



A Public Agency

BOARD OF DIRECTORS MEETING

THURSDAY, April 24, 2014 at 2:00 p.m.

Shoreway Environmental Center
RethinkWaste Board Room (upstairs community room
in Recology offices)
225 Shoreway Road, 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 March 27, 2014 BOD Meeting Minutes
- B. Resolution Approving Contract Amendment with Zanker Road for Processing of Construction and Demolition Debris

4. New Business:

- A. Memorandum of Understanding with Silicon Valley Clean Water Regarding an Organic Waste Conversion Project
- B. Discussion on FY1415 Budget Priorities (includes status on FY1314 projects)

5. Staff Updates:

- a) Update on Labor Issues
- b) Potential Future Board Agenda Items
- c) Check Register for March 2014
- d) Update on 2014/15 Franchise Rate Setting Process
- e) Recycling and Outreach Programs Update
- f) Shoreway Facility Operations and Maintenance Update
- g) Results of 2014 1st/2nd Quarter Recology Franchise Agreement Contamination Measurements for Loads of Recyclable Materials, Organic Materials, and Plant Materials
- h) Receipt of Recology and SBR Monthly Reports

6. Board 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



A Public Agency

CONSENT CALENDAR

DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
March 27, 2014 – 1:30 p.m.
RethinkWaste Board Room at the Shoreway Environmental Center

Call To Order: 1:30 PM

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. **Adjourn to Closed Session** –Conference with Legal Counsel – Existing litigation per government code section 54956.9(a) Zanker Road Resource Management, LTD versus South Bayside Waste Management Authority Santa Clara Superior Court Case No. 1-13-CV-248796

Regular Session CTO: 2:00 PM

3. **Report from Closed Session**

Nothing to report

4. **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	

5. 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.

Dwight Herring of SBR spoke about the proposed California budget elimination of curbside supplemental fees that are paid to the Member Agencies, and administrative fees that are paid to certified recycling centers. He noted that the proposed plan suggests certified recycling centers and processors should continue to provide the critical recycling services without any compensation. He added that administrative fees, or reimbursements, are used to defray the cost of managing the CRV recordkeeping and reporting requirements. Administrative fees also cover the cost of capital expended by recycling centers that typically wait 30 days or more to be reimbursed by the state for payments made to the public. In 2013, the Administration Fees that were billed to CalRecycle and paid to the SBWMA amounted to over \$24,000. He concluded by asking Board members to contact their State Assembly members asking them to leave the administrative fees alone.

Chair Widmer asked Dwight Herring to send a form letter to all of the Member Agencies that could be used to contact Assembly Members regarding the issue.

Michael Brownrigg commented that he was expecting a bigger number than \$24,000 and would like to understand the bottom line scale better.

Chair Widmer suggested this item be referred to the TAC for further understanding.

6. 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 February 27, 2014 BOD Meeting Minutes
- B. Resolution Approving Calendar Year 2013 Financial Statements
- C. Resolution Approving Agreement to Conduct a Financial Systems Audit of the Collection Services and Facility Operations Contractors

Motion/Second: Gauthier/Aguirre
 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			

Chair Widmer noted that Item 8 Old Business would be taken before Item 7.

8. **Old Business:**

A. Resolution Clarifying Interest Calculations for Rate Revenue Surplus/Shortfall Calculated as part of Annual Contractor Compensation Adjustment Process

Staff Feldman noted that this was a follow up item from the January 2014 Board Meeting, and that staff was asking for approval of the Memorandum of Understanding (MOU) attached to the staff report, which establishes expectations regarding future interest calculations on surplus revenue accrued by Recology. He noted that the MOU would be between the SBWMA and Recology because the SBWMA staff is charged with the review of the compensation application calculations that show the surplus or shortfall for each agency each year.

Member Bronitsky noted that last time he asked if it was all or nothing, and clarified that with this approval it will be all.

Counsel Lanzone answered yes, per the contract this Board approves the revenue reconciliation, and sets the compensation for the next year, as part of that the MOU says that if an Agency has a surplus they can apply by the end of July each year to have the surplus amount returned.

Executive Director McCarthy clarified that this Board doesn't set each individual Agency's rates; it approves the revenue requirement that needs to be generated through the rates.

Staff Feldman added that section 10 of the contract allows Agencies to provide an "other fee" with their garbage rates, if an "other fee" is part of your rates Recology will remit that money throughout the year, and avoid accruing any surplus.

Vice Chair Dehn asked for clarification on the time in between when an Agency is notified of a surplus and the July deadline to ask for the money back.

Staff Feldman answered that the revenue reconciliation report is due March 31st each year, so it's between April and July that an Agency would need to ask for the surplus funds.

Chair Widmer recalled that at the last meeting the time line was 30 days for a payment to be made.

Staff Feldman clarified that Agencies have 60 days to make the request, and it will be paid within 30 days.

Member Olbert made a motion to approve Resolution 2014-06.

Member Bronitsky seconded the motion

Member Brownrigg noted that he would be voting in favor of the resolution, adding that the City of Burlingame does maintain a significant surplus and they would be asking for it back.

Roll Call Vote: 11-0-0-1

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. Discussion on Cost Allocation Methodology in Member Agency Franchise Agreements with Recology San Mateo County (Discussion only)

Executive Director McCarthy noted that this was a follow up item and the last time this was discussed Recology was going to come back to the Board with additional data points to see if more data would change allocations, and also come back with information on what it would cost to automate their systems.

Mario Puccinelli explained the data that was provided in the staff report. He noted that they used their route hours operating statistics in June, September and December and then annualized them to emulate the process used in the compensation application. He concluded there were slight fluctuations in the allocations but nothing alarming, and that they believe no matter what methodology is used, there will still be variances. He also noted the Recology has yet to receive a quote on the cost of automating their systems.

Member Olbert wondered if it was possible to put the information gathered into dollar terms.

Mario Puccinelli answered that without doing the full blown rate application Recology would be making some large assumptions to do that.

Chair Widmer commented that he would still like to see all the data for the whole year, and that he thought that information was vital to making a final decision on fixing allocation. He added that increased data would give the Board good information from a benchmarking standpoint as well. He concluded that he supports the Executive Director's request to continue to press forward, and requested that the item be brought back next month to put pressure on the non-responsive vendor.

Mario Puccinelli agreed that Recology would press their vendor for a quicker response.

Member Brownrigg stated that there are two different elements involved. One is what data is collected, and second is how often it is collected. He noted that Burlingame would support a process that changed rates less than annually, but that he didn't support fixing allocation forever.

Chair Widmer commented that he is in favor of less variability.

Member Olbert commented that he is less concerned about year over year variability, because each agency can manage that to whatever level they wish themselves, and noted that there is inherent variability that is outside of this Board's control.

Vice Chair Dehn asked for clarification on whether this data is already collected, or if the Board was requesting another type of audit or methodology.. She commented that she did not support additional audits.

Mario Puccinelli explained that Recology looked at data from a different time and compared it to the four week period.

Member Brownrigg clarified that he was commenting on the term in the staff report – “arduous process”. He added that if it is an arduous process it is an expensive process and therefore he didn’t think it should be done annually.

Executive Director McCarthy added that he thought the take away from the last meeting was to try and get a different data set to see if it led to different results. He added that there isn’t enough information at this time to change what is being done now, and the proposal from RouteWare could be a game changer. He acknowledged that this year’s annual route assessment is coming up, and requested that there be an acknowledgement that Recology keep using the process prescribed in the contract, since there is no alternative to change to at this time. He noted that this would be a fundamental change to the compensation methodology that is in the Franchise Agreements to the JPA can’t make this change, each agency would have to vote on it.

7. New Business:

A. Consideration of Introduction of Ordinance Implementing a Recycling Reporting System for Commercial Recycling Haulers

Staff Feldman noted that this item has been before the Board in May and October of 2013, and in February of 2014, and that a lot of progress had been made at the TAC meetings in the last 2 months. He commented that changes in the last two months are: it is no longer a permit system it’s a registration system, enforcement would be in the way of administrative fines, and a detailed implementation schedule and a protocol manual will be set up. He added that one of the protocols is to have stakeholders meetings this fall to let them know they need to register by January 1, 2015, and the first quarter of 2015 would be the first reporting period.

Executive Director McCarthy added that there would be fees charged, and the intent would be to set fees get full cost recovery, he noted that there isn’t a firm number on how many haulers there are, which is why the registration fee hasn’t been determined yet.

Member Olbert was uncomfortable with the line in the staff report explaining why this would be a JPA ordinance, that stated some agencies may chose not to adopt the ordinance, noting that it felt like this Board would be stepping on Member Agencies prerogative to make sure they do the right thing.

Executive Director McCarthy commented that it’s possible if a model ordinance template is used then all the Member Agencies might not pass it, and then we would have an incomplete picture of diversion across the service area. He referred to the example of the model C&D ordinance that was passed by this agency that was felt to be a high priority to get additional diversion, noting that it took 2 years to get 8 or 9 agencies to pass a C&D ordinance.

Member Olbert followed up by clarifying that this ordinance would be enforced by SBWMA, and if it was new to the JPA.

Counsel Lanzone answered that it would be enforced by the SBWMA, and that the SBWMA has done one other ordinance, the cost accounting ordinance.

Member Bronitsky asked why it was important to collect the information.

Executive Director McCarthy answered that as stated in the staff report, this JPA plans solid waste and recycling programs for the 12 agencies in the JPA, and as far as doing our program planning the commercial recycling diversion rates are a big area of concern. All of our member agencies are doing great on the residential side, some as high as 80% diversion, but looking at the commercial side which is just what Recology collects the number is more like 30%, so that looks like a big opportunity for diversion. He noted that the truth may lie somewhere in between, but we don't know until we can get some information and reporting on what other recyclers are doing in the service area.

Member Bronitsky commented that he read the staff report as saying it's not for compliance with AB939, and if not for compliance with the law, that he didn't understand the necessity for an ordinance to collect data. He wondered why data couldn't be collected without an ordinance. He also commented that he had issues with passing authority to this board. He suggested starting with a letter from each municipality to all of their businesses to ask how they deal with their recycling to see if data would be given, and to ensure all of the commercial haulers were known. He commented that a business is more likely to know their City, than a letter that says RethinkWaste.

Executive Director McCarthy answered that part of what this JPA does is to look out over the horizon so that staff can advise on solid waste and recycling needs. He added that as part of that there is a 75% diversion state wide goal, and the only way to reach that 75% goal is through increased commercial recycling. He noted that it isn't a local mandate yet, so that is not the goal, but the goal behind getting the data is to be in a better position to answer the question as to whether or not there should be additional commercial recycling efforts throughout the service area. He also noted that in his opinion it would be hard to get the data voluntarily, there is a long history in the state of California of people trying to get the data voluntarily, but it got very expensive and the process was stopped.

Member Bronitsky wanted to know what the burden on the business community would be to provide this data and what the cost of enforcement would be.

Executive Director McCarthy stated that it is not the intent to chase businesses down; the intent is to get the data.

Member Olbert commented that if you start getting some of the larger haulers, they will know who the competition is.

Executive Director McCarthy added that Recology knows who the haulers are and that he thought it was a small universe and not too many companies would be missed.

Member Brownrigg suggested bringing on the consultant to shape the data inquiry before the ordinance, so that more definite parameters could be defined which could help make this board more comfortable passing an ordinance.

Staff Feldman noted that it is prescribed in the ordinance as far as who the applicants are, the definitions of a commercial hauler, and the material information collected. He added that it is not the intent to make it arduous on the businesses.

Member Bronitsky asked about a company like Safeway that puts the empty boxes back in the truck and if that was dealt with in the ordinance.

Staff Feldman answered that it is in the ordinance, and explained the term back haul.

Executive Director McCarthy added that these large businesses that are back hauling may be the largest source of diversion, but we don't know without getting the data.

Member Bronitsky noted that he would like more information from Cascadia, and that the ordinance was still a problem for him. He would like to use the next nine months to see if information can be gathered voluntarily.

Staff Feldman responded that it was staff's perspective that in order to spend the money prudently it needed to be more than voluntary.

Chair Widmer reiterated that Member Bronitsky didn't suggested large sums of money be spent in developing the software before a decision is made on the ordinance. The idea is to better define what is wanted and see if the information could be gathered voluntarily and be readily available before a data base is built.

Executive Director McCarthy noted that staff has surveyed agencies across the state that are dealing with the same issue and they've either put exclusive non franchises in place, which staff thinks is excessive, or they've done these types of ordinances, because they've found it difficult to get the data voluntarily.

Vice Chair Dehn asked if staff has reached out to haulers to see if they could provide information easily in a way that would be of value.

Staff Feldman answered that they provide this information to other agencies like the SBWMA that have ordinances in place, so they can also provide the information to our agency, but staff hasn't reached out to those business yet, it is part of the stakeholder engagement plan.

Member Ross wondered if any of the other agencies that have enacted an ordinance have run into any litigation with regards to the information being requested.

Counsel Lanzone answered that that he hadn't heard of any nor was there any mentioned in the consultant's report.

Chair Widmer asked for Executive Director McCarthy's thoughts on moving forward with the motion.

Executive Director McCarthy thought that a vote should be taken, and that this was the simplest way to go about getting the data. He noted that budget conversation would begin next month, including a long range plan and that this information would be needed as part of the long range plan and that he thought this was the cheapest way to go about getting the data. He noted that if the Board doesn't want an ordinance the backup plan would be to pursue voluntary data, but that it was important to get this information because without it there is an incomplete picture of our diversion.

Member Carlton suggested just going to what is thought to be the top 20% of generators that we know are providing this information to other jurisdictions to see if they would provide without an ordinance.

Executive Director McCarthy answered that would be the backup plan.

Counsel Lanzone suggested that an alternative would be to table the matter and bring back more information to the board.

Member Bronitsky made a motion that we table the decision until more information and informal outreach to some of the haulers can be done.

Member Gauthier seconded the motion

Discussion:

Member Olbert suggested taking this back to individual councils to see if their Agencies would be in favor of this.

Member Brownrigg noted that he would find it very difficult to adopt an ordinance in which the fee is not clear.

Chair Widmer suggested the chair or the vice chair of the TAC comment on their thoughts as a public comment.

TAC Vice Chair Afshin Oskoui noted that there has been a lot of healthy discussion on this topic for about a year and half at the TAC, and that Executive Director McCarthy has a legitimate concern over the big hole in the data, and how to capture that. He thought this was a means to get these companies to come to the table. He noted that information especially from the smaller haulers would be challenging without the ordinance but seeing if information could be given from the larger haulers over the next two to three months might not be a bad idea. He added that it might put staff in an awkward position in terms of planning purposes if the information can't be gathered voluntarily.

Member Ross added that when asking for the information voluntarily, that the message be that the Board is considering an ordinance but would like to take the least intrusive means to collect the data, noting that the delivery message would be important.

Member Bronitsky noted that he had no issue with collecting the data, so put the money in the budget to collect the data and then see if we can get it voluntarily or not.

Voice Vote: All in Favor.

B. Review of Cash Reserve Policy (Discussion only)

Staff Moran gave an overview of the staff report noting that the cash reserve policy was last reviewed in May by the previous board and the current policy was adopted at that time.

Executive Director McCarthy added that different from many cities, the JPA doesn't have high fixed costs, there is a small staff, and 1/3 of the total costs are staff costs, so there isn't as much risk exposure on a percentage basis. He noted that the policy is in line with what other JPAs are doing with the exception of the rate stabilization fund. Noting that reserving money for a rate stabilization fund is unique to this JPA, so it's not something individual member Agencies need to do. He also added that the only thing that can affect our revenue swing is commodity revenue which can go up and down, so he reiterated that the risk exposure is much smaller when compared to other municipalities.

Member Olbert questioned why operating expenses are tied to reserve policies and not revenue, since operating expenses are what is variable.

Executive Director McCarthy answered that the formula could be changed, but 10% of the operating cost gives a \$3M reserve which is in line with largest impact this agency has experienced, so we get there, and the rate stabilization fund is there to mitigate any sudden shocks that would make the tipping fees go way up or down.

Chair Widmer commented that some of the Member Agencies are setting up funds to deal with rate increases, and he suggested a supplemental rate stabilization fund to soften the blow when the additional labor costs come to the Agencies. He noted that the contracts are back end loaded with increases so - those costs are going up, and when those costs can get passed on to the Member Agencies they will, and he thought a supplemental fund would help the agencies.

Member Olbert commented that he was opposed to setting aside those types of funds at the JPA level because it could create a reverse incentive at negotiation time.

Executive Director McCarthy added that there is cost containment now, as increases are tied to indices, noting that under the old contract there was no cost containment. He added that it will be in 2017 and 2018 when these points will come up because if the contract is renewed they will want to have those costs covered, but right now there is a mechanism in place to protect the Member Agencies.

Member Brownrigg commented that he was comfortable with the reserve policy the way that it is, but asked if the Executive Director had visibility into the contracts that were recently renegotiated, because he would like to see some analysis of the cost curves that have been built in and some sense of what the delta might be.

Executive Director McCarthy that staff could do that both contractors have provided table on their rates, but the benefit side would have to be forecasted.

Member Ross is now absent.

D. Staff Overview of Contractor Annual Reports

Staff Feldman and Staff Gans gave overviews of Recology and SBR's annual reports.

Executive Director McCarthy gave a Snapshot Report on Recycling, Organics and Solid Waste for 2013 service area wide.

Member Brownrigg questioned why multi-family developments (MFD) and commercial were lumped together.

Executive Director McCarthy answered that there is separated information through Recology, but the two are serviced similarly which is why they are reported together.

Staff Feldman added that MFD diversion is very low.

Vice Chair Dehn asked why the HHW numbers were down in 2012.

Executive Director McCarthy answered that there was no significant outreach for HHW programs in 2012, in 2013 outreach was done, money was spent, and the numbers went up.

Chair Widmer wondered if 3rd party tons from outside the facility were included in the diversion analysis.

Executive Director McCarthy answered that they are included in overall facility numbers but not included if talking about self-haul.

E. Contractor Presentations on 2013 Annual Reports (Presentation only)

Mario Puccinelli gave a presentation on Recology's 2013 annual report and introduced his management team who each gave a presentation on each of their departments.

Tim Hester Assistant General Manager gave a presentation on Recology operations.

Dennis Franco Maintenance Manager gave a presentation on Recology maintenance.

Jeannette Haskell Customer Service Manager gave a presentation on Recology customer service.

Chair Widmer asked if the average time to resolve issues is going down.

Jeannette Haskell answered that all calls are resolved within 24 hours and that the time is going down.

Tammy DelBene Waste Zero manager gave a presentation on the Waste Zero specialists.

Gino Gasparini Public Affairs Manager gave a presentation on Recology's community involvement and volunteer programs.

Member Stone now absent.

Dwight Herring General Manager of SBR gave a presentation on SBR's annual report.

Member Aguirre now absent.

9. Staff Updates

- a) Update on Labor Issues
- b) Potential Future Board Agenda Items
- c) Check Register for February 2014
- d) Technical Consulting Contracts – 1st Quarter 2014

Executive Director McCarthy noted that this staff update was included at the request of the Board and would be provided quarterly.

- e) Update on 2014/15 Franchise Rate Setting Process
- f) Recycling and Outreach Programs Update

Staff Mututa announced the Trash to Art Contest judging and asked the Board members to vote places 1st through 4th for their favorites.

- g) Shoreway Facility Operations and Maintenance Update
- h) Receipt of Recology and SBR Monthly Reports

10. Board Member Comments

11. Adjourn 4:39 PM



STAFF REPORT

To: SBWMA Board Members
From: Robert J. Lanzone, General Counsel
Date: April 24, 2014 Board of Directors Meeting
Subject: Agreement with Zanker Road Resource Management, Ltd.

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2014-07 attached hereto authorizing the following action:

Approve an amendment to the SBWMA agreement with Zanker Road Resource Management, Ltd., dated July 1, 2012 as shown in **Exhibit A** to the Resolution 2014-07.

Analysis

Beginning in March 2004, the SBWMA began delivering all its loads of construction and demolition debris (C&D) from its San Carlos Transfer Station to a facility in San Jose, California owned and operated by Zanker Road Resource Management, Ltd., (Zanker). SBWMA and Zanker have continued to do the same business under subsequent agreements dated in 2006, 2010 and 2012. The 2012 agreement became the subject of a disagreement between the parties in 2013 as there was a dispute over certain terms and conditions. The dispute wound up in a lawsuit which, through mediation, was settled on March 6, 2014 subject to SBWMA Board approval, which was obtained March 27, 2014 (**Exhibit B Settlement Agreement**).

The Settlement Agreement calls for an amendment to the Agreement of July 1, 2012 between the parties. The changes amending the Agreement are in a redline copy of the Agreement attached to the Resolution as **Exhibit A** hereto. The major changes are:

1. The per ton rate for C&D is increased from approximately \$46.00 per ton of C&D to \$49.00 per ton.
2. Any restrictions on the amount of C&D that SBWMA can deliver to Zanker have been amended to Staff's satisfaction by 1) allowing delivery of up to 3,000 tons of C&D per month, 2) increasing the allowable tonnage per day of up to 140 tons, and 3) providing an exception of up to 160 tons of C&D per day for any five-days in a calendar month. There are increased rates of \$62.90 for tons in excess of the stated amounts, but given our past history of C&D tonnage staff does not anticipate exceeding the new delivery caps that are being put in place.
3. The Settlement eliminates all other claims, and calls for each party to pay its own fees and costs.

The changes to the Agreement are shown in **Exhibit A** redline in the Agreement attached to the Resolution, and we recommend the Board adopt the Resolution and formally approve the amendments to the Agreement.

Fiscal Impact

There should be no impact to the SBWMA and its Member Agencies as all of the C&D tonnage is handled through fees charged to third parties (self-haul) customers at the Transfer Station.

Attachments:

Resolution 2014-07

Exhibit A – Zanker Redline Contract Amendment
Exhibit B – Zanker Settlement Agreement



RESOLUTION NO. 2014-07

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING FIRST AMENDMENT OF THE JULY 1, 2012 AGREEMENT WITH ZANKER ROAD RESOURCES MANAGEMENT, LTD.

WHEREAS, the South Bayside Waste Management Authority (SBWMA) contracted with Zanker Road Resources Management, LTD., (Zanker) to process construction and demolition debris (C&D) on July 1, 2012; and

WHEREAS, a dispute and lawsuit between Zanker and the SBWMA over certain terms and conditions of the Agreement was resolved pursuant to the terms of a settlement reached in mediation on March 6, 2014, and approved by the SBWMA Board on March 27, 2014 (the Settlement) subject to the SBWMA Board approving amendments to the Agreement (see **Exhibit A**); and

WHEREAS, the Agreement reflects in redline (see **Exhibit A**), the changes and amendments to the Agreement, and the said changes and amendments are found to be in the best interest of the SBWMA.

NOW, THEREFORE, BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the Agreement with amendments as shown in **Exhibit A** hereto.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24th day of April, 2014, 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 San. District				

I HEREBY CERTIFY that the foregoing Resolution No. 2014 -07 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on April 24, 2014.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cyndi Urman, Board Secretary

1 **AGREEMENT FOR CONSTRUCTION AND DEMOLITION DEBRIS PROCESSING**
2 **FOR RECYCLING AND BENEFICIAL USE**
3 **BETWEEN THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY**
4 **AND ZANKER ROAD RESOURCE MANAGEMENT, LTD.**
5

6 This Agreement is entered into by and between the South Bayside Waste
7 Management Authority (SBWMA), a California joint powers authority, and Zanker
8 Road Resource Management, Ltd. (Contractor) a California limited partnership,
9 on February 1, 2010 and sets forth the terms and conditions under which
10 Contractor will accept and process for recycling and beneficial use mixed
11 construction and demolition debris from the Shoreway Environmental Center
12 owned by the South Bayside Waste Management Authority (SBWMA) and
13 located at 225 Shoreway Road, San Carlos, California 94070.
14

15 **1. Definitions**
16

17 **A. Construction and Demolition Debris (C&D)**

18 “Construction and Demolition Debris (C&D)” means a mixture of all non-
19 hazardous waste material resulting from construction, remodeling, repair, or
20 demolition activities. Construction and Demolition Debris includes, but is not
21 limited to: soil, brush, logs, concrete, asphalt, brick, ceramics, stucco, plaster,
22 wood, drywall, metals, wall coverings, roofing materials, wires and conduit,
23 carpet, carpet pad, ceiling tiles, windows, doors, fixtures, insulation, fencing,
24 cardboard, and plastic. Individual pieces of Construction and Demolition Debris
25 delivered to Contractor shall not exceed 150 pounds or 8 feet in any two
26 directions. There is no minimum size restriction for individual pieces of
27 Construction and Demolition Debris; however materials cannot be ground or
28 shredded prior to arriving at Contractor’s processing facility.
29

30 **B. Non-Construction and Demolition Debris**

31 “Non-Construction and Demolition Debris” means putrescible waste, food waste,
32 grass clippings, leaves, residential or commercial waste collected in compacting
33 vehicles, waste enclosed in plastic bags, furniture, mattresses, tires, appliances,
34 and individual pieces of Construction and Demolition Debris exceeding 150
35 pounds or 8 feet in any two directions.
36

37 **C. Recyclable Construction and Demolition Debris**

38 “Recyclable Construction and Demolition Debris” means 1) wood such as
39 dimensional lumber, pallets, shake shingles, particle board, plywood, Oriented
40 Strand Board, Medium Density Fiberboard and other manufactured wood
41 products, that are free of lead paint, stain, melamine coating, creosote, arsenic or
42 other chemical treatments; 2) brush and logs; 3) concrete, asphalt, brick, rock,
43 ceramics; 4) soil; 5) metal; 6) drywall; and, 7) cardboard.
44

45 **D. Recycled**

46 “Recycled” means those materials, which would otherwise be Disposed, that
47 have been processed, separated, treated, and/or reconstituted and returned to
48 the economy in the form of raw materials for new, reused, or reconstituted
49 products. For purposes of this Agreement, “Recycled” shall also mean that the

50 material is not reported to the California Integrated Waste Management Board as
51 being either "Disposed" or utilized as "Alternative Daily Cover (ADC.)" Materials
52 Recycled under this Agreement shall not be reported as disposed or ADC at the
53 Contractor's facility or at any other solid waste facility to which the contractor
54 delivers the material after processing. Acceptable end-uses for Recycled
55 materials include, but are not limited to: biomass fuel, manufactured wood
56 products, mulch, compost, engineered soil, agricultural gypsum, gravel, road
57 base, and Beneficial Use at a Landfill.

58
59 **E. Beneficial Use at a Landfill:**

60 "Beneficial Use at a Landfill" means use at a solid waste landfill of materials
61 recovered from Construction and Demolition Debris for: final cover foundation
62 layer, liner operations layer, leachate and landfill gas collection system
63 construction fill, road base, wet weather operations pads and access roads, soil
64 amendments for erosion control and landscaping, or any other legitimate use that
65 is not reported to the California Integrated Waste Management Board as either
66 Alternative Daily Cover (ADC) or Disposal.

67
68 **F. Alternative Daily Cover (ADC)**

69 "Alternative Daily Cover" means cover material other than soils/earthen materials
70 that are placed on the surface of the active face of a solid waste landfill at the
71 end of each operating day to control vectors, fires, odors blowing litter, and
72 scavenging. For purposes of this Agreement, materials recovered from
73 Construction and Demolition Debris shall be considered ADC if their use meets
74 this definition and/or if they are reported to the California Integrated Waste
75 Management Board as ADC, either at the Contractor's facility or at any other
76 solid waste facility to which the Contractor delivers the materials after processing.

77
78 **G. Disposed (Disposal)**

79 "Disposal" means the ultimate disposition of Construction and Demolition Debris
80 at a landfill. Disposal does not include the use of Construction and Demolition
81 Debris as Alternative Daily Cover (ADC) or Beneficial Use at a Landfill, so long
82 as State regulations consider such uses to be diversion for purposes of
83 complying with State diversion requirements. For purposes of this Agreement,
84 C&D shall be considered Disposed if it is reported to the California Integrated
85 Waste Management Board as Disposed, either at the Contractor's facility or at
86 any other solid waste facility to which the Contractor delivers the materials.

87
88 **H. Shoreway Environmental Center Operator**

89 "Shoreway Environmental Center Operator" means the private entity employed
90 by the SBWMA to operate the Shoreway Environmental Center and deliver
91 Construction and Demolition Materials to Contractor. The current Shoreway
92 Environmental Center Operator is South Bay Recycling.

93
94 **I. Hazardous Waste**

95 "Hazardous Waste" means all substances defined as Hazardous Waste, acutely
96 Hazardous Waste, or extremely Hazardous Waste by the State of California in
97 Health and Safety Code §25110.02, §25115, and §25117 or in the future
98 amendments to or recodifications of such statutes or identified and listed as

99 Hazardous Waste by the U.S. Environmental Protection Agency (EPA), pursuant
100 to the Federal Resource Conservation and Recovery Act (42 USC §6901 et
101 seq.), all future amendments thereto, and all rules and regulations promulgated
102 thereunder.
103

104 **J. Universal Waste**

105 “Universal Waste” means all wastes as regulated and defined by Title 22 Article 1
106 Subsections 66273.1 through 66273.9 of the California Code of Regulations.
107 These include, but are not limited to, batteries, fluorescent light bulbs, mercury
108 switches, creosote treated lumber, and E-Waste.
109

110 **K. Accepted Load**

111 “Accepted Load” means a load of SBWMA Construction and demolition debris
112 delivered to Contractor’s facility, which meets the requirements of Section 5 and
113 will be processed by Contractor.
114

115 **L. Held Load**

116 “Held Load” means a load of SBWMA Construction and Demolition Debris
117 delivered to Contractor’s facility, which Contractor believes does not conform to
118 the requirements of Section 5 of this Agreement, and is being kept separate and
119 undisturbed so that it can be inspected by an authorized representative of the
120 SBWMA. Contractor must provide the SBWMA until 5:00 p.m. the day following
121 notification to inspect a Held Load.
122

123 **M. Rejected Load**

124 “Rejected Load” means a Held Load that the SBWMA has either a) inspected in
125 person or by utilizing photographs provided by Contractor, and agreed that it
126 does not meet the requirements of Section 5 of this Agreement; or b) waived its
127 right to inspect by not performing such an inspection by 5:00 p.m. of the day
128 following notification that the load is being Held.
129

130 **2. Contractor’s Representations and Warranties**
131

132 **A. Legal Status**

133 Contractor represents and warrants that it is a limited partnership duly organized,
134 validly existing, and in good standing under the laws of the State of California
135 and authorized to do business in the State of California. It has the power to own
136 its properties and to carry on its business as now owned and operated and as
137 required by this Agreement.
138

139 **B. Limited Partnership Authorization**

140 Contractor represents and warrants that it has the authority to enter into and
141 perform its obligations under this Agreement. The General Partner of Contractor
142 (or the shareholders, if necessary) have taken all actions required by law, its
143 partnership agreement, or otherwise, to authorize the execution of this
144 Agreement. The person signing this Agreement on behalf of Contractor has
145 authority to do so.
146

147 **C. Agreement Will Not Cause Breach**

148 To the best of Contractor's and SBWMA's knowledge, after reasonable
149 investigation, neither the execution or delivery of this Agreement, nor the
150 performance of this Agreement: (i) conflicts with, violates, or results in a breach
151 of any applicable law; or (ii) conflicts with, violates, or results in a breach of any
152 term or condition of any judgment, order or decree of any court, administrative
153 agency, or other governmental authority, or any agreement or instrument to
154 which Contractor or SBWMA is a party or by which Contractor or SBWMA or any
155 of its properties or assets are bound, or constitutes a default thereunder.
156

157 **D. No Litigation**

158 To the best of Contractor's knowledge, after reasonable investigation, there is no
159 action, suit, proceeding, or investigation, at law or in equity, before or by any
160 court or governmental authority, commission, board, agency, or instrumentality
161 decided, pending, or threatened against Contractor wherein an unfavorable
162 decision, ruling or finding, in any single case or in the aggregate, would materially
163 adversely affect the performance by Contractor of its obligations hereunder or
164 which, in any way, would adversely affect the validity or enforceability of this
165 Agreement or which would have a material adverse effect on the financial
166 condition of Contractor or any surety guaranteeing Contractor's performance
167 under this Agreement, which has not been waived by the SBWMA in writing.
168

169 **E. Ability to Perform**

170 Contractor possesses the business, professional and technical expertise to
171 manage, handle, treat, store, process, and recycle Construction and Demolition
172 Debris, and possesses the equipment, plant, and employee resources required
173 to perform this Agreement.
174

175 **3. Term**

176
177 The term of this Agreement shall be for the period commencing February 1, 2010
178 to January 31, 2017. The parties, if they mutually agree in writing, may extend
179 the tem of this agreement on an annual basis for up to three annual extensions.
180

181 **4. Exclusive Services**

182
183 A. Except as provided below, during the term of this Agreement, the SBWMA
184 shall direct the Shoreway Environmental Center Operator to transport all
185 loads of Construction and Demolition Debris generated from the Shoreway
186 Environmental Center to be hauled exclusively, up to 3,000 tons per
187 month, to Contractor's facilities at 675 and 705 Los Esteros Road in San
188 Jose, California, for processing, recycling, finished product marketing, and
189 disposal of residuals. Contractor shall accept up to 140 tons on any
190 individual day, except for five (5) days per month, selected at SBWMA's
191 discretion, when SBWMA may deliver up to 160 tons on a single day.
192 ~~Contractor shall make available to the SBWMA at least 70 tons per day of~~
193 ~~Construction and Demolition Debris processing capacity.~~ The SBWMA shall
194 guarantee delivery of at least 35 tons per day (as calculated on a 30 day

195
196
197
198

average) to the Contractor's processing facility, on the terms and conditions specified in this Agreement.

199 **5. Scope of Construction and Demolition Processing Services**

200
201 Contractor agrees to accept, process for recycling, and dispose of residual
202 amounts, all Construction and Demolition Debris received from the SBWMA.
203 Contractor shall process, recycle, market finished products, and dispose of
204 residuals. Contractor shall ensure that, at a minimum, Recyclable Construction
205 and Demolition Debris from the SBWMA are Recycled. Contractor shall ensure
206 that at least 75% by weight of the Construction and Demolition Debris accepted
207 from the SBWMA is Recycled. Contractor shall ensure that at least 50% by
208 weight of the Construction and Demolition Debris accepted from the SBWMA is
209 Recycled to uses other than Beneficial Use at a Landfill. Contractor may dispose
210 of or utilize as ADC any residuals from the SBWMA Construction and Demolition
211 Debris that cannot be Recycled. Such residuals shall not exceed 25% of the
212 inbound weight of accepted SBWMA Construction and Demolition Debris.
213 Contractor may reject SBWMA loads containing more than 5% by weight of Non-
214 Construction and Demolition Debris as defined in this Agreement. Contractor
215 may also reject SBWMA loads containing less than 75% by weight of Recyclable
216 Construction and Demolition Debris as defined in this Agreement. In order to
217 reject an SBWMA load, Contractor must follow the procedures for rejection of
218 loads set forth in Section 7.

219
220 **6. Hours of Operation**

221
222 Contractor's facility shall be open to accept Construction and Demolition Debris
223 from 6:00 a.m. to 5:45 p.m., Monday through Friday, and from 8:00 a.m. to 3:45
224 p.m., Saturday and Sunday. Said facility will be closed Thanksgiving Day,
225 Christmas Day, New Year's Day, and Easter Sunday. In the event the
226 Contractor applies to its regulating agencies for, and is granted, additional
227 permitted receiving hours, Contractor shall make those additional hours available
228 to the SBWMA for delivery of Construction and Demolition Debris.

229
230 **7. Rejection of Loads**

231
232 An SBWMA Construction and Demolition Debris load may be held by Contractor
233 if Contractor believes that it does not conform to the guidelines set forth in
234 Section 5. Contractor may not declare a load to be held until that load has been
235 unloaded from the transfer vehicle so that the entire load may be viewed. If
236 Contractor declares a load to be held, Contractor shall photograph the Held
237 Load, and shall keep the entire Held Load separate from other materials, and
238 undisturbed, until it can be visually inspected by an authorized representative of
239 the SBWMA. Contractor shall inform the SBWMA of the Held Load via e-mail
240 (cdloadproblem@rethinkwaste.org) and telephone (number to be designated by
241 the SBWMA.) The e-mail shall include digital photos of the Held Load. The
242 load's arrival time and date and truck number shall be included in these
243 communications. If the SBWMA does not inspect the load at Contractor's site by
244 5:00 p.m. of the day following notification, Contractor may move the load or
245 combine it with other materials.

246

247 By 5:00 p.m. of the day following notification, the SBWMA will inform Contractor
248 as to whether or not it is in agreement that the Held Load should be Rejected. If
249 the SBWMA finds that the Held Load does conform to the requirements of
250 Section 5, Contractor shall accept the load at the rate for Accepted Loads set
251 forth in Section 10A. If the SBWMA agrees that the load does not conform to the
252 requirements of Section 5, the SBWMA will either 1) authorize Contractor to
253 dispose of the load, and direct the Shoreway Environmental ~~Center~~
254 ~~Operator~~Center Operator to pay Contractor the rate for disposing of Rejected
255 Loads as specified in Section 10B or 2) direct the Shoreway Environmental
256 Center Operator to remove the Rejected Load from Contractor's facility.
257 Contractor will load the Rejected Load into the Shoreway Environmental ~~Center~~
258 ~~Operator's~~Center Operator's vehicle and weigh that vehicle as it leaves
259 Contractor's facility. In the event of a dispute as to whether or not a Held Load
260 should be Rejected, Contractor may be required to remove and separately weigh
261 materials from the Held Load to demonstrate that it does not conform to the
262 requirements of Section 5. In addition to the other costs provided for herein, if
263 the load is deemed rejected, the SBWMA shall pay for all costs associated with
264 the sorting and re-weighing of the Rejected Load.

265
266 It is the intent of both the SBWMA and Contractor to have no Held Loads or
267 Rejected Loads. Should Held Loads exceed two in a six month period, the
268 SBWMA and Contractor will meet and confer to resolve the issue.
269

270 **8. Hazardous or Universal Waste Materials**

271
272 In the event any SBWMA Construction and Demolition Debris contains any
273 Universal Waste or Hazardous Waste, the SBWMA shall direct Shoreway
274 Environmental Center ~~Operator~~ to pay to Contractor any actual, reasonable, and
275 necessary costs incurred by Contractor in handling and disposing of said
276 materials. In disposing of said Hazardous and/or Universal Waste materials, the
277 SBWMA shall be designated as the owner or generator of said Hazardous Waste
278 or Universal Waste. In the event that Shoreway Environmental ~~Center~~
279 ~~Operator~~Center Operator does not pay said costs to Contractor within thirty (30)
280 days, the SBWMA shall pay the undisputed portion of said costs directly to
281 Contractor.
282

283 **9. Reporting**

284
285 Contractor shall report monthly the amount of SBWMA Construction and
286 Demolition Debris accepted, Recycled, used as ADC, and Disposed. Contractor
287 shall report monthly the end-uses (e.g. biomass fuel, road base, Beneficial Use
288 at a Landfill, etc.) for each material type Recycled from SBWMA Construction
289 and Demolition Debris at Contractor's facility. For reporting purposes, inbound
290 weights from SBWMA loads may be applied to overall diversion and end-use
291 percentages for mixed Construction and Demolition Debris processing operations
292 at the Contractor's facility. However, if the overall diversion and end-use
293 percentages do not demonstrate compliance with the processing services listed
294 in Section 5, Contractor shall be required to demonstrate compliance in regards

295 to the SBWMA materials by processing the SBWMA's Construction and
296 Demolition Debris separately.

297
298 **10. Rates**

299
300 A. For the period February 1, 2010 through ~~February 28~~January 31, 2014,
301 the SBWMA shall ~~pay or~~ direct ~~the~~ Shoreway Recycling and Disposal
302 Center Operator to pay to Contractor the sum of \$45.00 per ton for all
303 SBWMA Construction and Demolition Debris accepted by Contractor for
304 processing.

305
306 ~~A.C.~~ ~~The sum of \$45.00 per ton for all SBWMA Construction and Demolition~~
307 ~~Debris accepted by Contractor for processing.~~

308
309 D. For the period of March 1, 2014 to January 31, 2017, the SBWMA shall
310 pay or direct the Shoreway Recycling and Disposal Center Operator to
311 pay Contractor the sum of \$49.00 per ton for all Construction and
312 Demolition Debris delivered up to 3,000 tons per month and \$62.90 per
313 ton for tonnage above 3,000 tons in a given month. Contractor shall
314 accept up to 140 tons on any individual day, except for five (5) days per
315 month, selected at SBWMA's discretion, when SBWMA may deliver up to
316 160 tons on a single day.

317
318 ~~B.E.~~ The SBWMA shall pay or direct the Shoreway Recycling and Disposal
319 Center Operator to pay Contractor ~~the~~ the sum of \$57.50 per ton for any
320 rejected SBWMA loads that the SBWMA authorizes Contractor to dispose
321 of.

322
323 Commencing February 1, 201~~5~~4 and thereafter on each February 1st, this
324 Agreement is in effect, including any extension years, both rates stated above
325 shall be increased by 90% of the change in the value of the All Urban Consumers
326 Index (CPI-U), All Items, for the San Francisco-Oakland-San Jose, CA, Base
327 Period 1982 – 1984 = 100, not seasonally adjusted, compiled and published by
328 the U. S. Department of Labor, Bureau of Labor Statistics (or its successor) for
329 the previous December and its value twelve months before.

330
331 In the event that any government agency imposes upon Contractor any
332 additional regulations or fees which result in additional expenses, charges, fees,
333 or taxes to Contractor and which relate specifically to the construction and
334 demolition services provided hereunder, either 1) such expenses, charges, fees
335 or taxes shall be added to the prices on a pro-rata basis, based upon the
336 percentage that the total tonnage of construction and demolition waste being
337 delivered to Contractor pursuant to this Agreement bear to the total tonnage of
338 construction and demolition waste delivered to Contractor's facility from all
339 sources; or, 2) the SBWMA may terminate this Agreement.

340
341 **11. Payment**

343 On or before the 10th of each month, Contractor shall send an invoice (showing
344 by date, time, and vehicle identification number the tonnage received and the
345 rate charged) to Shoreway Environmental ~~Center Operator~~Center Operator for
346 the preceding month. Shoreway Environmental Center Operator shall reconcile
347 such invoice to its daily records and pay the undisputed portion of said invoice
348 within thirty (30) days of receipt. Within fifteen (15) days of receipt, Shoreway
349 Environmental ~~Center Operator~~Center Operator shall inform Contractor and the
350 SBWMA of any disputed amounts and Shoreway Environmental ~~Center~~
351 ~~Operator~~Center Operator and Contractor shall act promptly to resolve such
352 disputes. Payment shall be made only by cashier's check, certified check, or by
353 Shoreway Environmental Center Operator or SBWMA check. In the event that
354 Shoreway Environmental Center -Operator does not pay any undisputed invoice
355 within thirty (30) days, the SBWMA shall pay the amounts it reasonably
356 determines are due Contractor directly to Contractor. The above payment
357 provisions will be modified effective January 1, 2011 such that the Contractor
358 shall bill the SBWMA.
359

360 **12. Default and Remedies**

361 All provisions of this Agreement to be performed by Contractor are considered
362 material. Each of the following shall constitute an event of default.

- 364 A. Fraud or deceit.
- 365 B. Failure to maintain insurance coverage described herein.
- 366 C. Contractor violation of orders or filings of a regulatory body having a
367 material impact on Contractor's ability to perform its obligations as
368 required by this Agreement.
- 369 D. Failure to perform services as required by this Agreement for two (2)
370 consecutive days or more or for any seven (7) days in a period of 30 days.
- 371 E. Failure of Contractor to provide reports and/or records as provided for in
372 this Agreement.
- 373 F. Any act or omission by Contractor which violates the terms of this
374 Agreement.
- 375 G. Any false or misleading representation of Contractor.
- 376 H. Filing of a voluntary petition for debt relief.
- 377 I. Bankruptcy of Contractor.
- 378 J. Contractor's failure to provide assurance of performance.

379 Contractor shall be given 30 days from notification by the SBWMA to cure any
380 default arising under this Agreement.
381

382 In the event of Contractor's failure to cure said default, the SBWMA may, at its
383 option, terminate this Agreement. This right of termination is in addition to any
384 other rights of the SBWMA and the SBWMA's termination of this Agreement shall
385 not constitute an election of remedies. Instead, it shall be in addition to any and
386 all other legal and equitable rights and remedies the SBWMA may have.
387
388

389 **13. Termination for Cause**

390

391 The SBWMA selected Contractor based on its high landfill diversion levels.
392 These factors are essential to the services the SBWMA shall obtain from
393 Contractor. Therefore, notwithstanding the terms and conditions of Section 12, in
394 any month, should the Recycled fraction of accepted Construction and
395 Demolition Debris fall below 75% or should the fraction of these accepted
396 Construction and Demolition Debris Recycled to end-uses other than Beneficial
397 Use at a Landfill fall below 50%, then Contractor will be found in breach of this
398 Agreement and the SBWMA may terminate the Agreement for cause. In such
399 case, the SBWMA shall notify Contractor in writing of its intent to do so sixty (60)
400 days prior to the intended date of termination. Contractor shall be given thirty
401 (30) days to correct the breach and, if it does, then the termination shall be
402 suspended. A second breach within a twelve-month period may reactivate the
403 termination of the Agreement and such termination shall occur within sixty (60)
404 days of the second breach, without any right by Contractor to correct the breach.
405

406 The SBWMA shall meet and confer with Contractor if Contractor is unable to
407 meet the diversion requirements set forth in Section 5, due to changes in markets
408 for Recycled materials.
409

410 **14. Insurance**

411 Insurance policies are to be obtained by Contractor and remain in full force and
412 effect at all times to provide protection against liability for damages which may be
413 imposed for the negligence of Contractor or its employees, agents, or
414 subcontractors including, but not limited to, general liability and automobile
415 liability insurance. Contractor shall also provide liability coverage under
416 California Workers' Compensation laws. The amounts of insurance required are
417 to be established herein. Said amounts shall not be construed to limit
418 Contractor's liability.
419

420
421 The insurance requirements provided herein may be reduced or waived in writing
422 by the SBWMA Board of Directors, provided the Board of Directors determines
423 that such waiver or reduction does not unreasonably increase the risk of
424 exposure to the SBWMA.
425

426 **A. Workers' Compensation Insurance.** Contractor shall obtain and maintain in
427 full force and effect throughout the entire term of this Agreement full Workers'
428 Compensation Insurance in accord with the provisions and requirements of the
429 Labor Code of the State of California. Endorsements that implement the required
430 coverage shall be filed and maintained with the SBWMA throughout the term of
431 this Agreement.
432

433 **B. Comprehensive General Liability.** Contractor shall obtain and maintain
434 in full force and effect throughout the entire term of this Agreement a Broad Form
435 Comprehensive General Liability (occurrence) policy with a minimum limit of
436 TWO MILLION DOLLARS (\$2,000,000.00) aggregate and ONE MILLION
437 DOLLARS (\$1,000,000.00) per occurrence for bodily injury and property
438 damage, with any self-insured retention not exceeding TWO HUNDRED
439 THOUSAND (\$200,000.00) per occurrence. Said insurance shall protect

440 Contractor and the SBWMA from any claim for damages for bodily injury,
441 including accidental death, as well as from any claim for property damage which
442 may arise from operations performed pursuant to this Agreement, whether such
443 operations are by Contractor itself, or by its agents, employees and/or sub-
444 contractors. Copies of the policies or endorsements evidencing the above-
445 required insurance coverage shall be filed with the SBWMA. Endorsements are
446 required to be made a part of all of the following insurance policies required by
447 this Section:
448

- 449 (1) "The SBWMA, its employees, agents, and officers, are hereby
450 added as insured as respects liability arising out of activities
451 performed by or on behalf of Contractor."
452
- 453 (2) "This policy shall be considered primary insurance as respects
454 any other valid collectible insurance the SBWMA may possess
455 including any self-insured retention the SBWMA may have,
456 and any other insurance the SBWMA does possess shall be
457 considered excess insurance and shall not contribute with it."
458
- 459 (3) "This policy shall act for each insured, as though a separate
460 policy had been written for each. This, however, will not act to
461 increase the limit of liability of the insuring company."
462
- 463 (4) "Thirty (30) days prior written notice by certified mail, return
464 receipt requested, shall be given to the SBWMA in the event
465 of suspension, cancellation, reduction in coverage or in limits
466 or non-renewal of this policy for whatever reason. Such notice
467 shall be sent to the SBWMA."
468

469 **C. Vehicle Liability.** Contractor shall obtain and maintain in full force and
470 effect throughout the entire term of this Agreement a vehicle liability policy with a
471 minimum limit of TWO MILLION DOLLARS (\$2, 000,000.00) per occurrence for
472 bodily injury and ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) per
473 occurrence for property damage. Said insurance shall protect Contractor and the
474 SBWMA from any claim for damages for bodily injury, including accidental death,
475 as well as from any claim for property damage which may arise from operation of
476 owned and non-owned vehicles. Copies of the policies or endorsements
477 evidencing the above-required insurance coverage shall be filed with the
478 SBWMA.
479

480 The limits of such insurance coverage, and companies, shall be subject to review
481 and approval by the SBWMA every year and may be increased, subject to
482 Contractor's consent, at that time and match the coverage provided by the
483 SBWMA's own liability insurance policy. The SBWMA shall be included as a
484 named insured on each of the policies, or policy endorsements.
485

486 15. Indemnification

487 **A. Indemnification of the SBWMA.** Contractor shall defend the SBWMA
488 with counsel reasonably acceptable to the SBWMA and indemnify the SBWMA
489

490 from and against any and all liabilities, costs, claims, and damages which are
491 caused by Contractor's negligence, intentional wrongful acts, or failure to comply
492 with applicable laws and regulations, including but not limited to, liabilities, costs,
493 claims, and damages.

494
495 **B. Indemnification of Contractor.** The SBWMA shall defend Contractor
496 with counsel reasonably acceptable to Contractor and indemnify Contractor from
497 and against any and all liabilities, costs, claims and damages which are caused
498 by the SBWMA's negligence, intentional wrongful acts, or failure to comply with
499 applicable laws and regulations, including but not limited to, liabilities, costs,
500 claims, and damages. The SBWMA shall not offer such indemnification to
501 Contractor for Shoreway Environmental ~~Center Operator's~~Center Operator's
502 negligence or failure to comply with applicable laws and regulations.

503
504
505 **16. General Provisions**

506
507 **A. Entire Agreement.** This Agreement represents the full and entire
508 Agreement between the SBWMA and Contractor with respect to the matters
509 covered herein.

510
511 **B. Force Majeure.** Neither party shall be in default under this Agreement in
512 the event, and for so long as, it is impossible or extremely impracticable for it to
513 perform its obligations due to any of the following reasons: riots, wars, sabotage,
514 civil disturbances, insurrection, explosion, natural disasters such as floods,
515 earthquakes, landslides, fires, and volcanic eruptions, strikes, lockouts and other
516 labor disturbances or other catastrophic events which are beyond the reasonable
517 control of Contractor. Labor unrest, including but not limited to strike, work
518 stoppage or slowdown, sick-out, picketing, or other concerted job action
519 conducted by Contractor's employees or directed at Contractor is not an excuse
520 from performance; provided, however, that labor unrest or job action directed at a
521 third party over whom Contractor has no control, shall excuse performance.

522
523 A party claiming excuse under this Section must (i) have taken reasonable
524 precautions to avoid being affected by the cause, and (ii) notify the other party in
525 writing within 5 days after the occurrence of the event specifying the nature of the
526 event, the expected length of time that the party expects to be prevented from
527 performing, and the steps which the party intends to take to restore its ability to
528 perform.

529
530 **C. Notice Procedures.** All notices, demands, requests, proposals,
531 approvals, consents, and other communications which this Agreement requires,
532 authorizes, or contemplates shall be in writing and shall either be personally
533 delivered to a representative of the Parties at the address below, e-mailed to the
534 e-mail address below, or faxed to the fax number below, or sent via certified mail
535 or Federal Express, or deposited in the United States mail, first class postage
536 prepaid, addressed as follows:

537
538 1.) If to the SBWMA:
539

540 Kevin McCarthy
541 Executive Director
542 South Bayside Waste Management Authority
543 610 Elm Street, Suite 202
544 San Carlos, California 94070
545 E-Mail: KMcCarthy@ReThinkWaste.org
546 Fax: 650-802-3501
547

548 2.) If to Contractor:
549

550 Richard Cristina
551 President
552 Zanker Road Resource Management, Ltd.
553 675 Los Esteros Road
554 San Jose, CA 95134
555 E-Mail: Michael@zankerrecycling.com
556 Fax: (408) 263-2393
557

558 The address to which communications may be delivered may be changed
559 from time to time by a notice given in accordance with this Section.
560

561 Notice shall be deemed given on the day it is personally delivered, e-mailed,
562 or faxed, or, if mailed, three calendar days from the date it is deposited in the
563 mail.
564

565 **D. Independent Contractor.** Contractor is an independent contractor and
566 not an officer, agent, servant or employee of the SBWMA. Contractor is solely
567 responsible for the acts and omissions of its officers, agents, employees,
568 Contractor's and sub-contractor, if any. Nothing in this Agreement shall be
569 construed as creating a partnership or joint venture between the SBWMA and
570 Contractor. Neither Contractor nor its officers, employees, agents or
571 subcontractor shall obtain any rights to retirement or other benefits which accrue
572 to SBWMA employees.
573

574 **E. Severability.** If any section, subsection, subdivision, paragraph,
575 sentence, clause, or phrase of this Agreement or any part thereof is, for any
576 reason, held to be illegal, such decision shall not affect the validity of the
577 remaining portions of this Agreement or any part thereof.
578

579 **F. Waiver or Modification.** No waiver, alteration, or modification of any of
580 the provisions of this Agreement shall be binding unless in writing and signed by
581 a duly authorized representative of both parties to this Agreement.
582

583 **G. Forum Selection.** Contractor and the SBWMA stipulate and agree that
584 any litigation relating to the enforcement or interpretation of this Agreement,
585 arising out of Contractor's performance, or relating in any way to the work, shall
586 be brought in California State Courts in San Mateo County.
587

588 **H. Court Costs and Attorney Fees.** In the event legal action is instituted by
589 either party to enforce this Agreement, the prevailing party shall be entitled to
590 reasonable attorney fees and actual costs in connection with such action.

591
592 **I. Counterparts and Facsimile Signatures.** This Agreement may be
593 executed in counterparts, each of which shall constitute an original and all of
594 which together shall be deemed a single document. For purposes of this
595 Agreement, each of the signatories hereto agrees that a facsimile copy of the
596 signature page of the person executing this Agreement shall be effective as an
597 original signature and legally binding and effective as an execution counterpart
598 thereof.

599

600 IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives,
601 have affixed their hands on the day and year this Agreement first above written.

602

603 **South Bayside Waste Management Authority**

604

605 By: _____

606

607

608 Name: _____

609 Kevin McCarthy

610 Title: Executive Director

611

612

613 Date: _____

614

615

616 **Contractor**

617 Zanker Road Resource Management, LTD, a California limited partnership

618

619 By: _____

620

621

622 Name: _____

623 Richard Cristina

624 Title: Zanker Road Resource Recovery, Inc. General Partner

625

626

627 Date: _____

628

629

630

631 **Approved as to form:**

632

633

634 BY: _____

635 Robert Lanzone

636 Legal Counsel of the Board of Directors

637

638

639 Date: _____

640

641

642

643 BY: _____

644 Cyndi Urman

645 Secretary of the Board of Directors

646

647

648 Date: _____

SETTLEMENT AGREEMENT AND GENERAL RELEASE

RECITALS

Whereas, Zanker Road Resource Management, Ltd. (“Zanker”) and the South Bayside Waste Management Authority (“SBWMA”) (collectively “the Parties”) entered into an agreement titled AGREEMENT FOR CONSTRUCTION AND DEMOLITION DEBRIS PROCESSING FOR RECYCLING AND BENEFICIAL USE BETWEEN THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY AND ZANKER ROAD RESOURCE MANAGEMENT, LTD. (Agreement), which was most recently amended and executed July 1, 2012; and

Whereas, Zanker filed a civil complaint in the Santa Clara County Superior Court, Case Number 113 CV 248796, for breach of contract and declaratory relief based on a dispute between the Parties regarding the duties and obligations under the Agreement; and

Whereas, the dispute between the Parties dealt primarily with the amount of Construction and Demolition Debris (C&D) that SBWMA was allowed to deliver to Zanker on a daily basis and the proper processing rate for any C&D over 70 tons delivered to Zanker on a given day; and

Whereas, the Parties attended mediation with retired Judge Ronald Sabraw on March 6, 2014 and reached terms that will provide for a mutually beneficial resolution of the disputes; and

Whereas, the Parties desire to resolve the Lawsuit and any claims that were or could have been brought by Zanker without the costs, uncertainties, and expenses attending litigation by way of this Settlement Agreement and General Release (Settlement);

Now Therefore, the Parties agree as follows:

TERMS OF AGREEMENT

1. All claims for past due payment or payment adjustments are hereby waived. Zanker and SBWMA agree that there is no outstanding debt to either of the Parties as of the date of this Settlement;
2. The Agreement shall be amended to provide for the following:
 - a. SBWMA may deliver up to 3,000 tons of C&D per month to Zanker for processing at the rate of \$49.00 per ton.
 - b. Any amount of C&D in excess of 3,000 tons delivered within one calendar month will be processed by Zanker at a rate of \$62.90 per ton.
 - c. SBWMA has the right to deliver up to 140 tons of C&D per day but Zanker is not obligated to accept more than 140 tons of C&D on any particular day, except on five (5) days for each calendar month, selected as needed by SBWMA, when SBWMA has the right to deliver up to 160 tons and Zanker is obligated to accept up to 160 tons.
 - d. The first 3,000 tons of C&D generated by SBWMA per month must be exclusively delivered to Zanker; SBWMA is not obligated to deliver any tonnage generated by SBWMA in excess of the 3,000 tons monthly cap.

- e. The language enacting the above amendments to the Agreement, specifically amendments to Sections 4 and 10 of the Agreement, is attached hereto as **Exhibit A**.
- 3. The Parties shall bear their own costs, attorney's fees, and other fees associated with this case and mediation. In the event of any future dispute arising from or concerning the terms and conditions of the Agreement, the prevailing party in that dispute shall be entitled to an award of reasonable attorney's fees and costs. This Settlement shall be construed as mutually drafted by the Parties.
- 4. The Parties understand and acknowledge that this Settlement constitutes a compromise and settlement of disputed claims. No action taken by the Parties hereto, or either of them, either previously or in connection with this Settlement shall be deemed or construed to be (a) an admission of the truth or falsity of any claims made or (b) an acknowledgment or admission by either party of any fault or liability whatsoever to the other party or to any third party.
- 5. This Settlement shall be governed by the laws of the State of California.
- 6. This Settlement may be signed in counterparts and taken together as a whole. A copy shall be deemed an original.
- 7. This Settlement represents the sole, complete, and final understanding between the Parties and supersedes all other representations, understandings and agreements. This Settlement's terms may not be altered except by written agreement signed by the Parties.

Kevin McCarthy, SBWMA Executive Director	Date
------------------------------------------	------

Robert J. Lanzone, Attorney for SBWMA	Date
---------------------------------------	------

Zanker Road Resource Management, Ltd.	Date
---------------------------------------	------

Counsel for Zanker Road Resource Management, Ltd.	Date
---------------------------------------------------	------



A Public Agency

NEW BUSINESS



STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Operations Contracts Manager
Kevin McCarthy, Executive Director
Date: April 24, 2014 Board of Director's Meeting
Subject: Memorandum of Understanding with Silicon Valley Clean Water Regarding an Organic Waste Conversion Project

Recommendation

Staff recommends that the Board approve Resolution 2014-08 attached hereto authorizing the following action:

- Approval of a Memorandum of Understanding (see **Exhibit A**) with Silicon Valley Clean Water Regarding an Organic Waste Conversion Project. .

Analysis

The SBWMA and Silicon Valley Clean Water (SVCW) (formerly named the South Bayside System Authority (SBSA) are considering entering into a Memorandum of Understanding (MOU) demonstrating each agency's commitment to further developing a project to sort food waste from the garbage at the Shoreway Environmental Center transfer station and process this into a feedstock for digestion and energy production at the SVCW waste water treatment facility. On April 10, 2014 the SVCW Commission unanimously adopted the MOU and affirmed its interest in the project concept that would ultimately benefit both agencies. The MOU does not commit either the SBWMA or the SVCW to any capital expenditures in the current or next fiscal Year (FY1415). It does imply a commitment of staff's time at both agencies and for the SBWMA some consulting support to continue to develop the project concept and prepare a preliminary project feasibility study that will include a preliminary cost/benefit analysis.

Should both agencies agree to move forward with a project, the SBWMA's area of responsibility would consist of processing garbage, extracting the food waste component from the waste stream and processing it into slurry, and transporting this slurry to the SVCW facility so that it can be pumped into their digesters for bio-methane gas production. Staff is currently working with several equipment vendors to develop a waste sorting system designed to process roughly 700 tons per day of residential and commercial waste at the transfer station. In addition to sorting out food waste, this system would recover target recyclable materials that are currently being disposed.

The SBWMA's primary goal for the 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 landfill disposal. Staff believes that through the partnership approach that is described in the MOU, the agencies can leverage existing infrastructure at the Shoreway facility and at the SVCW 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.

Background

The Silicon Valley Clean Water (formally known as South Bayside System Authority) is a four-member joint powers authority that provides waste water treatment services for the mid-peninsula region that includes the cities

of Redwood City, San Carlos, and Belmont, and the West Bay Sanitary District. The SVCW's plant is located at the end of Redwood Shores Parkway about three miles from the Shoreway Environmental Center.

Since 2009, SBWMA's and SVCW's staffs have been exploring a potential partnership opportunity to divert SBWMA's organic materials into SVCW's digesters for increased biogas production. Variations of this practice have entered the mainstream in Western Europe since the late 1990s, and with recent technological advancements and new regulatory drivers, the practice is gaining increasing popularity in the United States. Technical hurdles related to food waste separation and contaminant removal initially stalled discussion between the agencies on the project, however, through a new high-pressure extraction technology offered by Anaergia, Inc., this problem now seems surmountable. In addition, Anaergia is one of the first companies in the U.S. with a proven track record of successfully facilitating partnerships between solid waste and wastewater treatment agencies in this area of food waste digestion and they have helped facilitate technological discussions between the two agencies. Recently, there was a workshop between SBWMA, SVCW, and Anaergia in January 2014, where numerous benefits of a food waste-to-energy project were identified, including:

- 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).
- Substantial increases to SVCW's biogas production and on-site 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 O&M and biosolids handling costs.
- Several promising outside grant funding opportunities (from PG&E, Cal Recycle, California Energy Commission and other State entities) that may be applicable to this project.

Fiscal Impact

There is no long-term capital expenditure commitment on the part of the SBWMA from signing the MOU. Short term, the SBWMA projects some expenditures in FY1415 for Shoreway facility operational costs, laboratory analysis fees, and consulting expense in the range of \$35,000 to 50,000 to evaluate the technical and financial feasibility an organics-to-energy project. It is anticipated that by the end of next fiscal year, a project feasibility study will be presented to the Board that will provide a preliminary long-term financial cost/benefit forecast along with other financial support information needed to consider the next steps for the project. The draft FY1415 budget for review at the May 22, 2014 Board meeting will include projected project expenditures for this project in the \$35,000 to \$50,000 range.

Attachments:

Resolution 2014-08

Exhibit A - Memorandum of Understanding with Silicon Valley Clean Water Regarding an Organic Waste Conversion Project



RESOLUTION NO. 2014-08

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING A MEMORANDUM OF UNDERSTANDING WITH SILICON VALLEY CLEAN WATER REGARDING AN ORGANIC WASTE CONVERSION PROJECT

WHEREAS, the SBWMA is interested in increasing diversion of waste from landfill; and

WHEREAS, the SBWMA is interested in pursuing cost effective materials recovery programs to meet the State of California recycling goal of 75%; and

WHEREAS, the Silicon Valley Clean Water (SVCW) is interested in using its excess plant capacity to digest organic materials to create energy to offset their electricity purchase; and

WHEREAS, the parties are currently developing a project concept where the two agencies would work jointly to develop a organics conversion project and wish to formalize this relationship through a memorandum of understanding (MOU) detailed in **Exhibit A**.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby authorizes the Executive Director to enter into a memorandum of understanding with SVCW.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24th day of April, 2014, 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. 2014-08 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on April 24, 2014.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cyndi Urman, Board Secretary

Exhibit A

Memorandum of Understanding with Silicon Valley Clean Water Regarding an Organic Waste Conversion Project

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is entered into as of _____, 20__ by and between **the South Bayside Waste Management Authority (“SBWMA”)** and **Silicon Valley Clean Water (“SVCW”)**, joint exercise of powers authorities established pursuant to the provisions of California Government Code Section 6500 et seq. (hereinafter, also “Party” or “Parties”):

RECITALS

A. SBWMA is a joint exercise of powers authority comprised of twelve (12) member public agencies located in San Mateo County, California which owns and operates solid waste reduction and recycling facilities and programs.

B. SVCW is a joint exercise of powers authority comprised of four (4) member public agencies also located in San Mateo County, California which owns and operates wastewater transmission, pumping, treatment and disposal facilities within the service areas of its member agencies.

C. This MOU is entered into to facilitate the Parties' desire to explore the possibility of establishing a joint venture to implement an organic waste-to-energy project.

1. Interpretation and Effect. This MOU commits neither party to enter into a legally binding agreement or other legally enforceable commitment. The Parties agree to consult upon the Action Items described in paragraph 2 below regarding development of a potential agreement pertaining to an organic waste-to-energy project (“Project”).

2. Overview of Key Discussion Points. The following is a non-exclusive tentative list of items that shall be discussed and reviewed by the Parties for development of a draft agreement providing for the construction, operation, maintenance, repair and replacement of the Project:

<u>Action</u>	<u>Tentative Responsible Party and Action</u>
Capital Contribution Requirements and Other Capital Sources	To be determined
Distribution of Project Benefits, Gas Production, Tipping Fees, Grant Funds, etc.	To be determined
Management of Project	SBWMA and SVCW each shall be responsible the design, construction, and operation of the improvements related to the Project that may be constructed on their respective properties

<p>General Role and Responsibility of SBWMA</p>	<p>Provide space for and facilitate the design and construction of an organics processing line at its Shoreway facility.</p> <p>Generate approximately 20-30 tons per hour of waste for pre-processing at SBWMA's facility for the Project; the wet fraction of which from the pre-processing stream would be dedicated to a polishing [<i>query, definition of "polishing"?</i>] and digestion facility at SVCW</p> <p>Dispose of the dry fraction (remaining waste products) generated at its pre-processing facility</p> <p>Transport the wet fraction of the organic waste to SVCW based on an agreed-upon daily maximum number of trucks and operating hours</p>
<p>General Role and Responsibility of SVCW</p>	<p>Accept the wet organic waste fraction generated by pre-processing at SBWMA</p> <p>Provide space for and facilitate the design, construction, and operation of equipment required to accept, process and digest organic waste at its treatment facility</p>
<p>Operation of Project</p>	<p>The Parties anticipate that operation, maintenance, repair and replacement of the Project facilities located on their respective properties will be managed by them corresponding to their ownership, with possible outside contractual support</p>
<p>Intellectual Property</p>	<p>Patents, copyrights, trade names and trademarks created or established by either of the Parties in conjunction with the facilities located on their respective properties shall be owned exclusively by the Party creating or establishing them; intellectual property owned by others necessary or convenient for the operation and use of the Project facilities shall be subject to such licensing or other agreements that may be entered into by one or both of the Parties with the owners of such intellectual property</p>

3. Costs, Expenses. Costs and expenses incurred pursuant to this MOU by each Party through the performance of their respective officers, employees or consultants shall be borne by the Party incurring such expenses. In the event the Parties agree that third-party consultant or other contractual services are necessary or appropriate to accomplish the objectives of this MOU,

the cost of such services shall be borne equally by the Parties unless they otherwise provide by written memorandum signed by both Parties and attached hereto. Such third party services may be provided by contract with either one of the Parties or jointly as they shall agree.

4. Term and Termination. The term of this MOU shall be one year ("Initial Term") commencing upon the date hereof; provided, that the Initial Term shall be renewed automatically for an additional year ("Renewal Term") upon the expiration of the Initial Term, unless earlier terminated as herein below provided. The parties anticipate that unique technology provided by others may be required for the Project. Therefore, if the Parties determine on or before the expiration of the Renewal Term that insufficient progress has been made for development and use of such technology, this MOU shall terminate upon written acknowledgment of such determination signed by both Parties. Notwithstanding the foregoing, and at any time during the Initial or Renewal Term, either Party may terminate this MOU by giving not less than thirty (30) days' prior written notice to the other Party.

5. Notices. Notices required by or convenient to the performance of the Parties hereunder shall be written and deposited with the U. S. Postal Service, first class mail, postage prepaid, or by e-mail or by facsimile addressed as follows:

Notice to SVCW: General Manager, Silicon Valley Clean Water
 1400 Radio Rd.
 Redwood City, CA 94065
 e-mail: dchild@svcw.org
 facsimile: 1-650-591-7122

Notices to SBWMA: _____

 e-mail: _____
 facsimile: _____

5. Counterparts. This MOU shall be executed in duplicate counterparts and so executed shall constitute one MOU effective upon the date above set forth.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have signed this Memorandum of Understanding.

South Bayside Waste Management Authority (“SBWMA”)

Name: _____

Title: _____

Silicon Valley Clean Water (“SVCW”)

Name: _____

Title: _____



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Date: April 24, 2014 Board of Director's Meeting
Subject: Discussion on FY1415 Budget Priorities

Recommendation

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

Analysis

Staff is seeking Board feedback on proposed budget priorities (i.e., major projects and work activities) for the next fiscal year through a two-step process of first conducting a programmatic review at the April 24th Board meeting and then a financial review at the May and June Board meetings. A powerpoint presentation will be made at the April Board meeting to highlight the details found in the attachments to this staff report, including noting major accomplishments in the current fiscal year (FY1314).

Attachment A provides a summary of FY1415 proposed key projects and activities in each of the five main areas of our budget (i.e., Administration, Contract Compliance and Support, Recycling - AB 939 and AB 341 Compliance, Collection Operations, and Shoreway Operations). **Attachment A** also shows the current FY1314 adopted and mid-year budget figures by budget area and by line item. Again, FY1415 budget figures will be provided at the May Board meeting. Staff has also charted out the FY1415 proposed major projects and work activities in a timeline format as shown in **Attachment B**.

The first four areas of our budget are referred to as our SBWMA program budget, exclusive of Shoreway Operations, and can be summarized as follows:

- *Administration* – includes all staff wages and benefits, office overhead and related administrative expenses. It is important to note, that all staff wage and benefit expenses are shown in the Administrative area of our budget (i.e., Administrative staff and AB 939 Program staff line items) and not allocated to other budget areas (e.g., Contract Compliance and Support, Recycling Outreach and Programs, Shoreway Operations, etc.)
- *Contract Compliance and Support* – consultant costs associated with Franchise Agreements and Operations Agreement administration; and rate review, analysis and projections.
- *Recycling (Outreach and Programs)* – *AB 939 and AB 341 Compliance* – consultant costs for outreach material development and recycling program research and development, outreach material printing and mailing costs, recycling program costs, and purchase of recycling containers (for interior use at businesses and multi-family dwellings) for use by Recology as part of the Commercial Outreach Program. Development of the Long Range Plan will fall in this budget area.
- *Collection Operations* – disposal and processing costs (pass-thru) associated with the door-to-door household hazardous waste collection program. The SBWMA pays the vendor that operates this program a negotiated fee per household (included in the garbage bills for ten of our Member Agencies) and in turn the SBWMA bills the ten participating Member Agencies; the revenue received from the Member Agencies is booked as revenue in our budget and 100% offsets the vendor costs shown in the Collection Operations portion of our budget.

The Shoreway Operations portion of our budget includes all contractor (SBR) related expense, disposal and processing expense and all other direct expenses (e.g., debt service, franchise fees paid to City of San Carlos, facility insurance, facility maintenance, and the tour program) related to the SBWMA's responsibilities and obligations as the owner of the facility; these are largely non-discretionary expenses associated with management of the Shoreway Environmental Center.

Attachment A also shows an allocation of staff resources (i.e., full time equivalents) by budget area as requested by the Board. It's estimated that our staff time allocation by budget area is as follows:

Administration	22%
Contract Compliance and Support	17%
Recycling Outreach and Programs*	19%
Shoreway Operations	42%

*Includes Collection Operations

As previously noted, though, staff wages and benefits are all shown in the Administrative area of our budget (i.e., Administrative staff and AB 939 Program staff line items) and not allocated to specific program areas. **Attachment C** is a current RethinkWaste organization chart to further assist the Board with understanding staff roles and responsibilities.

While many of the proposed FY1415 projects and work activities are reflective of the JPA's ongoing Franchise Agreements, Operations Agreement and JPA requirements and obligations, there is flexibility in the level and type of ongoing staff and consultant activity. Staff reviews each budget line item each year to ascertain the appropriate level of effort and corresponding expense.

Proposed New Projects and Activities in FY1415

Attachment A denotes the proposed new projects and work activities. Proposed new projects and work activities by budget area that will require significant staff resources and/or consultant support include:

Administration

- Ongoing benchmarking of all aspects of the operation to identify opportunities to reduce costs, improve service and eliminate any duplication of effort at the SBWMA, Member Agencies and our contractors. It should be noted that staff has already completed some preliminary benchmarking work that will be presented at the May Board meeting. Additional benchmarking will be completed as part of the Long Range Plan. See also note below regarding previous work completed in concert with Recology to eliminate duplication of effort. **This proposed work activity is associated with a current Board approved performance goal for the Executive Director.**

Note: SBWMA, Member Agency staff and Recology completed a top to bottom review of the Franchise Agreements in 2012/2013 resulting in a series of recommended administrative changes to the Agreements to accomplish two critical goals: reduce costs which could be Recology collection costs and/or SBWMA program costs; and streamline or eliminate any contractual provisions that are not needed or provide little or no value to the affected parties (e.g., the customer, Member Agencies, etc.). These recommendations were approved by all Member Agencies in 2013 and resulted in the elimination of one public outreach position at the SBWMA and three positions (public education manager and two waste diversion auditors) at Recology with total annual savings of \$325,000.

Contract Compliance and Support

- Preparing for future Member Agency decisions regarding the scope of work in their Franchise Agreements, and whether or not to extend their current Franchise Agreements with Recology or to pursue a competitive procurement process for a service provider. The first step in this process is to select and negotiate a final scope of work for technical consultant(s) to review Recology's operations to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Consultant(s) will be selected through a competitive procurement process and contracts executed in FY1415; however, the operational analysis work and preparation of the final project report will be completed in FY1516. **Completing the competitive procurement process and selection of consultant(s) in FY1415 was specifically requested by the Executive Committee.**
- Preparing for a future SBWMA and Member Agency decision regarding the scope of work for the Shoreway facility operator and whether or not to extend the current Operations Agreement with SBR or to pursue a competitive procurement process for a service provider. The first step in this process is to select and negotiate a final scope of work for technical consultant(s) to review SBR's operations to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Consultant(s) will be selected through a competitive procurement process. The actual operational analysis work will be completed in FY1516. **Completing the competitive procurement process and selection of consultant(s) in FY1415 was specifically requested by the Executive Committee.**

Recycling Outreach and Programs

- Analyze the survey of residential customers regarding preferences for how they receive public education materials and implement pertinent findings. As the survey results are due back in the next few weeks, staff has not yet altered any of our existing residential outreach strategies. At the May Board meeting staff will make a presentation on the survey results and our May budget documents may reflect changes in proposed outreach projects and work activities.
- Implement recommendations from the Public Space feasibility report. **This proposed work activity is associated with recommendations still pending from a review of current public space (e.g., community parks and recreational areas, downtown areas, etc.) recycling and composting service levels and performance results.**
- Implement an SBWMA-wide ordinance and outreach strategy to register and receive quarterly diversion tonnage information from commercial recycling haulers. Such data is for future program planning purposes and not for AB 939 compliance. This ordinance will be pursued if adequate data cannot be obtained voluntarily from commercial recycling haulers.
- Develop a long-term strategic plan (i.e., 10-year scope to include all major elements of the operation, including collection and processing, and related elements of compliance, contracts/contract renewal strategies, public education, finance, capital improvement program (CIP), technologies, etc.) to address solutions for cost effective waste reduction and recycling programs and services and facility infrastructure.

A proposed work plan (background information, proposed project approach and evaluation framework) for the Long Range Plan is included in **Attachment D** for Board review and consideration. **This proposed work activity is associated with a current Board approved performance goal for the Executive Director.**

Collection Operations

- Negotiate a potential contract extension with WM Curbside LLC as the current contract expires on December 31, 2014 for the Door-to-Door HHW Collection program.

Shoreway Operations

- Completion of conceptual designs for a Transfer Station processing system to recover organic materials and other recyclables. **This proposed work activity is associated with a proposed MOU with Silicon Valley Clean Water (formerly called SBSA) to jointly develop an organic waste recovery project. This project likely represents the single largest future waste diversion opportunity for the SBWMA.**
- Manage our two existing organics processing contracts, which both expire on 12/31/14, for residential and commercial organics to meet operational, financial and environmental requirements. The two contracts will either be extended and/or a competitive review process will be completed.
- Manage a capital project at Shoreway to expand the covered tipping (unloading) area for recyclables delivered by franchised collection vehicles and third party sources. This capital project is contingent upon Board approval of a revised MOU between the SBWMA and SBR for the processing of additional third party tons.
- Analysis of upgrade options and cost for the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection and transfer fleet fuel needs. **This proposed work activity was previously reviewed with the Board in November 2013 as part of a discussion on the Shoreway remediation project and future related risks associated with existing fueling operations.**
- Complete a sign plan identifying recommended improvements onsite to enhance customer service, safety and operational results.
- Complete a Disaster and Emergency Management Plan for the Shoreway operations. **While an emergency response plan is currently in place for our contractors at Shoreway, no comprehensive plan exists to address disaster (e.g., flood, earthquake, etc.) related scenarios that could have significant impacts on Shoreway operations.**

Summary of Major Accomplishments in FY1314

Attachment E provides a summary of major accomplishments in the current fiscal year (FY1314) within each of the five main areas of our operating budget. This summary provides details of both projects completed and those still in progress. A few key accomplishments have been highlighted below.

- Strong financial results including:
 - Significantly higher than expected ending cash reserve fund balances for FY1213 and projected balances for FY1314
 - Projected program budget and capital spending below adopted budget for FY1314
 - Met and exceeded bond covenant debt coverage tests
 - Adopted lower Shoreway tipping fee increases than budgeted
- Completed final rate reports providing a review of the Recology and SBR compensation applications for the 2014 rate year per the Member Agency's franchise agreements and Operations Agreement, respectively. Final rate documents approved at September 2013 Board meeting. Recology and SBR's compensation adjustments for 2014 were 0.2% and 3.4%, respectively.
- Supported Member Agencies with negotiating and implementing administrative changes to their franchise agreements with Recology. Staff initiated negotiations with the company on behalf of our Member Agencies in an effort to eliminate areas of redundancy between SBWMA and Recology, improve the efficiency of service delivery and provide cost savings to the Member Agencies. All Member Agencies have executed the contractual changes which have streamlined various aspects of the services and programs provided by both Recology and SBWMA.
- Continue to support Recology with making changes or improvements to their Annual Compensation Application Report. SBWMA substantially revised the Recology Compensation Application Report template in spring 2013 which was then used as the basis for Recology's June 2013 rate application submittal and Board review in

summer/early fall 2013.

- Launched updated RethinkWaste website in August 2013, providing greater convenience and access to information for customers, Board and Member Agencies.
- Designed and rolled out focused public outreach campaigns that significantly increased participation in the bulky item collection program, Door-to-Door HHW Collection program, and curbside battery and cell phone collection program.
- Managed the Agency's efforts towards completing the ground water remediation project at Shoreway which is expected to be closed by San Mateo County in 2014. As noted in a presentation at the November 2013 Board meeting, staff is projecting to only spend approximately \$300,000 of the \$1.5 settlement fund for this project.
- Management of the Shoreway School and Public Tours program and the hosting of several public events (e.g., Earth Day, Trash-to-Art, 2-Million Tons, and Night-at-Shoreway). In only its second year of operations and with one full-time and one part-time staff person, the program has provided tours to over 6,000 visitors (1,000 more than prior year).

Background

On June 27, 2013 the SBWMA Board of Directors adopted the FY1314 Operating Budget, inclusive of the SBWMA program budget and Shoreway Operations, with revenue totaling \$41,579,200 and expenditures of \$38,723,050. This produces net income of \$2,856,150 or an operating margin of 6.9%.

On January 23, 2014 the Board conducted a mid-year budget review of the FY1314 budget. No action was requested of the Board as budget projections were at or below adopted budget levels. The budget projections showed slightly lower net income of \$2,706,571 or an operating margin of 6.4%. It should be noted that non-operating obligations (i.e., bond principal payment and capital expenditures) are not included in the operating income but would be paid out of operating income to arrive at net cash flow. These obligations include: bond principal payment (\$1,150,000) and capital expenditures (\$465,000). Net cash flow after deducting these items for FY1314 is \$1,091,571.

Fiscal Impact

There is no fiscal impact associated with this staff report as no recommendations are presented with specific budget levels. Staff will present a draft FY1415 operating budget complete with revenue, expenditures, capital spending, and estimated cash reserve balances at the May 22, 2014 Board meeting.

Attachments:

Attachment A – FY1415 Budget Worksheets

Attachment B – Timeline for Proposed Major Projects and Work Activities

Attachment C – RethinkWaste Organization Chart

Attachment D – Long Range Plan – Work plan

Attachment E – FY1314 Accomplishments

RethinkWaste FY1415 Proposed Program Budget

ADMINISTRATION

FY1314 Budget: \$1,639,850.

FY1415 Budget: TBD (Figures to be provided at May 22, 2014 Board meeting)

SBWMA Staff Resources: Kevin McCarthy, Executive Director; Marshall Moran, Finance Manager; and Cyndi Urman, Board Secretary/Office Manager.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 1.7 FTEs = 0.90 (Office Manager/Board Secretary), 0.45 (Finance Manager), and 0.35 (Executive Director).

Description: Provides for overall administrative operations of the agency, including: personnel administration, budget development, financial projections, expense payment processing, fiscal management, Board of Directors administration, customer service, risk management, records retention, and information technology. Budget for these functions is captured under “Administrative Expenses.”

FY1415 Key Projects/Activities

Budget and Financial Analysis

- Review the FY1415 budget to identify budget variances and plan for a mid-year adjustment if needed.
- Prepare the FY1516 budget for Board review and approval.
- Prepare two calendar year financial projections to support Shoreway tip fee assumptions and to “test” bond covenant requirements.
- Review existing tipping fees and develop recommended 2015 tipping fee adjustments if needed.
- Develop a recommendation for Board consideration on how to use unspent Shoreway remediation project Settlement funds.

NEW PROJECT

- Benchmark all aspects of the operation (i.e., programs and services under the direct control of the SBWMA such as items in the adopted budget), identifying opportunities to reduce costs, improve service, and eliminate potential duplication of service at both the SBWMA and member agency levels. ***NEW PROJECT***

Accounting and Fiscal Management

- Complete FY1314 financial audit and 2014 calendar year financial statements for bond reporting.
- Maximize use of competitive bidding for technical consulting services particularly for scopes of work exceeding \$50,000.
- Meet bond covenants and reporting requirements as specified in the Indenture to ensure compliance including the two debt coverage ratios.
- Monitor South Bay Recycling (SBR) monthly reporting (per Operations Agreement) of tonnage and review their monthly invoice for accuracy and tie all payments to source data.
- Manage monthly cash transfers to/from SBR (per Operations Agreement) for commodity revenue, public revenue, and payments for operations. Review and verify SBR’s detailed monthly calculation of commodity revenue.
- Manage monthly billing to and payment from Recology for disposal at Shoreway as prescribed in the Member Agency franchise agreements.
- Ensure all procedures are followed and receipts and payments to vendors are supported by proper documentation and made on timely basis such that cash flow is optimized.

RethinkWaste FY1415 Proposed Program Budget

Administration Continued

- Review the Quarterly Investment Report to the Board prepared by the City of San Carlos.
- Renew general insurance policies (property, general liability, EIL, D&O, etc.) and ensure proper coverage is maintained.

Human Resources

- Manage the payroll and benefits administration, including managing the annual renewal of employee benefit plans to ensure cost effective and competitive plans.
- Make timely payments to vendors for payroll, retirement plan, and HSA plan.
- Monitor payroll process and ensure timely and accurate payment to employees.

Board of Directors Administration

- Maintain the Board of Directors webpage to ensure accurate and up to date information is available.
- Update as needed the website's Board Member portal feature to house information of interest.
- Maintain accurate and up-to-date records for the SBWMA, including Board meeting minutes, resolutions, ordinances and contracts.
- Update as necessary the Board of Directors JPA and Contracts Resources Binder.
- Deliver Board Packets to the Board of Directors accurately and on time.
- Manage to compliance with record retention and other Board adopted policies.
- Meet with Board Members, particularly any new Board Members, to address questions and concerns and any unique Member Agency needs.
- Respond to Board Members, and Member Agency staff communications in a timely, professional and accurate manner.

Customer Service

- Provide high quality customer service to members of the public that contact the SBWMA, including providing helpful, accurate and timely information.

RethinkWaste FY1415 Proposed Program Budget

CONTRACT COMPLIANCE AND SUPPORT

FY1314 Budget: \$300,600

FY1415 Budget: TBD (Figures to be provided at May 22, 2014 Board meeting)

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; Marshall Moran, Finance Manager; Monica Devincenzi, Recycling Outreach and Sustainability Manager; and Hilary Gans, Facility Operations and Contracts Manager.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 1.32 FTEs = 0.60 (Recycling Programs Manager), 0.30 (Finance Manager), 0.30 (Executive Director), 0.10 (Recycling Outreach and Sustainability Manager), and .02 (Office Manager/Board Secretary).

Description: Staff services provided in this area includes:

- Continued oversight and contract administration support for the twelve collection services franchise agreements with Recology , including follow-up work on audit findings and financial auditing.
- Continued oversight of SBR's operations per the Shoreway Operations Agreement (see "**Shoreway Operations**" budget worksheet).
- Management of the annual Member Agency rate review process, including review of the 2015 Recology and SBR compensation applications, and completion of the SBWMA final reports reviewing the Recology and SBR compensation applications and consolidated rate report for 2015. Initiate audit work and review of operational data included in the 2015 compensation applications.

FY1415 Key Projects/Activities

Contract Administration

- Review 2014 Annual Report from Recology required per the Member Agency franchise agreements.
- Hire contractor to conduct 2014 rate (calendar) year audit of collection services and facility operations reports, tonnage data and customer service systems. This project is conducted annually due to the fiscal impact associated of self-reported information contained in the company's annual reports and compliance with related performance standards. Implement 2013 rate year audit findings as appropriate.
- Hire contractor to conduct 2014 rate year audit of financial systems (includes Recology's revenue reconciliation) of both contractors to verify financial risks to SBWMA and its Member Agencies. This project is conducted annually due to the fiscal impact of data included in reports submitted by the companies and since significant ongoing financial transactions are conducted between the companies.
- Implement 2013 audit findings as appropriate and follow up with Recology to ensure progress on implementing audit recommendations.
- Prepare 2015 Annual Public Education Plan for franchised collection services and related outreach support, including management of all collateral development and support for tailoring collateral for Member Agencies as appropriate per the franchise agreements. The Plan will be presented to the Board for review and approval at October 2014 Board meeting.
- Complete two semi-annual load contamination monitoring events as required in the Member Agency's franchise agreements with Recology. Per the Member Agency's franchise agreements and because the SBWMA manages the Shoreway facility, the SBWMA is tasked with overseeing various aspects of ensuring that recycle and compost materials contamination is kept low and therefore commodity revenue is maximized.

RethinkWaste FY1415 Proposed Program Budget

Contract Compliance and Support Continued

- Hire a contractor to conduct Recology customer service call center monitoring and evaluation of compliance per the Member Agency's franchise agreements. This project is conducted annually due to the fiscal impact associated with compliance of performance standards related to the operation of the customer service call center.
- Select and negotiate a final scope of work for technical consultant(s) to review Recology's collection services operations to identify their actual costs of operations and make recommendations as appropriate for future operational and program improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational review work will be completed in FY1516.

NEW PROJECT

- Select and negotiate a final scope of work for technical consultant(s) to review SBR's operations and management of Shoreway to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational review work will be completed in FY1516. *NEW PROJECT*
- Provide prompt responses to questions/issues/complaints that are raised by the public and Member Agencies regarding their franchise agreements and the services provided by Recology. The RethinkWaste phone number is publicized and staff frequently responds to requests from the public.
- Provide prompt responses to questions/issues/complaints that are raised by the public and Member Agencies regarding their experiences using the Shoreway facility and the services provided by SBR.
- Develop a Member Agency snapshot report for 2014 and make presentations to Member Agency governing bodies upon request. This snapshot report has been well received by the Member Agencies in prior years and staff shall continue to consolidate the key operational and programmatic metrics of the services provided and be available to present this information in public meetings upon request.

Rate Review, Analysis and Projections

- Complete SBWMA final rate reports providing a review of the Recology and SBR compensation applications for the 2015 rate year per the Member Agency's franchise agreements and Operations Agreement, respectively. Per the franchise agreements with Recology and the Operations Agreement with SBR, the SBWMA is tasked with consolidating the pertinent data required to project the revenue requirement needed for the subsequent rate year which directly relates to the rates that need to be charged by each Member Agency.
- Continue to provide direction and support Recology with making changes or improvements to their Annual Compensation Application Report. Staff will make efforts to continuously improve this key application report submitted by Recology each year.
- Analyze the very detailed cost adjustments in the Compensation Applications from Recology and SBR. Verify the companies follow the prescribed contractual requirements and approved compensation methodology per the franchise agreements and Operations Agreement, respectively. Conduct a detailed review of any Recology special issues if needed.
- Prepare financial analysis for projected revenue and total collection costs, residual cost impact from prior year, and include pass-through costs (disposal and agency fees) to determine total rate adjustment for each Member Agency per the franchise agreement(s).
- Prepare a variance analysis of 2015 total collection cost vs. 2014 cost by detailed cost categories by Member Agency to aid in understanding collection cost changes. Per feedback from our Member Agencies, this useful variance analysis is prepared annually to assist decision makers with analyzing and recommending rate increases.

RethinkWaste FY1415 Proposed Program Budget

Contract Compliance and Support Continued

- Provide ongoing rate analysis support and projections of 2015 rate impacts associated with changes to any assumptions.
- Update 5-year collection cost projection by agency for collection cost components: Recology cost, disposal expense and agency fees.
- Support Member Agencies with analysis of rate issues and attend rate hearings or rate related meetings as requested.
- Review Recology's Revenue Reconciliation Report; develop outside audit of financial risks including SBR's payments to SBWMA. The financial information provided in the Recology Revenue Reconciliation Report is self-reported and is a key component in determining the subsequent revenue requirement needed to establish rates for Recology's annual compensation increase.

NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.

<u>Budget Expense Category</u>	<u>Description of Program</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-</u>	<u>FY1415 Proposed</u>
Contract Compliance and Support – Consultant Support		\$300,600	\$248,600	
Rate Review and Support	<ul style="list-style-type: none"> • Rate analysis and support for Member Agencies, including outside support for accounting temporary worker. 	\$53,000	\$30,000	
Facility Improvement Oversight	<ul style="list-style-type: none"> • The current two organics processing contracts expire at the end of 2014 so funds are budgeted to review options, including the potential management of a RFP process (\$___). • Analysis of options and costs to upgrade the Shoreway fuel storage and distribution system (\$_____). • Preparation of a preliminary Disaster Management Plan related to the Shoreway facility operations. (\$_____). The SBWMA does not currently have a Disaster Management Plan. 	\$30,000	\$30,000	
Contract Management Support	<ul style="list-style-type: none"> • Conduct annual Financial Audit of Recology. This audit reviews the distribution of franchise and other fees to Member Agencies, annual revenue reconciliation and other aspects of financial related reporting and franchise agreement compliance. 	\$67,600	\$68,600	

RethinkWaste FY1415 Proposed Program Budget

Collection Services Franchise Administration	<ul style="list-style-type: none"> • SBWMA is required per the franchise agreements to support Member Agencies with contract compliance issues, including monitoring and auditing the companies reporting, systems and customer service functions and ensuring compliance with any previous audit findings and recommendations (\$_____); and, conducting customer service call center monitoring to test customer service data self-reported by the company which pertains to calculation of performance incentives/disincentives and liquidated damages (\$_____). • Complete a competitive procurement process to select a consultant(s) and negotiate a final scope of work for an operational and cost assessment of Recology’s collection services operations. • Complete a competitive procurement process to select a consultant(s) and negotiate a final scope of work for an operational assessment of SBR’s Shoreway operations. 	\$100,000	\$95,000	
Bi-Annual Contamination Monitoring	<ul style="list-style-type: none"> • Twice per year contamination monitoring per Article 6.02 of the franchise agreements to determine the contamination level of various material categories (e.g., single family targeted recyclable materials, etc.) 	\$50,000	\$25,000	
Contract Negotiations/Legal Review	TBD	\$0	\$0	

RethinkWaste FY1415 Proposed Program Budget

RECYCLING OUTREACH AND PROGRAMS – AB 939 AND AB 341 COMPLIANCE

FY1314 Budget: \$858,500

FY1415 Budget: TBD (Figures to be provided at May 22, 2014 Board meeting)

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach and Sustainability Manager.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 1.22 FTEs = 0.8 (Recycling Outreach and Sustainability Manager), 0.25 (Recycling Program Manager), 0.15 (Executive Director), and 0.02 (Office Manager/Board Secretary).

Description: Staff services provided in this area to ensure compliance with state-mandated waste reduction, recycling and reporting requirements per the California Integrated Waste Management Act of 1989 (Assembly Bill (AB) 939) and the more recent legislation pertaining to mandatory commercial recycling (AB 341) include:

- Development and implementation of public education and outreach strategies to promote residential and commercial waste reduction and recycling collection programs and services.
- Oversight of any Recology San Mateo County (Recology) services under the 12 collection services franchise agreements with the Member Agencies.
- Prepare and submit the State mandated CalRecycle Annual Reports required per AB 939 on behalf of ten participating Member Agencies.

FY1415 Key Projects/Activities

Public Education and Outreach

- Develop, implement and manage ongoing AB 341 outreach activities, including producing and disseminating brochures, inserts and letters of non-compliance for Member Agency and Recology use. The State's AB 341 requires all public agencies to implement public education efforts to encourage businesses to comply with this mandatory commercial recycling law and the SBWMA can most effectively manage this effort on behalf of all Member Agencies.
- Develop, submit and manage the 2015 Annual Public Education Plan (per the Member Agency's franchise agreements) in coordination with Recology and the Ad Hoc Public Education Subcommittee, including an evaluation of the most cost-effective ongoing outreach activities and tools. Recology was originally tasked with developing this plan in the Member Agencies franchise agreements; however, per the negotiated contractual improvements the Recology Public Education Manager position was eliminated resulting in significant cost savings and responsibility for development and preparation of this critical Plan was transferred to the SBWMA.
- Investigate public funding (e.g., grants, and public-private or public-public partnerships, as applicable) opportunities for outreach programs and activities. **NEW PROJECT**
- Promote residential collection services (per the franchise agreements) through three *rethinker* newsletters, five bill inserts and presentations at community groups, organizations and events in collaboration with Recology.
- Continue to develop and implement outreach strategies to increase participation and customer knowledge of CartSMART and BizSMART franchised collection services, including tailoring programs to meet specific community needs.
- Continue to develop and implement outreach strategies to increase participation and customer knowledge of the Door-to-Door HHW Collection program for participating agencies. This very popular program provides an easy and convenient means for residents to have

RethinkWaste FY1415 Proposed Program Budget

Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued

HHW and Universal Waste collected directly from their homes without the need to transport it themselves.

- Measure the effectiveness of ongoing outreach tools and determine if modifications or improvements are needed or if different tools are required. *NEW PROJECT*
- Expand residential home diversion calculator program to increase residential diversion and participation. This program allows residents to more intuitively understand the results of their recycling efforts and is conducive for further fostering critical behavior change regarding waste diversion. *NEW PROJECT*
- Continue to promote and expand use of the “my waste” mobile app by residents to request services, get additional program information and other related items. This mobile app provides a convenient tool for our customers to interface with their service provider and enables for seamless and convenient information gathering and requests for service.
- Conduct the annual BizSMART@Work Awards program to recognize businesses and multi-family complexes for their 2014 diversion efforts.
- Provide outreach and other support to Member Agencies for compost giveaways and shred/e-scrap recycling events per the franchise agreements with Recology.

Recycling (Diversification Programs)

- Implement the SBWMA-wide commercial recycling haulers Reporting System ordinance and outreach strategy to begin collecting diversion data in 2015 that is currently unavailable. Significant commercial recycling activity is carried out by the private sector; however, the SBWMA does not have data on these activities. The only commercial recycling data available is provided by Recology per the franchise agreements. In order to plan for future potential expanded diversion efforts as required by State mandate, the SBWMA needs to develop a true picture of commercial recycling activities conducted by both independent recycling haulers and Recology. Such data is needed for future program planning purposes and not for AB 939 compliance. This ordinance will be pursued if adequate data cannot be obtained voluntarily from commercial recycling haulers.
- Evaluate a pilot code enforcement effort to support Member Agency’s with enforcement of their anti-scavenging ordinances. Scavenging of recyclable materials from both the commercial and residential sectors has various societal and economic impacts and staff’s focus in assisting with implementing anti-scavenging efforts is to increase the revenue generated from the sale of recyclables collected by Recology and processed by SBR at Shoreway. *NEW PROJECT*
- Implement recommendations from the Public Space Recycling project feasibility report. This project is focused on increasing the opportunity for the public to conveniently and cost effectively recycle in public spaces (e.g., parks). *NEW PROJECT*
- Evaluate best management practices identified at the April 2014 Commercial Recycling Workshop and implement as applicable. *NEW PROJECT*
- Continue to develop and implement cost-effective, ongoing outreach strategies and additional multi-family outreach materials in coordination with Recology and the Adhoc Public Education Subcommittee.
- Manage the Audit of Recology’s 2014 Annual Report regarding the company’s performance and compliance. The data in this report is self-reported by Recology and it impacts various fiscal implications and the measurement of performance standards associated with

RethinkWaste FY1415 Proposed Program Budget

Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued

fiscal impacts, thus annually auditing this report is part of the due diligence of effective contract administration.

Long Range Plan

- Develop a long-term strategic plan (i.e., 10-year scope to include all major elements of the operation, including collection and processing, and related elements of compliance, contracts/contract renewal strategies, public education, finance, capital improvement (CIP), technologies, etc.) to address solutions for cost effective waste reduction and recycling programs and services and facility infrastructure. **NEW PROJECT**
- Completion of conceptual designs for a Shoreway transfer station processing system to recover organics materials and other recyclables. **NEW PROJECT**
- Analysis of options and costs to upgrade the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection services and transfer fleet fuel needs. **NEW PROJECT**

NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.

<u>Budget Expense Category</u>	<u>Description of Program</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-</u>	<u>FY1415 Proposed</u>
Recycling Outreach and Programs – AB 939 and AB 341 Compliance		\$858,500	\$815,500	
CIWMB (CalRecycle) Annual Report	<ul style="list-style-type: none"> • SBWMA annually provides the necessary research and data compilation to draft and submit the State mandated Electronic Annual Reports for ten Member Agencies to comply with the requirements of AB 939 (\$_____). 	\$25,000	\$25,000	
SBWMA Annual Report	<ul style="list-style-type: none"> • This annual report provides a snapshot of the key metrics and milestones for the prior year. This budget expense covers design and production costs of this report (\$_____). 	\$5,000	\$5,000	
Diversion Program Support	<ul style="list-style-type: none"> • Provide consultant(s) support to Staff as needed with developing, designing and producing various outreach materials for diversion programs (\$_____). • Develop model Anti-Scavenging Program enforcement effort through creation of a pilot code enforcement program per prior direction from the Board (\$_____). • Implementing recommendations from the public spaces recycling program feasibility project to ensure the public is provided an opportunity to recycle at parks and other public spaces (\$_____). 	\$60,000	\$55,000	

RethinkWaste FY1415 Proposed Program Budget

Event Giveaways	<ul style="list-style-type: none"> Promote the various programs and services at Member Agency community events, primarily held in the spring and summer and include educational and promotional items as giveaways. 	\$1,500	\$1,500	
Long Range Plan Alternatives	<ul style="list-style-type: none"> Staff is undertaking development of a Long Range Plan to assist the Member Agencies with exploring and scoping policies and programs to enhance our existing collection and processing system in a cost effective manner. The Plan will also evaluate any needed Shoreway facility infrastructure improvements. 	\$80,000	\$80,000	
Large Event/Venue Consulting	<ul style="list-style-type: none"> Due to event organizers preferring carts for events in lieu of ClearStream Containers, the two RethinkWastes' venue and events trailers are rarely used. Staff is in the process of repurposing one trailer for collection of niche/reusable items at events. Staff is also considering repurposing the second trailer as a mobile education trailer to be used at community events. Will be exploring grant funding opportunities. 	\$5,000	\$5,000	
Large Event/Venue Recycling Services	<ul style="list-style-type: none"> Use of trailers limited compared to prior years – expense not anticipated (\$0). 	\$0	\$0	
Climate Change Reporting and Policy Options	<ul style="list-style-type: none"> Staff reports GHG emissions for the SBWMA office and Shoreway Environmental Center, and is assisting with SBR's annual reporting framework, both through The Climate Registry (\$_____). 	\$15,000		

RethinkWaste FY1415 Proposed Program Budget

<p>Commercial Recycling Technical Assistance</p>	<ul style="list-style-type: none"> • Develop and implement a Reporting System for Recycling Haulers, which will include stakeholder engagement and public outreach component to stakeholders, including chambers, grocery stores, recycler companies, and the Member Agencies (\$_____). • To comply with the AB 341 mandatory commercial recycling mandate, staff is charged with outreach and education to the commercial/MFD sector and directly making presentations and hosting workshops at Multi-Family Dwelling HOA's and Chambers of Commerce (\$_____). • Conduct the annual Business Awards Program recognizing businesses for their 2014 diversion efforts (\$_____). • Develop and implement strategies and tools identified at the 2014 Commercial Recycling Workshop as applicable (\$_____). • Develop a commercial Toolkit in collaboration with Recology that includes sector specific outreach materials (e.g., messaging specific for restaurants, offices, etc.) (\$_____). Prior to rollout of Toolkit, Staff to collaborate with Recology on developing plan to assess its effectiveness. 	<p align="center">\$140,000</p>		
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RethinkWaste FY1415 Proposed Program Budget

<u>Budget Expense Category</u>	<u>Description of Program</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-Year</u>	<u>FY1415 Proposed</u>
Purchase Commercial/MFD Containers for Recology	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to purchase various products to facilitate diversion at commercial and multi-family dwelling customers. Specifically, this expense will cover the annual purchase of Slim Jims, desk-side recycling containers and Buddy Bags that the company will distribute to businesses and multi-family customers throughout the SBWMA service area. Staff has provided budget options for consideration based on the number of containers to be purchased, based on prior feedback from Recology that additional containers are needed annually due to customer demand: <ul style="list-style-type: none"> • Option A, discontinue purchase of requested items until Recology provides information showing the measured effect of distributing these items. • Option B, purchase one-half quantity as in FY1314 (2,500 buddy bags, 200 blue slim jims, 200 green slim jims, 200 blue desksides, 1,250 cardboard desksides (\$20,000) and require Recology to measure the effectiveness of distributing these items. • Option C, purchase same quantity as FY1314 (5,000 buddy bags, 400 blue slim jims, 400 green slim jims, 400 blue desksides, 2,500 cardboard desksides (\$40,000). • Option D, purchase additional quantities (7,500 buddy bags, 800 blue slim jims, 800 green slim jims, 800 blue desksides, 4,000 cardboard desksides (\$_____)). • Implement a pilot program (only if the above options B, C or D are selected) to purchase lids for slim jims to be distributed to businesses upon request and monitor their effectiveness in increasing participation and diversion (\$_____). 	\$40,000	\$40,000	
C&D Recycling Program	<ul style="list-style-type: none"> • Develop an SBWMA list of certified C&D processors based on physical audits conducted by other jurisdictions and provide permit counter and related assistance to increase C&D recycling to Member Agencies upon request. 	\$10,000	\$10,000	

RethinkWaste FY1415 Proposed Program Budget

Green Business Program (thru RecycleWorks)	<ul style="list-style-type: none"> • Assist Member Agencies with certifications per Board direction (\$0). 	\$0	\$0	
Multi-Family Outreach	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to provide outreach materials in the form of the toolkit. The toolkit includes posters, brochures and flyers on programs and service, move-in/move-out guides and a property manager guide. Staff will continue to update the existing toolkit materials and develop cost-effective strategies and additional materials as needed in collaboration with Recology (\$_____). Staff to collaborate with Recology on developing plan to assess the toolkit's effectiveness. • Promote subscriptions to Recology MFD batteries/cell phones collection service through targeted outreach pieces and strategies (\$_____). • Conduct the annual Multi-Family Awards Program recognizing multi-family complexes for their 2014 diversion efforts (\$_____) 	\$100,000	\$90,000	
Rethinker Newsletter Design/ Set-up	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to develop the <i>rethinker</i> newsletter for SFD and MFD residents. Previously this was a quarterly newsletter, however, per the Board approved FY1314 budget, it is now published 3 times per year. Development of the newsletter content and layout (\$_____). 	\$10,000	\$10,000	
Rethinker Newsletter Printing/Mailing	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to develop and issue the <i>rethinker</i> newsletter to single family and multi-family residents. Previously this was a quarterly newsletter, however, per the Board approved FY1314 budget, it is now published 3 times per year. This is for printing and mailing/insertion of the 3 issues (\$_____). Staff will continue to promote sign-ups for electronic version to reduce costs. 	\$110,000	\$110,000	

RethinkWaste FY1415 Proposed Program Budget

Residential Outreach Programs	<ul style="list-style-type: none"> • SBWMA is responsible for all outreach and education efforts, including ongoing outreach support/maintenance for existing programs through brochures, posters, flyers and new opportunities such as signs on Recology collection vehicles, and addressing niche issues including illegal dumping, storm water trash, anti-scavenging (\$_____). • Develop the annual residential Service Notice per the Franchise Agreements with Recology that will provide key program and services related information. • RethinkWaste website and social media (FB, Twitter, You Tube) outreach, includes maintenance and updates to keep current and relevant (\$_____). • Phase 2 of the Home Diversion Calculator to promote and recognize households with high diversion (\$_____) promotion, incentives, maintenance of calculator – 2 cart weighing events (\$_____). • Mobile Phone App annual fee for RethinkWaste and all Member Agencies, to continue making it more convenient for tech-savvy customers to have access to program information and make service requests/report issues (\$_____). 	\$165,000	\$160,000	
Compost Giveaway	<ul style="list-style-type: none"> • SBWMA is responsible for assisting Member Agencies with promotion of compost giveaway events (\$_____). 	\$1,000	\$1,000	
HHW Door-to-Door Collection Outreach	<ul style="list-style-type: none"> • Continue ongoing “rolling” public education/marketing campaign to further promote these services to participating Member Agencies. Promotional activities will include direct mail, outdoor and print advertising, social media, etc. (\$_____). • Additionally, staff is discussing with the company the possibility of providing the service to Member Agency facilities if the program can be negotiated in a cost effective manner staff will promote and manage this enhanced service (\$_____). 			

RethinkWaste FY1415 Proposed Program Budget

Budget Expense Category	Description of Program	FY1314 Adopted	FY1314 Mid-Year	FY1415 Proposed
Curbside Household Battery Outreach	<ul style="list-style-type: none"> Continue to promote the curbside recycling of household batteries and cell phones collection service provided by Recology as this is one of the programs requiring additional awareness per the results of the 2012 Customer Satisfaction Survey (\$_____). 	\$5,000	\$4,000	
Electronics Collection Events	<ul style="list-style-type: none"> SBWMA is responsible for assisting Member Agencies with promotion of the E-scrap and shred events (\$_____). 	\$1,000	\$1,000	
SBWMA Program Budget (exclusive of Administrative Expenses)		\$1,159,100	\$1,064,100	

RethinkWaste FY1415 Proposed Program Budget

COLLECTION OPERATIONS (curbside cell phone/battery collection and door-to-door HHW program only)

FY1314 Budget: \$497,000

FY1415 Budget: TBD (Figures to be provided at May 22, 2014 Board meeting)

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach Manager

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 0.29 FTEs = 0.15 (Recycling Program Manager), 0.10 (Recycling Outreach and Sustainability Manager), and 0.04 (Office Manager/Board Secretary).

Description: Staff services provided in this area is to ensure compliance with state-mandated Universal Waste recycling and disposal regulations through administration of the Door-to-Door Household Hazardous Waste (HHW) collection services with WM Curbside LLC and oversight of the household batteries and cell phone collection services provided by Recology.

FY1415 Key Projects/Activities (outreach projects listed below are included in the Recycling – AB 939 and AB 341 Compliance category of our SBWMA program budget)

- Implement additional public education and outreach to the currently participating ten Member Agencies to increase collection of HHW through the Door-to-Door HHW collection program.
- Provide program roll-out public education and outreach to any Member Agency that begins participating in the program.
- Negotiate a potential contract extension with WM Curbside LLC as the current contract expires on December 31, 2014; however, the SBWMA has the option to extend this contract for two consecutive years. *NEW PROJECT*
- Continue discussions with management at WM Curbside LLC to expand the HHW collection services to Member Agency facilities such as corporation yards and begin managing this new service. *NEW PROJECT*
- Continue and expand public education and outreach to increase participation in Recology’s franchised recycling collection services with specific emphasis on increasing the collection of cell phones and batteries from the Multi-Family Dwelling sector which includes approximately 3,800 customers and 41,000 residential living units.
- Prepare an updated staff report to the Board on future HHW and Universal Waste recycling and disposal opportunities.

NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.

Budget Expense Category	Description of Program	FY1314 Adopted	FY1314 Mid-Year	FY1415 Proposed
Collection Operations		\$497,000	\$497,000	
HHW Door To Door Collection Services	<ul style="list-style-type: none"> • Disposal and processing expenses paid by RethinkWaste to WM Curbside LLC for operating the Door-to-Door Collection Services for 10 Member Agencies (Redwood City and Atherton currently don’t participate). 	\$497,000	\$497,000	
Curbside Household Battery Recycling Services	<ul style="list-style-type: none"> • Expense paid by Shoreway facility operator, SBR, and included in Shoreway Disposal and Processing Costs line item. 	\$0	\$0	

RethinkWaste FY1415 Proposed Budget Items

SHOREWAY OPERATIONS

FY1314 Budget: \$35,427,100

FY1415 Budget: TBD(Figures to be provided at May 22, 2014 Board meeting)

SBWMA Staff Resources: Hilary Gans, Facility Operations and Contracts Manager; Marshall Moran, Finance Manager; Faustina Mututa, Environmental Education Coordinator; and Heather Co, Environmental Education Associate.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 3.27 FTEs = 1.0 (Facility Manager), 1.8 (Environmental Education staff), 0.25 (Finance Manager), 0.20 (Executive Director) and 0.02 (Office Manager/Board Secretary).

Description: This includes SBWMA staff directed activities regarding Shoreway operations including: oversight of SBR operations per the Operations Agreement, including contract compliance and review and payment of SBR invoices; Shoreway facility capital repairs and maintenance; education center operations, exclusive of staff wages and benefits which are included in the Administration portion of the SBWMA program budget; management of disposal and processing contracts, including review and payment of invoices; facility insurance; and billing Recology for tons delivered to Shoreway.

FY1415 Key Projects/Activities

Contract Administration

- Continued operational oversight and contract compliance of Materials Recovery Facility (MRF), transfer station, and transportation operations performed by SBR to meet or exceed contractual standards and financial and environmental goals.
- Ongoing management of third party recycling and disposal contracts for solid waste, organics, and construction and demolition (C&D) debris.
- Manage organics processing contracts for residential and commercial organics to meet operational, financial and environmental requirements. This includes managing the extension of our two current agreements or managing a process for selection of new vendor(s).
- Continue to identify and pursue new third party tonnage opportunities to generate net income to help lower our Shoreway operating costs.
- Benchmark the costs of providing services through Shoreway and through offsite materials processors and identify opportunities to reduce cost. *NEW PROJECT*
- Select and negotiate a final scope of work for consultant(s) to review SBR's operations to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational work will be completed in FY1516. *NEW PROJECT*

Management of Facility Infrastructure and Improvements

- Ongoing management of Shoreway Facility capital and maintenance projects at or below budget.
- Completion of conceptual designs for a Shoreway transfer station processing system to recover organics materials and other recyclables. *NEW PROJECT*
- Manage a capital project at Shoreway to expand the covered tipping (unloading) area for recyclables delivered by franchised collection vehicles and third party sources. This capital project is contingent upon Board approval of a revised MOU between the SBWMA and SBR for the processing of additional third party tons. *NEW PROJECT*
- Analysis of upgrade options and cost for the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection and transfer fleet fuel needs. *NEW PROJECT*

Shoreway Operations Continued

- Complete a sign plan identifying recommended improvements onsite to enhance customer service, safety and operational results. *NEW PROJECT*
- Manage Shoreway’s ongoing ground water remediation and testing project (budget of \$1.5 M) toward the goal of receiving San Mateo County closure approval in 2014.
- Complete a Disaster and Emergency Management Plan for the Shoreway operations. *NEW PROJECT*
- Develop and implement a dust mitigation plan for the Shoreway MRF. *NEW PROJECT*

Tour Program

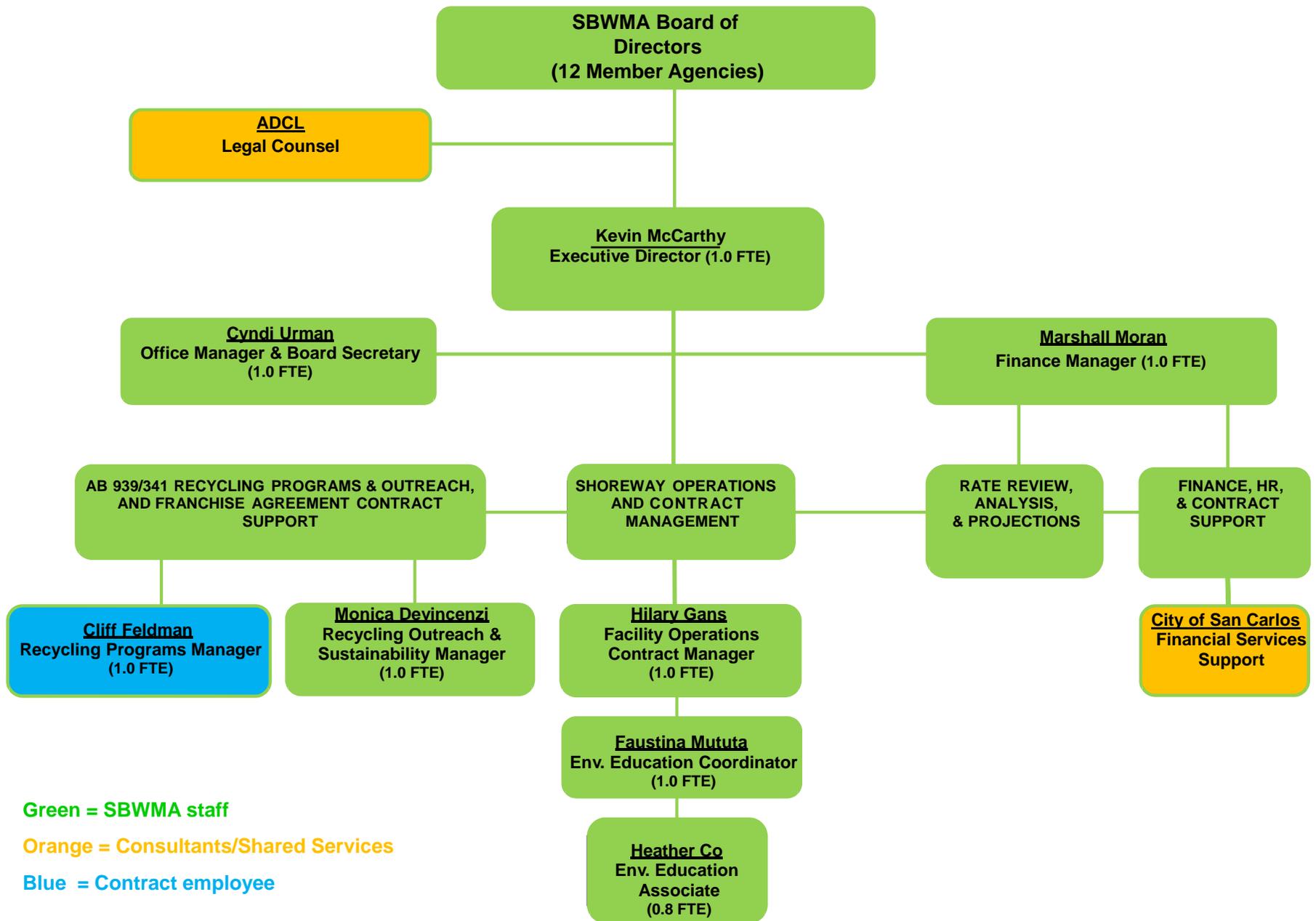
- Conduct the Shoreway school and public tours program, including developing new partnership opportunities to support the program, and to meet goals for increased number of visitors. The goal is to increase total tour visitors by 10% over prior year totals.
- Introduce 2nd monthly public tour starting fall of 2014, and if feasible, a Saturday public tour. *NEW PROJECT*
- Conduct onsite events and activities that increase community awareness of the waste reduction, recycling and composting programs in the service area and also further the resource conservation message of our Environmental Education program. Events and activities include the following: “Night at Shoreway” two time per year; “Recycled Art” Contest, Tile-art project and installation of tiles at MRF, School compost donation program, Schools “Mini-Grants” program, “Earth Day” community event at Shoreway, “America Recycles Day” event at Shoreway, and “Fix-it Clinic” pilot event at Shoreway. Pilot activities for “Community Youth Environmental Activities” (CYEA) program if staffing is available.
- Investigate public funding (e.g., grants, and public-private or public-public partnerships, as applicable) opportunities as applicable for the tour program. *NEW PROJECT*
- Maintain the Shoreway environmental education area and manage the Installation of a new exhibit to highlight energy and green features of the Shoreway facility operations. *NEW PROJECT*

NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.

Budget Expense	Description of Program	FY1314 Adopted	FY1314 Mid-Year	FY1415 Proposed
Shoreway Operations		\$30,951,800	\$31,596,400	
Operator Compensation	• Contractually required payments (per ton and/or per ton mile rates) by SBWMA to SBR to operate the MRF and Public Recycling Center, scale house and Transfer Station, and transport materials for disposal and processing.	\$16,274,400	\$16,810,800	
Disposal and Processing Costs	• Tipping fees paid by SBWMA to third party vendors (under contract w/ RethinkWaste) for disposal (Republic Services Ox Mountain landfill), and processing (Zanker Road for C&D, Recology Grover for composting, and Republic Services Newby Island for composting). All such contracts include per ton rates subject to annual CPI adjustments.	\$14,238,500	\$14,283,800	

Insurance Shoreway	<ul style="list-style-type: none"> Annual insurance premiums paid by SBWMA for Shoreway property and liability insurance, excluding Director's and Officer's insurance which is shown in a line item under Administrative expense. 	\$204,200	\$208,100	
Shoreway Facility Cost	<ul style="list-style-type: none"> Non capital related expenses to maintain the 16-acre Shoreway facility, including nearly 200,000 square feet of building space and \$20 million in equipment owned by SBWMA. 	\$100,000	\$160,000	
Allied Waste Balancing Account	<ul style="list-style-type: none"> Payments owed to Allied Waste to close out compensation owed to them as the previous Shoreway facility operator. 	\$0	\$0	N/A
Education Center Operations	<ul style="list-style-type: none"> Non labor related expenses to manage Shoreway facility school and public visitor tour program. Includes \$__ for busing assistance within our service area, funds for Trash to Art Contest, annual Earth Day event, compost donations to schools, safety equipment and supplies, and outreach materials. 	\$65,000	\$65,000	
Maintenance – Ox Mountain Tipper	<ul style="list-style-type: none"> Non capital related expenses associated with maintaining a hydraulic tipper (used to unload transfer trailers at the landfill). The tipper is owned by SBWMA, but operated by Republic at their Ox Mountain landfill. 	\$45,000	\$35,000	
Taxes (sewer)	<ul style="list-style-type: none"> Sewer fees paid to the City of San Carlos. 	\$24,700	\$33,700	
Shoreway Other		\$4,475,300	\$4,497,500	
Debt Service Bond Interest	<ul style="list-style-type: none"> Annual interest payments on the 2009A Solid Waste Enterprise Revenue Bonds of \$53.5 million. 	\$2,944,400	\$2,944,400	
Franchise Fee	<ul style="list-style-type: none"> 5% franchise fee paid by SBWMA to City of San Carlos for the Shoreway facility. The fee is collected on gate (tipping) fees, but not on commodity revenues. There is no floor or cap on the fees paid to City of San Carlos. 	\$1,530,900	\$1,553,100	
TOTAL SHOREWAY OPERATIONS EXPENSE		\$35,427,100	\$36,093,900	

SBWMA Organization Chart (April 2014)



Green = SBWMA staff

Orange = Consultants/Shared Services

Blue = Contract employee



Development of a Long Range Plan for the SBWMA

BACKGROUND

The South Bayside Waste Management Authority (SBWMA) is embarking on the development of a new Long Range Plan (“Plan”) for the next ten years to assist the Board of Director’s 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. The Joint Powers Authority’s (JPA) 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 place 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 Board of Directors.

Key features of the SBWMA existing collection and processing system include:

- A modern, flexible collection system for residents and businesses
- Highly efficient Materials Recovery Facility (MRF) processing infrastructure to support current and future processing needs
- Large transfer station with unused capacity for additional tons and space for new processing equipment
- Collection Services Franchise Agreements and Shoreway Operations Agreement with high performance standards, financial incentives and disincentives, an index-based compensation methodology to ensure cost stability, and shared requirements to minimize contamination levels in recycling and organics streams to maximize financial results
- Financial model with strong cost control features and incentives for maximizing commodity revenues
- A high performing, professional and accountable JPA organization with a lower cost overhead structure (i.e., the JPA is a non-PERS agency as compared to our Member Agencies) and highly experienced staff with strong working knowledge of the solid waste and recycling industry

When developing the Plan it is important to understand the critical factors that will influence or drive the JPA’s decision-making. For the SBWMA, some of these critical factors include:

- Decisions by Member Agencies in 2017 to extend or not the term of their existing Franchise Agreements with Recology, including determining the scope of work for the future collection services agreements
- Future decision by the JPA whether or not to extend the term of the Shoreway Operations Agreement with South Bay Recycling, including determining the scope of work for the future agreement
- Future expiration on December 31, 2019 of the Ox Mountain Disposal Agreement
- Future expiration of disposal and processing agreements for HHW, C&D processing and source separated organics (for composting) processing



- Assembly Bill (AB 341) with its 75% statewide recycling goal by 2020 and mandatory commercial recycling provisions
- Climate change laws and regulations that are influencing not only energy policy but solid waste policy
- Policy goal of greater rate stability and predictability

JPA’S CORE VALUES AND STRATEGIC PRIORITIES

The Plan will reflect the JPA’s current core values and strategic priorities as adopted previously by the Board of Directors in March 2012, as detailed below.

SBWMA Core Values

- Implementing waste reduction, recycling and environmental education programs is paramount to achieving a greater resource conservation ethic and sustainable communities.
- Delivering high quality, and cost-effective resources and services for our customers, and contractors (i.e., vendors and service providers).
- Providing sound environmental policies and practices for our member agency communities.
- Conducting long-term planning for waste reduction and recycling programs and facility infrastructure is fundamental to achieving our mission.
- Facilitating excellent communication, collaboration and cooperation among all our stakeholders produces the best long-term results.

Our Strategic Priorities

- Provide day-to-day oversight, support, and management of service providers that collect, process, recycle and dispose of materials for the Member Agencies.
- Ensure contractors’ and RethinkWaste programs are cost effective for the ratepayers.
- Provide day-to-day oversight of the Shoreway Environmental Center to meet financial, operational, and environmental goals.
- Meet or exceed environmental policies and regulations governing the collection and processing of recyclables and organics.
- Anticipate trends and implement innovative long-term solutions for waste reduction and recycling programs, facility infrastructure and disposal capacity.
- Monitor and assess contractor performance to ensure customer satisfaction and service delivery that meets or exceeds contractual requirements.
- Support RethinkWaste programs and policies through focused community outreach, education and promotion of rate payer value received.
- Manage the annual contractor compensation process to set contractor compensation and recommend Member Agency solid waste rate adjustments.
- Develop, implement and manage enhanced waste reduction and recycling services for Member Agencies (i.e., curbside HHW/universal waste/e-scrap collection services; seasonal community events such as e-scrap collection and shred events, compost giveaways, etc.; state grants; and other programs approved by the Board of Directors).

The Plan will be modified to address any Board changes to the above core values and strategic priorities noting that one of current strategic priorities is to “anticipate trends and implement innovative long-term solutions for waste reduction and recycling programs, facility infrastructure and disposal capacity.”



PROPOSED PROJECT APPROACH

Staff is recommending the following approach for completion of the Plan. This approach is characterized by implementation of five key distinct phases, as follows:

- **Phase One** – staff develops and presents for Board consideration and approval policy goals and guiding principles that will drive the development of the Long Range Plan. These will be presented at the *July 24, 2014* Board meeting.
- **Phase Two** – staff completes an inventory of existing collection programs, processing infrastructure, public education and outreach efforts and policies and contracts; and identifies performance results and whether program and service enhancements are needed. This work will be completed in **July through October 2014**. A staff report providing a progress report on this work will be presented at the *November 20, 2014* Board meeting. Staff, with consultant support, will further research and expand upon the benchmarking data gathered as part of the FY1415 budget process and analysis of the current programs and services.

This phase will also include a one-day visioning workshop hosted by the SBWMA which will entail highlighting panels of speakers whose presentations will address the state of the state in waste reduction and recycling policies, programs, and facility infrastructure and technology. This workshop is tentatively scheduled for **late October or early November 2014**. Limited consultant support will be needed for workshop coordination.

- **Phase Three** – staff development of recommendations on potential programs and service alternatives, new or updated policies, and facility infrastructure with associated implementation timelines, preliminary cost estimates and estimated diversion goals as applicable. This work will be completed between **November 2014 and February 2015**. Extensive consultant support is needed for evaluating program and service alternatives, including helping validate cost and waste diversion estimates and the feasibility of pursuing various local policy options.
- **Phase Four** – completion of the Final Report detailing the Long Range Plan for review by the Board at the *March 2015* Board meeting. Preparing the Final Report, the Long Range Plan, the associated work plans and cost details for inclusion in the FY1516 budget for review by the Board will require consultant support.
- **Phase Five** – Board review and consideration of the Long Range Plan and approval of specific recommendations which will include detailed project work plans, including a public stakeholder engagement plan, and budget details to be included in the FY1516 Budget. This work will be completed between **April and June 2015**.

Staff updates will be provided to the Board during Phase Three and as noted in Phases Four and Five. Staff anticipates bringing proposed consultant contracts for Board consideration in October/November 2014.



Below is a listing of the proposed tasks associated with Phases Two, Three and Four of the Plan.

Collection Services

1. Review current collection programs and services.
 - o Prepare a description of all franchised and non-franchised collection services provided and identify the service providers.
 - e.g., Recology, WM Curbside, eRecycling, Member Agencies, etc.
 - o Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if program changes are needed. Programs to be evaluated using criteria previously identified with a primary emphasis on cost effectiveness, diversion potential and rate impact.
2. Develop final recommendations on program and service alternatives. Recommendations to be prioritized based on their cost effectiveness, level of waste diversion, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

Processing Services

3. Review current materials processing options.
 - o Prepare a description of all existing material processing infrastructure (e.g., Shoreway Environmental Center, 3rd party disposal and processing facilities currently utilized, etc.)
 - o Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if processing infrastructure changes are needed. This evaluation to include reviewing alternative technologies that are commercially viable and have the potential to significantly improve on existing performance results.
4. Develop final recommendations on material processing alternatives. Recommendations to be prioritized based on their cost effectiveness, how mission critical is the proposed infrastructure improvement, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

Public Education and Outreach

5. Review current public education and outreach programs and services.
 - o Prepare a description of each existing program or service, including target audience and demographic, service sector and to what extent the program or service is an ongoing effort or a focused campaign.
 - o Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if program changes or enhancements are required. This evaluation to include whether or not more cost effective strategies are available, and to the extent to which the program or service results can be readily measured.
6. Develop final recommendations on public outreach program and service alternatives. Recommendations to be prioritized based on their cost effectiveness, level of waste diversion, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

Policies, Contracts, and Governance

7. Identify state regulatory framework driving programs and services. How will existing and potential future state laws and regulation effect our collection and processing system?
 - o AB939, AB32/AB341, AB1076, HHW/Universal Waste Laws and Regulations



8. Identify any local policies that may affect our collection and processing system.
9. Identify and evaluate all existing contracts (e.g., Franchise Agreements with Recology, Shoreway Operations Agreement with SBR, Ox Mountain Disposal Agreement with Republic Services, etc.) When will they expire? What changes may be needed in the current contracts or future related contracts? What is the most effective manner for the JPA to facilitate a review of the existing franchise agreements and future decisions whether to extend the term or not or make other changes?
10. Evaluate policy tools for enhancing existing diversion efforts (e.g., material disposal bans, Zero Waste Policy framework, etc.)
11. Evaluate the JPA model relative to whether any changes are needed to support future programmatic or policy goals.

Facilities and Infrastructure

12. Conduct an inventory of existing facilities and infrastructure.
 - Shoreway Environmental Center
 - Collection fleet parking and maintenance facilities
 - Transfer truck fleet parking and maintenance facilities
 - Fuel storage and distribution system
 - Administrative offices
 - Visitor parking
 - Education center
 - Other
 - Staff offices
13. Evaluate the extent to which any facility and infrastructure improvements are needed. Develop final recommendations on alternatives. Recommendations to be prioritized based on their cost effectiveness, how mission critical is the proposed infrastructure improvement, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.



EVALUATION FRAMEWORK

Staff believes a critical first step in development of the Plan is for the Board to adopt specific policy guidance to drive the Plan, including guiding principles or criteria for evaluating programs and service alternatives, new or updated policies, and facility infrastructure. As previously noted, this will be discussed at the *July 24, 2014* Board meeting. In order the help facilitate this future discussion, staff has included in **Attachment A** some policy goals, guiding principles and/or evaluation criteria used by other public agencies in development of their Long Range Plans (called by others sometimes as a Zero Waste Plan, Master Plan, Recycling Plan, etc.)

Long Range Plans or Strategic Plans typically have a common feature of setting a diversion goal or target. The table below includes information on some of the communities that have adopted such targets. The SBWMA currently does not have a specific policy goal of achieving a stated diversion target. However, it should be noted that the State’s current goal is to reach 75% diversion throughout California by 2020. Staff recommends that the Board consider adopting a goal to mirror the State’s 75% diversion by 2020 in order to help focus the end goals of the Long Range Plan.

<u>Jurisdiction</u>	<u>Date Adopted</u>	<u>1st Target</u>	<u>2nd Target</u>
San Francisco	2002	75% by 2010	100% by 2020
Palo Alto	2005	73% by 2011	Zero Waste by 2021*
Oakland	2006	75% by 2010	90% by 2020
Livermore	2007	N/A	75% by 2015
Los Angeles	2007	75% by 2013	Zero Waste by 2030*
Seattle, WA	2007	60% by 2012	75% by 2025
Burbank	2008	N/A	Zero Waste by 2040*
San Jose	2008	75% by 2013	100% by 2022
StopWaste.org	2010	N/A	Less than 10% recyclables or compostables sent to landfill by 2020
Sunnyvale	2013	75% by 2020	90% by 2030

**Most have adopted the principal of equating zero waste to diverting at least 90% of materials from landfills or incinerators.*

City of San Jose Zero Waste Plan (November 2008)

- Excerpts directly from Plan

Evaluating Zero Waste

1. Increase Environmental Benefits to the Community
2. Improve Quality of Service
3. Support Local, State, and National Mandates
4. Address Fiscal Impacts

Increase Environmental Benefits to the Community

- Reduce vehicle emissions to support Urban Environmental Accords Action 14
- Support San José's Climate Action Plan
- Reduce and mitigate landfill and other facility impacts
- Invest in new, safe technologies and processes for infrastructure
- Consider environmental benefits and impacts in siting and permitting of new facilities
- Protect public health and the environment
- Analyze markets for recoverable materials to consider the highest and best use of materials and the implications of reliance on domestic and overseas markets

Improve Quality of Service

- Improve customer convenience such as offering a broader range of collection programs and container options; improving the recycling program for residents; improving call center responsiveness; and enhanced and targeted customer outreach
- Improve aesthetics - control of graffiti, litter and illegal dumping; specification of container types, quality, and placement
- Provide incentives to participate in, and maximize the effectiveness of, program initiatives
- Ensure that program initiatives are convenient, accessible and appropriate
- Ensure equity for all customers
- Create City operations that serve as a model for zero waste

Support Local, State and National Mandates

- Increase diversion to support the zero waste goal from the City's Green Vision Goal 5, the City's 2007 Zero Waste Resolution, and the Urban Environmental Accords Action 4(zero waste goal)
- Reduce the use of a disposable, toxic, or non-renewable product category by at least 50 percent in seven years to achieve Urban Environmental Accords Action 5
- Implement user-friendly recycling and composting programs pursuant to Urban Environmental Accords Action 6
- Support the City Sustainable Energy Policy and Action Plan
- Support the "Reduce, Reuse, Recycle hierarchy

Address Fiscal Impacts

- Minimize impact on customer rates and provide rate equity
- Minimize impact on City's revenue streams
- Minimize contract management and enforcement costs for programs
- Invest in infrastructure
- Invest in green jobs and economic development
- Address long-term fiscal planning and assess full economic impact
- Understand the potential impact on system fees (hauling, tipping, franchise)



City of Boulder Master Plan for Waste Reduction (February 2006)

- Excerpts directly from Plan

WHAT ARE THE GUIDING PRINCIPLES OF THIS MASTER PLAN FOR WASTE REDUCTION?

- Identify service voids.
- Create effective partnerships with for-profit and non-profit organizations to expand services with minimal city investment.
- Support programs that are convenient.
- Utilize economic incentives to alter habitual behavior.
- Help build infrastructure and then require its use once it's convenient and economical.

Potential waste reduction programs were evaluated using the following criteria:

- Cost
- Timing
- Political will
- Visibility
- Diversion potential
- Interagency/government cooperation
- Infrastructure requirements
- Toxicity reduction
- Environmental impacts
- Market value of recyclables
- Program precedent
- Viability
- Measurability



Alameda County Source Reduction and Recycling Plan: Vision 2010: 75% and Beyond (adopted January 2003 and Updated in 2006 and 2007)

- Excerpts directly from Plan

Overall Goals

This plan sets forth the following general goals:

- Achieve a 75% waste diversion rate by 2010, with 20% of this coming from waste prevention.
- Establish the groundwork for moving beyond a 75% diversion rate after 2010.
- Increase and maximize participation in resource conservation and recycling to reduce waste.
- Maintain priority on waste prevention and broaden programs to incorporate sustainability concepts.
- Assist in the development of markets to support diversion efforts. Close the recycling loop by identifying and supporting end uses for targeted materials.
- Educate residents and businesses about the environmental, economic and health merits of sustainable practices.
- Expand partnerships with key stakeholders, including member agencies, haulers, processors, recyclers, other public agencies, businesses, schools, utilities and public policy makers at every level of government.
- Promote best resource stewardship practices in businesses, member agencies and schools.
- Maximize impact of Agency programs by coordinating delivery of services.

General Policies

The following policies derive from the Agency's mission and vision. They define the Agency's basic philosophy as reflected in the Recycling Plan.

1. Promote maximum resource conservation.
2. Promote waste prevention as the top priority.
3. Provide specific goals and measurements.
4. Focus on regional approaches.
5. Promote sustainable economic development.
6. Promote the social benefits of reduction, recycling and composting.
7. Address the fundamental need to change public attitudes and values regarding use of resources.
8. Place Alameda County in a leadership position in the field of resource conservation.
9. Recognize that private industry and institutions can and should play a major role in providing solutions.
10. Focus on methods that encourage voluntary action by industry and the public.
11. Focus on a few programs that are "done well."
12. Focus on public information and education.
13. Identify cost-effectiveness as one key criterion for Agency programs.
14. Take into account significant economic trends.
15. Visualize change.

City of Portland, Office of Sustainable Development: Portland Recycles! Plan (August 2007)

- Excerpts directly from Plan

In a resolution adopted in June 2006, Portland City Council directed the Office of Sustainable Development to conduct a public process and develop a plan that would achieve the following solid waste management goals over the next 10 years:

- *Promote sustainability of the solid waste and recycling system that includes maximum efficiency, equity and economic vitality, improved worker safety and reduced environmental and human health impacts over the entire life cycle of the materials.*
- *Minimize the impact of harmful wastes by targeting toxicity and reducing greenhouse gas emissions.*
- *Reduce per capita waste generation below 2005 levels by the year 2015.*
- *Increase recovery of all waste with a target of 75 percent by the year 2015 and promote highest value use of the recovered materials.*

The following strategies are critical to the success of the Plan::

Promote behavior change and education — Effective education programs and commitment strategies support the development of new daily habits and personal motivation that will lead to an increase in waste prevention and recycling activities.

Require participation — New requirements are necessary to compel businesses in particular to optimize waste prevention and recycling activity. Residential strategies focus on voluntary participation throughout most of the plan period; if the plan's goals are not met, participation requirements may be applied to residents in the later phases.

Lead by example in government — Guided by the Sustainable City Principles, City policy for waste prevention and recycling encourages innovation and behavior change from within to serve as a model for the broader community.

Support regional and state policy and legislation — A coordinated approach within all levels of government is necessary. Authority for certain policies or actions may reside with regional or state agencies.

Implement local legislation — City legislation may be necessary to establish new policy and implement recommendations in the Plan.

RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

ADMINISTRATION

FY1314 Budget: \$1,639,850.

SBWMA Staff Resources: Kevin McCarthy, Executive Director; Marshall Moran, Finance Manager; and Cyndi Urman, Board Secretary/Office Manager.

Description: Provides for overall administrative operations of the agency, including: personnel administration, budget development, financial projections, expense payment processing, fiscal management, Board of Directors administration, customer service, risk management, records retention, and information technology. Budget for these functions is captured under “Administrative Expenses.”

FY1314 Accomplishments

Budget Development

- Preparing the FY1415 budget for Board review and approval. *Project in-progress.*
- Reviewed the FY1314 budget to identify budget variances and submitted to Board for mid-year approval. Completed mid-year budget review in January 2014 and no Board action required as projected under budget.
- Recommended 2014 tipping fee adjustments. Approved tipping fees at November 2013 Board meeting at levels lower than assumed in budget.

Accounting and Fiscal Management

- Develop a recommendation for Board consideration on how to use unspent Shoreway remediation project Settlement funds. Provided a staff update at the November 2013 Board meeting on the status of the Shoreway remediation project and noted the availability of unspent funds. Pending staff recommendation on uses for these one-time funds. *Project in-progress.*
- Completed FY1213 audit and 2013 calendar year financial statements for bond reporting. Board approved the FY1213 audit at the January 2014 Board meeting and the calendar year audit approved at the March 2014 Board meeting. Audits show higher than expected cash reserve balances.
- Submitted explanation of cash reserve policy for Board consideration at the March 2014 Board meeting. No Board suggestions for changes at this time.
- Maximize use of competitive bidding for technical consulting services for scopes of work exceeding \$50,000. Completed two RFQs, one for public outreach services and the other for recycling program support, covering technical scopes of work for FY1314.
- Met bond covenants and reporting requirements as specified in the Indenture to ensure compliance including the two debt coverage ratios. Bond covenant requires a calendar year break event test (1.0) and a 1.4 debt coverage ratio. The Board approved calendar year audit documented that we met requirements through a 1.06 break even and a 1.94 debt coverage result.
- Monitored SBR’s monthly reporting of tonnage and reviewed their monthly invoice for accuracy and tied all payments to source data.
- Managed monthly cash transfers from SBR for commodity revenue, public revenue, and payments to SBR for operations.
- Managed monthly billing to and payment from Recology for disposal at Shoreway as prescribed in the agreements.
- Ensured all procedures are followed and receipts and payments are supported by proper documentation and made on timely basis such that cash flow is optimized.
- Reviewed the Quarterly Investment Report to the Board prepared by the City of San Carlos.

RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area
Administration Continued

Board of Directors Administration

- Delivered Board Packets to the Board of Directors accurately and on time.
- Maintained the Board of Directors webpage to ensure accurate and up to date information is readily available.
- Launched an updated website with a Board Member portal feature to house information of interest.
- Maintained accurate and up-to-date records for the SBWMA, including Board meeting minutes, resolutions, ordinances and contracts.
- Updated as necessary the Board of Directors JPA and Contracts Resources Binder.

Customer Service

- Provided high quality customer service to members of the public that call the SBWMA, Board Member inquiries and staff needs.

Risk Management and Other Functions

- Renewed general liability insurance policy; property policy pending renewal on July 1.
- Managed compliance with record retention and other Board adopted policies.

RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

CONTRACT COMPLIANCE AND SUPPORT

FY1314 Budget: \$300,600

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; Marshall Moran, Finance Manager; Monica Devincenzi, Recycling Outreach and Sustainability Manager; and Hilary Gans, Facility Operations and Contracts Manager.

Description: Staff services provided in this area includes:

- Continued oversight and contract administration support for the twelve collection services franchise agreements with Recology, including follow-up work on audit findings and financial auditing.
- Continued oversight of SBR operations per the Shoreway Operations Agreement (see “**Shoreway Operations” budget worksheet**).
- Management of the annual Member Agency rate review process, including review of the 2014 Recology and SBR compensation applications, and completion of the SBWMA final reports reviewing the Recology and SBR compensation applications and consolidated rate report for 2014. Initiate audit work and review of operational data for 2014 compensation applications.

FY1314 Accomplishments

Contract Administration

- Supported Member Agencies with negotiating and implementing administrative changes to their franchise agreements with Recology. Staff initiated negotiations with the company on behalf of our Member Agencies in an effort to eliminate areas of redundancy between SBWMA and Recology, improve the efficiency of service delivery and provide cost savings to the Member Agencies. All Member Agencies have executed the contractual changes which have streamlined various aspects of the services and programs provided by both Recology and SBWMA.
- Hired contractor to conduct audit of collection services and facility operations 2013 annual reports, tonnage data and customer service systems. This project is conducted annually due to the fiscal impact associated of self-reported information contained in the company’s annual reports and compliance with related performance standards. **Project in-progress with reports expected at the June 2014 Board meeting.** Implement 2012 audit findings as appropriate. Followed up with Recology to ensure progress on implementing audit recommendations.
- Hired contractor to conduct audit of financial systems of both Recology and SBR to verify financial risks to SBWMA. This project is conducted annually due to the fiscal impact of data included in reports submitted by the companies and since significant ongoing financial transactions are conducted between the companies. Implemented 2012 audit findings as appropriate. **Project in-progress with report expected at the June 2014 Board meeting.**
- Prepared 2014 Annual Public Education Plan for franchised collection services and related outreach support, including management of all collateral development and support for tailoring collateral for Member Agencies as appropriate. Board approved at October 2013 Board meeting. Recology was originally tasked with developing this plan in the Member Agencies franchise agreements; however, per the negotiated contractual improvements the Recology Public Education Manager position was eliminated resulting in significant cost savings and responsibility for development and preparation of this critical Plan was transferred to the SBWMA.
- Completed two semi-annual load contamination monitoring events. Events completed in December 2013 (January 2014 report to Board) and March 2014 (April 2014 Report to Board). Per the Member Agency’s franchise agreements and because the SBWMA manages the Shoreway facility, the SBWMA is tasked with overseeing various aspects of ensuring that recycle and compost materials contamination is kept low and

RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area
Contract Compliance and Support Continued

therefore commodity revenue is maximized.

- Hired a contractor to conduct Recology customer service call center monitoring and evaluation of compliance per the Member Agency's franchise agreements. This project is conducted annually due to the fiscal impact associated with compliance of performance standards related to the operation of the customer service call center.
- Provided prompt response to questions/issues/complaints that are raised by Member Agencies regarding their franchise agreements. The RethinkWaste phone number is publicized and staff frequently responds to requests from the public.
- Developed a Member Agency snapshot report for 2013 (provided at March 2014 Board meeting and sent electronically) and provided the availability of staff to make presentations to Member Agency governing bodies upon request. This snapshot report was well received by the Member Agencies in prior years and staff shall continue to consolidate the key operational and programmatic metrics of the services provided and be available to present this information in public meetings upon request.

Rate Review, Analysis and Projections

- Completed SBWMA final rate reports providing a review of the Recology and SBR compensation applications for the 2014 rate year per the Member Agency's franchise agreements and Operations Agreement, respectively. Final rate documents approved at September 2013 Board meeting. Also, held special Board meeting in September 2013 to review the contractor compensation adjustment methodology. Per the franchise agreements with Recology and the Operations Agreement with SBR, the SBWMA is tasked with consolidating the pertinent data required to project the revenue requirement needed for the subsequent rate year which directly relates to the rates that need to be charged by each Member Agency.
- Continue to support Recology with making changes or improvements to their Annual Compensation Application Report. SBWMA substantially revised the Recology Compensation Application Report template in spring 2013 which was then used as the basis for Recology's June 2013 rate application submittal and Board review in summer/early fall 2013.
- Analyzed the detailed cost adjustments in the 2014 Compensation Applications from Recology and SBR. Verified they followed prescribed compensation methodology.
- Conducted a detailed review of Recology special issues in their 2014 Compensation Application and provided an explanation of the associated fiscal impacts in the SBWMA report reviewing the Recology compensation application and SBWMA consolidated rate report.
- Prepared financial analysis for projected 2014 revenue and total collection costs, residual cost impact from prior years, and included pass-through costs (disposal and agency fees) to determine 2014 total rate adjustment for each Member Agency as documented in the final rate documents approved at September 2013 Board meeting. Also, held special Board meeting in September 2013 to review the contractor compensation adjustment methodology.
- Prepared a variance analysis of 2014 total collection cost vs. 2013 cost by detailed cost categories by agency to aid in understanding collection cost changes. This information was included in final rate documents approved at September 2013 Board meeting. Per feedback from our Member Agencies, this useful variance analysis is prepared annually to assist decision makers with analyzing and recommending rate increases.

RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

Contract Compliance and Support Continued

- Provided ongoing rate analysis support and projections of 2014 rate impacts associated with changes to any assumptions. Actively responded to and supported nearly all of the Member Agencies with understand their respective revenue requirement and any questions.
- Completed multi-year rate projections for Atherton, East Palo Alto, San Mateo, Redwood City, and San Carlos.
- Reviewed Recology's 2013 Revenue Reconciliation Report and conducted a third party audit of financial risks including SBR's payments to SBWMA. **2013 project in-progress with report expected at the June 2014 Board meeting.** 2012 audit completed and results incorporated into 2014 rate reports adopted by the Board at its September 2013 Board meeting. The financial information provided in the Recology Revenue Reconciliation Report is self-reported and is a key component in determining the subsequent revenue requirement needed to establish rates for Recology's annual compensation increase.
- Evaluated a proposal from Recology to fix cost allocations for future rate years to simplify the compensation adjustment process; made presentations to the Board at the January and March 2014 Board meetings. Information is still pending from Recology on a proposal and costs to automate the compilation and analysis of their annual route assessment data. **Project in-progress.**

RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area
RECYCLING OUTREACH AND PROGRAMS – AB 939 AND AB 341 COMPLIANCE

FY1314 Budget: \$858,500

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach and Sustainability Manager.

Description: Staff services provided in this area to ensure compliance with state-mandated waste reduction, recycling and reporting requirements per the California Integrated Waste Management Act of 1989 (Assembly Bill (AB) 939) and the more recent legislation pertaining to mandatory commercial recycling (AB 341) including:

- Development and implementation of public education and outreach strategies to promote residential and commercial waste reduction and recycling collection programs and services.
- Oversight of any Recology San Mateo County (Recology) services under the 12 collection services franchise agreements with the Member Agencies.
- Prepare and submit the State mandated CalRecycle Annual Reports required per AB 939 on behalf of ten participating Member Agencies.

FY1314 Accomplishments

Public Education and Outreach

- Developed, implemented and managed ongoing AB 341 outreach activities, including brochures, inserts and letters of non-compliance for Member Agency and Recology use; and presentations. Bill inserts were sent to all customers in June 2013 and presentations were conducted in March through May 2013. The State's AB 341 requires all public agencies to implement public education efforts to encourage businesses to comply with this mandatory commercial recycling law and the SBWMA can most effectively manage this effort on behalf of all Member Agencies.
- Developed, submitted and continuing to manage the 2014 Annual Public Education Plan in coordination with Recology and the Ad Hoc Public Education Subcommittee. The plan was reviewed and approved at the October 2013 Board meeting. Recology was originally tasked with developing this plan in the Member Agencies franchise agreements; however, per the negotiated contractual improvements the Recology Public Education Manager position was eliminated resulting in significant cost savings and responsibility for development and preparation of this critical Plan was transferred to the SBWMA.
- Promoted residential collection services through three *rethinker* newsletters, five bill inserts and 10 presentations at community groups, organizations and events in collaboration with Recology. The franchise agreements with Recology prescribe that various public education activities, including sending a residential newsletter, are undertaken annually by the SBWMA and Member Agencies since diversion performance incentives and disincentives are directly tied to the results Recology delivers each year. One key area of focus included promoting the twice annual Bulky Item Collection Program which resulted in 11% more appointments scheduled in FY1314 through March 2014 in comparison to the same period in FY1213.
- Continued to develop and implement outreach strategies to increase participation and customer knowledge of the Door-to-Door HHW Collection program for participating agencies. This is an ongoing effort that included direct mail postcards sent June-August 2013, outdoor and

RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued

print advertising September through November, and promotion in bill inserts in April-June 2014, among others. This effort resulted in a 16.6% increase in the number of appointments scheduled for FY1314 through March 2014 in comparison to the same period in FY1213, resulting in having 23.4% additional pounds of material collected. This very popular program provides an easy and convenient means for residents to have HHW and Universal Waste collected directly from their homes without the need to transport it themselves.

- Launched the home diversion calculator program through the RethinkWaste website in August 2013. Expanding residential home diversion calculator program to increase residential diversion and participation is in progress and will include a recognition program to be launched in FY1415. Continued to perform direct research of residential customers carts set-out curbside to provide data needed for home diversion calculator project. The last primary research was conducted in October 2013 and the data shall be collected again in June 2014. This program allows residents to more intuitively understand the results of their recycling efforts and is conducive for further fostering critical behavior change regarding waste diversion.
- Implemented convenient Agency-wide mobile app in November 2013 for residential customer use to request services, get additional program information and other related items. A presentation was made to the Board on the mobile app at the September 2013 Board meeting. This mobile app provides a convenient tool for our customers to interface with their service provider and enables for seamless and convenient information gathering and requests for service.
- Hold third annual BizSMART@Work Awards. This annual program has been well received by the business community as it recognizes businesses and multi-family complexes for their diversion efforts through the BizSMART services. The 2014 award program will run late April 2014 through May with a recognition event planned for June. *Project in-progress.*
- Provided outreach and other support to Member Agencies for compost giveaways and shred/e-scrap recycling events. A total of 12 shred/e-scrap events will have been held through June 2014. Eight compost giveaways are anticipated to be held through June 2014, not including the monthly giveaways in Menlo Park and the weekly giveaways in San Mateo.
- Launched updated RethinkWaste website in August 2013, providing greater convenience and access to information for customers, Board and Member Agencies. This effort was undertaken after extensive feedback from our Member Agencies and the public.
- Continued to work in coordination with Recology in updating the existing multi-family outreach Toolkit and developing additional materials. Updating existing and adding additional outreach materials is an ongoing process with pieces to be finalized in May 2014. The multi-family dwelling sector diversion rate in the SBWMA service area for 2013 was 19.8% and per waste composition work performed by SBWMA there is still a significant portion of the multi-family waste that can feasibly be recycled. Thus efforts such as this are intended to increase diversion and recycling related revenue from materials delivered to Shoreway and processed/sold by SBR. *Project in-progress.*
- Issued 13 press releases to date, promoting residential programs and service, and Board and SBWMA milestones and activities. All press releases were picked up by local and/or trade publications and media outlets, often in multiple publications, including The Daily Post, The Daily Journal, The Daily News/San Mateo Times, Patch.com, SF Examiner, The Chronicle, The Almanac Online, KTVU, Recycling Today and MSW Management.

RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area
Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued

Recycling (Diversion Programs)

- Developed an SBWMA-wide commercial recycling haulers Reporting System ordinance and outreach strategy to begin collecting diversion data that is currently unavailable. Prepared a draft ordinance that was extensively reviewed by the TAC and Board, most recently at the March 2014 Board meeting. Project currently on hold pending further research and contacts with commercial recycling haulers to see if adequate data can be collected on a voluntary basis (without an ordinance in place). Significant commercial recycling activity is carried out by the private sector; however, the SBWMA does not have data on these activities. The only commercial recycling data available is provided by Recology per the franchise agreements. In order to plan for future potential expanded diversion efforts as required by State mandate, the SBWMA needs to develop a true picture of commercial recycling activities conducted by both independent recycling haulers and Recology. ***Project in-progress.***
- Evaluate the feasibility of undertaking a pilot code enforcement effort to support Member Agency's with enforcement of their anti-scavenging ordinances. Scavenging of recyclable materials from both the commercial and residential sectors has various societal and economic impacts and staff's focus in assisting with implementing anti-scavenging efforts is to increase the revenue generated from the sale of recyclables collected by Recology and processed by SBR at Shoreway. ***Project not completed and to be proposed for completion in FY1415.***
- Evaluate the feasibility of increasing diversion for parks and other public spaces (e.g., downtown areas) per the Public Space Recycling project feasibility report. This project is focused on increasing the opportunity for the public to conveniently and cost effectively recycle in public spaces. ***Project in-progress.***
- Organize a Commercial Recycling Workshop for the Board to highlight commercial recycling best practices in the SBWMA service area and elsewhere. The Commercial Recycling Workshop is scheduled for April 24, 2014. ***Project in-progress.***
- During the fall of 2013 the SBWMA conducted a targeted waste characterization analysis of multi-family dwelling accounts to ascertain the composition of materials discarded.
- Developed timely updates to the State mandated CalRecycle Annual Reports on behalf of ten Member Agencies and managed submittal of the 2012 Annual Reports. These updated reports are required to be submitted annually per AB 939 and the SBWMA ensures these reports are prepared for review by each Member Agency and timely submitted in compliance with State mandate.
- Manage the Audit of Recology's 2013 Annual Report regarding the company's performance and compliance. The data in this report is self-reported by Recology and it impacts various fiscal implications and the measurement of performance standards associated with fiscal impacts, thus annually auditing this report is part of the due diligence of effective contract administration. ***Project in-progress with reports expected at the June 2014 Board meeting.***

Long Range Plan

- Commencing development of a long-term strategic plan (i.e., 5-year scope to include all major elements of the operation, including collection and processing, and related elements of compliance, contracts/contract renewal strategies, public education, finance, capital improvement (CIP), technologies, etc.) to address solutions for cost effective waste reduction and recycling programs and services and facility infrastructure. ***Project in-progress.***

RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

COLLECTION OPERATIONS

FY1314 Budget: \$497,000

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach and Sustainability Manager

Description: Staff services provided in this area is to ensure compliance with state-mandated Universal Waste recycling and disposal regulations through administration of the Door-to-Door Household Hazardous Waste (HHW) collection services with WM Curbside Inc. and oversight of the household batteries and cell phone collection services provided by Recology.

FY1314 Accomplishments (outreach projects listed below are included in the Recycling – AB 939 and AB 341 Compliance category of our SBWMA program budget)

- Implemented additional public education and outreach to the currently participating ten Member Agencies to increase collection of HHW through the Door-to-Door HHW collection program. This is an ongoing effort that included direct mail postcards sent June-August 2013, outdoor and print advertising September through November, and promotion in bill inserts in April-June 2014, among others. This effort resulted in a 16.6% increase in the number of appointments scheduled for FY1314 through March 2014 in comparison to the same period in FY1213, resulting in having 23.4% additional pounds of material collected. Participation in this popular program ebbs and flows depending on the amount of public education that is pursued, thus the SBWMA is continually incented to conduct ongoing and effective public education to drive up participation.
- Commence discussions with management at WM Curbside LLC to expand the HHW collection services to Member Agency facilities such as corporation yards in response to feedback from our Member Agencies. Pricing has been obtained from the company and staff is working with legal counsel on proposed contract language. *Project in-progress.*
- Conduct a pilot project with South Bay Recycling at Shoreway to begin segregating select battery chemistries (from batteries collected through Recology's curbside recycling program) in an effort to sell rechargeable batteries and reduce recycling/disposal expense. *Pilot project still under evaluation.*
- Continued and expanded public education and outreach to increase participation in Recology's recycling collection services with specific emphasis on increasing the collection of cell phones and batteries from the multi-family dwelling sector which includes approximately 3,800 customers and 41,000 residential living units. Promotion included bill inserts sent to customer in June 2013. A designated brochure is currently in development and expected to be completed in May 2014.

RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

SHOREWAY OPERATIONS

FY1314 Budget: \$35,427,100

SBWMA Staff Resources: Hilary Gans, Facility Operations and Contracts Manager; Marshall Moran, Finance Manager; Faustina Mututa, Environmental Education Coordinator; and Heather Co, Environmental Education Associate.

Description: This includes SBWMA staff directed activities regarding Shoreway operations including: oversight of SBR operations, including contract compliance and review and payment of SBR invoices; Shoreway facility capital repairs and maintenance; education center operations, exclusive of staff wages and benefits which are included in the Administration portion of the SBWMA program budget; management of disposal and processing contracts, including review and payment of invoices; facility insurance; and billing Recology for tons delivered to Shoreway.

FY1314 Accomplishments

- Continued operational oversight and contract compliance of materials recovery facility (MRF), transfer station, and transportation operations performed by SBR.
- Monitored the condition of the Shoreway facility buildings, equipment and site and managing capital and maintenance projects to correct deficiencies (e.g., transfer station floor repair, fire system improvements, tipper maintenance, conference room improvements, sorting equipment enhancements, building repairs).
- Management of the Shoreway School and Public Tours program and the hosting of several public events (e.g., Earth Day, Trash-to-Art, 2-Million Tons, and Night-at-Shoreway). In only its second year of operations and with one full-time and one part-time staff person, the program has provided tours to over 6,000 visitors (1,000 more than prior year). Education center visitors tour the MRF and transfer station and learn the value of participating in the curbside recycling programs.
- Ongoing management of third-party recycling and disposal contracts for solid waste (700 tons per day), organics (compost materials)(380 tons per day), and construction and demolition (C&D) debris (100 tons per day).
- The two contracts for composting all of the Agency's organic materials are expiring at the end of 2014. Staff has been monitoring market conditions and is working to determine the best options for future organic materials processing.
- Managed the Agency's efforts towards completing the ground water remediation project at Shoreway which is expected to be closed by San Mateo County in 2014. This project has been ongoing for over ten years and has a dedicated budget line of \$1.5 M. Provided a staff update at the November 2013 Board meeting on the status of the Shoreway remediation project and noted the availability of unspent funds.
- Completion of the outside environmental education area in front of the transfer station – this project was designed and managed as an in-house project. Upon completion of this project in 2014 budget year, the master plan project will be closed.
- Staff designed and managed the installation of a "Call-to-Action" exhibit (located in the MRF lobby) that highlights the community's resource conservation activities.
- Staff has continued to research new technologies for a solid waste processing system to recover organics materials and other recyclables from the garbage is an effort to meet California's recycling goal of 75%. Staff has been working in partnership with the SVCW wastewater treatment plant in Redwood Shores and is developing an MOU to develop a project feasibility study for generating energy from the SBWMA's food waste.

Shoreway Operations Continued

- Staff has worked with SBR to recruit additional single stream recyclable materials (third-party tons) with the goal of generating additional income for the SBWMA. Through agreements with Recology operations in San Bruno and in the South Bay, third-party tonnage has increased to over 100 tons per day in 2013/4 generating a potential income stream to the Agency of \$260K per year from host fee payments.
- The Shoreway underground fuel storage system is composed of single-wall underground storage tanks that poses a leak risk. Staff has been researching options for replacing the fuel supply system as well as the potential to convert the collection and transfer fleets to cleaner fuels.
- Staff worked with SBR to prepare a labor strike impact contingency plan to prevent interruptions in materials handling at Shoreway.
- Staff has resolved through mediation a contract interpretation dispute with Zanker Road, the company that processes all of the Agency's construction debris (C&D).



A Public Agency

STAFF UPDATES



Discussion Item:
Update on Labor Issues

Agenda Item 5a

Discussion only item, no report.

Update on Labor Issues - Discussion Item Only



STAFF UPDATE

May – October 2014 Potential Future Board Agenda Items

May 22, 2014

- Review of Draft FY1415 Budget
- Report on Benchmarking SBWMA's Recycling Programs and Outreach and Shoreway Tour Program
- Report on Benchmarking SBWMA's Franchised Collection Services and Landfill Disposal Costs
- Results of Public Education Survey of Residents
- Consideration of Approval of Additional Third Party Tons into the Shoreway Environmental Center MRF
- Recology Update on Automating Collection and Analysis of Annual Route Assessment Data
- Approval of Quarterly Investment Report as of 3/31/14

June 26, 2014

- Resolution Adopting FY1415 Budget
- Resolutions Approving Annual Contracts for Accounting & Finance, Legal, etc.
- Resolution Approving Property Insurance Policy Renewal
- Review of Executive Director's Goals for FY1415
- Resolution Approving Findings from Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Audits
- Resolution Approving Findings from Review of Contractor Financial and Accounting Systems Audits
- Technical Consulting Contracts – 2nd Quarter 2014

July 24, 2014

- Review of Cart Migration Data for Member Agencies and Rates vs. Costs Analysis
- Update on 2015 Rate Applications and Rate Issues
- Guiding Principles for Development of a Long Range Plan

September 11, 2014 (Joint meeting with Board and TAC; Special Board Meeting)

- Final Review of 2015 Contractor Compensation Applications (SBWMA Rate Reports Included in September 18, 2014 BOD packet)

September 25, 2014

- Approval of Quarterly Investment Report as of 6/30/14
- Resolution Approving 2015 South Bay Recycling Compensation Application
- Resolution Approving 2015 Recology San Mateo County Compensation Application
- Technical Consulting Contracts – 3rd Quarter 2014
- Other items TBD

October 23, 2014

- Resolution Approving 2014 Public Education Plan

October/November 2014

- Special Board Workshop on Future Waste Reduction, Recycling and Composting Programs, Policies and Technologies



STAFF UPDATE

To: SBWMA Board Members
From: Marshall Moran, Finance Manager
Date: April 24, 2014 Board of Directors Meeting
Subject: March 2014 SBWMA Check Registers

This is an informational item only and no action is required.

The SBWMA has a contract with the City of San Carlos for accounting services including the issuing of all payments and receipt of all revenue. 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 March 2014 was \$4,383,429.78 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 – March 2014 Check Registers

03/07/2014 14:07
linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S030714

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-----								
5843	03/07/2014	EFT	3 AARONSON DICKERSON COHN & LANZONE	386586-SB.R	02/24/2014		S030714	4,634.50
			Invoice: 386586-SB.R	4,634.50 S0113010 520312	FEB 14 COUNSEL BOARD COUNSEL			
					CHECK	5843	TOTAL:	4,634.50
5844	03/07/2014	EFT	152 BROWNING FERRIS IND OF CA	CR1401281002	01/28/2014		S030714	-42,076.01
			Invoice: CR1401281002	-42,076.01 S0113010 522713	APR 2013 CREDIT DISPOSAL COST DISPOSAL & PROCESSING COSTS			
			Invoice: 0000000059	BROWNING FERRIS IND OF CA 0000000059	01/31/2014		S030714	148,994.56
				148,994.56 S0113010 522713	JAN 14 DISPOSAL PROCESS COST DISPOSAL & PROCESSING COSTS			
			Invoice: 0000000024	BROWNING FERRIS IND OF CA 0000000024	12/31/2013		S030714	221,075.45
				221,075.45 S0113010 522713	DEC 13 DISPOSAL PROCESS COST NEWBY DISPOSAL & PROCESSING COSTS			
					CHECK	5844	TOTAL:	327,994.00
5846	03/07/2014	EFT	1097 IRON MOUNTAIN INFORMATION MANAGEM RE-ISSUE		02/13/2014		S030714	297.48
			Invoice: RE-ISSUE	297.48 S0113010 520201	FEB 14 RE-ISSUE RTN ACH PYMTS OFFICE SUPPLIES			
					CHECK	5846	TOTAL:	297.48
5847	03/07/2014	EFT	1278 LOCAL GOVERNMENT SERVICES	2089	02/25/2014		S030714	14,500.00
			Invoice: 2089	14,500.00 S0113010 520306	ADVANCE APR 14 REC PRGRM MGR AB939 PROGRAM STAFF			
					CHECK	5847	TOTAL:	14,500.00
5848	03/07/2014	EFT	5446 RECOLOGY SAN MATEO COUNTY	123113 PRJ 42	01/23/2014		S030714	4,964.00
			Invoice: 123113 PRJ 42	4,964.00 S0113010 522714	JAN 14 SHOREWAY FACIL COST SHOREWAY FACILITY COST			
					CHECK	5848	TOTAL:	4,964.00
5849	03/07/2014	EFT	4688 RISK STRATEGIES COMPANY	0455058	03/04/2014		S030714	17,532.80
			Invoice: 0455058	17,532.80 S0113010 520710	MAR 2014-MAR 2015 INSURANCE POLICY INSURANCE SHOREWAY			
					CHECK	5849	TOTAL:	17,532.80

03/07/2014 14:07
linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S030714

PG 2
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

5850	03/07/2014	EFT	725 CITY OF SAN CARLOS	198096	03/01/2014		S030714	4,257.56
	Invoice: 198096				MAR 14	LEASE RENT		
			4,257.56	S0113010 520203				
						CHECK	5850 TOTAL:	4,257.56
5851	03/07/2014	EFT	5512 SOUTH BAY RECYCLING LLC	2014-1	01/15/2014		S030714	1,402,425.09
	Invoice: 2014-1				DEC 13	SHOREWAY DISP COST		
			-13,648.60	S0113010 480033		MRF 3RD PARTY PROCESSING FEE		
			-13,876.97	S0113010 522713		DISPOSAL & PROCESSING COSTS		
			51,886.87	S0113010 522717		BUYBACK PAYMENTS		
			1,378,063.79	S0113010 522712		OPERATOR COMPENSATION SBR		
						CHECK	5851 TOTAL:	1,402,425.09
5853	03/07/2014	PRTD	88 ARROWHEAD	04B0028452035	02/12/2014		S030714	13.93
	Invoice: 04B0028452035				JAN 14	WATER SVC		
			13.93	S0113010 520201		OFFICE SUPPLIES		
						CHECK	5853 TOTAL:	13.93
5854	03/07/2014	PRTD	776 AT&T	021314-67049	02/13/2014		S030714	288.19
	Invoice: 021314-67049				FEB 14	PHONE- SHOREWAY		
			288.19	S0113010 522714		SHOREWAY FACILITY COST		
						CHECK	5854 TOTAL:	288.19
5855	03/07/2014	PRTD	5556 BFI OF CALIFORNIA	0000037090	01/31/2014		S030714	661,830.56
	Invoice: 0000037090				JAN 14	DISPOSAL COST		
			661,830.56	S0113010 522713		DISPOSAL & PROCESSING COSTS		
						CHECK	5855 TOTAL:	661,830.56
5856	03/07/2014	PRTD	5412 CBeyond	125015-031314	02/20/2014		S030714	604.88
	Invoice: 125015-031314				FEB 14	UTILITIES/PHONE		
			604.88	S0113010 520107		UTILITIES & PHONE		
						CHECK	5856 TOTAL:	604.88
5857	03/07/2014	PRTD	6226 COSCO FIRE PROTECTION INC	1000244829	02/11/2014		S030714	500.00
	Invoice: 1000244829				FEB 14	INSPECTION		
			500.00	S2251000 570300SF055		FACILITIES IMPROVEMENTS		

03/07/2014 14:07
linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S030714

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

							INVOICE DTL DESC	
							CHECK 5857 TOTAL:	500.00
5858	03/07/2014	PRTD	435 FEDEX	3415-9292-5	02/21/2014		S030714	24.70
			Invoice: 3415-9292-5		FEB 14 EXPRESS SVC			
				24.70 S0113010 520201	OFFICE SUPPLIES			
							CHECK 5858 TOTAL:	24.70
5859	03/07/2014	PRTD	6922 HAZARD CONTROL TECHNOLOGIES INC	7711	02/21/2014	2639	S030714	4,843.09
			Invoice: 7711		F500 ENCAPSULTR PURCH			
				4,843.09 S2251000 570300SF055	FACILITIES IMPROVEMENTS			
			Invoice: 7710		02/21/2014	2639	S030714	1,589.75
					F500 ENCAPSULTR PURCH			
				1,589.75 S2251000 570300SF055	FACILITIES IMPROVEMENTS			
							CHECK 5859 TOTAL:	6,432.84
5860	03/07/2014	PRTD	3619 IRIS ENVIRONMENTAL	06-4680-002	02/14/2014		S030714	26,523.58
			Invoice: 06-4680-002		OCT-DEC 13 SHOREWAY REMED			
				26,523.58 S011 250030	ALLIED SHOREWAY REMEDIATION			
							CHECK 5860 TOTAL:	26,523.58
5861	03/07/2014	PRTD	3431 KEVIN MCCARTHY	022514KM	02/25/2014		S030714	190.73
			Invoice: 022514KM		JAN 14 EXP REIMB MCCARTHY			
				120.73 S0113010 520105	CELL PHONES			
				70.00 S0113010 520503	CONFERENCES & MEETINGS			
							CHECK 5861 TOTAL:	190.73
5862	03/07/2014	PRTD	2035 NORTHERN CALIFORNIA RECYCLING ASS	022514	02/25/2014		S030714	250.00
			Invoice: 022514		ZWYC 2014 DONATION			
				250.00 S0113010 522718	EDUCATION CENTER OPERATIONS			
							CHECK 5862 TOTAL:	250.00
5863	03/07/2014	PRTD	5557 RECOLOGY GROVER ENVIRONMENTAL PRO	140131	02/04/2014		S030714	169,535.31
			Invoice: 140131		JAN 14 DISPOSAL COST GROVER			
				169,535.31 S0113010 522713	DISPOSAL & PROCESSING COSTS			
							CHECK 5863 TOTAL:	169,535.31

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S030714

PG 4
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 -----								
5864	03/07/2014	PRTD	1260 RICOH AMERICAS CORPORATION	17809265	02/14/2014		S030714	1,547.64
			Invoice: 17809265		MAR 14	COPIER		
				1,547.64	S0113010	520215	OFFICE EQUIPMENT COSTS	
							CHECK 5864 TOTAL:	1,547.64
5865	03/07/2014	PRTD	5875 SCAPES INC	12938	02/24/2014		S030714	1,492.50
			Invoice: 12938		JAN 14	SHOREWAY COST		
				1,492.50	S0113010	522714	SHOREWAY FACILITY COST	
							CHECK 5865 TOTAL:	1,492.50
5866	03/07/2014	PRTD	5533 WM CURBSIDE	0000010-2960-2	02/01/2014		S030714	40,903.90
			Invoice: 0000010-2960-2		JAN 14	CURBSIDE HHW COLL		
				40,903.90	S0113010	522710	HHW COLLECTION SERVICE	
							CHECK 5866 TOTAL:	40,903.90
5867	03/07/2014	PRTD	5558 ZANKER ROAD RESOURCE MANAGEMENT L 013114		01/31/2014		S030714	86,085.45
			Invoice: 013114		JAN 14	DISPOSAL COST ZANKER		
				86,085.45	S0113010	522713	DISPOSAL & PROCESSING COSTS	
			Invoice: Z2013-12-0297-CREDIT		02/21/2014		S030714	-945.00
				-945.00	S0113010	522713	INVOICED AND PAID FOR TWICE	
							DISPOSAL & PROCESSING COSTS	
							CHECK 5867 TOTAL:	85,140.45
				NUMBER OF CHECKS	23	*** CASH ACCOUNT TOTAL ***		2,771,884.64

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	15	995,279.21
TOTAL EFT'S	8	1,776,605.43

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

PREPARED BY: *Linda* DATE: 3/7/14
 APPROVED BY: *Jr* DATE: 3/7/14
 FUND TRANSFERRED BY: *Jr* DATE: 3/7/14
 ACH 53714 0001 tx

03/19/2014 16:02
linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S032114

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
----- INVOICE DTL DESC -----								
5868	03/19/2014	WIRE	3622 WELLS FARGO PAYMENT REMITTANCE CT 022714		02/27/2014			2,815.89
			Invoice: 022714		FEB 2014 EXPENSES			
				435.48 S0113010 522718	EDUCATION CENTER OPERATIONS			
				215.00 S0113010 520503	CONFERENCES & MEETINGS			
				83.09 S0113010 520201	OFFICE SUPPLIES			
				160.00 S0113010 520501	PROFESSIONAL DUES & MEMEBERSHS			
				1,797.32 S0113010 520604RES01	PUBLIC EDUCATION/OUTREACH/WORK			
				125.00 S0113010 520502	TRAINING			
					CHECK	5868 TOTAL:		2,815.89
5869	03/21/2014	EFT	1097 IRON MOUNTAIN INFORMATION MANAGEM KCT 1374		02/28/2014		S032114	154.85
			Invoice: KCT 1374		MAR 14 STORAGE			
				154.85 S0113010 520201	OFFICE SUPPLIES			
					CHECK	5869 TOTAL:		154.85
5870	03/21/2014	EFT	1278 LOCAL GOVERNMENT SERVICES	2086	03/02/2014		S032114	357.08
			Invoice: 2086		NOV DEC 14 EXP FELDMAN			
				118.74 S0113010 520201	OFFICE SUPPLIES			
				238.34 S0113010 520105	CELL PHONES			
					CHECK	5870 TOTAL:		357.08
5871	03/21/2014	EFT	1419 THE OFFICE CITY	IN-1188668	02/26/2014		S032114	205.98
			Invoice: IN-1188668		FEB 14 OFFICE SUPPLIES			
				205.98 S0113010 520201	OFFICE SUPPLIES			
					CHECK	5871 TOTAL:		205.98
5872	03/21/2014	EFT	6809 PRECISE PRINTING & MAILING	11109	03/06/2014		S032114	8,751.85
			Invoice: 11109		QTRLY NEWSL MAILING			
				8,751.85 S0113010 520604QNLPM	PUBLIC EDUCATION/OUTREACH/WORK			
			Invoice: 11109-P		QTRLY NEWSL POSTAGE		S032114	33,515.83
				33,515.83 S0113010 520604QNLPM	PUBLIC EDUCATION/OUTREACH/WORK			
					CHECK	5872 TOTAL:		42,267.68
5873	03/21/2014	EFT	4688 RISK STRATEGIES COMPANY	460638	03/03/2014		S032114	43,010.00
			Invoice: 460638		QTR INSTALLM SHOREWAY			
				43,010.00 S0113010 520710	INSURANCE SHOREWAY			
					CHECK	5873 TOTAL:		43,010.00

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S032114

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
----- INVOICE DTL DESC -----								
5880	03/21/2014	PRTD	3474 SLOAN VAZQUEZ LLC	SBWMA-047	03/03/2014		S032114	10,000.00
		Invoice: SBWMA-047		10,000.00	S0113010	520336	MAR 14 QTR CONTAM MON DEP QTRLY LOAD CONTAMINATION MONIT	
							CHECK 5880 TOTAL:	10,000.00
5881	03/21/2014	PRTD	5443 SPECIALTY'S CAFE & BAKERY INC	T2423-8356265	03/04/2014		S032114	152.48
		Invoice: T2423-8356265		152.48	S0113010	520503	MAR 14 INTVW REFRESH CONFERENCES & MEETINGS	
							CHECK 5881 TOTAL:	263.30
		Invoice: T2423-8150918		110.82	S0113010	520502	FEB 14 TRAINING REFRESH TRAINING	
							CHECK 5882 TOTAL:	40,903.90
5882	03/21/2014	PRTD	5533 WM CURBSIDE	0000019-2960-3	03/01/2014		S032114	40,903.90
		Invoice: 0000019-2960-3		40,903.90	S0113010	522710	FEB 14 HHW COLL SVC HHW COLLECTION SERVICE	
							CHECK 5882 TOTAL:	40,903.90
				NUMBER OF CHECKS	15	*** CASH ACCOUNT TOTAL ***		1,611,545.14

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	7	63,463.00
TOTAL WIRE TRANSFERS	1	2,815.89
TOTAL EFT'S	7	1,545,266.25

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

PREPARED BY: *Linda* DATE: 3/19/14
 CHECKED BY: *[Signature]* DATE: 3/20/14
 DATE TRANSFERRED BY: *[Signature]* DATE: 3/24/14
 ACHS32110001.txt



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Marshall Moran, Finance Manager
Date: April 24, 2014 Board of Directors Meeting
Subject: Update on 2014/2015 Franchise Rate Setting Process

Recommendation

This is an informational report and no action is necessary.

Analysis

This staff report was provided to the Board monthly during 2013 and Staff will continue to provide it monthly in 2014. The purpose of this staff update report is to keep the Board and Member Agency staff informed on the timing, schedule of events and issues affecting Member Agencies during the 2015 Contractor's Compensation Application(s) review (performed in 2014) and the SBWMA Recommended Rate Adjustment process for the 2015 Rate Year (i.e., establishing rates for January 1 - December 31, 2015). The goal is to provide pertinent information for Member Agencies to effectively plan for and manage communications regarding the compensation application and rate setting process including specific input needed from all Member Agencies.

Attached is the current 2014 (for calendar year 2015 rates) Rate Approval Schedule (**Attachment A**).

Issues Affecting Recology 2015 Compensation Adjustment includes:

- Recology Annual Revenue Reconciliation for 2013. Recology submitted its Revenue Reconciliation Report to the SBWMA and Member Agencies on March 31, 2014 in compliance with the Franchise Agreement(s). This Report compares the approved compensation owed to Recology for 2013 with the actual net compensation retained by Recology after billing customers and paying for pass-through costs for disposal at Shoreway and Agency fees (e.g., Franchise Fees) paid to each Member Agency. Each Agency will have a surplus or shortfall which will be added to or subtracted from the total 2015 Revenue Requirement. Recology's 2013 Revenue Reconciliation Report will be reviewed by staff and audited by a consultant as part of the Financial Systems Audit. The results of this Audit will be presented to the Board when it is available, likely at the June Board meeting.
- Recology Performance Incentive/Disincentive and Liquidated Damages Payments for 2013. Recology reported the amounts of performance incentives/disincentives in the company's Annual Report submitted on February 14, 2014. These amounts will also be included in the 2015 Compensation Application (submitted on June 13, 2014) with the exception of Contamination related disincentive payments which are calculated quarterly and paid directly to SBWMA. Staff will conduct a review and audit of the company's 2013 Annual Report including confirmation of the reported Performance Incentives and Disincentives and Liquidated Damages payments.

Schedule of Compensation/Rate Adjustment Activities:

January 2014

- January 23 Board Meeting - Discussion on Cost Allocation Methodology.

February 2014

- February 14 – Recology issued its 2013 Annual Report.
- February 27 Board Meeting - Discussion on interest calculations for rate revenue surplus/shortfall.

March 2014

- March 27 Board Meeting - Discussion on interest calculations for rate revenue surplus/shortfall.
- March 27 Board Meeting - Follow-up information and responses to questions on the Cost Allocation Methodology.
- Recology 2013 Revenue Reconciliation Report due to the SBWMA and Member Agencies by March 31st.

June 2014

- SBWMA will issue a letter to the Board requesting feedback from all Member Agencies on estimated 2015 Member Agency fees (e.g., franchise fees) to be included in their 2015 solid waste rates.
- June 13th – Recology's 2015 Compensation Application due to the SBWMA and Member Agencies.
- Staff reports on Financial Audits of Recology and SBR for calendar year 2013 and final results of the 2013 Recology Revenue Reconciliation.

July 2014

- July 1 - SBR's 2015 Compensation Application due to the SBWMA.
- July 3 – Member Agency responses due to SBWMA on 2015 estimated Member Agency fees.
- July 8 – SBWMA staff will issue comments to Recology on its 2015 Compensation Application.
- July 8 – SBWMA Board deadline to issue comments to Recology on its 2015 Compensation Application.
- July 17 – SBWMA will issue the following reports to the Board and Member Agency staff for review and comment:
 - Estimated residential revenue changes due to cart migration by Member Agency since July 2013.
 - Projected 2014 and 2015 residential and commercial base revenue (based on six months of actual).
 - Residential rates versus cost analysis by Member Agency. Member Agencies are encouraged to review their residential rate structure for rate versus cost deficiencies (i.e., if rates don't cover costs) and rate subsidization of small carts by large carts.
 - Projected 2014 and 2015 tonnage based on six months of actual. These projections will be used to estimate Member Agency 2015 disposal expense.
 - Summary of 2015 Member Agency fees based on Member Agency feedback for final agency review.
- July 30 – Recology revised 2015 Compensation Application due to the SBWMA and Member Agency based on SBWMA staff and Member Agency review and comments.

August 2014

- August 15 – SBWMA will issue the Draft Report Reviewing Recology's 2015 Compensation Application. Included in this Report will be the draft recommended Revenue Requirement and rate adjustment(s) for 2015.
- August 15 – SBWMA will issue the Draft Report Reviewing SBR's 2015 Compensation Application.

- August 29 – Member Agency comments due back on SBWMA Draft Report(s) Reviewing Recology's and SBR's 2015 Compensation Applications.

September 2014

- September 11 (tentative) – special Board meeting
 - Discussion on 2015 Compensation Application(s) and rate setting process.
- September 18 – SBWMA Final Report Reviewing Recology's 2015 Compensation Application issued (for consideration at the September 25, 2014 Board meeting) based on Board feedback. Included in the Final Report is the recommended total collection rate adjustment for 2015.
- September 18 – SBWMA Final Report Reviewing SBR's 2015 Compensation Application issued (for consideration at the September 25, 2014 Board meeting).
- September 25 – Board consideration of the SBR 2015 Compensation Application.
- September 25 – Board consideration of the Recology 2015 Compensation Application and total recommended Revenue Requirement for 2015.

September 27 – December 31, 2014

- Member Agencies issue Prop. 218 notice and approve final 2015 solid waste rates.

November 2014

- Report to Board on recommended January 1, 2015 Shoreway tip fee adjustments, if needed, including updated calendar year 2015 SBWMA financial projection with assumed tip fee and cash reserve balances.

Attachment:

Attachment A – Draft 2015 Rate Approval Schedule

Attachment A

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2015 Rate Approval Schedule

Member Agency Rate Setting Process

The Recology 2015 Compensation Application is due to the SBWMA and Member Agencies on June 13, 2014. On August 15, 2014, the SBWMA will issue its Draft Report Reviewing Recology's 2015 Compensation Application and the recommended Total Solid Waste Revenue Requirement for 2015. The Member Agencies will be provided until August 29th, ten business days, to provide comments on the SBWMA's Draft Report. The comments received are incorporated in the SBWMA Final Report Reviewing the Recology 2014 Compensation Application that will become binding upon the Board's consideration for approval at the September 25, 2014 Board meeting. While the individual Member Agencies actually set solid waste rates for their jurisdictions, any rate increases put forth by the Member Agencies that are less than recommended in the approved SBWMA Final Report and cause a shortfall in compensation to Recology will result in interest payments for amounts owed to Recology. Conversely, any surplus revenue collected by Recology is subject to interest payments to the respective Member Agency.

September 25, 2014 Board Meeting

- Recology and SBR Compensation Applications Considered by Board
- Total Recommended Revenue Requirement Considered by Board

Member Agency Residential Billing Schedule

Group A: October-November-December (Billed September 30, 2014; December 31, 2014)

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

Group B: November-December-January (Billed October 31, 2014; January 31, 2015)

- Atherton
- Burlingame
- San Carlos

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**Group C: December-January-February
(Billed November 30, 2014; February 28, 2015)**

- East Palo Alto (Not applicable to Residential.)
- Foster City
- Hillsborough
- County of San Mateo

Prop 218 Public Notice Implications

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

Bill Insert Considerations

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

Direct Mail Considerations

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

Bill Insert vs. Direct Mail:

Group A

These agencies may be able to prepare and print a bill insert in time for inclusion with the September 30, 2014 mailing. Therefore these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process and adopt rates prior to January 1, 2015.

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Proposed Schedule:

- September 25, 2014..... SBWMA BOD Approves Recology and SBR Compensation.
- October 1-15 Governing body or Agency staff approves issuance of the Prop 218 notice.
- October 16-31 Prop 218 Notice printed and issued via direct mail
- November 1-15 Governing body closes the Prop 218 public notice period and adopts 2015 rates effective January 1, 2015.
- December 31..... First Recology bill issued with new 2015 rates.

Group B

These agencies will likely be able to prepare and print a bill insert in time for inclusion with the October 31, 2014 mailing. However, since the Prop 218 process will not close for 45 days after issuance of the Prop 218 rate increase notice, these agencies will have to bring the results of the Prop 218 notice before their governing body between December 16 and 31, 2014. Otherwise, these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2015.

Proposed Schedule:

- September 25, 2014..... SBWMA BOD Approves Recology and SBR Compensation
- October 1 – October 15..... Governing body or Agency staff approves issuance of the Prop 218 notice.
- October 31 Prop 218 Notice included with Recology bills
- December 15-31 Governing body closes the Prop 218 public notice period and adopts 2015 rates.
- January 31, 2015 First Recology bill issued with new 2015 rates including a retroactive rate adjustment for January.

Group C

While these agencies will have ample time to prepare and print a bill insert in time for inclusion with the November 30, 2014 mailing, this is moot since the 45 day Prop 218 notification period will not close until after January 1, 2015 (i.e., on January 14, 2015). Therefore these agencies will be required to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2015.

Proposed Schedule:

- September 25, 2014..... SBWMA BOD Approves Recology and SBR Compensation
- October 1-15 Governing body or Agency staff approves issuance of the Prop 218 notice.
- October 16-31 Prop 218 Notice printed and issued via direct mail
- December 1-15 Governing body closes the Prop 218 public notice period and adopts 2015 rates.
- February 28, 2015..... First Recology bill issued with new 2015 rates including a retroactive rate adjustment for January and February.

DRAFT



STAFF UPDATE

To: SBWMA Board Members
From: Recycling Program and Environmental Education Staff
Date: April 24, 2014 Board of Directors Meeting
Subject: Recycling and Outreach Programs Update

Recommendation

This is an informational report and no action is necessary.

WM At Your Door Special Collections (Door-to-Door HHW Collection Program)

The following ten Member Agencies are participating in the program: Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, San Carlos, San Mateo, San Mateo County, and West Bay Sanitary District. Interest in the program has been strong and the company has made approximately 15,334 collections since the program started in mid-May 2010 through March 2014.

Approximately 505,858 pounds of HHW material, 487,331 pounds of Universal Waste and 260,977 pounds of E-Scrap has been collected since the start of the program through March 2014. To increase program participation, an ongoing public outreach effort was initiated starting in late June 2013 that is continuing to yield significantly positive results. For example, the number of collections in 2013 increased 25% from 3,474 in 2012 to 4,343 in 2013. This increase in participation resulted in year over year increases of materials collected: 34% increase in HHW; 20% increase in Universal Waste; and, 21% increase in E-Scrap.

The need for additional outreach promoting this service was confirmed via the results of the Single-Family Residential Customer Satisfaction Telephone Survey commissioned by RethinkWaste in spring 2012, which identified the Door-to-Door HHW Collection Program as one of the programs that residents were not as familiar with. Staff plans to continue its efforts to maintain high participation levels through ongoing public outreach, including direct mail, outdoor and print advertising, *rethinker* newsletters, holiday ads, community events and social media per the adopted FY1314 budget.

Household Battery and Cell Phone Curbside Recycling Collection Program by Recology

The annual total of batteries and cell phones collected through the curbside recycling program has been:

- 2009 - 57,000 pounds
- 2010 - 53,000 pounds
- 2011 - 47,000 pounds
- 2012 - 58,000 pounds
- 2013 - 66,560 pounds

In March 2014, Recology collected 7,500 pounds of batteries and cell phones which is more than the 4,900 pounds collected in March 2013; however, the monthly average for 2013 was 5,546 pounds.

Overall, the total pounds collected in 2013 was up 15% over 2012 totals due in part to ongoing public outreach efforts including promotion in the *rethinker* newsletters, bill inserts and newspaper ads.

Earth Day@Shoreway

Approximately 350 people attended the third annual Earth Day@Shoreway event on Saturday April 12, 2014 from 10 am-2 pm at the Shoreway Environmental Center in San Carlos. The event was held in collaboration with Recology San Mateo County and South Bay Recycling, and included informational booths, music, arts and crafts, games, tours, free compost, and more. RethinkWaste Trash to Art Contest winners were also recognized during Earth Day@Shoreway. Some photos of the event are included below and more can be found on our Facebook page at www.facebook.com/rethinkwaste .



Trash to Art Contest Winners

First Place was awarded to the fifth grade class of teacher Mareva Godfrey from Highlands Elementary in San Mateo for their "Life Is Like a Circus" carousel. Students used such materials as bottle caps, toys and fabric to create the three-dimensional piece. The class will receive \$500 and a private tour of Shoreway.

Teacher Krissy Hauschild's sixth grade class from Nativity School in Menlo Park received Second Place for their "Out of the Blue," garden pieces. The class created a wind chime, two flower pots and a pitcher using plastic bottles, a trash bin and pipe cleaners. They will receive \$250 and a private tour of Shoreway.

Third Place goes to fifth graders in Dawn Presse's class who teaches at Foster City Elementary in Foster City for their "Recycledile" statue. The crocodile is made from boxes, egg cartons, buttons and cans. The Third Place prize is \$150.

Fourth Place went to the fourth grade classes of Catherine Waldeck and Jane Stein at Park Elementary in San Mateo for their "Flower Basket" made from plastic bottles, plastic bags, paper rolls and cans. They will receive \$100 for their class.

The contest challenged students and teachers to give trash a new meaning by creating artwork of any medium such as sculptures, collages and murals from material collected from home, school, and everyday life. A total of 12 classes submitted one-of-a-kind pieces that were voted on by the Agency's Board of Directors at its March 27th meeting. In addition to the winners' schools, submissions were received from Audubon Elementary (Foster City), Charles Armstrong (Belmont), Connect Community Charter School (Redwood City), Hillview Middle School (Menlo Park), St. Pius (Redwood City) and Sunnybrae Elementary (San Mateo). They will each receive \$50 for their participation.

Shoreway Education Center School Groups and Public Tours Update

School Group and Public tours continue to be popular as spots continue to fill up. Below is a table showing tours that have been conducted and those scheduled for April 2014.

<u>Date</u>	<u>School/Group</u>	<u>Jurisdiction</u>	<u>Grade/Group</u>	<u>Total # of Participants</u>
April 2	Central Middle School	San Carlos	5	12
April 3	Roosevelt Elementary School	Redwood City	5	34
April 4	Tierra Linda Middle School	San Carlos	5	37
April 8	German-American School	Menlo Park	3	37
April 9	Hillview Middle School	Menlo Park	6	20
April 10	Park Elementary school	San Mateo	4	32
April 12*	Earth Day Event	Various	Various	200
April 15	JL Stanford Middle School	Palo Alto	4	58
April 15	Green Meeting Industry Council	San Francisco	Adults	50
April 16	Whole Foods	San Mateo	Adults	10
April 16	Los Alamitos	San Jose	3-5	35
April 17*	Public Open House	Various	Various	60
April 18	Canada College	Redwood City	Adults	15
April 18	Redwood City Leadership Group	Redwood City	Adults	35
April 21	Beechwood Elementary	Menlo Park	5-6	42
April 22	Serendipity	Belmont	5	24
April 22	Stellar Learning Center Academy	Campbell	8	13
April 23	SamTrans	Redwood City	Adults	25
April 25	Franklin Elementary	Burlingame	4	36
April 29	Woodside High School	Woodside	11-12	42
April 30	Belmont Oaks Academy	Belmont	5	33
April 30	Kipling School	Mexico	10	18
Total Participants				868**

* Thursday, April 17th, is the Monthly Public Open House Day. Saturday April 12th was the Earth Day Event. The number of participants is based on only those that have made a reservation for the tour on the Public Open House Day and the estimated Earth Day Tour Participants. **Includes estimated numbers for those scheduled tours that have not been conducted by the date this report is issued.

Positive feedback about the education tour program continues to be given. Below are a few of the many recent comments that tour participants shared at the end of their tour experience:

"Excellent – the sorting activity and video were great." (Teacher, Redwood City)

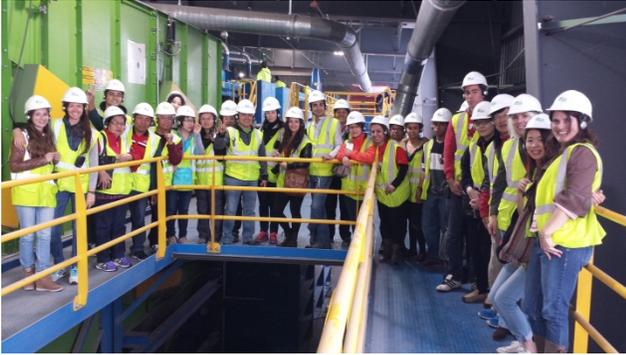
"Excellent – kids can learn more by seeing this process first hand." (Teacher, Foster City)

"Excellent – Teaching responsibility to our community/planet." (Teacher, Burlingame)

"Very useful. Great tour. " (Parent, Foster City)

Staff will continue to give tours to interested community groups, businesses, municipal and environmental groups as scheduling allows.

Photos of Tour Participants at Shoreway Environmental Center



San Mateo Adult School, San Mateo



Roosevelt Elementary, Redwood City

Tour Availability

School Group Tours are offered Monday at 12:30pm – 2:30pm, Tuesday-Wednesday from 9:30am – 11:30am, 12:30pm – 2:30pm, Thursday and Friday 9:30am – 11:30am.

Every third Thursday of the month is a designated Public Open House Day for the general public, and tours are given in the time slots from 9:30am – 10:30am and 11:30am – 12:30pm. Tours will continue to be scheduled on a first-come first-served policy.

Public Education Telephone Survey

RethinkWaste has retained Godbe Research to conduct a residential telephone survey to gather feedback on how residents like to receive information on CartSMART and other related services. A total of 1,200 10 to 12-minute interviews are being conducted through mid-April, providing a margin of error of no greater than +/-2.81% at the 95% confidence level. The results of the survey will be used to assist in developing the public education and outreach budget for FY1415. Staff will present the findings of the survey at the May 22, 2014 Board meeting. The 2012 Customer Satisfaction Survey conducted by Godbe included questions related to public education and outreach, but were ultimately not included due to the length of the survey and budget constraints. Funding for the survey was included in the FY1314 budget.

BizSMART@Work 2013 Awards Program

RethinkWaste, in partnership with Recology, will be announcing the call for nominations for BizSMART@Work 2013 Awards program starting April 28th. The second annual program will recognize businesses and multi-family complexes in the RethinkWaste service area for their efforts in reducing waste in 2013 through the BizSMART Recycle, Compost and Garbage collection services. Award categories include Recycle, Compost, and a combined Recycle and Compost one. The public will also have a chance to weigh in on some of the nominees through the "Rethinkers' Choice" award category, which will be selected from the nominees for the Recycle and Compost category. The "Rethinkers' Choice" award will allow for the public to vote for their favorite nominees.

The awards program will be promoted through a bill insert, newspaper ads, press releases, email blasts, Recology's Zero Waste Specialists as they visit customers, local Chambers of Commerce, and the RethinkWaste and Recology websites, Facebook and Twitter pages, among others. Applications are due May 23, 2013 with a recognition event to be held in late June.

Public Education and Outreach – Bill Inserts

Staff has been overseeing the development of Member Agency specific insert for the City of Burlingame promoting its Shred/Goodwill event that will be included April billing cycle in coordination with Recology. The cities of Foster City, Menlo Park and San Mateo had inserts included in prior months' billing cycles. The inserts have included the respective Member Agencies' Shred/E-Scrap Recycling Events, Compost Giveaway, newsletter and water conservation tips.

Staff has also finalized the annual On-Call Bulky Item Collection insert in collaboration with the adhoc Public Education Subcommittee and Recology that will be inserted in the April, May and June billing cycles. North Fair Oaks will pilot a variation of the insert that includes two tear sheets for residents to attach to their set outs to determine whether it will assist in addressing illegal dumping issues.

In addition, Staff, the adhoc Public Education Subcommittee and Recology have begun developing the Service Notice per the requirements of the Franchise Agreements that will include a summary of programs and services, guidelines and other information. The Service Notice will be sent to residents in FY1415.

Collection Vehicle Truck Signs

Staff has developed large signs promoting the Door-to-Door HHW program, the Bulky Item Collection program and the "my waste" mobile app that will be installed on ten Recology residential compost collection vehicles in the next few weeks on a rotating schedule. Recology's residential collection vehicles offer a unique opportunity to promote programs and messages to residents as they are in the neighborhoods on a daily basis during the week.

RethinkWaste Website and Social Media

The new RethinkWaste website averaged over 650 visitors per week over the last month, an increase over prior months. The increase is attributed to the *rethinker* newsletter being delivered to residents during this time. Staff has noted that there is always an increase to site visits and customer calls to both RethinkWaste and Recology following the delivery of the newsletter. The most frequently visited pages this past month consisted of Beyond the Cart, Shoreway Tours and Household Hazardous Waste.

RethinkWaste also continues to use its Facebook and Twitter pages to promote program information and new services. To date, the Facebook page has 332 "likes," and the Twitter page has 201 followers, which is an increase over prior months. RethinkWaste, in collaboration with South Bay Recycling, has also developed a Yelp business page focusing on the programs and services available at the Shoreway Environmental Center. Staff will continue to work on strategies to drive more people to the pages, and is reviewing other social media sites to use as outreach tools. The RethinkWaste Facebook page can be found at www.facebook.com/rethinkwaste, the Twitter page is located at www.twitter.com/rethinkwaste, and the Yelp page is at <http://www.yelp.com/biz/shoreway-environmental-center-san-carlos>.

"my waste" Mobile App

The convenient Agency-wide mobile application tool, "my waste," for residential customer use to request services, get additional program information and other related items was launched on November 19, 2013. The mobile app can be downloaded through the RethinkWaste website or the Apple and Android app stores. To date, 468 residents have downloaded the mobile app, an increase over the prior month. Staff has been promoting the app through various outreach efforts, including print and online advertisements and the *rethinker* newsletter. Staff also encourages Member Agencies to continue to promote "my waste" on their respective websites, newsletters, etc.

Community Outreach Events

The Community Outreach Events (Compost Giveaway, E-Scrap/Shredding Events, Recology's Bring Your Own Bucket Compost Giveaway, Confidential Document Destruction Service Event and Coats for Kids event) have started for 2014. RethinkWaste is collaborating once again with Recology on scheduling Member Agency community events. Recology is the point of contact for all Compost Giveaway Events and the Coats for Kids event. RethinkWaste is the point of contact for all E-Scrap/Shredding events. In addition, RethinkWaste will continue to provide outreach and promotion for all community events. Staff encourages Member Agencies to promote their events through inserts in the Recology bills to increase participation/attendance of events by residents.

The following events have been scheduled or taken place to date:

Shred/E-Scrap Recycling Events

- Redwood City – March 8 (shred only)
- San Mateo – April 13 and October 18
- Belmont – April 26
- Hillsborough – April 26
- Foster City – May 3, July 30 (shred only), and September 6
- Menlo Park – May 3 and November 1
- San Carlos – September 13

Compost Giveaway Events –

- Menlo Park – 1st Saturday of the month, February-November
- Redwood City – February 22
- Foster City – March 22, April 12, September 20 and October 4
- San Mateo – Weekly starting mid-March

STAFF UPDATE

To: SBWMA Board Members
From: Hilary Gans, Operations Contracts Manager
Date: April 24, 2014 Board of Directors Meeting
Subject: Shoreway Facility Operations and Maintenance Update

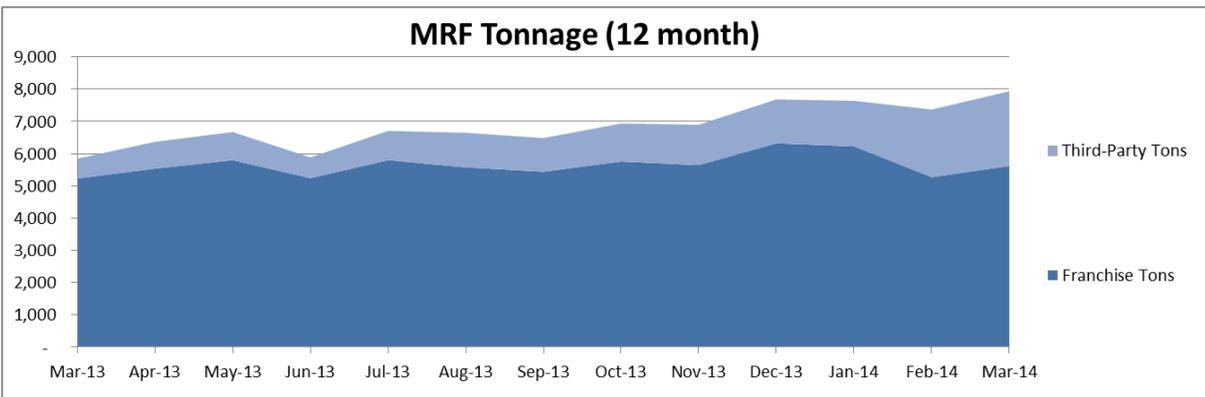
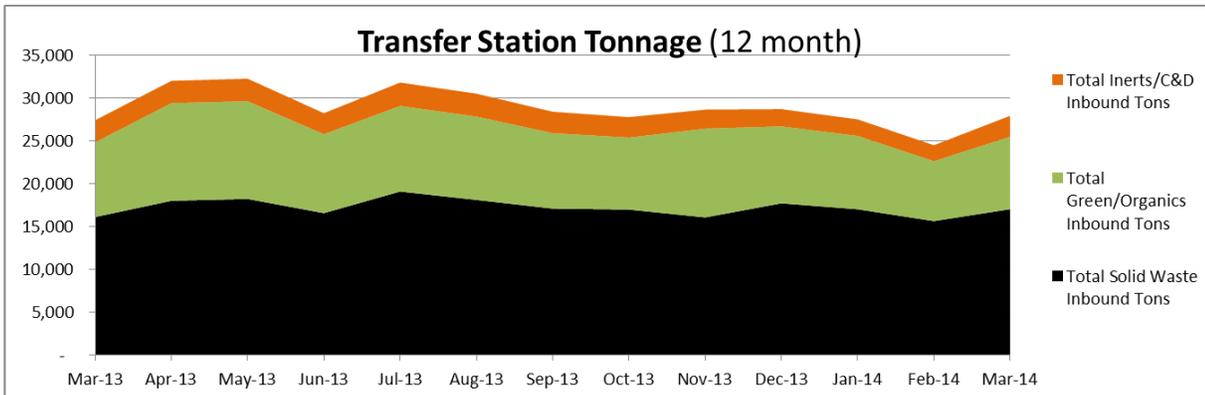
Recommendation

This is an informational report and no action is necessary.

I. OPERATIONS UPDATE

Facility Tonnage

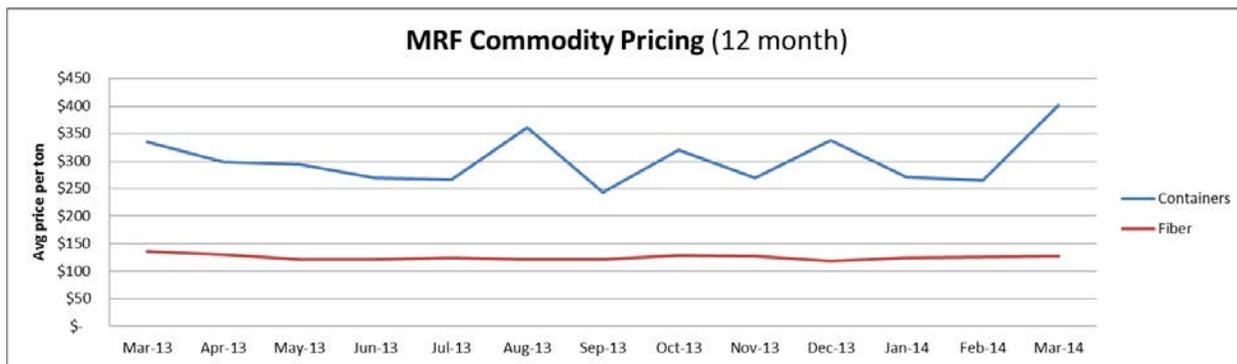
The charts below provide a summary of the monthly inbound tonnage at the Shoreway Environmental Center Transfer Station and Materials Recovery Facility (MRF). The third-party recyclables tons shown in the MRF graph are delivered to the MRF by Recology from communities outside of the SBWMA service area for processing. The third-party tonnage has increased since February by roughly 50 tons per day as a result of additional tonnage delivered to the MRF from Recology's Santa Clara and other south county collection operations.



Commodity Revenues

The chart below provides a price trend summary of container (plastic, metal and glass) and fiber (paper) commodities marketed by South Bay Recycling (SBR) from the Shoreway MRF -- the commodity pricing is an average of the total commodity revenues by type (i.e., container or fiber) for the month divided by the total tons sold. The container pricing tends to vary by month depending on the mix of container volume types sold during the month. The average price for fiber represents the price for cardboard, mixed paper and newspaper sold during the month. Since fiber represents the largest volume of commodities marketed from the MRF, typically 75% of shipped volumes, the fiber price and MRF tonnage chart provides a strong indicator of trends in SBWMA commodity revenues. (Note that SBR's fiber pricing is contractually tied to a commodity index through the Fiber Price Assurance Mechanism in Attachment 11-B of the Operations Agreement).

In the month of March, the blended average commodity pricing for containers is shown at ~\$400 per ton as a result of selling a higher quantity of aluminum cans (which are valued at over \$1,000 per ton) than normal.



Operational Items of Note

- JRMA Architects (the architectural firm that designed the master plan improvements to the Shoreway Environmental Center) have prepared preliminary designs and construction cost estimates for the MRF tipping area canopy project. Staff has worked with JRMA on design revisions and is currently waiting for the City of San Carlos Planning and Building department's input to the design. Preliminary construction estimates put the cost of the canopy at roughly \$410,000 with a 10% contingency. Staff will bring the cost estimates to the Board in May along with a financial cost-benefit analysis of the third-party tons process arrangement.
- MRF Second Shift – As approved by the SBWMA Board on February 27th, SBR started receiving and processing additional third-party tonnage from Recology for a temporary evaluation period. In order to process the additional tonnage, SBR added a second shift of MRF operations staffed with new full-time union equipment operator positions and with 20-24 temporary sorter positions from VRS. The start of the second shift has been smooth and the franchise and third-party tons has been processed without incident.
- Vocational Rehabilitation Services (VRS) Contract Negotiations – The VRS program has provided full staffing to SBR for the first and second shift operations of the MRF during the month of March. SBR and VRS are waiting for the SBWMA Board to approve the third-party tons processing as a precondition of signing a long-term agreement for sort labor for the second shift.

II. MAINTENANCE AND FACILITY IMPROVEMENTS UPDATE

The SBWMA is the owner of the 16-acre Shoreway Environmental Center and is responsible for maintaining the buildings, site, utilities, and systems that support Recology and SBR's onsite activities. Additionally, the SBWMA purchased and installed the MRF processing system in 2011 and is responsible for all capital repairs to the system. This update summarizes the status of maintenance (budget line item "Shoreway Facility Costs") and facility improvement (capital) projects.

Update on Maintenance Projects

The following maintenance project activities are in various degrees of completion. This report covers the month of March.

- The transfer station tipping floor project was completed in March. This project involved the repair of large areas of the concrete floor of the transfer station over a weekend so as to not seriously impact the the operation of the facility. The project was completed on schedule without incident and within the budgeted amount of \$150,000.

Project Expenditures Summary

Shoreway Facility Cost – The amount spent on maintenance projects and expensed against the Shoreway Facility Costs budget line is \$100,680 through the month of March on a budget amount of \$160,000.

Capital Expenditures – The amount spent on capital projects at the Shoreway Center is \$215,162 through March on a budget of \$430,000.



STAFF REPORT

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Date: April 24, 2014 Board of Directors Meeting
Subject: Results of 2014 1st/2nd Quarter Recology Franchise Agreement(s) Quarterly Contamination Measurement for Loads of Recyclable Materials, Organic Materials and Plant Materials

Recommendation

This is an informational report and no action is necessary.

Analysis

Sampling Process and Protocol

The SBWMA is charged with performing a twice annual (formerly quarterly) analysis of the contamination levels present in five distinct types of materials collected (see **Table 1**) and delivered to the Shoreway Environmental Center (Shoreway facility) by Recology San Mateo County (Recology) per the Franchise Agreement(s) with the Member Agencies. One of several items negotiated in 2012 by the SBWMA and Recology in an effort to reduce costs was to decrease the number of contamination sampling events from the contractually required four to two. Therefore, the SBWMA budgeted funds to only perform two sampling events in FY1314. The 2014 1st/2nd Quarter sampling project was conducted from March 10-14, 2014 by Sloan Vazquez LLC (Irvine, CA) with the full cooperation of both Recology and South Bay Recycling (SBR). The sampling report (text only) can be found in **Attachment A with the full report available on our website.**

Both the route or truck to be sampled and the location of the material pulled out of the load are selected completely at random. The sampling process is to randomly pull out approximately 175 pounds of material from each randomly selected collection vehicle (i.e., this amount ranges from 125 to 225 pounds depending on the material type). These 175 pound samples are taken from 12 different collection vehicles for each material stream per the requirements to achieve statistically significant or accurate results per Franchise Agreement Attachment E-2. The material from each sample is then required to be divided into two basic categories which includes both acceptable and unacceptable items. (However, Sloan Vazquez separates most material streams into as many as twelve categories to provide additional pertinent data on the composition of the samples.)

The definitions and other sections of the Franchise Agreement(s) primarily govern how this process will unfold; however, the SBWMA, Sloan Vazquez, Recology and SBR all worked closely to develop a more detailed approach (i.e., actual policy and procedures for the sampling process) to get this work done accurately and cost effectively; this is captured in a document shown in **Attachment B (see electronic link to file)**. It is important to note that targeted recyclables materials such as paper are deemed a contaminant if they contain too much moisture; the actual language is found on page two of **Attachment B** and states: "Clumped, wet paper ('wringable', exhibiting free-flowing liquid and drips is considered contaminated; dampness and sheets of paper loosely stuck together is acceptable").

Table 1 below lists the material types and number of samples measured from each.

Table 1
2014 1st/2nd Quarter Contamination Sampling Material Types and Number of Samples

<u>Material</u>	<u>Total Number of Samples Measured</u>
Commercial Targeted Recyclable Materials	12
Commercial Organic Materials	12
Commercial Plant Materials	12
Residential Targeted Recyclable Materials	12
Residential Organic Materials	12
Total	60

2014 1st/2nd Quarter Contamination Sampling Results

All five material types sampled complied with the allowable contamination thresholds. Table 2 provides the allowable contamination thresholds, the 2014 1st/2nd Quarter Contamination Sampling Results (i.e., measured contamination level) and the percent difference for each material type.

Recology endeavors to have staff present during the contamination sampling project in order to determine the segment of a route where contaminated material comes from, which in turn provides the opportunity to reach out to those customers directly. This typically occurs when the contamination present is visibly obvious. When the contamination is less obvious and only confirmed after the Sloan/Vazquez report is issued, Recology is not able to discern specifically where the contamination is derived. Thus, the company's follow up after the sampling takes place is to inform the drivers of the results in lieu of reaching out directly to specific customers.

Table 2
2014 1st/2nd Quarter Contamination Sampling Results

<u>Material</u>	<u>Allowable Maximum Contamination Level</u>	<u>Measured Contamination Level</u>	<u>Percent Difference</u>
Commercial Targeted Recyclable Materials (CR)	10.0% ¹	5.6%	- 4.4% ³
Commercial Organic Materials (CO)	10.0%	7.8%	- 2.2% ³
Commercial Plant Materials (CP)	5.0%	0.0%	- 5.0% ³
Residential Targeted Recyclable Materials (RR)	8.5% ²	6.2%	- 2.3% ³
Residential Organic Materials (RO)	5.0%	1.4%	- 3.6% ³

¹ The Commercial Targeted Recyclable Materials (CR) Maximum Allowable Contamination Level was increased from 8.0%, as prescribed in the Franchise Agreement(s), to 10% per the cost savings measures negotiated with Recology.

² The Residential Targeted Recyclable Materials Maximum Allowable Contamination Level for years 2-10 (i.e., 2012 – 2020) of the Recology Franchise Agreement(s) was established as the average percentage measured for all four quarters in 2011.

³ No disincentive payments are associated with results that are at or below the allowable maximum contamination levels.

The ramifications to the SBWMA of Recology failing to deliver material to the Shoreway facility that is consistently equal to or under the allowable contamination thresholds are primarily fiscal. This is the fundamental rationale for including the contamination related provisions in both the Recology Franchise Agreement(s) and the contract with

South Bay Recycling. The presence of unacceptable materials or contamination in the recyclable materials collected by Recology results in additional disposal costs and potentially reduced commodity revenue for the SBWMA. The per ton disincentive payments that must be paid by Recology for exceeding the maximum allowable contamination level for any of the five material categories are prescribed in the Franchise Agreement(s) Attachment I - Performance Incentives and Disincentives.

Background

In 2007, the Board approved staff's recommendation to ensure that a comprehensive contamination management program would be included in both the future Franchise Agreement and Shoreway facility Operations Agreement. The primary rationale for this recommendation was to control costs for the SBWMA as excessive contamination increases disposal and processing costs and can also result in reduced commodity revenue. Subsequently, the Collection Services and Facility Operations RFPs were issued with provisions mitigating the impact of contamination on both the SBWMA and Member Agencies. Thus, the Franchise Agreement(s) with Recology and the Shoreway facility Operations Agreement with SBR both include specific provisions and associated monetary penalties to reduce contamination as much as possible.

The Franchise Agreement(s) with Recology contain provisions in section 6.02 and Attachment I (Performance Incentives and Disincentives) that explains the maximum contamination levels and how monetary penalties associated with exceeding these levels would be calculated. In addition, Attachment E-2 (Contamination Measurement Methodology: Quarterly Protocol) prescribes in detail the sampling methodology and statistical rationale supporting implementation of this methodology that is used to measure contamination on a quarterly basis.

Fiscal Impact

There is no fiscal impact to the SBWMA for the results of the 2014 1st/2nd Quarter Contamination Sampling.

Attachments:

Attachment A – Sloan Vazquez LLC 2014 1st/2nd Quarter Contamination Measurement Sampling Report Text Only (Exhibits A – H Omitted). Full Sloan Vazquez Report with all Exhibits available at www.RethinkWaste.org.

Attachment B – Materials Sorting List (available electronically at www.RethinkWaste.org)

1st Bi-Annual Contamination Measurement

For

Loads of Recyclable Materials, Organics Materials & Plant Materials

March 10 – 14, 2014

Presented to:

RethinkWaste

Submitted by:

*Sloan*VAZQUEZ_{LLC}

Municipal Solid Waste & Recycling Advisors
18006 Skypark Circle– Suite 205

Irvine, CA 92614

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March 24, 2014

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*Sloan*VAZQUEZ_{LLC}

Municipal Solid Waste Management & Recycling Advisors

March 24, 2014

Cliff Feldman
Recycling Programs Coordinator
South Bayside Waste Management Authority
610 Elm Street, Suite 202
San Carlos, 94070

Re: 1st Bi-Annual Contamination Measurement 2014 – Performed March 10 – 14, 2014

Dear Mr. Feldman:

Sloan Vazquez, LLC is pleased to have assisted the SBWMA with the performance of the 1st Bi-Annual Contamination Measurement Study for 2014. The results of the contamination measurement are included in our report which is attached hereto.

Our team assembled at the Shoreway facility on Monday, March 10, 2014 and completed the field reconnaissance and preparation for the sampling process. We met with managers and line supervisors from Recology and South Bay Recycling to confirm the operating procedures and measurement protocols, and the roles and responsibilities of each party during the contamination measurement period. The samples were collected, sorted, analyzed, and recorded commencing on Monday, March 10, 2014 and completed on Friday, March 14, 2014.

Thank you for the opportunity to work with SBWMA on this important project.

Cordially,

Joe Sloan
President

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CONTAMINATION MEASUREMENT – MARCH 10-14, 2014

PURPOSE

Section 6.02B of the *Franchise Agreement for Collection Services with Recology San Mateo County* (hereinafter “Agreement”) establishes the method of determining disincentive payments from Recology to SBWMA when contamination levels exceed the maximum amounts set forth therein. The SBWMA engaged the services of Sloan Vazquez, LLC to conduct the Contamination Measurement Study in accordance with the requirements of the Agreement. This report contains the contamination measurements from each of the five (5) designated streams during the sampling period.

METHODOLOGY

The contamination sampling was based upon the methodology described in *Attachment E-2* of the Agreement. For the purposes of sampling as documented in this report, *Attachment E-2*, the *Sample Selection Protocol*, the *Materials Sorting List*, and the *Policies and Procedures*, taken altogether, are described as the Contamination Measurement Protocol (Exhibit H).

The fourteen material types sampled are listed in Exhibits C, D, E, F, & G.

Also, the identifiable biodegradable plastics in the organic/plant samples are separately identified.

SAMPLING POPULATIONS

The following material streams were sampled during the March 10-14, 2014 sampling period:

- 1) Commercial Recyclables (also “CR”)
- 2) Residential Recyclables (also “RR”)
- 3) Commercial Organics (also “CO”)
- 4) Residential Organics (also “RO”)
- 5) Commercial Plant (also “CP”)

Twelve (12) samples were collected and sorted from each of the respective streams. The Commercial Plant material samples were collected, as available, from commercial greenwaste roll-off containers in accordance with the Contamination Measurement Protocol. All of the other samples and sample cells were randomly selected using the methodology provided in the Contamination Measurement Protocol. Sixty (60) total samples were collected and sorted during the sampling period. The daily sampling of routes is set forth in Table 1. Exhibit A contains the Collection Route Selection Sheet of randomized daily routes.

Table 1 – Contamination Measurement (March 10 - 14, 2014)**Routes Sampled by Day and by Material Type**

Material	Mon 3/10/14	Tue 3/11/14	Wed 3/12/14	Thu 3/13/14	Fri 3/14/14	Total Samples by Material
Commercial Recyclables	936 932 632 631	931 935 631	633 639 631 638	937		12
Residential Recyclables	635 837 831	839 845 846 850	843 635 840 833	635		12
Commercial Organics	952 953 951	952 951 953	953 951 952	951 952 953		12
Residential Organics	875 864 861	878 871 864 870	872 865 861	878 874		12
Commercial Plant Roll-Off Loads-not routed	CP-1	CP-3 CP-4	CP-6 CP-7	CP-8 CP-9 CP-9C CP-10 CP-11 CP-12 CP-12C		12
Total Samples Per Day	14	16	16	14		60

SAMPLE CELL EXTRACTIONS

For each of the sixty (60) samples, a skid-steer type of loader equipped with a grapple bucket was used to extract material from the randomly selected cells. The skid-steer loader is an agile, fast, and precise piece of equipment that is ideal for performing the sample extraction in accordance with the *Sample Selection Protocol*. Sloan Vazquez provided the skid-steer and the operator for the study.

MEASUREMENTS AND CALCULATIONS

The sample weights were manually recorded on Field Form Tally Sheets and later entered into the final Contamination Measurement Tally Sheets that are contained in Exhibits C, D, E, F, & G.

For each material type, the average sample weight either fell within or exceeded the desired average weight range indicated in the Contamination Measurement Protocol. See Table 2.

Table 2 – Contamination Measurement – Sample Weight Averages

Material	Total Samples	Average Weights (lbs)	Recommended Weight Range (lbs)
Commercial Recyclables	12	269.3	125-175
Residential Recyclables	12	199.4	175-225
Commercial Organics	12	184.2	125-175
Residential Organics	12	192.3	175-225
Commercial Plant	12	186.8	125-175

OBSERVATION AND MONITORING

Representatives from Recology observed the procedures associated with the sample collection and sorting process including:

- 1) Spotting and tipping of randomly selected loads,
- 2) Extraction of material from randomly selected cells,
- 3) Weighing the extracted sample,
- 4) Sorting of material from selected cells into “contaminant” and “acceptable” categories,
- 5) Weighing the contaminant fraction,
- 6) Recording the data into Field Form Tally Sheets

Recology and the SBWMA had full access to observe all aspects of the sampling and sorting process during the entire course of the sampling period. Recology representatives were consulted regarding “questionable” items recovered from the respective samples. When needed, [Appendix A: Materials](#)

Sorting List of ATTACHMENT E-2 was consulted and, in each instance, concurrence was reached between Recology and Sloan Vazquez personnel regarding the disposition of the material.

CONTAMINATION SAMPLING RESULTS

Exhibits C, D, E, F, & G contain the final record of contamination contained in each sample. The data from those Exhibits is summarized in Table 3. Maximum contamination amounts as set forth in the Agreement are provided for comparison.

Table 3 – Contamination Measurement

Measured and Maximum Allowable Contamination

Measured Material Stream	Measured Contamination for 3/10/14 – 3/14/14	Maximum Allowable Contamination Level	Variance for 3/10/14 – 3/14/14
Commercial Recyclables	5.6%	10.0%	(4.4%)
Residential Recyclables	6.2%	8.5%	(2.3%)
Commercial Organics	7.8%	10.0%	(2.2%)
Residential Organics	1.4%	5.0%	(3.6%)
Commercial Plant	0%	5.0%	(5.0%)

ADDITIONAL RECORDS

The following referenced item is not attached to this report, but can be obtained from the SBWMA:

- 1) The SBWMA Member Agencies Franchise Agreements with Recology San Mateo County.

Table 4 – Summary of Sample Weights for each Category

	COMMERCIAL RECYCLING			RESIDENTIAL RECYCLING			COMMERCIAL ORGANICS			RESIDENTIAL ORGANICS			COMMERCIAL PLANT		
	SUMMARY			SUMMARY			SUMMARY			SUMMARY			SUMMARY		
	Total	Average		Total	Average		Total	Average		Total	Average		Total	Average	
Total Sample Weight	3232.0	269.3		2392.8	199.4		2210.5	184.2		2307.2	192.3		2241.6	186.8	
Captured Sample Weight				2343.9	195.3										
Shrinkage				48.9	4.1										
Materials	Acceptable	Non Acceptable	% Captured Sample	Acceptable	Non Acceptable	% Captured Sample	Other Acceptable	Non-Acceptable	% Sample Weight	Other Acceptable	Non-Acceptable	% Sample Weight	Other Acceptable	Non-Acceptable	% Sample Weight
OCC	1,720.7		53.2%	530.2		22.6%	-		0.0%	-		0.0%	-		0.0%
Mixed Fiber	828.1		25.6%	917.8		39.2%	-		0.0%	-		0.0%	-		0.0%
Plastic (all except PET & Film)	164.6		5.1%	137.0		5.8%		39.4	1.8%		5.0	0.2%		-	0.0%
Film Plastic		46.6	1.4%		47.8	2.0%		95.6	4.3%		10.0	0.4%		-	0.0%
Biodegradable Plastics	-		0.0%	-		0.0%	13.0		0.0%	-		0.0%	-		0.0%
PET UBC's	35.2		1.1%	41.8		1.8%		0.6	0.0%		-	0.0%		-	0.0%
Glass UBC's	199.2		6.2%	445.6		19.0%		32.2	1.5%		5.2	0.2%		-	0.0%
Aluminum UBC'S	10.8		0.3%	13.7		0.6%		2.0	0.1%		-	0.0%		-	0.0%
Mixed Ferrous (Tin & Other)	63.6		2.0%	81.1		3.5%		2.0	0.1%		0.8	0.0%		-	0.0%
Inerts (brick, rock, tile, dirt, concrete)		2.8	0.1%		-	0.0%		0.2	0.0%		-	0.0%		-	0.0%
Haz Waste (paint, insecticide, pesticide)		-	0.0%		-	0.0%		-	0.0%		-	0.0%		-	0.0%
E-Waste (including small appliances)		-	0.0%		1.2	0.1%		-	0.0%		-	0.0%		-	0.0%
"Fines" (<2" items)	29.2		0.9%	30.7		1.3%		-	0.0%		-	0.0%		-	0.0%
Rejects/Refuse (food, liquids,, "garbage", etc.)		131.2	4.1%		97.0	4.1%		1.4	0.1%		11.4	0.5%		-	0.0%
Totals	3,051.4	180.6		2,197.9	146.0		13.0	173.4		-	32.4		-	-	
Percentage of Captured Sample	94.4%	5.6%		93.8%	6.2%			7.8%			1.4%			0.0%	
Maximum Allowable Contamination Level	10.0%				8.5%			10.0%			5.0%			5.0%	
Variance		-4.4%			-2.3%			-2.2%			-3.6%			-5.0%	
							Count			Count			Count		
							Biodegradable Plastic Bags	-		Biodegradable Plastic Bags	7.0		Biodegradable Plastic Bags	2.0	

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EXHIBITS

EXHIBIT A – RANDOMIZED DAILY ROUTE SELECTION

EXHIBIT B – SCALEHOUSE NOTIFICATION FORM – LISTING OF SELECTED ROUTES BY DAY

EXHIBIT C – COMMERCIAL RECYCLING CONTAMINATION SUMMARIES & RELATED SAMPLE TALLY SHEETS

EXHIBIT D – RESIDENTIAL RECYCLING CONTAMINATION SUMMARIES & RELATED SAMPLE TALLY SHEETS

EXHIBIT E – COMMERCIAL ORGANICS CONTAMINATION SUMMARIES & RELATED SAMPLE TALLY SHEETS

EXHIBIT F – RESIDENTIAL ORGANICS CONTAMINATION SUMMARIES & RELATED SAMPLE TALLY SHEETS

EXHIBIT G – COMMERCIAL PLANT CONTAMINATION SUMMARIES & RELATED SAMPLE TALLY SHEETS

EXHIBIT H – CONTAMINATION MEASUREMENT PROTOCOL, E-2, SAMPLE PROTOCOL, POLICIES AND PROCEDURES, & SAMPLING SORTING LIST



STAFF REPORT

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Hilary Gans, Operations Contracts Manager
Date: April 24, 2014 Board of Director's Meeting
Subject: Receipt of Recology and SBR Monthly Reports

Recommendation

This is an informational report and no action is necessary.

Analysis

Recology San Mateo County (Recology) and South Bay Recycling (SBR) are required to submit Monthly Reports 15 days after the end of each month. The Monthly Reports for the month of March from Recology and SBR were submitted to the SBWMA on time.

The contractor monthly reports are emailed to the Board directly. For reference, they reports can be accessed via the following links; for SBR - <http://www.rethinkwaste.org/about/service-providers/south-bay-recycling>; and for Recology - <http://www.rethinkwaste.org/about/service-providers/recology>.

It is important to note that the franchise tonnage information presented in Recology's Monthly Report is derived from data compiled by SBR as the Shoreway Environmental Center facility operator. Recology's report includes collection services data, monthly updates on various operations, and call center complaint/inquiry related metrics. In addition to franchise tonnage data, the SBR report also provides details on the transfer station and buy-back center activities from self-haul customers, including any Member Agency vehicles.

Background

Article 9, section 9.05 of the Member Agencies Franchise Agreement(s) with Recology require the company to prepare and submit a monthly report. Similarly, Article 8, section 8.07 of the Operations Agreement between the SBWMA and SBR requires the company to submit a monthly report. The guidelines and reporting requirements for each company are specified in their respective Agreements.