the puzzle. SBSA is already using a lot of the gas to power their building. The engine manufacturer of Recology's trucks would also need to certify the gas to be OK to use in the trucks.

Member Scott asked when it would all happen.

Executive Director McCarthy answered that in March the Board will review the long range plan, and that timelines will be reviewed in phases.

Member Walter commented that staff should be sure the plans for Shoreway included planning for the periodic flooding that happens at the facility. He also asked Recology to comment on the latest in automated truck technology.

Mario Puccinelli answered that there are some new bodies and chassis, but nothing new in the way of automation.

Chair Oskoui questioned how the report on storm water waste, driving trash out of the road and water ways would be looked at.

Staff Feldman answered that the report would be forwarded to the Board, and discussed in relation to the long range plan.

Member Scott asked for more information on the public spaces pilot program.

Staff Feldman answered that the pilot program is happening in this year's budget and staff is looking for ways to improve the existing system.

Executive Director McCarthy noted that there are challenges with public spaces recycling because all the jurisdictions have handled it differently and Recology charges more if the bins are far from the curb. He acknowledged that there is probably not going to be a single solution.

Member LaMariana asked for more detail on implementing the coupon for the bulky item collection.

Executive Director McCarthy answered that this is a recommendation item and the customers would get a coupon to take items to the transfer station for free instead of having a bulky item collection, but the collection would still be available.

Staff Devincenzi added that the hope is that it will help with illegal dumping.

Mario Puccinelli added that some customers want their pick-ups on Saturday and this would be a solution.

Member LaMariana asked if adding carpet and textiles to the program was being looked at.

Staff Devincenzi answered that SBR has been working with vendors and will be taking it soon for recycling.

Member LaMariana noted that the County has gotten good feedback on those that have used the HHW program, but that not that many are using it, and wondered if there was something to help more people use the program.

Staff Feldman answered that when the program is promoted the usage numbers go up, and that the HHW program will continue to be promoted as long as there are funds available.

Staff Devincenzi added that our service area has one of the highest participation rates of the markets At Your Door serves.

Chair Oskoui noted that Belmont has gotten some calls from residents who've called Recology, but weren't then redirected to the HHW program; they were simply told that Recology doesn't pick it up.

Mario Puccinelli noted that he would look into that, because the customer service reps are trained to direct people to the HHW program.

Member Scott questioned if the program didn't have a high volume of users should dropping the program be considered, and wondered if it was worth adding it to the service options in attachment Q.

Executive Director McCarthy noted that it is a popular and well liked program from the comment cards we get back from the program participants. And noted that staff is going to explore other contractors and other options including possibly partnering with the County. He noted that the At Your Door contract is up in two years and they are looking for big increases.

Member LaMariana asked how the passage of AB1826 was going to be integrated into the RethinkWaste commercial programs.

Staff Devincenzi answered that a staff report was going to the Board on both AB 1594 and AB 1826 in the October packet. She noted that 1826 has a phased in approach, but there would be no change in programs, but there would be changes to public outreach.

5. TAC Member Comments

Executive Director McCarthy reminded TAC members of the Workshop on 11/6, and noted that there would be industry speakers there and asked TAC Members to sign up and come.

Executive Director McCarthy added that after the Board considers the long range plan in March, it will be time to look at the Franchise Agreements.

Chair Oskoui asked if the final plan would be coming back to the TAC before March.

Executive Director McCarthy noted that the Board doesn't have a consensus view on what the role of the TAC is, and the Board will be having a discussion on the role of the TAC to see if they can come to some sort of consensus.

Member LaMariana invited TAC Members to attend two county workshops, one on 10/15 a deconstruction workshop, and a volunteer academy on 11/1 and 11/8 on energy efficiency. He noted that these are at the San Mateo Library and open to the general public.

6. Adjourn 3:27PM



A Public Agency

REVIEW OF DRAFT 2015 LONG RANGE PLAN

Following is a copy of the March 26, 2015 Board Staff Report on the Draft 2015 Long Range Plan for your review. The Draft 2015 Long Range Plan was included in that packet and is available online at

http://www.rethinkwaste.org/uploads/media_items/4-attach-a-all-2015-draft-lrp.original.pdf



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director, and Senior Staff
Date: March 26, 2015 Board of Directors Meeting
Subject: Review of Draft 2015 Long Range Plan

Recommendation

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

Summary

This 2015 Draft Long Range Plan is the key deliverable for phase four of a five-phase effort to complete the JPA's first comprehensive long range plan since 2002. A TAC meeting will be held on April 9, 2015 to get feedback on this draft Plan. The last phase of this Long Range Plan process is the Board's approval of a final Plan.

The Plan is really a blueprint to assist the Board of Directors with future decision-making on enhancements to the existing solid waste, recycling, and organics collection and processing system for our service area of approximately 450,000 people in San Mateo County with a primary focus on the next five-year period.

The JPA's last Long Range Plan was drafted in 2002, then updated in 2005 and became the starting point for the development of the franchised collection programs and services rolled out in January 2011. A masterplan for the Shoreway Environmental Center was approved by the Board in April 2007 and was the basis for the \$46 million in capital improvements completed between the fall of 2009 and the spring of 2011.

With the rollout of new franchised collection services and completion of the Shoreway masterplan improvements in 2011, the SBWMA now has one of the highest regarded and most innovative collection and processing systems in the country. This system provides a solid foundation to build on to address any future diversion needs, changes in State laws and regulations, and new policy goals established by the SBWMA Board of Directors.

This draft Plan addresses policy, programmatic and infrastructure needs to meet the requirements of Assembly Bill (AB) 341 with its 75% statewide recycling goal by 2020 and more recent legislation such as AB 1826 and its mandatory commercial organics recycling provisions. The draft Plan also includes recommendations for operational improvements affecting collection and Shoreway operations with a goal of improved efficiency, cost savings and environmental improvements.

The draft Plan in and of itself is not a decision-making tool for future decisions by Member Agencies in 2017 to extend or not the term of their existing Franchise Agreements with Recology San Mateo County and other critical contractual decisions such as:

- Future decision by the JPA whether or not to extend the term of the Shoreway Operations Agreement with South Bay Recycling (SBR)
- Future expiration on December 31, 2019 of the Ox Mountain Disposal Agreement

There are recommendations in this draft Plan that do affect the future scope of work for the Franchise Agreements and Shoreway Operations Agreement, but staff will outline separate processes in the coming months for how the JPA and Member Agencies can successfully prepare for and execute on critical contractual decisions.

Analysis

Assessment and Evaluation of Policy, Program and Infrastructure Enhancements

In assessing and evaluating potential enhancements to our existing recycling and solid waste collection and processing system the key guiding principles were:

- Meeting the State's 75% recycling goal by 2020
- Leveraging existing infrastructure and investments
- Programs that address any existing service voids or deficiencies
- Cost-effective and efficient programs

More specific to the existing Shoreway Environmental Center infrastructure not only was there a focus on achieving cost effective waste diversion but also identifying enhancements that would improve the efficiency of facility operations, and customer and worker experience and safety.

There were also specific enhancements developed through collaboration with Recology including two operational improvements: conversion of the existing collection fleet from using 5% biodiesel to a future fleet that runs on compressed natural gas (CNG), and potential use of split-body (two-compartment) collection vehicles to service residential customers.

Staff also worked closely with Recology to develop future measured diversion forecasts associated with existing commercial recycling and organics outreach efforts, notably to address the mandatory commercial organics requirements of Assembly Bill (AB) 1826 which take effect in April 2016.

Collection Programs and Policies

In order to identify opportunities for enhancing existing programs and services, specific program metrics were reviewed such as sector (e.g., residential, commercial, etc.) specific diversion rates, customer participation rates, and look at the types of materials (i.e., waste composition) that are being disposed. Staff's review of the program metrics resulted in the following findings:

- While we have a relatively high residential diversion rate of 66.5%, there remains opportunity to further increase participation and setout rates to divert more materials.
- The continued drought has contributed to an annual reduction in residential compost set-out participation levels.
- The overall diversion rate has remained stable and while still below 50%, it will likely increase once the data obtained through implementing the commercial recycling reporting Ordinance is included.
- Multi-family continues as a unique challenge and opportunity for diversion improvement especially due to this sector's high rate of disposal of both recycling and compost materials.
- The commercial sector contributes the largest percentage by sector of garbage and approximately half of the recycling and compost materials targeted for recycling are recovered through the BizSMART program. Therefore, while the extent of improvement in recycling and compost collection services remains unknown until more recycling data is obtained from this sector, there appears to be considerable room for improvement in existing recycling and compost collection services.
- Public education and outreach is critically connected to the success of all the programs and affects participation and diversion rates.
- Public education and outreach spending has declined to an ongoing maintenance level.

Shoreway Processing and Transfer Infrastructure

Staff's review of waste diversion options at Shoreway was focused primarily on a review of waste composition data at the Transfer Station to determine the potential for additional materials recovery. Such waste composition data was projected into future years as part of our measured diversion forecast to identify actual disposed tons available for "back-end" (i.e., after source separation collection programs at homes and businesses) recovery at the Transfer Station. Significant quantities of organics and to a lesser extent recyclable materials were identified for recovery.

Significant effort also went into identifying specific infrastructure enhancements that would be needed to support potential collection program enhancements such as the future use of CNG collection vehicles. A new CNG facility would be required to be built at Shoreway along with closeout of the existing diesel fuel storage and dispensing system.

Due to the JPA's interest in having office and public meeting space at Shoreway, several options were explored as part of this Plan. Such options to some extent are impacted by other Shoreway enhancements (i.e., Transfer Station building improvements) identified.

Recommendations

The draft Plan provides recommendations with decision-making timelines and estimated costs, both one-time and ongoing, and capital requirements. As noted in the draft Plan, future rate analysis will be required to determine potential collection rate savings or increases and impacts on tipping fees charged at Shoreway for franchise and non-franchise tonnage. The recommendations can be summarized as follows:

Collection Operational Improvements and Program Enhancements

- Use of CNG in future collection fleet effective January 2021.
- Conduct a pilot project in FY1516 to study routing efficiencies using split-body collection vehicles over two four-week pilot periods between September and November 2015 for approximately 16,000 single family homes. Split-body vehicles allow for the collection of two types of material streams (e.g., garbage and recycling) utilizing one truck as opposed to two trucks.
- Piloting every other week collection of garbage from approximately 8,000 residential homes over a three month pilot period sometime in FY1516.
- Modify Recology's current commercial outreach reporting requirements to implement a Commercial Subscription and Participation Compliance Status Report for use in setting outreach priorities and tracking progress to diversion goals. This change will be supplemented with enhanced commercial public education and outreach efforts to be piloted in FY1516.
- Implement a model public spaces recycling collection pilot in a downtown area and a park setting with a goal of ultimately developing a more uniform approach across Member Agencies to complement existing residential and commercial recycling and organics collection services. Existing funds are available to start this pilot in FY1415 with some supplemental funds required to continue into FY1516.
- Rollout an enhanced residential public education and outreach pilot in FY1617 to test a dedicated campaign service area-wide and for specific Member Agencies with lower residential diversion rates. The pilot goal is to measure the cost effectiveness of enhanced public education to increase residential diversion rates.

Policy Initiatives

- Develop a model Extended Producer Responsibility (EPR) policy for Board consideration and approval in FY1516. The policy will facilitate more active SBWMA engagement with supporting state EPR legislation.
- Do not consider implementing any mandatory recycling ordinances until measured diversion results are known after 2020.
- Do not consider any disposal bans on designated materials (e.g., green waste, cardboard, etc.) until measured diversion results are known after 2020.

Shoreway Facility Enhancements

- Install a mixed waste processing system in the Transfer Station in 2018 to recover organics and recyclables from residential and commercial waste delivered to the Transfer Station by Recology collection vehicles. Recovered organics to be transferred to the Silicon Valley Clean Water wastewater treatment plant for digestion and energy production. Recyclables to be processed further as needed at existing onsite MRF.
- Expand the Transfer Station building in 2017/2018 to accommodate the new mixed waste processing system.
- Pursue one of three options to provide for onsite SBWMA office space and new public meeting space (for Board meetings and other public uses). The specific option to be pursued should be determined after a final decision is made on the mixed waste processing system and related Transfer Station building improvements.
- Install a CNG fueling system in 2020 to provide for future fuel needs for the collection fleet. This project would also involve the closeout of the existing diesel fuel storage and dispensing system.
- Include a multi-year capital plan for repairing approximately four acres of paving in the corporation yard area used by Recology.
- Replace all large light fixtures in the MRF, Transfer Station and Recology maintenance shop areas with LED lighting in FY1516.
- Conduct a stakeholder engagement process in FY1516 to determine what additional components can be added to our existing environmental education program with a focus on increasing recycling and composting efforts at schools in our service area.

Based on the above recommendations and a baseline forecast for current commercial recycling and organics outreach efforts, staff projected future measured diversion levels by sector and overall as shown in **Table 1** below:

Table 1: Baseline Forecast w/ Enhanced Residential Public Education and MSW Processing Starting in 2018*

<u>Sector</u>	<u>Actual Results</u>		<u>Projected Results</u>					
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential	66.90%	66.48%	66.59%	66.59%	66.59%	71.32%	76.35%	76.60%
Commercial/MFD	29.77%	31.04%	32.01%	34.79%	37.13%	48.75%	58.77%	58.77%
Overall	48.83%	48.90%	49.39%	50.77%	51.94%	60.09%	67.61%	67.73%

**Commercial Recycling Reporting Ordinance data is not included in the forecasted Commercial/MFD and Overall measured diversion*

These figures do not include any diversion data as a result of the implementation of the Commercial Recycling Reporting Ordinance as the first required reports per the Ordinance are not due until May 1, 2015. When this data becomes available and is reviewed by staff an updated diversion forecast will be prepared which will likely put us even closer to the State's 75% diversion goal by 2020.

Background

At the November 20, 2014 Board meeting staff provided a progress report on phase two of the Long Range Plan workplan and noted the upcoming milestone of the visioning workshop. A successful Long Range Plan visioning

workshop was held on November 6, 2014 which was well-attended by Board and TAC members, Member Agency staff and community leaders.

On September 12, 2014 the Board approved the guiding principles for use in assessing and evaluating program, policy, and Shoreway infrastructure enhancements. The approved guiding principles reflect Board Member feedback to incorporate meeting the State's 75% recycling goal by 2020, making sure product quality and end-market considerations reflect economic considerations, and that proposed programs address any existing service voids or deficiencies.

The SBWMA FY1415 budget approved by the Board on June 26, 2014 included a workplan and budget of \$232,500 for the development of a Long Range Plan. \$187,500 was earmarked for the Plan development and \$45,000 for research associated with the organics recovery project with Silicon Valley Clean Water (formerly SBSA).

Fiscal Impact

The Board review and approval of the 2015 Long Range Plan has no specific fiscal impact as separate Board actions will have to be taken in future years to approve recommended projects. The draft Plan in Section 5 outlines decisions by year which will be requested of the SBWMA Board and/or Member Agencies to implement the recommendations.

In the upcoming fiscal year (FY1516) there are a number of recommendations for one-time expenditures to support implementation of pilot projects, and complete additional technical and financial analysis of the mixed waste processing system, including building improvements.

For FY1516, the projected spending from the operating expense budget totals \$476,591 with \$206,591 for collection related programs and outreach, and \$270,000 related to Shoreway operations. \$274,000 is also recommended as a capital expense to retrofit large lighting fixtures in the MRF, Transfer Station, and Recology maintenance shop with high-efficiency LED lights. A \$55,422 adjustment is also recommended to Recology's 2016 compensation to cover costs associated with the split-body collection vehicle pilot project.

Future year financial decisions are summarized at the end of Section 5 in the draft Plan.

Attachments:

Attachment A – [Draft 2015 Long Range Plan \(Available online only at www.rethinkwaste.org\)](http://www.rethinkwaste.org)



RECOLOGY SAN MATEO COUNTY 2014 REVENUE RECONCILIATION



STAFF UPDATE

To: SBWMA TAC Members
From: Marshall Moran, Finance Manager
Date: April 9, 2015 TAC Meeting
Subject: Recology San Mateo County 2014 Revenue Reconciliation

Recommendation

This is an informational report and no action is necessary.

Analysis

Staff has prepared the attached document (see **Attachment A**) comparing the SBWMA's estimated revenue reconciliation figures by Member Agency for rate (calendar) year 2014 vs. the figures in the report (see **Attachment B**) provided by Recology on March 31, 2015. The SBWMA's estimated figures were previously provided in the September 25, 2014 Board packet, agenda item 5B on Board approval of Recology's 2015 compensation application. The staff report for agenda item 5B stated that an estimated 2014 revenue reconciliation surplus/shortfall is provided for informational purposes only so Member Agencies get a more complete picture on what their future estimated rate revenue surplus/shortfall will be.

The SBWMA's 2014 estimated revenue reconciliation balance was one part of the 2015 total revenue requirement and therefore was part of the recommended rate adjustment by Member Agency. In total, the preliminary revenue reconciliation balance is \$221,357 better than our projection with a nominal impact of a 0.2% rate decrease. Individual agencies range from a 1.1% rate increase to a 1.3% rate decrease.

Staff will be reviewing, as will a consultant hired by the JPA, the revenue reconciliation figures provided by Recology and the final, audited revenue reconciliation figures will be incorporated into Recology's 2016 Compensation Application due to the SBWMA and Member Agencies on June 15, 2015.

Background

Per Section 11.03 of each Member Agency's franchise agreement, Recology is required to submit a revenue reconciliation report to the Member Agency and the SBWMA on or before March 31 of each rate year. Such a report was submitted via email by Recology on March 31, 2015. The purpose of the report is to detail the "difference between the actual net revenues billed by Contractor for the preceding rate year and the Contractor's compensation approved for that rate year."

Fiscal Impact

There is no fiscal impact to the SBWMA Member Agencies associated with this item since this reflects preliminary 2014 balances owed to/from each Member Agency and Recology.

Attachments:

Attachment A – 2014 Member Agency Surplus/Shortfall Variance

Attachment B – Revenue Reconciliation – 2014 (document emailed to Board and TAC by Recology on March 31, 2015)

	<u>Atherton</u>	<u>Belmont</u>	<u>Burlingame</u>	<u>East Palo Alto</u>	<u>Foster City</u>	<u>Hillsborough</u>	<u>Menlo Park</u>	<u>North Fair Oaks</u>	<u>Redwood City</u>	<u>San Carlos</u>	<u>San Mateo</u>	<u>West Bay</u>	<u>Unincorp. County</u>	<u>Member Agency Total</u>
Preliminary Variance (\$):														
Surplus/(Shortfall) for Rate Year 2014	895,936	(452,805)	1,223,751	81,081	(155,870)	448,106	(176,439)	83,311	1,294,907	328,781	(355,349)	32,545	(143,602)	3,104,353
SBWMA Projection (9/16/2014)	908,231	(493,136)	1,096,649	22,593	(216,065)	445,478	(59,356)	76,263	1,301,850	293,974	(397,476)	35,926	(131,935)	2,882,996
Variance: Better / (Worse)	(12,295)	40,331	127,102	58,488	60,195	2,628	(117,083)	7,048	(6,943)	34,807	42,127	(3,381)	(11,667)	221,357
Estimated Rate Impact (Increase / Decrease)	0.4%	-0.6%	-1.2%	-1.3%	-1.2%	-0.1%	1.1%	-0.3%	0.0%	-0.4%	-0.2%	0.2%	0.4%	-0.2%



REVENUE RECONCILIATION RATE YEAR 2014

Submitted March 31, 2015



March 31, 2015

Kevin McCarthy
Executive Director
SBWMA/RethinkWaste
610 Elm Street, Suite 202
San Carlos, CA 94070

Dear Mr. McCarthy:

Enclosed is a copy of the Revenue Reconciliation Rate Year 2014 in accordance with Attachment K, Section 8 of the Agreement. Recology will send electronic copies to each jurisdiction.

If you should have any questions or require additional information, please call me at (650) 598-8243.

Sincerely,

A handwritten signature in blue ink that reads 'Mario Puccinelli'.

Mario Puccinelli
Group Manager

cc: Cliff Feldman
Marshall Moran



RECOLOGY SAN MATEO COUNTY

REVENUE RECONCILIATION RATE YEAR 2014

**Submitted
MARCH 31, 2015**



REVENUE RECONCILIATION RATE YEAR 2014

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Recology San Mateo County
 Revenue Reconciliation
 Rate Year 2014
 Revenue Reconciliation of Gross Revenue
 Billed to Approved Contractor's Compensation
 and Surplus/Shortfall

	Atherton	Belmont	Burlingame	E Palo Alto	Foster City	Hillsborough	Menlo Park	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County	Member Agency Total
Gross Revenue Billed	\$ 3,171,510	7,082,709	10,843,338	4,709,232	5,098,547	3,208,385	10,230,283	2,683,045	18,105,131	8,233,855	21,740,840	1,518,900	3,207,739	99,833,514
Less:														
Pass-Through Costs	1,276,596	3,152,451	4,863,078	2,295,616	1,852,457	1,008,214	4,399,382	905,524	7,460,839	2,817,730	8,442,520	481,996	950,849	39,907,252
Unscheduled and Intermittent Services	28,355	76,581	96,060	57,139	18,566	9,784	129,546	32,404	112,591	95,039	331,476	16,000	19,047	1,022,588
Net Revenue Billed	1,866,559	3,853,677	5,884,200	2,356,477	3,227,524	2,190,387	5,701,355	1,745,117	10,531,701	5,321,086	12,966,844	1,020,904	2,237,843	58,903,674
Contractor's Compensation	1,500,193	3,661,970	5,702,623	2,381,568	3,641,950	1,995,295	5,803,085	1,697,075	10,259,750	5,213,150	12,567,686	988,359	2,188,212	57,600,916
Agency Specific Contract Changes						(32,502)	23,919			(6,303)				(14,886)
Approved Contractor's Compensation	1,500,193	3,661,970	5,702,623	2,381,568	3,641,950	1,962,793	5,827,004	1,697,075	10,259,750	5,206,847	12,567,686	988,359	2,188,212	57,586,030
2012 (Surplus)/Shortfall	(497,833)	605,887	(979,717)	(99,809)	(243,061)	(200,778)	47,746	(33,155)	(961,651)	(214,542)	709,290	(187,547)	181,653	(1,873,517)
Interest on 2012 (Surplus)/Shortfall	(31,737)	38,625	(62,457)	(6,363)	(15,495)	(19,734)	3,044	(2,114)	(61,305)	—	45,217	(11,956)	11,580	(112,695)
Combine 2012 Surplus with 2013 Shortfall												199,503		199,503
Total Due Recology San Mateo County for Rate Year 2014	970,623	4,306,482	4,660,449	2,275,396	3,383,394	1,742,281	5,877,794	1,661,806	9,236,794	4,992,305	13,322,193	988,359	2,381,445	55,799,321
Surplus/(Shortfall) for Rate Year 2014	\$ <u>895,936</u>	<u>(452,805)</u>	<u>1,223,751</u>	<u>81,081</u>	<u>(155,870)</u>	<u>448,106</u>	<u>(176,439)</u>	<u>83,311</u>	<u>1,294,907</u>	<u>328,781</u>	<u>(355,349)</u>	<u>32,545</u>	<u>(143,602)</u>	<u>3,104,353</u>

Note: In accordance with the Memorandum of Understanding, interest is applied to the shortfall between net revenue billed and the approved amount due Recology if rates are set below those recommended in the SBWMA report approved by the SBWMA Board. Interest is applied to 50% of the difference during the rate year in which the difference occurred (2014) because the difference occurs throughout the year and to 100% of the difference in the immediately following year (2015) because the difference exists the entire year. The interest applied to both years is the prime rate in effect when the SBWMA issued the report for that year plus one percent (1%). The prime rate has been 3.25% since December 16, 2008.

Recology San Mateo County
Revenue Reconciliation
Rate Year 2014
Statement of Gross Revenue Billed

	Atherton	Belmont	Burlingame	E Palo Alto	Foster City	Hillsborough	Menlo Park	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County	Member Agency Total	Other	Total
Revenues:																
Refuse Collection operations																
Residential	\$ 2,910,739	2,940,806	2,066,993	2,038,461	1,711,941	3,192,876	2,913,683	1,031,057	9,284,746	3,415,855	6,321,856	1,169,957	2,449,064	41,448,034	—	41,448,034
Commercial & Multi-Family Dwelling	260,633	3,864,627	6,555,233	2,319,694	2,852,475	112,200	7,086,663	1,651,988	7,764,817	4,259,021	14,083,322	334,719	758,606	51,903,998	—	51,903,998
Debris Box	—	206,384	2,043,701	310,431	534,131	—	229,549	—	1,055,568	555,147	1,335,405	—	—	6,270,316	—	6,270,316
Hauling revenue adjustments	(404,431)	(237,403)	(281,508)	18,791	367,983	(331,291)	154,779	8,133	(332,633)	(328,180)	(452,151)	(21,596)	(28,391)	(1,867,898)	—	(1,867,898)
Other	138	6,441	9,513	1,861	—	1,837	45,530	233	—	8,286	257	—	3,751	77,847	985,742	1,063,589
Total operating revenues	\$ 2,767,079	6,780,855	10,393,932	4,689,238	5,466,530	2,975,622	10,430,204	2,691,411	17,772,498	7,910,129	21,288,689	1,483,080	3,183,030	97,832,297	985,742	98,818,039

RECONCILIATIONS:

2014 revenue adjustment	(1)	\$ 945,416		1,247,000	31,854	(161,371)	564,880	(175,267)	77,469	1,276,520	328,067	(359,306)	240,031	(167,316)	3,847,977	—	3,847,977
2013 (incentives)/disincentives		(2,395)	(11,280)	(33,983)	(16,423)	(15,327)	(2,878)	(23,827)	(7,592)	(54,105)	(18,063)	(60,521)	(1,576)	(5,239)	(253,209)	—	(253,209)
2012 (surplus)/shortfall		(497,833)	605,887	(979,717)	(99,809)	(243,061)	(200,778)	47,746	(33,155)	(961,651)	(214,542)	709,290	(187,547)	181,653	(1,873,517)	—	(1,873,517)
Interest on 2012 (surplus)/shortfall		(31,737)	38,625	(62,457)	(6,363)	(15,495)	(19,734)	3,044	(2,114)	(61,305)	—	45,217	(11,956)	11,580	(112,695)	—	(112,695)
		413,451	633,232	170,843	(90,741)	(435,254)	341,490	(148,304)	34,608	199,459	95,462	334,680	38,952	20,678	1,608,556	—	1,608,556
Adjustment to booked 2012 (surplus)/shortfall (timing difference)		(9,020)	(395,829)	110,665	71,950	67,271	(10,199)	(6,475)	(42,741)	133,174	232,718	117,471	(17,356)	7,713	259,342	—	259,342
Rate Stabilization account			70,892	177,411								14,224			262,527	—	262,527
Late Charges on Delinquent Payments			(6,441)	(9,513)	(1,861)		(1,837)	(45,142)	(233)		(8,230)			(3,682)	(76,939)	—	(76,939)
Adjustment to booked Hillsborough 2011 Shortfall (timing difference)							(96,691)								(96,691)	—	(96,691)
Adjustment to booked San Carlos Compactor billing										3,776					3,776	—	3,776
Adjustment to booked E Palo Alto Tax Roll billing					40,646										40,646	—	40,646
SBWMA Reimb of Repairs															—	(26,103)	(26,103)
SBR Fuel and Electric Revenue															—	(950,619)	(950,619)
Gross Revenue Billed		\$ 3,171,510	7,082,709	10,843,338	4,709,232	5,098,547	3,208,385	10,230,283	2,683,045	18,105,131	8,233,855	21,740,840	1,518,900	3,207,739	99,833,514	9,020	99,842,534

(1) Revenue is recognized on an accrual basis when services are performed. This amount represents the difference between amounts billed and the contractual targeted compensation for services provided.

Recology San Mateo County
 Revenue Reconciliation
 Rate Year 2014
 Statement of Pass-Through Costs

	<u>Atherton</u>	<u>Belmont</u>	<u>Burlingame</u>	<u>E Palo Alto</u>	<u>Foster City</u>	<u>Hillsborough</u>	<u>Menlo Park</u>	<u>North Fair Oaks</u>	<u>Redwood City</u>	<u>San Carlos</u>	<u>San Mateo</u>	<u>West Bay</u>	<u>Unincorporated County</u>	<u>Member Agency Total</u>	<u>Other</u>	<u>Total</u>
Disposal Fees:																
Residential																
MSW	\$ 156,943	301,850	340,727	609,570	294,127	207,165	407,364	257,361	926,952	402,022	1,154,054	106,428	247,635	5,412,198	—	5,412,198
Organics	706,838	366,543	469,483	331,653	247,110	412,364	736,075	187,160	1,144,639	546,383	1,285,611	224,840	369,938	7,028,637	—	7,028,637
Commercial																
MSW	34,871	197,676	687,159	118,226	205,892	12,812	781,313	169,843	1,277,918	523,587	1,197,574	36,141	82,503	5,325,515	47,249	5,372,764
Organics	27,271	47,869	183,843	35,040	178,647	19,447	320,596	44,009	283,164	81,265	262,569	12,877	23,486	1,520,083	—	1,520,083
Multi-Family Dwelling																
MSW		200,525	268,459	253,638	294,508		201,529	89,802	656,161	145,352	966,092	2,559	38,552	3,117,177	—	3,117,177
Organics		6,087	4,867	7,471	3,710		11,619	198	10,756	11,504	27,365	156	331	84,064	—	84,064
Debris Box																
MSW	623	45,835	685,812	109,355	106,104		44,463		378,262	74,352	384,421			1,829,227	—	1,829,227
Organics					51,395		20,469		59,968	215				132,047	—	132,047
City Facilities																
MSW	6,628	18,070	161,287	20,310	45,487	35,189	107,089	15,632	191,293	53,738	173,576	1,571		829,870	—	829,870
Organics	20,557	10,695	79,089	9,533	6,623	11,672	80,345	392	65,578	14,190	35,421	936	6,658	341,689	—	341,689
City Self Hauled																
MSW		121,342			31,777				1,666	15,896	12,975			183,656	—	183,656
Organics		5,869			7,128				14,985	1,709				29,691	—	29,691
Total Disposal	\$ 953,731	1,322,361	2,880,726	1,494,796	1,472,508	698,649	2,710,862	764,397	5,011,342	1,870,213	5,499,658	385,508	769,103	25,833,854	47,249	25,881,103
Franchise and Other Fees																
Franchise Fees	\$ 284,865	633,001	709,643	368,284	235,930	290,066	595,975	127,108	2,331,902	729,457	751,909	71,118	151,484	7,280,742	—	7,280,742
Allied Balancing Account														—	—	—
Street Sweeping Fee	24,000	425,350	234,960	232,536	96,600					85,300	320,000			1,418,746	—	1,418,746
Management Fee							300,000							300,000	—	300,000
AB939 Fee	14,000	248,121							72,366		892,755			1,227,242	—	1,227,242
Administration Fee			177,411						45,229					222,640	—	222,640
Landfill Closure Fee			443,527				739,830				978,198			2,161,555	—	2,161,555
HHW Fee		62,822	49,200		47,419	19,499	52,715	14,019		52,260		11,146	30,262	339,342	—	339,342
Rate Stabilization Fee														—	—	—
Collection Vehicle Fee		177,229												177,229	—	177,229
Litter Control Fee		141,783		200,000										341,783	—	341,783
NDPES Litter Impact Fee		70,892												70,892	—	70,892
Steam Cleaning Fee			75,000							10,000				85,000	—	85,000
Resource Conservation Fee														—	—	—
City Manager Fee			115,200							32,300				147,500	—	147,500
Asst City Manager Fee										38,200				38,200	—	38,200
Franchise and Other Fees	\$ 322,865	1,759,198	1,804,941	800,820	379,949	309,565	1,688,520	141,127	2,449,497	947,517	2,942,862	82,264	181,746	13,810,871	—	13,810,871
RECONCILIATIONS:																
Rate Stabilization Fee		70,892	177,411									14,224		262,527	—	262,527
Total Franchise and other Fees	<u>322,865</u>	<u>1,830,090</u>	<u>1,982,352</u>	<u>800,820</u>	<u>379,949</u>	<u>309,565</u>	<u>1,688,520</u>	<u>141,127</u>	<u>2,449,497</u>	<u>947,517</u>	<u>2,942,862</u>	<u>96,488</u>	<u>181,746</u>	<u>14,073,398</u>	<u>—</u>	<u>14,073,398</u>
Total Pass-Through Costs	\$ 1,276,596	3,152,451	4,863,078	2,295,616	1,852,457	1,008,214	4,399,382	905,524	7,460,839	2,817,730	8,442,520	481,996	950,849	39,907,252	47,249	39,954,501

Recology San Mateo County
 Revenue Reconciliation
 Rate Year 2014
 Statement of Revenue Billed
 for Unscheduled and
 Intermittent Services

	<u>Atherton</u>	<u>Belmont</u>	<u>Burlingame</u>	<u>E Palo Alto</u>	<u>Foster City</u>	<u>Hillsborough</u>	<u>Menlo Park</u>	<u>North Fair Oaks</u>	<u>Redwood City</u>	<u>San Carlos</u>	<u>San Mateo</u>	<u>West Bay</u>	<u>Unincorporated County</u>	<u>Total</u>
Revenue Billed														
Attachment Q revenues	\$ 60,226	106,883	117,277	57,236	18,566	44,095	148,904	32,773	112,591	108,065	351,724	20,149	22,382	1,200,871
Less:														
Back yard collection fees	29,035	3,395	4,887	—	—	33,333	—	369	—	3,522	6,989	4,149	3,335	89,014
Total Unscheduled Services	<u>31,191</u>	<u>103,488</u>	<u>112,390</u>	<u>57,236</u>	<u>18,566</u>	<u>10,762</u>	<u>148,904</u>	<u>32,404</u>	<u>112,591</u>	<u>104,543</u>	<u>344,735</u>	<u>16,000</u>	<u>19,047</u>	<u>1,111,857</u>
Less Included Franchise Fee	2,836	26,907	16,330	97	—	978	19,358	—	—	9,504	13,259	—	—	89,269
Unscheduled Services less Franchise Fees	<u>\$ 28,355</u>	<u>76,581</u>	<u>96,060</u>	<u>57,139</u>	<u>18,566</u>	<u>9,784</u>	<u>129,546</u>	<u>32,404</u>	<u>112,591</u>	<u>95,039</u>	<u>331,476</u>	<u>16,000</u>	<u>19,047</u>	<u>1,022,588</u>

Note: Member Agencies keep the first 20% of backyard collection fees because the cost to service 20% of the customers is included in Contractor's Compensation.
 The backyard collection fees are within the 20% threshold and therefore are reduced from the total of Unscheduled Services revenue.