



A Public Agency

# COLLECTION AND RECYCLING PROGRAM SUPPORT AND COMPLIANCE



## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Joe La Mariana, Executive Director  
**Date:** April 25, 2019 Board of Directors Meeting  
**Subject:** Resolution Approving the Proposed Amendment One Modifications to the Model Recology Amended and Restated Franchise Agreement

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### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-27 attached hereto authorizing Amendment One to the Model Recology Franchise Agreement from January 1, 2021 to December 31, 2034, which will amend their newly negotiated hauling contract to include changes to the Bulky Item Collection (BIC), Illegal Dumping and Abandoned Waste, and Storm Water Regulations.

### Background

On May 24, 2018, the SBWMA Board approved Resolution 2018-20 to support Member Agency negotiations with Recology regarding Bulky Item Collection, Abandoned Waste Collection, and integrating Litter-Reduction Practices into Trash / Recycling Collection services as required by the Municipal Regional Permit (MRP) Stormwater Regulations. This action is known as "Amendment One", and these services will be implemented with the restated and amended franchise agreement term of January 1, 2021 – December 31, 2035 or, by mutual agreement, sooner.

The BIC and Abandoned Waste Collection programs are very popular, which unfortunately means they are soon heading towards a capacity breaking point. Recology has already doubled the resources required in our Franchise Agreement based on the original program stats that they were asked to bid on (at their own expense), which were about 80 collections per day. At Board direction, Staff and the Franchise Agreement Extension Committee (FAX) negotiated with Recology's senior management team to identify and shape cost-effective new program capacity options for Board consideration. Once approved at the SBWMA Board level, the recommended program options and their costs will need to be formally approved by a majority of the Member Agencies' elected bodies as an amendment to the re-stated and amended Franchise Agreement that take effect on January 1, 2021.

Given an amendment is necessary for BIC and Abandoned Waste, it made the most sense to include any appropriate changes for the storm water regulations at the same time. These regulations began in 2009, with the Water Board including trash reduction requirements in the Municipal Regional Stormwater (MRP) National Pollutant Discharge Elimination System (NPDES) Permit for Phase I communities in the Bay area. The San Mateo Countywide Water Pollution Prevention Program (SMCWPP) Litter Work Group is addressing trash load reduction requirements outlined in the MRP, by implementing a number of control measures designed to significantly reduce trash in local creeks and the Bay. They provided an outline of Best Practices and Recommendations for Litter Management with franchise language that has been considered for Amendment One. The implementation of these

litter reduction practices can assist the SBWMA with achieving compliance with trash/litter load reduction regulations in the Municipal Regional Stormwater Permit.

### **Analysis**

Currently, Recology provides up to two BIC services annually without charge to each single-family residence and multi-family property (MFDs require advanced planning for delivery of roll-off containers for collection). This service is provided within 10 business days of the owner or occupant's request, unless Recology's BIC service capacity has been reached. Based on current Franchise Agreement parameters, Recology's service capacity is limited to 150 bulky item collections system-wide per day. Recology currently makes approximately 130 to 140 bulky item collections per day so the program is operating at about 90% capacity. Recology also collects abandoned waste with a cap of 30 pick-ups per day. Operationally speaking, these two services are one program; the same trucks and drivers/crews service both the BIC and abandoned waste collection. Each route includes a box truck and driver for recyclables, and a rear-load truck and driver for the other items. There are currently three routes.

Given that Recology is nearing its maximum service level capacity for the BIC and abandoned waste collection programs, the SBWMA and Recology initiated discussion to develop a joint solution that allows customers to continue to receive BIC and abandoned waste collection services with new capacity in a timely fashion.

The following provides the recommendations included in Amendment One of the Recology Franchise Agreement, which have been agreed upon by the SBWMA and Recology, with feedback from the Member Agencies and FAX committee.

1. **Add a Fourth BIC and Abandoned Waste Collection Route:** In order to provide BIC and abandoned waste collection within the 10-business day timeframe of the Franchise Agreement, a fourth route can be added to the BIC/Abandoned Waste Collection program to expand capacity. This would result in an increase of the service level cap of from 150 BICs to 210 BICs per day. The financial impact would include an approximate cost of \$631,000 in Rate Year 2021 for an additional annual route (covers one box truck and driver for recyclables, and one rear-loader and driver for other items).
2. **Develop a Shoreway Voucher Program for Bulky Item Drop-Off:** Recology will develop a voucher program that offers residents the ability to drop-off of BIC material at the Shoreway Environmental Center (Shoreway). Recology would offer vouchers to residents if a resident does not want to wait for the service date offered by Recology. The financial impact includes \$125,000 up-front costs for the bulky item voucher system and \$233,000 for annual operating costs. Please note: these quotations were provided in late 2018 and are likely to slightly change depending on (if) when this program is actually implemented.
3. **Addition of Solid Waste Collection on Saturday and Sunday:** Add services to Schedule Q for Saturday and Sunday service. It will be provided at no additional charge for customers subscribing to a minimum of three (3) times per week service or at an additional fee for those businesses that have less than three days a week service (an additional service charge of \$55.31 per month for Saturday and \$67.37 per month for Sunday service).
4. **Addition of Litter and Overage Assessment Program Evaluation** – Recology currently documents overages related to collection services. This addition will require Recology to provide a monthly report to the SBWMA. No additional cost.

5. **Requirements for Overage Charges** - Recology currently charges for overages beyond the two allowed events. Recology is requesting that language be added to the amendment that states they “shall impose overage charges”, to allow Recology Customer Service the permission to give a courtesy waive of charges depending on the situation. No additional cost.
6. **Requirements for Photographic Evidence of Overages** – The SBWMA would like to have the option for Recology to research on-board cameras for all collection vehicles, which will be used for monitoring activities, and overage activities. No additional cost unless SBWMA decides to move forward with cameras.
7. **Add Definition of Overage** – A definition of “overage” is necessary to provide direction for Recology when assessing a container. No additional cost.

### **Fiscal Impact**

The costs for Bulky Item and Abandoned Waste Collection is allocated among the MAs according to the number of single-family and commercial accounts in the community. For example, if a MA currently has 18% of the single-family accounts, then they will receive an allocation of 18% of the single-family BIC and abandoned waste program costs. If a MA has 10% of the commercial accounts, then they will receive 10% of the multi-family BIC and abandoned waste program cost allocation. Costs will increase only if/when a fourth route is added. The financial impact would include an approximate cost of \$630,000 for an additional annual route (covers one new truck and driver for recyclables, and one rear-loader and driver for other items).

The costs for the Bulky Item Voucher Program for Rate Year Eleven (2021) shall be determined in 2020 by the Contractor and SBWMA based on agreed Voucher program costs and final Voucher program design and shall be subject to SBWMA Board approval. The approved amount shall be added to the projected Rate Year Eleven (2021) Contractor’s Compensation as specified in Attachment N. When adding the Voucher program costs to Attachment N, Contractor shall allocate the costs to Member Agencies in the same manner as costs for the Bulky Item Collection program. The financial impact is estimated to include \$125,000 up-front costs for the bulky item voucher system and \$233,000 for annual operating costs.

### **Attachments:**

Resolution 2019-27

Attachment A – Amendment One Franchise Agreement

Attachment B – Amendment One Final Findings and Recommendations Report



## **RESOLUTION NO. 2019-27**

### **RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY**

#### **BOARD OF DIRECTORS**

### **APPROVING AMENDMENT ONE TO THE RECOLOGY SAN MATEO FRANCHISE AGREEMENT FOR RECYCLABLE MATERIALS, ORGANIC MATERIALS, AND SOLID WASTE COLLECTION SERVICES**

**WHEREAS**, Section 5.05 of the Agreement requires Contractor to provide On-Call Bulky Item Collection Service for residents and specifies that Contractor shall schedule a maximum of one hundred fifty (150) On-Call Curbside Bulky Item Collection Service events per service day for the SBWMA Service Area (“daily limit”), and Section 5.09 of the Agreement requires Contractor to provide abandoned waste cleanup Collection service for a maximum of thirty (30) abandoned waste Collection events per service day for the SBWMA Service Area (“daily limit”); and,

**WHEREAS**, Contractor conducts the On-Call Bulky Item Collection Service and abandoned waste cleanup Collection service using the same Collection routes; and, as a result, the total combined daily limit of On-Call Curbside Bulky Item Collection Service events and abandoned waste cleanup Collection service events (collectively, “On-Call Pick-ups”) is one hundred eighty (180) On-Call Pick-Ups per day; and,

**WHEREAS**, anticipating that the combined daily limit would not be sufficient to handle actual demand for On-Call Pick-Ups, the SBWMA and Contractor met and conferred and negotiated a Model Amendment One to the Agreement, which sets forth a strategy to address the problem; and,

**WHEREAS**, SBWMA and Member Agencies agree that reduction of litter related to Generator placement of Discarded Materials in Containers and subsequent Collection by Contractor is important to reduce impacts on watersheds where trash and litter present an aesthetic nuisance, and a serious threat to aquatic life in creeks and the oceans, and Contractor has agreed to litter reduction strategies; and,

**WHEREAS**, on May 24, 2018, the SBWMA Board approved Resolution 2018-20 to support Member Agency negotiations with Recology regarding Bulky Item Collection, Abandoned Waste Collection, and integrating Litter-Reduction Practices into Trash / Recycling Collection services as required by the Municipal Regional Permit (MRP) Stormwater Regulations; and,

**WHEREAS**, Parties identified minor items in the Agreement that warranted clarification or revision; and,

**WHEREAS**, the Agency and Contractor have agreed to the revisions to the Agreement as stated in this Amendment One.

**NOW THEREFORE BE IT RESOLVED**, in consideration of the mutual promises contained in the attached Amendment One, and for other good and valuable consideration, the SBWMA hereby agrees to amend the Recology San Mateo Franchise Agreement through Amendment One.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25<sup>th</sup> day of April 2019, 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 District |     |    |         |        |

I HEREBY CERTIFY that the foregoing Resolution No. 2019- 27 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on April 25, 2019.

ATTEST:

\_\_\_\_\_  
 Jess E. (Jay) Benton, Chairperson of SBWMA

\_\_\_\_\_  
 Cyndi Urman, Clerk of the Board

**AMENDMENT ONE**  
**BY \_\_\_\_\_ {Insert Member Agency name} AND**  
**RECOLOGY SAN MATEO COUNTY**  
**TO THE**  
**AMENDED AND RESTATED FRANCHISE AGREEMENT**  
**BETWEEN \_\_\_\_\_ {Insert Member Agency name} AND RECOLOGY SAN MATEO COUNTY FOR**  
**RECYCLABLE MATERIALS, ORGANIC MATERIALS, AND SOLID WASTE COLLECTION SERVICES**

This first Amendment (“Amendment One”) to the Amended and Restated Franchise Agreement between \_\_\_\_\_ {insert Member Agency name} and Recology San Mateo County for Recyclable Materials, Organic Materials, and Solid Waste Collection Services (“Agreement”), effective as of \_\_\_\_\_, \_\_\_\_\_ {insert date} (“Effective Date”), is made by and between \_\_\_\_\_ {Insert Member Agency name}, a Municipal Corporation of the State of California (“Agency”), and RECOLOGY SAN MATEO COUNTY, a California corporation (“Contractor”).

**RECITALS**

- A. **WHEREAS**, Section 5.05 of the Agreement requires Contractor to provide On-Call Bulky Item Collection Service for residents and specifies that Contractor shall schedule a maximum of one hundred fifty (150) On-Call Curbside Bulky Item Collection Service events per service day for the SBWMA Service Area (“daily limit”), and Section 5.09 of the Agreement requires Contractor to provide abandoned waste cleanup Collection service for a maximum of thirty (30) abandoned waste Collection events per service day for the SBWMA Service Area (“daily limit”); and,
- B. **WHEREAS**, Contractor conducts the On-Call Bulky Item Collection Service and abandoned waste cleanup Collection service using the same Collection routes; and, as a result, the total combined daily limit of On-Call Curbside Bulky Item Collection Service events and abandoned waste cleanup Collection service events (collectively, “On-Call Pick-ups”) is one hundred eighty (180) On-Call Pick-Ups per day; and,
- C. **WHEREAS**, anticipating that the combined daily limit would not be sufficient to handle actual demand for On-Call Pick-Ups, the SBWMA and Contractor met and conferred and negotiated a Model Amendment One to the Agreement, which sets forth a strategy to address the problem; and,
- D. **WHEREAS**, SBWMA and Member Agencies agree that reduction of litter related to Generator placement of Discarded Materials in Containers and subsequent Collection by Contractor is important to reduce impacts on watersheds where trash and litter present an aesthetic nuisance, and a serious threat to aquatic life in creeks and the oceans, and Contractor has agreed to litter reduction strategies; and,
- E. **WHEREAS**, Parties identified minor items in the Agreement that warranted clarification or revision; and,
- F. **WHEREAS**; the SBWMA presented the Model Amendment One to the SBWMA’s Board of Directors on \_\_\_\_\_, 2019; and, the Board took action recommending that each Member Agency enter into Model Amendment One in the form presented to the Board; and,
- G. **WHEREAS**, the Agency and Contractor have agreed to the revisions to the Agreement as stated in this Amendment One.

**NOW THEREFORE**, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the Agency and Contractor hereby agree to amend the Agreement through this Amendment One as follows:

## **TERMS OF AMENDMENT ONE**

### **1. DEFINITIONS**

1.1 Attachment A, Definitions. The following definitions are hereby added to Attachment A:

- a. **2019 Amendment** means the amendment to the Agreement that the SBWMA Board approved, and recommended that each Member Agency enter into, on \_\_\_\_\_, 2019.
- b. **On-call Pick-Up** means an On-Call Curbside Bulky Item Collection Service event or an on-call abandoned waste Collection service event.
- c. **Voucher** means a paper or electronic voucher, coupon, or ticket issued by Contractor to a Customer entitling the receiving Person to a one-time delivery of Bulky Items to the Designated Transfer and Processing Facility.

### **2. BULKY ITEM AND ABANDONED WASTE COLLECTION SERVICES**

2.1 Residential On-Call Bulky Item Collection Service. Section 5.05.H shall be amended to read as follows:

H. **Maximum Number of Daily Events**. Contractor shall schedule up to a maximum of one hundred fifty (150) On-Call Curbside Bulky Item Collection Service events per service day for the SBWMA Service Area ("daily limit"). The maximum number of daily events includes On-Call Bulky Item Collection Service events provided to both Single-Family and Multi-Family Residential Complexes, and those events provided at no charge and events paid for by the Customer, Owner, or property manager. Contractor shall schedule On-Call Curbside Bulky Item Collection Service events no more than ten (10) Business Days after the Owner's or Occupant's request up to the maximum number of daily events. Upon reaching the maximum number of daily events, requested On-Call Curbside Bulky Item Collection Service event shall be scheduled on the next available regularly scheduled Solid Waste Collection Day.

SBWMA may adopt an allocation system for On-Call Bulky Item Collection Service events, in order to allocate the "daily limit" for such events among Member Agencies. If adopted, Contractor shall comply with the allocation system. The Agency agrees not to assess Liquidated Damages if Contractor does not meet the ten (10) Business Day requirement if the delay has resulted from (i) the volume of On-Call Bulky Item Collection events being in excess of the "daily limit" for the SBWMA Service Area or Agency, or (ii) the Customer's request to schedule the event on a date more than ten (10) Business Days in the future.

Contractor shall notify the SBWMA when the daily average number of On-Call Pick-Up events reaches one hundred sixty-five (165) events, or any subsequently increased number of events

mutually agreed by the SBWMA Board and Contractor, combined for Residential On-Call Bulky Item Collection service and abandoned waste Collection service, including On-Call Pick-ups provided at no charge and On-Call Pick-ups paid for by Customers, Owners or property managers) for the SBWMA service area. For the purpose of this Section, the daily average number of On-Call Pick-ups shall be calculated on a weekly basis as the total number of On-Call Pick-Ups performed Monday through Friday divided by the number of Collection days in the week (e.g., typically five (5) days, except four (4) days for weeks with a Holiday). When this threshold occurs for four (4) consecutive weeks, Contractor shall provide SBWMA with reports documenting these statistics and, upon confirmation of that fact, SBWMA staff shall notify the SBWMA Board of Directors that the service capacity has been filled and to present options, described in this section. Contractor shall continue to supply monthly reporting of the average service count from the time of the original notice until action is taken by the SBWMA Board of Directors.

Upon a confirmed notice from Contractor, the SBWMA Board may consider options, including, but not limited to: (i) authorizing Contractor to implement and perform on-going operation of an additional Bulky Item and abandoned waste Collection route; (ii) adjustment of the ten (10) Business Day required provision of the On-Call Pick-ups; (iii) reduction in the number of On-Call Bulky Item pick-ups allowed for each Customer each year; and/or, (v) expansion of the Bulky Item Voucher program.

The SBWMA Board is hereby authorized, on behalf of the Agency, to determine if future changes are required for the Residential On-Call Bulky Item Collection services described in Section 5.05 and abandoned waste Collection service described in Section 5.09. Such changes, if any, shall be implemented and incorporated into this Agreement in accordance with Section 15.12, Right of Agency to Make Changes in Services and Service Levels. If the SBWMA elects to implement an additional Bulky Item and abandoned waste Collection route, the route shall include two trucks and two drivers, and the annual cost for the route shall be that specified in Attachment U for Rate Year 2021 (subject to adjustment in accordance with the methodology set forth in Attachment K, if the new route is implemented in a later Rate Year). Each additional route approved by the SBWMA shall provide capacity for sixty (60) additional daily Bulky Item Collection and/or abandoned waste Collection services. In the event that the creation of a new route provides for more capacity than there is demand for the Bulky Item Collection services, Contractor shall permit additional collections of abandoned waste up to the total capacity.

2.2 Abandoned Waste Clean-Up Collection Service. Section 5.09.A shall be amended to read as follows:

A. **General.** Contractor shall provide abandoned waste cleanup Collection service to Agency as provided herein. Contractor shall schedule up to a maximum of thirty (30) abandoned waste Collection events per service day for the SBWMA Service Area. Contractor shall make every effort to collect abandoned waste within one (1) Business Day of being notified by Agency, SBWMA, Customer, or Contractor's vehicle drivers and route supervisors of the occurrence of abandoned waste or illegal dumping. Upon reaching the maximum thirty (30) events, Collection of abandoned waste event shall be scheduled and performed by Contractor on the next available service day. This service shall require Contractor to Collect abandoned or illegally dumped Solid Waste, Recyclable Materials, and Organic Materials. This service does not include Collection of litter or litter abatement activities.

Section 5.05.H describes a process for notification and consideration of program changes when the daily average number of On-Call Pick-Up events reaches one hundred sixty-five (165) events combined for Residential On-Call Bulky Item Collection service and abandoned waste Collection service, including On-Call Pick-ups provided at no charge and On-Call Pick-ups paid for by Customers, Owners, or property managers).

### 3. BULKY ITEM VOUCHER PROGRAM

3.1 Bulky Item Voucher Program. New Section 7.14 is hereby added as follows:

#### 7.14 BULKY ITEM VOUCHER PROGRAM

- A. **General.** Contractor shall implement a Bulky Item Voucher program (“Program”) in which Contractor generates and issues Vouchers to Customers who call to request On-Call Bulky Item Collections but whose pick-ups cannot be scheduled within the ten (10) Business Day window contemplated by Section 5.05.H due to the volume of On-Call Bulky Item Collection events being in excess of the “daily limit” for the SBWMA Service Area or Agency. Each Voucher issued would replace one (1) of the On-Call Bulky Item Collection offered to that Customer pursuant to Sections 5.05.A, 5.05.B, and 5.14.E. and allow the Customer to deliver Bulky Items to the Designated Transfer and Processing Facility at no additional charge. A voucher would only be issued if the Customer agreed to accept it. To effectively manage Program utilization, the program shall only be publicized as mutually agreed by SBWMA staff, Contractor and Operator.
- B. **Pilot Program.** As a first step in implementation, a pilot program (“Pilot Program”) shall be offered to all Member Agencies. Contractor has provided estimates of its start-up and operating costs as shown in Attachment T, which shall be further evaluated and refined during the Pilot Program and/or its meet-and-confer process. Contractor, Operator and SBWMA staff shall meet and confer to design the Pilot Program and agree on costs. Contractor shall commence the Pilot Program (i) at the conclusion of the meet and confer process, (ii) six (6) months after the date that the 2019 Amendment becomes effective in accordance with Section 7.4 of such amendment, or (iii) January 1, 2020, whichever occurs last. The Pilot Program costs agreed to by the SBWMA and Contractor shall be included in Contractor’s Total Annual Costs of Operation beginning Rate Year 2020. For Rate Year 2020, these costs will be allocated across Member Agencies in the same manner as costs for the Bulky Item Collection program; for subsequent Rate Years, they will be allocated based on Member Agency usage for the previous 12 months ending March 31.
- C. **Full Program Implementation.** Based on the findings of the Pilot Program, the Contractor, Operator and SBWMA staff will develop recommendations for the design, cost, and implementation schedule of the full Program throughout the Service Area. The SBWMA Board shall review the Program recommendations and provide authorization to Contractor to implement the Program throughout the Service Area (or not implement the Program) no later than January 1, 2021.
- D. **Voucher Software Management System.** The Contractor’s software systems shall be capable of generating Vouchers that include and/or can provide monitoring and reporting for: (i) a unique identification (e.g. serial number, QR code, etc.), (ii) account information, including account number, customer name, service address, billing address, number of Vouchers issued to date per account, (iii) date of issuance and expiration date; and/or (iv)

any other information determined by SBWMA staff and Contractor to be necessary or beneficial through the pilot program.

- E. **Designated Transfer and Processing Facility.** Contractor shall coordinate the implementation and on-going operation of both the Pilot Program and Program with the operator of the Designated Transfer and Processing Facility. Contractor shall provide Pilot Program and Program data to the Designated Transfer and Processing Facility operator and shall receive data from the facility operator on the redemption of Vouchers. The Contractor shall not be required to pay Transfer, Processing, or Disposal costs for the Bulky Items delivered to the Designated Transfer and Processing Facility by Persons redeeming Vouchers.
- F. **Reporting.** As part of the Pilot Program, SBWMA staff and Contractor shall review the reports generated by Contractor's software systems and agree upon the format, and content of reports to be provided by Contractor related to the operation of the Program.
- G. **Conditions.** Notwithstanding any other provision of this Section 7.14, the following conditions shall apply. Contractor shall not be required to implement the Pilot Program or the Program unless (i) the costs thereof have been mutually agreed by SBWMA and Contractor and incorporated into Contractor's Compensation in a mutually agreed manner, and (ii) Operator has consented to such implementation. In addition, Contractor shall not be required to implement the Pilot Program or the Program in any Member Agency that has not approved and entered into the 2019 Amendment.

#### 4. **CONTRACTOR'S COMPENSATION ADJUSTMENTS FOR VOUCHER PROGRAM**

- 4.1 Contractor's Compensation for Rate Year Eleven (2021). Section 11.02.A shall be removed and replaced with the following:

**Contractor's Compensation for Rate Year Eleven (2021).** Contractor's Compensation for 2021 shall be determined in 2020 by adjusting Contractor's projected 2021 Contractor's Compensation shown on Attachment N to reflect the following factors:

- Change in Customer account and service levels as provided in Attachment K;
- Change in fuel prices as provided in Attachment K; and,
- Addition of Bulky Item Voucher program costs as agreed upon by the Contractor and SBWMA.

- 4.2 Attachment K, Contractor's Compensation and Rate Setting Process. Attachment K shall be amended as follows:

Section 4, Table 1, Contractor's Compensation Adjustment Methodology. In the section of Table 1 labeled "Contractor Pass-Through Costs," a new row shall be added immediately after the "Cap Carry Forward" row, to read as follows:

| Cost   | Adjustment to 2021 Projected 2021 Costs for Rate Year Eleven (2021) Contractor's Compensation   | Annual Adjustment to Contractor's Compensation for Rate Years Twelve to Twenty-Five (2022 - 2035)  |
|--|---|--|
| <p>E. Allocated Bulky Item Voucher Program Costs (e.g., costs related to General and Administrative for the Voucher Program)</p> <p>This item only applies if implementation of a Voucher program is agreed by the SBWMA and Contractor and approved by the SBWMA Board.</p> <p>Voucher program costs shall be included in the "Single-family Bulky Item Materials (two On-Call Bulky Collection events)" Line of Business/Service Sector, but shall be reported as a separate line item, and allocated as provided in this row E.</p> | <p>The Allocated Bulky Item Voucher Program Cost amount for Rate Year Eleven (2021) shall be determined in 2020 by the Contractor and SBWMA based on agreed Voucher program costs and final Voucher program design and shall be subject to SBWMA Board approval. The approved amount shall be added to the projected Rate Year Eleven (2021) Contractor's Compensation as specified in Attachment N. When adding the Voucher program costs to Attachment N, Contractor shall allocate the costs to Member Agencies in the same manner as costs for the Bulky Item Collection program.</p> | <ul style="list-style-type: none"> <li>• Step One: Annually adjust previously agreed Allocated Bulky Item Voucher Program Costs by 100% of the Annual Index Change using CPI-U.</li> <li>• Step Two: Annually adjust Allocated Bulky Item Voucher Program Costs to reflect changes in usage, scope or third party costs, as agreed by the SBWMA and Contractor and approved by the SBWMA Board.</li> </ul> |

**5. LITTER REDUCTION**

5.1 The following changes shall be made:

5.2 Solid Waste Collection. Section 5.02.B.1 shall be amended to read as follows:

B. Multi-Family Dwellings

1. General. Contractor shall Collect Solid Waste from Multi-Family Dwellings as frequently as scheduled by Customer, but not less than once per week, and shall bill Customers at Agency-approved Rates. Contractor shall provide extra Collection pick-ups of Containers within one (1) Business Day of Customer's request and shall bill Customers at Agency-approved Charges specified in Attachment Q. Collection on Saturday and/or Sunday shall be provided at no additional charge for Customers subscribing to service a minimum of three (3) times per week or at the Rate approved in Schedule Q for Customers subscribing to less than three (3) times per week service.

5.3 Section 5.02.C.1 shall be amended to read as follows:

C. Commercial Premises

1. General. Contractor shall Collect Solid Waste from Commercial Premises as frequently as scheduled by the Customer, but not less than once per week, and shall bill Customers for the service at Agency-approved Rates. Contractor shall provide extra Collection pick-ups of Containers within one (1) Business Day of Customer's request and shall bill Customer at Agency-approved Charges specified in Attachment Q. Collection on Saturday and/or Sunday shall be provided at no additional charge for Customers subscribing to service a minimum of three (3) times per week or at the Rate approved in Schedule Q for Customers subscribing to less than three (3) times per week service.

5.4 Attachment Q, Saturday and Sunday Service. Attachment Q shall be amended to include a new “Saturday Service Surcharge – 1 or 2 times per week service” at [\$55.31] per month and “Sunday Service Surcharge” at [\$67.37] per month for Rate Year Eleven (2021). Such amounts shall be adjusted consistent with the adjustment to other rates in Attachment Q.

5.5 Monthly Reports. New Section 9.05.I is hereby added as follows:

- I. **Overages.** The number of recorded events of Overages, as defined in Section 8.02.G. At the request of a Member Agency, Contractor will separately provide the Member Agency with the names and service addresses of Customers within the Member Agency’s Service Area who were recorded as having an Overage in the previous calendar month. This information will not be included in the Contractor’s standard monthly report, which is shared with all Member Agencies and the SBWMA.

5.6 Collection of Excess Materials (Overages). Section 8.02.G shall be amended to read as follows:

Contractor shall direct its employees to Collect an Overage on two (2) occasions each Rate Year at no additional cost to Customer. Contractor must provide a notice to Customer documenting the Overage in order to count the Overage Collection towards the 2) per Rate Year for each Customer. Customers that place an Overage for Collection for a third and subsequent events shall be assessed an Overage fee by Contractor, but Contractor has discretion to waive this fee if Customer demonstrates to Contractor’s satisfaction that material creating the overage was placed in the container by a third party, or that there is another valid reason that the Customer should not be charged. Prior to assessment of the fee Contractor shall directly contact the Customer via a phone call or voice message to notify them of the Overage Collected. Contractor shall bill Customer for a third and subsequent Overage events at Agency-approved Charges specified in Attachment Q. Contractor shall provide Customers the opportunity to request an Overage Collection service in advance. In such case, Contractor shall bill the Customer at the Agency-approved Charge specified in Attachment Q.

Contractor shall provide Customers the opportunity to subscribe to Overage Collection service, in advance, or purchase Overage tag(s) from the Contractor. Each Overage tag permits the Customer to set out one (1) thirty-two (32) gallon garbage bag of Solid Waste next to their Solid Waste Container on the Customer’s regularly scheduled collection day, for Collection by Contractor. Contractor shall provide Customers the opportunity to purchase Overage tags through its Customer service department or electronically via Contractor’s website. Contractor shall mail or deliver Overage tags to Customers within three (3) Business days of Customer’s request. The Charge for Overage tags is specified in Attachment Q and includes all aspects of purchasing the tags, printing, and distribution (i.e., mailing or direct delivery by Contractor). Customers shall also be provided the opportunity to purchase Overage tags at Contractor’s local office. The quantity of Overage tags per request from Customer shall be limited to five (5) per request.

If the Agency and/or Contractor receive numerous Complaints (as determined by the Agency) from Customers regarding Customer dissatisfaction with the requirement to purchase Overage tags, the Agency reserves the right to require the Contractor to modify its Overage program to better serve its Customers and/or require the Customer to subscribe to additional Collection service.

5.7 General Vehicle Specifications. New Section 8.04.B.4 shall be amended as follows:

All Collection vehicles shall have cameras to monitor loading activities including, at a minimum: (i) back-up cameras mounted at the rear and side of the vehicle; and, (ii) a hopper camera clearly displaying the contents of the hopper prior to compaction. At the time of the review of collection vehicle specifications described in Section 8.04.B.10, SBWMA may request that Contractor present options related to these camera systems to assess potential additional functionality of those systems. The parties acknowledge that any added functionality may require increased costs beyond the cost of the camera systems themselves, such as information technology, customer service, and operational costs, that those costs may be recurring, and that those costs may be uncertain at the time Contractor presents its options. It is understood that in presenting the above options, Contractor may include such other increased costs, and may propose methods to deal with the uncertainty and recurring nature of those costs. In the event that SBWMA or any Member Agency requests that Contractor implement any such added functionality, such a request would be treated as an SBWMA- or Agency-directed Change in Scope under Section 15.12.

## **6. CLARIFICATION AND ADMINISTRATIVE MODIFICATIONS**

6.1 The following changes shall be made to provide clarification and administrative modifications to the Agreement:

6.2 Term. Section 3.02 shall be amended to read as follows:

Notwithstanding any other provision of this Agreement to the contrary, the 2009 Franchise Agreement, this amendment and restatement thereof, and any other amendments mutually agreed by the Parties, shall together constitute a single agreement between the Parties with a single unbroken term (the "Term").

The original Term, set forth in the 2009 Franchise Agreement, began on January 1, 2011 with an initial duration of ten (10) years, ending on December 31, 2020. This amendment and restatement extends the Term for an additional fifteen (15) years, for a total Term of twenty-five (25) years. Upon the Effective Date, the Term shall be extended until midnight on December 31, 2035, unless earlier terminated, or extended as provided in Section 3.03.

Except as provided below in this Section 3.02, the Parties intend for the 2009 Franchise Agreement to govern the rights and obligations of the Parties through December 31, 2020, and for this Agreement to govern the rights and obligations of the Parties from and after January 1, 2021. Thus, to the extent this Agreement amends the 2009 Franchise Agreement, the amendments shall not take effect until January 1, 2021, and shall not be retroactive.

As an exception to the foregoing, (A) upon the Effective Date, (i) the 2009 Franchise Agreement shall be amended to extend the Term to 2035 as provided above, and (ii) the 2009 Franchise Agreement shall be amended to the extent necessary to give effect to Section 11.02.F of this Agreement, and (B) upon the effectiveness of the 2019 Amendment, the 2009 Franchise Agreement shall be amended to the extent necessary to give effect to such amendment.

6.3 Right of Agency to Make Changes in Services and Service Levels. Section 15.12.A shall be amended to read as follows:

A. Agency may, without amending this Agreement, direct Contractor to cease performing one or more types of service described in Articles 5 or 6, or may direct Contractor to modify the scope of one or more such services, may direct Contractor to perform additional Solid Waste, Targeted Recyclable Materials, Organic Materials, Used Motor Oil, Used Motor Oil Filters, Household Batteries and Cell Phones or Plant Materials handling services, or may otherwise direct Contractor to modify its performance under any other Section of this Agreement. In addition, SBWMA may, without amendment of this Agreement, direct a change: (i) in the number of Waste Zero Specialists as provided in Section 7.04.A, (ii) in Other Services as provided in Section 7.13, (iii) in the Residential On-Call Bulky Item Collection service described in Section 5.05, (iv) in the abandoned waste Collection service described in Section 5.09, (v) in the Bulky Item Voucher program described in Section 7.14.C, and/or (vi) in Collection Vehicle camera systems and related additional functionality, as provided in Section 8.04.B.4. In the event of an SBWMA-directed change under items (iii), (iv) or (v), the provisions of Section 11.06 shall apply, but with the SBWMA substituted in the place of Agency. In the event of any conflict between an Agency-directed change and an SBWMA-directed change, the SBWMA-directed change shall govern. Agency hereby authorizes the SBWMA, with the approval of the SBWMA Board, to do the following on behalf of Agency: (a) to establish the terms and conditions of any program or service changes under items (iii), (iv) or (v) above, (b) to include any costs associated with an SBWMA-directed change in Contractor's Compensation and/or Pass-Through Costs, (c) to determine Agency's share of such costs and to allocate such share to Agency, and (d) to amend this Agreement as mutually agreed with Contractor to give effect to the foregoing. An SBWMA-directed change shall be deemed to be an Agency-directed change for purposes of this Agreement. Contractor shall promptly and cooperatively comply with such direction.

## **7. MISCELLANEOUS PROVISIONS**

- 7.1 Recitals and Headings. The above recitals are incorporated herein by reference and are made a part of this Amendment One. However, headings in this document are for convenience of reference only and are not to be considered in any interpretation of this Amendment One.
- 7.2 Entire Agreement. This Amendment One contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and commitments with respect thereto. Except as expressly modified by this Amendment One, all other terms and conditions of the Agreement remain in full force and effect, unmodified, and apply to this Amendment One as though fully set forth herein.
- 7.3 Counterparts. This Amendment One may be executed in counterparts, each of which shall constitute an original, and all of which, when taken together, shall constitute one and the same instrument.
- 7.4 Effectiveness. It shall be a condition precedent to the effectiveness of this Amendment One that at least eight (8) of the SBWMA's Member Agencies enter into Amendment One.

IN WITNESS WHEREOF, Agency and Contractor have executed this Amendment One as of the day and year first above written.

AGENCY NAME

RECOLOGY SAN MATEO COUNTY

By: \_\_\_\_\_  
XXXX  
City Manager

By: \_\_\_\_\_  
Michael J. Sangiacomo  
President and CEO

ATTEST: \_\_\_\_\_  
XXXX  
City Clerk

By: \_\_\_\_\_  
Cary Chen  
Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
XXXXXX

**ATTACHMENT T**  
**CONTRACTOR'S PRELIMINARY ESTIMATES OF VOUCHER PROGRAM**  
**START-UP AND OPERATING COSTS**

| <b>RECOLOGY SAN MATEO COUNTY</b>   |                    |                      |                         |                      |
|--|--------------------|----------------------|-------------------------|----------------------|
| <b>Voucher Program</b>   |                    |                      |                         |                      |
| <b>Estimated Costs in 2018 Dollars</b>                                       |                    |                      |                         |                      |
| <b>5-YEAR PERIOD</b>   |                    |                      |                         |                      |
| <b>Up Front</b>  |                    |                      |                         |                      |
| Items  | Company/Individual | Total Cost           | 5 Year Life Annual Cost | HF&H                 |
| Hardware - Scanner, Scanner Software & Tablet                                | SBR                | \$ 2,000.00          | \$ 400.00               |                      |
| Hardware - Scale House Installation  | SBR                | \$ 1,400.00          | \$ 280.00               |                      |
| Coding - IT Team   | Recology           | \$ 63,000.00         | \$ 12,600.00            |                      |
| Coding - PC Scales   | PC Scales          | \$ 28,000.00         | \$ 5,600.00             |                      |
| Coding - Computaris  | Computaris         | \$ 17,528.83         | \$ 3,505.77             |                      |
| Project Development Cost   | Recology           | \$ 8,690.77          | \$ 1,738.15             |                      |
| SBR Accounting Modifications   | SBR                | \$ 4,567.00          | \$ 913.40               |                      |
| <b>Total</b>   |                    | <b>\$ 125,186.60</b> | <b>\$ 25,037.32</b>     | <b>\$ 25,037.32</b>  |
| <b>Annual Operating - Assuming 15,600 Vouchers per Year</b>                  |                    |                      |                         |                      |
| Items  | Company/Individual |                      |                         |                      |
| Computaris Operation Fee   | Computaris         | \$ 28,046.16         |                         | \$ 28,046.16         |
| Hardware - Replacement   | Recology           | \$ 1,500.00          |                         | \$ 1,500.00          |
| Hardware - IT OPS Technical Services   | Recology           | \$ 8,400.00          |                         | \$ 8,400.00          |
| PC Scales Maintenance  | SBR                | \$ 6,000.00          |                         | \$ 6,000.00          |
| CSR Hours  | Recology           | \$ 154,608.75        |                         | \$ 123,687.00        |
| Printing   | Recology           | \$ 1,872.00          |                         | \$ 1,497.60          |
| Mailing  | Recology           | \$ 7,800.00          |                         | \$ 6,240.00          |
| <b>Total</b>   |                    | <b>\$ 208,226.91</b> | <b>\$ 208,226.91</b>    | <b>\$ 175,370.76</b> |
| <b>TOTAL PROGRAM COST</b>  |                    |                      | <b>\$ 233,264.23</b>    | <b>\$ 200,408.08</b> |
| <b>Operating Ratio (90.5%)</b>   |                    |                      | <b>\$ 24,486.30</b>     | <b>\$ 21,037.31</b>  |
| <b>Total Compensation</b>  |                    |                      | <b>\$ 257,750.53</b>    | <b>\$ 221,445.39</b> |
| <b>Additional Analysis of Program Cost for BIC Vouchers + Pilot Programs</b> |                    |                      |                         |                      |
| Fixed Cost   |                    | \$ 76,224.84         |                         |                      |
| Variable Cost per Voucher  |                    | \$ 11.64             |                         | \$ 9.31              |

**ATTACHMENT U**  
**RESIDENTIAL ON-CALL BULKY ITEM COLLECTION SERVICE**  
**AND ABANDONED WASTE COLLECTION SERVICE ROUTE COST**

| <b>Bulky Item Collection Costs</b>   |  | Additional BIC Route    |
|--|--|-------------------------|
|  |  | <b>2021 Dollars</b>     |
| <b>Annual Cost of Operations</b>   |  |                         |
|  | Direct Labor-Related Costs                                   |                         |
|  | Wages for CBAs   | \$269,064               |
|  | Benefits for CBAs  | \$148,795               |
|  | Payroll Taxes  | \$21,889                |
|  | Workers Compensation Insurance                               | <u>\$27,294</u>         |
|  | <b>Total Direct Labor Related-Costs</b>                      | <b>\$467,042</b>        |
|  | Direct Fuel Costs  | \$20,748                |
|  | Other Direct Costs   | \$20,223                |
|  | Depreciation   |                         |
|  | - Collection Vehicles  | \$51,433                |
|  | - Containers   | <u>\$0</u>              |
|  | <b>Total Depreciation</b>                                    | <b>\$51,433</b>         |
|  | Allocated Indirect Costs excluding Depreciation              |                         |
|  | General and Administrative                                   | \$0                     |
|  | Operations   | \$0                     |
|  | Vehicle Maintenance  | \$0                     |
|  | Container Maintenance  | <u>\$0</u>              |
|  | <b>Total Allocated Indirect Costs excluding Depreciation</b> | <b>\$0</b>              |
|  | <b>Total Allocated Indirect Depreciation Costs</b>           | <b>\$0</b>              |
|  | <b>Total Annual Cost of Operations</b>                       | <b>\$559,446</b>        |
|  | <b>Profit</b>  | <b>\$58,726</b>         |
|  | <b>Operating Ratio</b>                                       | 90.5%                   |
|  | <b>Total Operating Costs before Pass-Through Costs</b>       | <b>\$618,173</b>        |
|  | <b>Contractor Pass-Through Costs</b>                         |                         |
|  | Interest Expense   | \$13,198                |
|  | <b>Total Contractor Pass-Through Costs</b>                   | <b>\$13,198</b>         |
|  | <b>TOTAL BASE CONTRACTOR'S COMPENSATION</b>                  | <b><u>\$631,371</u></b> |
| <p>Note - Collection Vehicle Depreciation and Interest Expense are flat beginning in the of implementation. Purchase price will inflate until the purchase date.</p> |  |                         |



RECOLOGY COLLECTION CONTRACT  
AMENDMENT ONE DISCUSSION  
FINAL FINDINGS AND RECOMMENDATIONS REPORT (DRAFT)

610 Elm Street, Suite 202  
San Carlos, CA 94070

April 15, 2019

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# 1. EXECUTIVE SUMMARY

The South Bayside Waste Management Authority (SBWMA dba RethinkWaste) is close to completing a seven-month discussion period with Recology of San Mateo (Recology), to amend their newly negotiated hauling contract to include changes to the Bulky Item Collection (BIC), Illegal Dumping and Abandoned Waste, and Storm Water Regulations.

The BIC and Abandoned Waste Collection programs are very popular, which unfortunately means they are soon heading towards a capacity breaking point. Recology has already doubled the resources required in the Franchise Agreement based on the original program stats that they were asked to bid on, which were about 80 collections per day. At Board direction, Staff and the Franchise Agreement Extension Committee (FAX) negotiated with Recology's senior management team to identify and shape cost-effective new program capacity options for Board consideration. Once approved at the SBWMA Board level, the recommended program options and their costs will need to be formally approved by a majority of the Member Agencies' elected bodies as an amendment to the re-stated and amended Franchise Agreement that take effect on January 1, 2021.

Given an amendment is necessary for BIC and Abandoned Waste, it made the most sense to include any appropriate changes for the storm water regulations at the same time. These regulations began in 2009, with the Water Board including trash reduction requirements in the Municipal Regional Stormwater (MRP) National Pollutant Discharge Elimination System (NPDES) Permit for Phase I communities in the Bay Area. The San Mateo Countywide Water Pollution Prevention Program (SMCWPP) Litter Work Group is addressing trash load reduction requirements outlined in the MRP, by implementing a number of control measures designed to significantly reduce trash in local creeks and the Bay. They provided an outline of Best Practices and Recommendations for Litter Management with franchise language that was considered for Amendment One.

The following provides the recommendations to be included in Amendment One of the Recology Franchise Agreement, which have been agreed upon by the SBWMA and Recology, with feedback from the Member Agencies and FAX committee.

1. **Add a Fourth BIC and Abandoned Waste Collection Route:** In order to provide BIC and abandoned waste collection within the 10-business day timeframe of the Franchise Agreement, a fourth route can be added to the BIC/Abandoned Waste Collection program to expand capacity. This would result in an increase of the service level cap of from 150 BICs to 200 BICs per day. The financial impact would include an approximate cost of \$631,371 for an additional annual route (covers one box truck and driver for recyclables, and one rear-loader and driver for other items).
2. **Develop a Shoreway Voucher Program for Bulky Item Drop-Off:** Recology will develop a voucher program that offers residents the ability to drop-off of BIC material at the Shoreway Environmental Center (Shoreway). Recology would offer vouchers to residents if a resident does not want to wait for the service date offered by Recology. The financial impact includes \$125,000 up-front costs for the bulky item voucher system and \$233,000 for annual operating costs.
3. **Addition of Solid Waste Collection on Saturday and Sunday:** Add services to Schedule Q for Saturday and Sunday service. It will be provided at no additional charge for customers subscribing

to a minimum of three (3) times per week service or at an additional fee for those businesses that have less than three days a week service (an additional service charge of \$55.31 per month for Saturday and \$67.37 per month for Sunday service).

4. **Addition of Litter and Overage Assessment Program Evaluation** – Recology currently documents overages related to collection services. This addition will require Recology to provide a monthly report to the SBWMA. No additional cost.
5. **Requirements for Overage Charges** - Recology currently charges for overages beyond the two allowed events. Recology is requesting that language be added to the amendment that states they “shall impose overage charges”, to allow Recology Customer Service the permission to give a courtesy waive of charges depending on the situation. No additional cost.
6. **Requirements for Photographic Evidence of Overages** – The SBWMA would like to have the option for Recology to research on-board cameras for all collection vehicles, which will be used for monitoring overage activities. No additional cost unless SBWMA decides to move forward with cameras.
7. **Add Definition of Overage** – A definition of “overage” is necessary to provide direction for Recology when assessing a container. No additional cost.

## 2. BACKGROUND

In 2017, the SBWMA’s Ad Hoc Franchise Agreement Extension (FAX) Committee, staff, and consultants negotiated with Recology of San Mateo County (Recology) representatives to arrive at a mutually agreeable, Amended and Restated Model Franchise Agreement (Franchise Agreement) and cost for Collection Service. This model agreement was approved by the SBWMA Board of Directors during the September 28, 2017 Board of Directors’ meeting, with next steps for the SBWMA staff to assist each member agency to coordinate with Recology to finalize the contract language, specific scope of services and the pricing of additional services for their respective agency. To date, ten of the twelve member agencies are formerly in contract with Recology.

On May 24, 2018, the SBWMA Board approved Resolution 2018-20 to support Member Agency negotiations with Recology regarding Bulky Item Collection, Abandoned Waste Collection, and integrating Litter-Reduction Practices into Trash / Recycling Collection services as required by the Municipal Regional Permit (MRP) Stormwater Regulations. This action is known as “Amendment One”, and these services will be implemented with the restated and amended franchise agreement term of January 1, 2021 – December 31, 2035 or, by mutual agreement, sooner.

This section details the goals of the Recology negotiations and provides background and clarification regarding the plan and recommended process followed.

## 2.1 Goals of the Amendment One Franchise Agreement Discussions

The primary objective for these discussions were to come to a solution on the three topic areas (bulky item collection, illegal dumping / abandoned waste, and MRP storm water requirements), and to incorporate those solutions and changes into the Franchise Agreement via Amendment One.

## 2.2 Reason for Amendment One

### **Bulky Item Collection and Abandoned Waste Collection**

The Bulky Item Collection (BIC) and Abandoned Waste Collection programs are very popular, which unfortunately means they are soon heading towards a capacity breaking point. Recology has already doubled the resources required in our Franchise Agreement based on the original program stats that they were asked to bid on (at no additional charge), which were about 80 collections per day. At Board direction, Staff and the Franchise Agreement Extension Committee (FAX) negotiated with Recology's senior management team to identify and shape cost-effective new program capacity options for Board consideration. Once approved at the SBWMA Board level, the recommended program options and their costs will need to be formally approved by a majority of the Member Agencies' elected bodies as an amendment to the re-stated and amended Franchise Agreement that take effect on January 1, 2021.

Currently, Recology provides up to two BIC services annually without charge to each single-family residence and multi-family property (MFDs require advanced planning for delivery of roll-off containers for collection). This service is provided within 10 business days of the owner or occupant's request, unless Recology's BIC service capacity has been reached. Based on current Franchise Agreement parameters, Recology's service capacity is limited to 150 bulky item collections system-wide per day. Recology currently makes approximately 130 to 140 bulky item collections per day so the program is operating at about 90% capacity. Recology also collects abandoned waste with a cap of 30 pick-ups per day. Operationally speaking, these two services are one program; the same trucks and drivers/crews service both the BIC and abandoned waste collection. Each route consists of a box truck and driver for recyclables, and a rear-load truck and driver for the other items. There are currently three routes.

Recology manages the bulky item and abandoned waste collections for each Member Agency (MA), with the costs allocated among the MAs according to the number of single-family and commercial accounts in the community. For example, if a MA currently has 18% of the single-family accounts, then they will receive an allocation of 18% of the single-family BIC and abandoned waste program costs. If a MA has 10% of the commercial accounts, then they will receive 10% of the multi-family BIC and abandoned waste program cost allocation. Based on the previous eight years of actual program data, BIC usage happens to track directly with this allocation formula. However, the abandoned waste collection services represent about 17% of the total program usage/capacity and costs. Additionally, because abandoned waste is a small percentage of the total capacity and collection, the cost for the 17% is not allocated as noted above, but rather incorporated into the overall BIC collection costs.

Given that Recology is nearing its maximum service level capacity for the BIC and abandoned waste collection programs, the SBWMA and Recology have initiated discussion to develop a joint solution

that allows customers to continue to receive BIC and abandoned waste collection services with new capacity in a timely fashion.

### **Municipal Regional Permit (MRP) and storm water requirements**

In response to concerns about urban trash impacts on receiving water bodies in the San Francisco Bay area, in 2009 the Water Board included trash reduction requirements in the Municipal Regional Stormwater (MRP) National Pollutant Discharge Elimination System (NPDES) Permit for Phase I communities in the Bay area (Order R2-2009-0074.) These provisions require applicable Bay Area municipalities (Permittees) to reduce trash from their Municipal Separate Storm Sewer Systems (MS4s) by 40 percent before July 1, 2014, 70 percent by 2017, and to a point of “no adverse impacts” to water bodies by 2022. MRP 2.0 (Order R2-2015-0049), adopted on November 19, 2015, continues to require the reductions in trash.

The San Mateo Countywide Water Pollution Prevention Program (SMCWPP) was established in 1990 to reduce the pollution carried by stormwater into local creeks, the San Francisco Bay, and the Pacific Ocean. The program is a partnership of the City/County Association of Governments (C/CAG), each incorporated city and town in the county, and the County of San Mateo, which share a common municipal stormwater NPDES permit. The SMCWPPP Litter Work Group is addressing trash load reduction requirements outlined in the MRP, by implementing a number of control measures designed to significantly reduce trash in local creeks and the Bay. They provided an outline of Best Practices and Recommendations for Litter Management with franchise language that can be added to Amendment One of the Recology Franchise Agreement. The implementation of these litter reduction practices can assist the SBWMA with achieving compliance with trash/litter load reduction regulations in the Municipal Regional Stormwater Permit. Given an amendment is necessary for BIC and Abandoned Waste, it made the most sense to include any appropriate changes for the storm water regulations at the same time.

## **2.4 Amendment One Discussion Process**

Following the SBWMA Board approval of Resolution 2018-20 to support Member Agency negotiations with Recology regarding Bulky Item Collection, Abandoned Waste Collection, and integrating Litter-Reduction Practices into Trash / Recycling Collection, the San Mateo County Technical Advisory Committee held a workshop on August 12, 2017 to discuss. It was acknowledged during this meeting that more formal discussions should be held to consider how to manage the BIC and Abandoned Waste services in order to amend the overflow, and identify how the cost impact will be reflected. In order to complete negotiations for Amendment One, three meetings were held between Recology and the negotiation team to discuss options that will support increasing bulky item and abandoned waste collection, and one meeting with the FAX committee to discuss options and make final recommendations. Those four meetings include:

- August 15, 2018 – kick off meeting
- August 29, 2018 – discussions
- October 11, 2018 – finalize discussions
- November 29, 2018 – meeting with the FAX committee

Additional meetings and conference calls were held between HFH Consultants and Recology to complete the cost application for the final options. Recology and SBWMA legal council held additional meetings to finalize language for Amendment One.

By invitation, Mr. La Mariana presented the proposed SBWMA Amendment One recommendations regarding litter-reduction practices a regional SMCWPPP meeting on February 4, 2019, their associated costs, and to confirm the definition of what “overage” means when looking at the trash, recycling and organics containers. There was a general understanding of the agency’s and Recology’s proposed recommendations.

## 2.5 Negotiation Team Personnel

The SBWMA staff utilized the same Negotiations Team that led the negotiations of the Restated and Amended Franchise Agreement negotiation process in 2017. This team was re-established to discuss and make recommendations for Amendment One negotiations, which was taken to the FAX committee for review and input. These members are summarized in Table 1.

**Table 1. SBWMA Negotiation Team Members**

| SBWMA Negotiation Team Members                               |  |
|--|--|
| Title  | Personnel  |
| SBWMA, Executive Director                                    | Joe La Mariana   |
| SBWMA, Sr. Facilities & Major Contracts Mgr.                 | Hilary Gans  |
| Team Administrative Support                                  | Cyndi Urman, SBWMA<br>Tracie Bills, SCS Engineers                  |
| Solid Waste Industry Financial Consultants, Lead Negotiators | Rob Hilton<br>Tracy Swanborn<br>Marva Sheehan<br>(HFH Consultants) |
| SBWMA Attorney   | Jean Savaree, ADLC   |

At Board direction, the same Franchise Agreement Extension (FAX) Ad Hoc Committee was re-established to assist with Amendment One negotiations. This FAX Committee consists of five members and can be seen in Table 2.

**Table 2. FAX Committee Team Members**

| FAX Committee Team Members                                   |                        |
|--|------------------------|
| Title  | Personnel              |
| City of Belmont, Public Works Director, <i>TAC Chair</i>     | Afshin Oskoui          |
| City of East Palo Alto, Finance Director                     | Brenda Olwin           |
| City of Redwood City, City Manager, <i>FAX Vice Chair</i>    | Melissa Stevenson Diaz |
| City of San Mateo, City Manager                              | Larry Patterson        |
| County of San Mateo, Public Works Director, <i>FAX Chair</i> | Jim Porter             |

The Recology Team consists of six members, and can be seen in Table 3.

**Table 3. Recology Team Members**

| Recology Sr. Management Team Members                |                   |
|---|-------------------|
| Title   | Personnel         |
| General Manager, San Mateo County Division          | Mike Kelly        |
| Controller, San Mateo/South Bay Region              | Carl Mennie       |
| Administrative Services Manager, San Mateo Division | Tammy Del Bene    |
| Public Affairs Manager, San Mateo Division          | Gino Gasparini    |
| Customer Service Manager, San Mateo Division        | Jeanette Haskell  |
| Operations Manager, San Mateo Division              | Anthony Crescenti |

## 2.6 Member Agency Survey

There were six options for Bulky Item Collection (BIC) and Abandoned Waste Collection developed during the discussions with Recology, which provided the necessary framework to begin analysis for initial recommendations. To assist with this process, a survey was developed to seek input from Board Members and the Technical Advisory Committee on how they felt about the six options. Feedback from the survey was valuable and provided critical insight and direction to SBWMA staff and its team to help guide the process.

The survey was sent to TAC members on Wednesday, October 3 and finalized on Wednesday, October 10, 2018, with responses from all twelve member agencies. Of the twelve Member Agencies, three responded twice, therefore there were 15 total responses for each question in the survey. The survey results are summarized in **Attachment A**.

## 3. OPTIONS FOR BIC AND ABANDONED WASTE EXPANSION

Feedback from the Member Agency survey assisted in the second phase of discussions with the FAX committee. The six options for Bulky Item Collection (BIC) and Abandoned Waste collection that is outlined in the survey, including the results from the November 2018 FAX meeting, are highlighted below.

### Option 1: Extend Scheduling Timeframe for BIC and Abandoned Waste Service One Additional Week

This option would keep the current service level cap for BIC (150 per day) and Abandoned Waste (30 per day). When the service level cap has been met, this option would allow Recology to schedule BIC and abandoned waste collections beyond the current 10-business day requirement to a 15-business day period following customer request. There is no financial impact. However, the level of responsiveness to customers' needs may be reduced when they are not able to receive services for a few weeks depending on the BIC and abandoned waste activity. Extending the collection out an additional week could potentially increase the abandoned waste generated and add to the number of total collections. Benefits of this option may include no increase in costs. This option may delay a fourth BIC route for some time, but it is anticipated that an additional route may still be necessary (Option 2).

The survey responses were split with seven responders interested and eight not interested in this option. However, the discussion during the FAX Committee was unanimous that the potential delay in service would not provide the customer service desired. **Recommendation: Do not consider as an alternative.**

## Option 2: Add BIC and Abandoned Waste Collection Route

In order to provide BIC and abandoned waste collection within the 10-business day timeframe of the Franchise Agreement, a fourth route can be added to the BIC/Abandoned Waste Collection program to expand capacity. This would result in an increase of the service level cap from 150 BICs to 210 BICs per day. The financial impact would include an approximate annual cost of \$630,000 in rate year 2021 for an additional route (covers one box truck and driver for recyclables, and one rear-loader and driver for other items). Each additional route would provide capacity for sixty (60) additional daily Bulky Item Collection services. Benefits of this program option may include increased reuse of bulky items and increased convenience for your residents. This option may still be necessary, even if the SBWMA implements one or more of the other program options. For more details on the costs, see **Attachment B**.

The survey responses were split with seven responders interested and eight responders not interested in this option. However, the discussion during the FAX Committee was unanimous that there may be a time when it is necessary, even with adding Option 3. **Recommendation: Add language in Amendment One that would provide flexibility should a fourth route be required.**

## Option 3: Shoreway Voucher Program for Bulky Item Drop-Off

This option would allow Recology to provide vouchers to residents for drop-off of BIC material at the Shoreway Environmental Center (Shoreway). Recology would offer vouchers to residents if a resident does not want to wait for the service date offered by Recology (this would occur when the 150 BIC service level cap is met and Recology is unable to deliver within the 10-business day requirement). Recology will implement a voucher tracking system that will ensure a voucher is only used once and may include an expiration date on the voucher. The financial impact includes \$125,000 up-front costs for the voucher system and \$233,000 for annual operating costs (based on 2018 cost estimates). Benefits of this option may include increased use of bulky item collection and increased convenience for residents. It is believed that a fourth BIC route would still be necessary (Option 2), even with this bulky item voucher program; although, the voucher program may extend timeframe in which the fourth route is needed. For more details on the costs and how the voucher program would work, see **Attachment C**.

The survey revealed a majority of the responders (thirteen) were interested and two were not interested in this option. The FAX Committee was unanimously in support of a bulky item voucher program. **Recommendation: Add language in Amendment One that would provide a pre-negotiated cost for this service to provide flexibility if the program is successful and more collection is necessary. There would be a trigger in the amendment for capacity numbers subject to SBWMA Board Approval. A pilot is also recommended to test the voucher system and distribution protocol, to confirm the process works properly before utilizing within the rest of the SBWMA area. However, the cost would be the same as an agency-wide implementation due to the initial infrastructure cost.**

## Option 4: Corporation Yard Bulky Item Drop-Off Program

Some MA's have space to locate roll-off container(s) for a bulky item drop off program at their Corporation Yards. The idea would be to have residents drop off bulky items at the Corporation Yard, which may alleviate abandoned waste and reduce the demand for Recology's on-call BICs. In addition, or as an alternative to residential drop-off of bulky items, MA crews could pick up abandoned waste and deposit it in the roll-off containers in their Corporation Yards. Any MA can readily implement this option, since Schedule Q in the

Recology Franchise Agreement is already set up with fee options to collect roll-off containers at MA Corporation Yards. Benefits of this program option include a potential reduction in demand for Recology's BIC and abandoned waste collection, which might delay the need for the fourth BIC/abandoned waste route; reduce your MA's allocation of BIC/abandoned waste costs (depending on the future allocation method); increase convenience for your residents; and facilitate MA's quick response to abandoned waste.

The survey revealed a majority of the responders (twelve) were not interested and three were interested in this option. The discussion during the FAX Committee was unanimous that they did not believe this was a viable option, however if the MA's want to add this option into their Schedule Q in the Franchise Agreement then can do so at any time. **Recommendation: Interested member agencies can already consider securing these services with Recology through Attachment Q, Do not consider as an alternative.**

#### Option 5: Public Education to Promote Alternative Bulky Item Handling Option

This option anticipates providing education to residents that promotes strategies for handling bulky items other than Recology's on-call BIC program. The education materials could promote alternatives such as reuse of bulky items through sharing apps (e.g., Facebook, NextDoor, etc.); existing community drop-off events where there is a Goodwill on-site; and other bulky item collection services such as Got Junk. While other collection services may not be free to residents, these collectors can provide immediate service for those residents that have used their two free Recology BIC services or do not want to wait until the service day offered by Recology. Benefits of this program option may include increased reuse of bulky items and increased convenience for your residents. It is believed that a fourth BIC route would still be necessary (Option 2), even with this education program.

The survey responses showed a majority of the responders (thirteen) were interested and two were not interested in this option. The discussion during the FAX Committee was unanimous that this option is not necessary to add to the amendment because Recology is willing to begin immediately including these strategies into the annual outreach plan coordinated with the SBWMA. **Recommendation: Not necessary to add to Amendment One.**

#### Option 6: Expand Bulky Item Collection Program to Include Reuse

This option envisions expanding the BIC program to include a focus on collecting reusable bulky items. It anticipates engaging with a non-profit organization that would provide a truck and crew that collects the reusable items from residents in front of Recology's BIC route on the day of BIC collection. The benefits of this option include reducing the amount of bulky items collected by Recology, which may expand the capacity of the BIC routes; and increase the amount of material reused. It is uncertain if this option would delay the need for the fourth BIC route (Option 2).

The survey responses showed a majority of the responders (fourteen) were interested and one was not interested in this option. The discussion during the FAX Committee was unanimous that this option is not viable due to the difficulty of managing the reuse aspect by a third party when the BIC program is an on-call basis. **Recommendation: Do not consider as an alternative.**

## 4. ADDITIONS FOR MRP AND STORM WATER REQUIREMENTS

SMCWPPP member agencies are addressing trash load reduction requirements outlined in the MRP by implementing a number of control measures designed to significantly reduce trash in local creeks and the Bay. The SMCWPPP Litter Work Group has produced a document that outlines Best Practices and Recommendations for Litter Management, which focuses on control measures related to the storage, collection and transportation of municipal solid waste, recyclable and compostable materials, and the franchise agreements that haulers and agencies have established to govern those services.

The recommendations outlined by the Litter Working Group to be considered for inclusion in the Recology Franchise Agreement are placed in groups by seven topic areas (e.g. collections, right size / right-service, outreach and public education, training of franchisee staff, Franchise Fees Providing Funding for Litter Control Programs, Financial Incentives and Disincentives, Liquidated Damages). These recommendations can be found in **Attachment D**, and the summary with actions are highlighted below.

1. **Solid waste collection on Saturday and Sunday** – Recommendation to add language to Schedule Q for Saturday and Sunday service. Currently, Saturday and Sunday collection is provided at no additional charge for customers subscribing to a minimum of three (3) times per week service or at an additional fee for those businesses that have less than three days a week service (an additional service charge of \$55.31 per month for Saturday and \$67.37 per month for Sunday service).  
**Recommendation: Language should be added to Amendment One.**
2. **Litter and Overage Assessment Program Evaluation** – Recology currently documents overages related to collection services, they will provide a monthly report to the SBWMA and/or member agency staff. However, Recology drivers are not trained in litter assessment auditing nor is that their job, therefore, Recology does not want to add a formal audit process to the amendment. Recology will continue to report any overages that occur (as has been done), but will not be actively seeking or auditing while on their route  
**Recommendation: Language should be added to Amendment One.**
3. **Annual Route Assessments** – Recology would document assessments on a monthly basis as noted in #7.
4. **Litter Management Plan** - Per Section 8.02G of the Recology Franchise Agreement, there is a program for addressing litter issues associated with collection services.  
**Recommendation: No need to add language to Amendment One because it already exists.**
5. **Requirements for Overage Charges** - Recology currently charges for overages beyond the two allowed events. Recology is requesting that language be added to the amendment that states they “shall impose overage charges”, to allow Recology Customer Service the permission to give a courtesy waive of charges depending on the situation. If there are frequent offenders, this waiver would not be exercised. Additionally, “Overage” is defined as anything that causes the lid to be open (zero tolerance), this definition should be added to the amendment.  
**Recommendation: Language should be added to Amendment One.**

6. **Requirements for Photographic Evidence of Overages** – Providing all collection vehicles with cameras to monitor driving and loading activities will assist with the monitoring of overage activities. According to Recology, there would be significant capital, labor and maintenance costs to install, utilize, store and administer photographic or video capabilities. Recology recommends use of the monthly reports of customer overages and have Member Agencies dispatch their personnel to take photos of chronically overloaded customers for further action. The SBWMA would like to have the option to explore onboard cameras in the future.

**Recommendation: Language should be added to Amendment One to allow Recology to explore options for adding on-board cameras to their trucks.**

7. **Reporting Requirements for Overage Data** – Recology would report the addresses of customers with overages on a monthly basis as noted in #2.

**Recommendation: No need to add language to Amendment One, it is already done.**

8. **Definition of Overage** – Further discussion to revise the definition of “overage” is necessary, however.

**Recommendation: Language should be added to Amendment One.**

# Attachment A

## Survey Responses



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# Member Agency Input Survey Results

## Bulky Item Collection and Abandoned Waste Services

FAX Committee Meeting

November 29, 2018

# Introduction

- Survey Targeted Board Members, Alternate Board Members and TAC Representatives
- 15 Surveys completed (3 MA's completed twice)
- Survey was open for 1 week
- All Member Agencies responded



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# Overview of Options in Survey

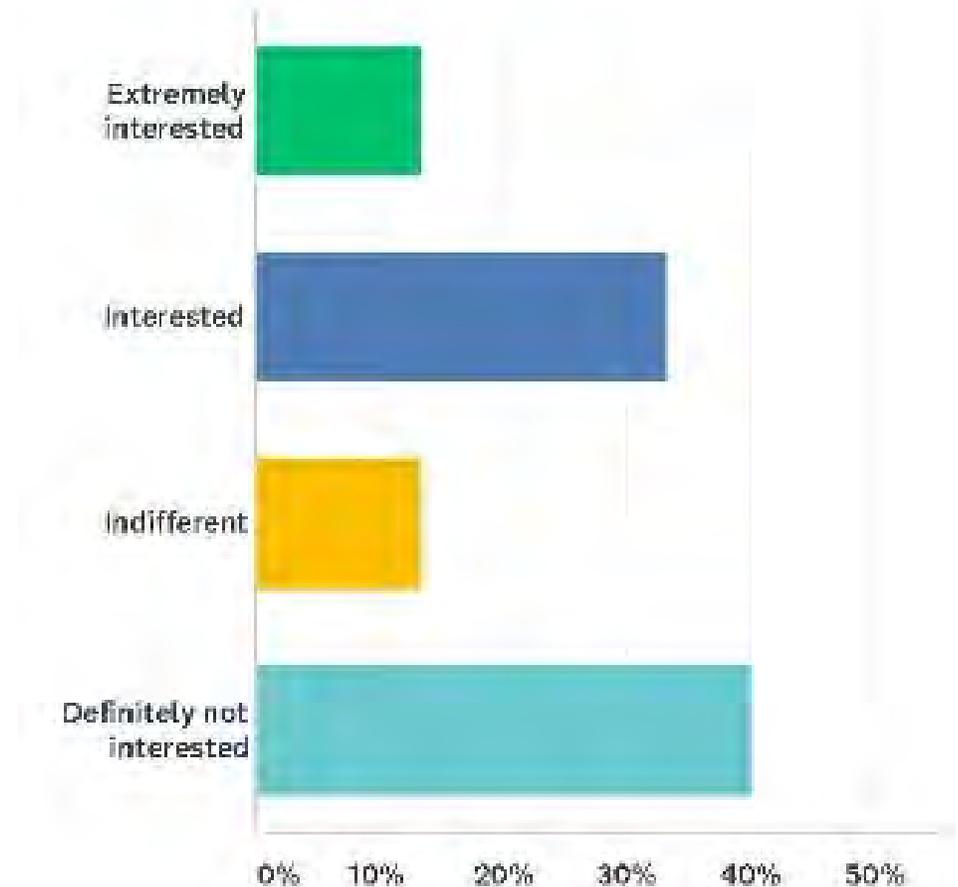
- **Option 1**: Extend Scheduling Timeframe for BIC and Abandoned Waste Service One Additional Week
- **Option 2**: Add BIC and Abandoned Waste Collection Route
- **Option 3**: Shoreway Voucher Program for Bulky Item Drop-Off
- **Option 4**: Corporation Yard Bulky Item Drop-Off Program
- **Option 5**: Public Education to Promote Alternative Bulky Item Handling Option
- **Option 6**: Expand Bulky Item Collection Program to Include Reuse



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# Option 1. Extend scheduling timeframe from 10 to 15 business day requirement

| ANSWER CHOICES            | RESPONSES |
|---------------------------|-----------|
| Extremely interested      | 13.33%    |
| Interested                | 33.33%    |
| Indifferent               | 13.33%    |
| Definitely not interested | 40.00%    |
| TOTAL                     |           |

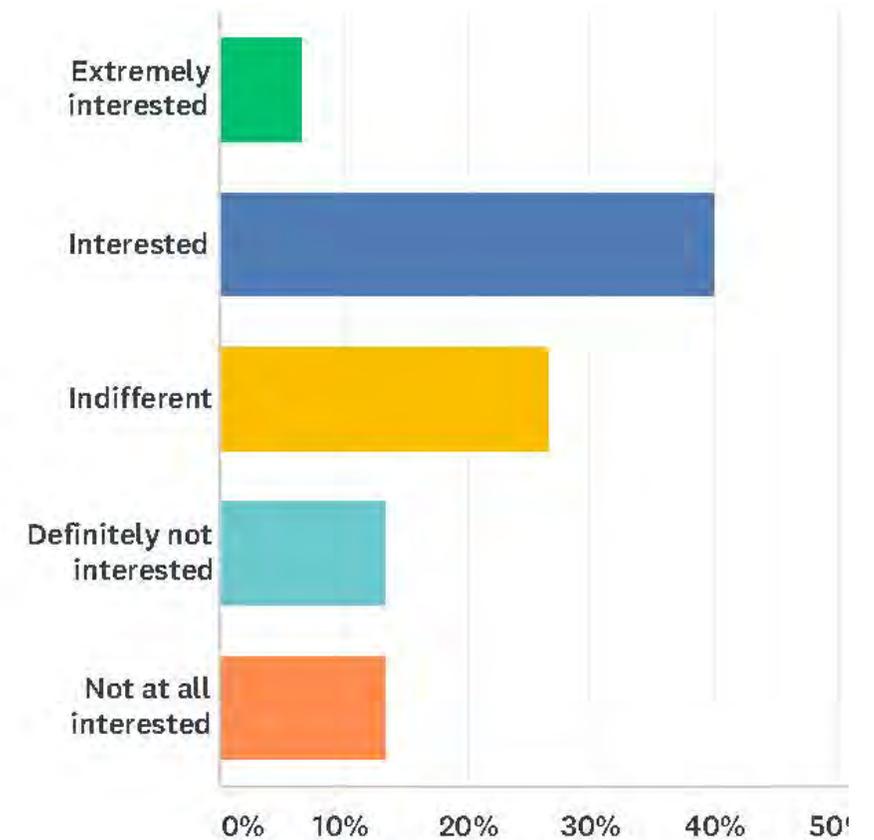


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# Option 2. Add fourth BIC route

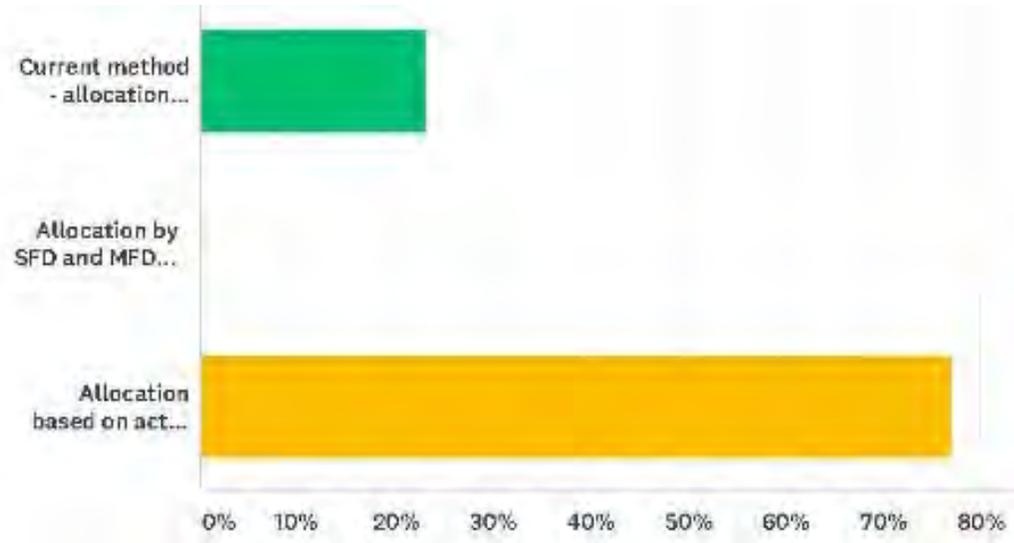
(adds 200 pick-ups per day cap; continuation of the 10-business day service requirement; and results in an increased cost SBWMA-wide of \$700,000)

| ANSWER CHOICES            | RESPONSES |
|---------------------------|-----------|
| Extremely interested      | 6.67%     |
| Interested                | 40.00%    |
| Indifferent               | 26.67%    |
| Definitely not interested | 13.33%    |
| Not at all interested     | 13.33%    |
| TOTAL                     |           |



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# Option 2. What type of Allocation Methodology would you like to see?



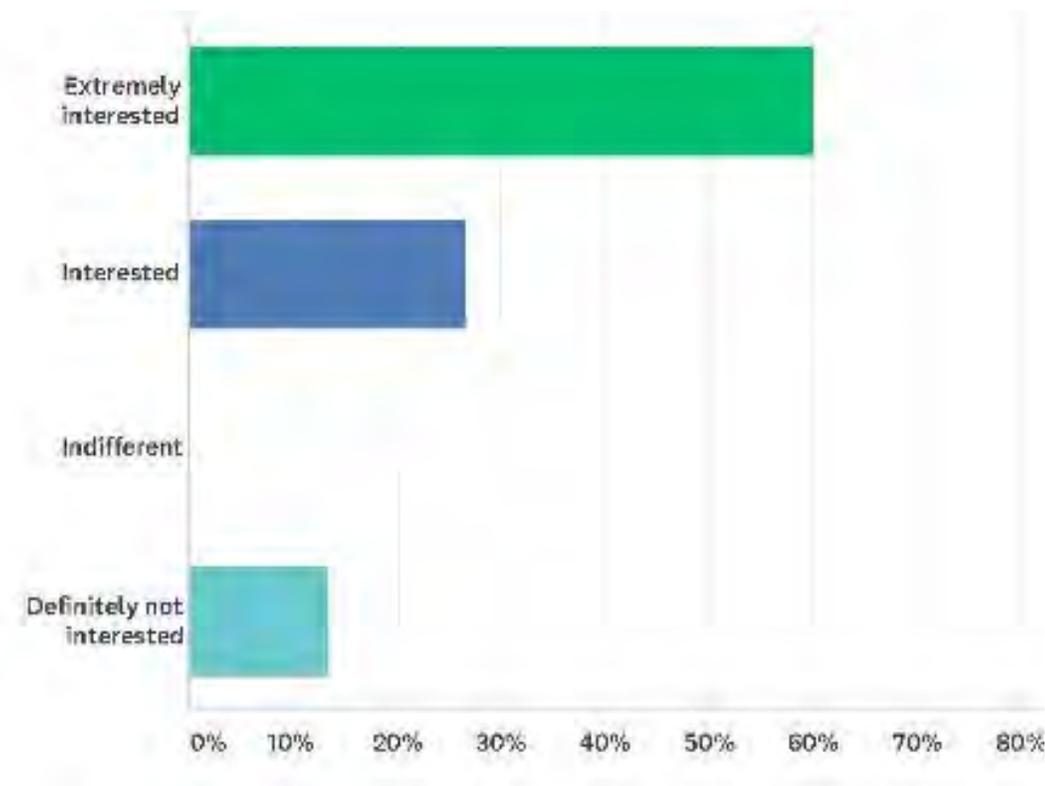
| ANSWER CHOICES   | RESPONSES |
|--|-----------|
| Current method - allocation of Single Family Dwellings (SFD) and Commercial accounts | 23.08%    |
| Allocation by SFD and MFD accounts   | 0.00%     |
| Allocation based on actual usage   | 76.92%    |
| TOTAL  |           |



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# Option 3. Add a voucher system to the BIC program

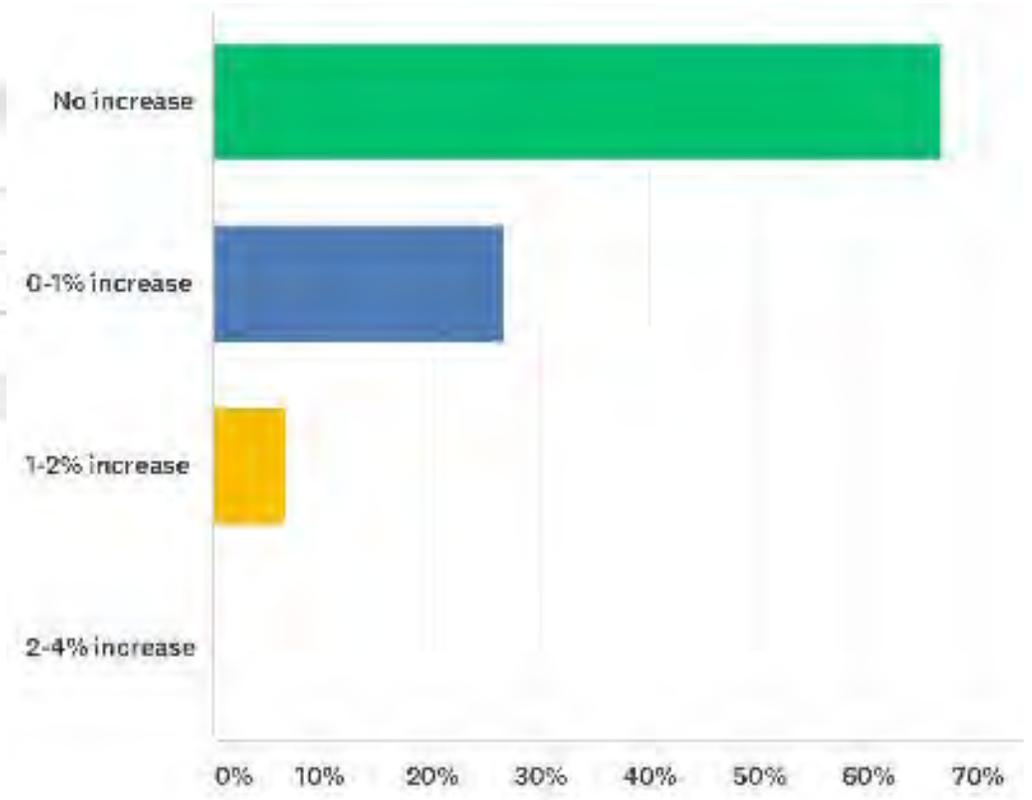
| ANSWER CHOICES            | RESPONSES |
|---------------------------|-----------|
| Extremely interested      | 60.00%    |
| Interested                | 26.67%    |
| Indifferent               | 0.00%     |
| Definitely not interested | 13.33%    |
| TOTAL                     |           |



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# Option 3. How much are you willing to increase costs for this service?

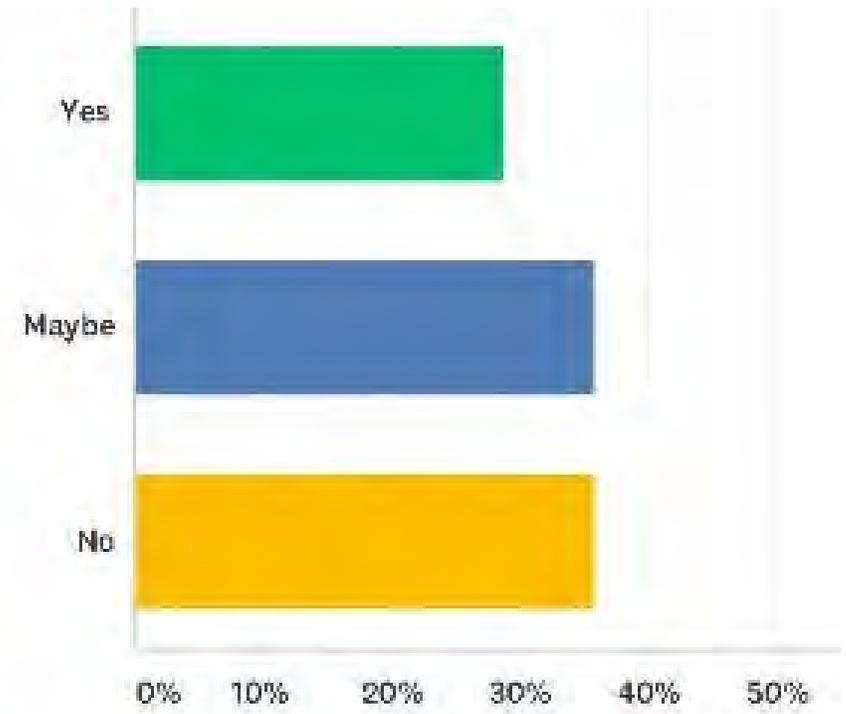
| ANSWER CHOICES | RESPONSES |
|----------------|-----------|
| No increase    | 66.67%    |
| 0-1% increase  | 26.67%    |
| 1-2% increase  | 6.67%     |
| 2-4% increase  | 0.00%     |
| TOTAL          |           |



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# Option 3. Would you still want the Shoreway Voucher program for customer convenience even if a fourth BIC route is added?

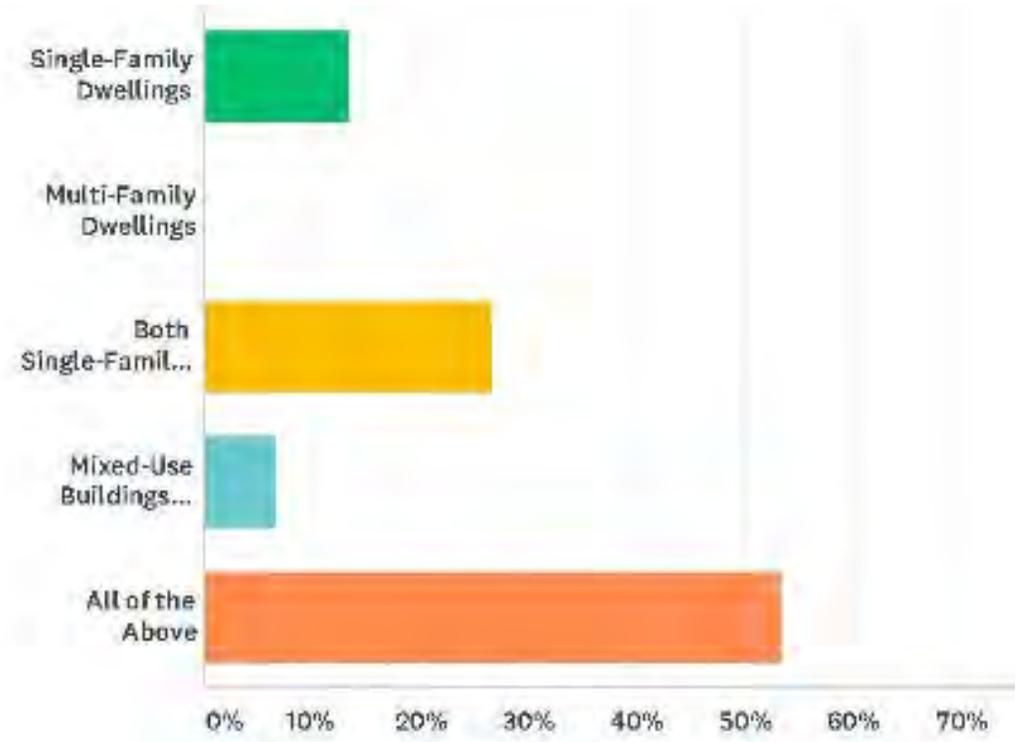
| ANSWER CHOICES | RESPONSES |
|----------------|-----------|
| Yes            | 28.57%    |
| Maybe          | 35.71%    |
| No             | 35.71%    |



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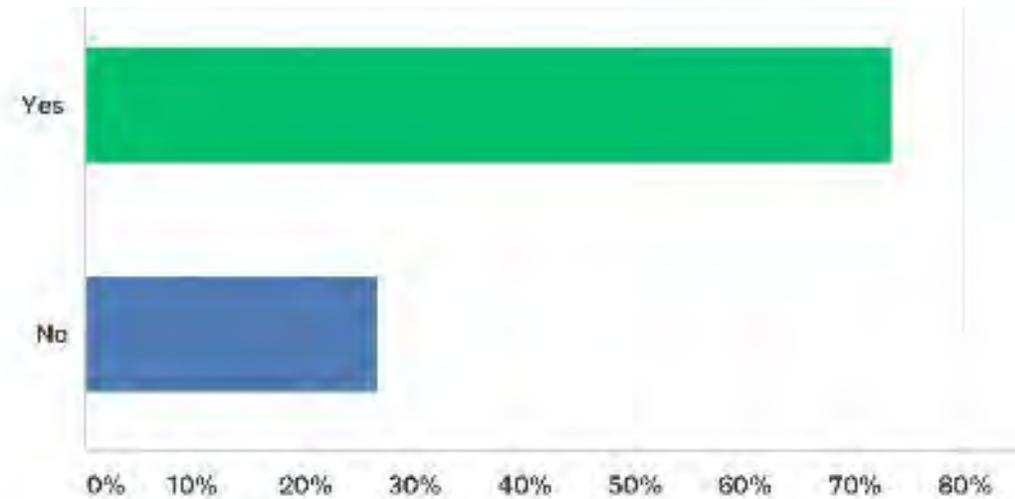
# Option 3. Which of the following sectors would you like to offer the Shoreway Voucher program?

| ANSWER CHOICES  | RESPONSES |
|---|-----------|
| Single-Family Dwellings                                     | 13.33%    |
| Multi-Family Dwellings                                      | 0.00%     |
| Both Single-Family and Multi-Family Dwellings               | 26.67%    |
| Mixed-Use Buildings (commercial and multi-family dwellings) | 6.67%     |
| All of the Above  | 53.33%    |



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# Option 3. Would your MA be interested in participating in a pilot program for the Shoreway Voucher Program?

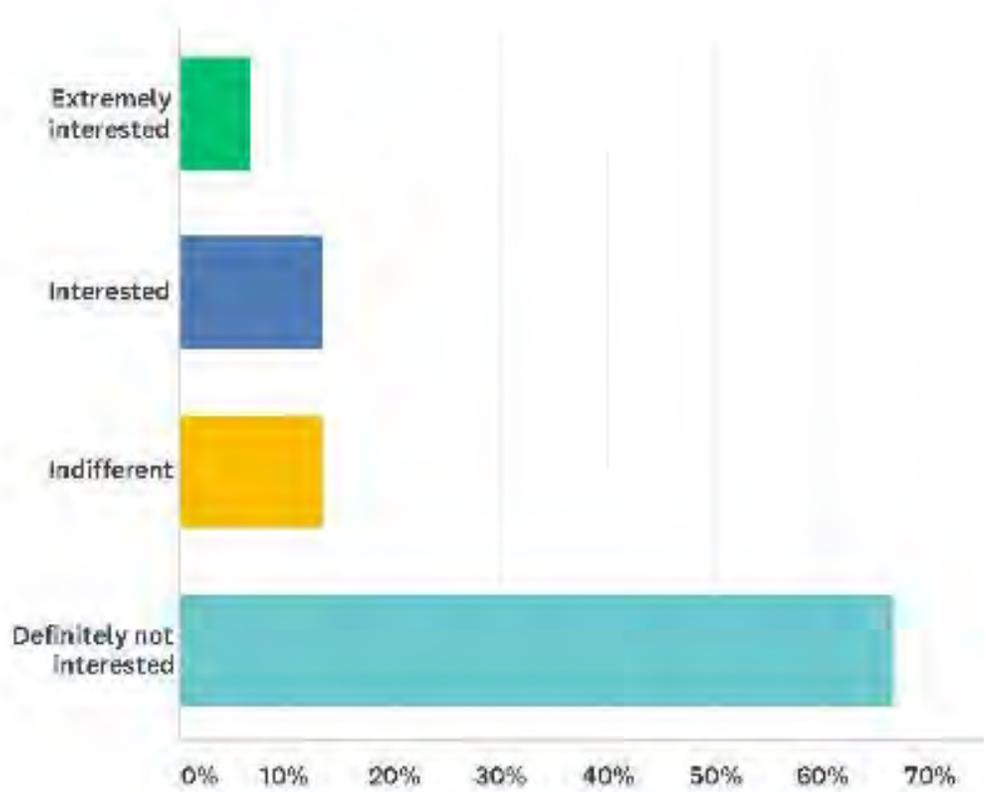


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| ANSWER CHOICES | RESPONSES |
|----------------|-----------|
| Yes            | 73.33%    |
| No             | 26.67%    |

# Option 4. Provide roll-off containers at your Corporation Yard for drop-off of BIC and/or Abandoned Waste

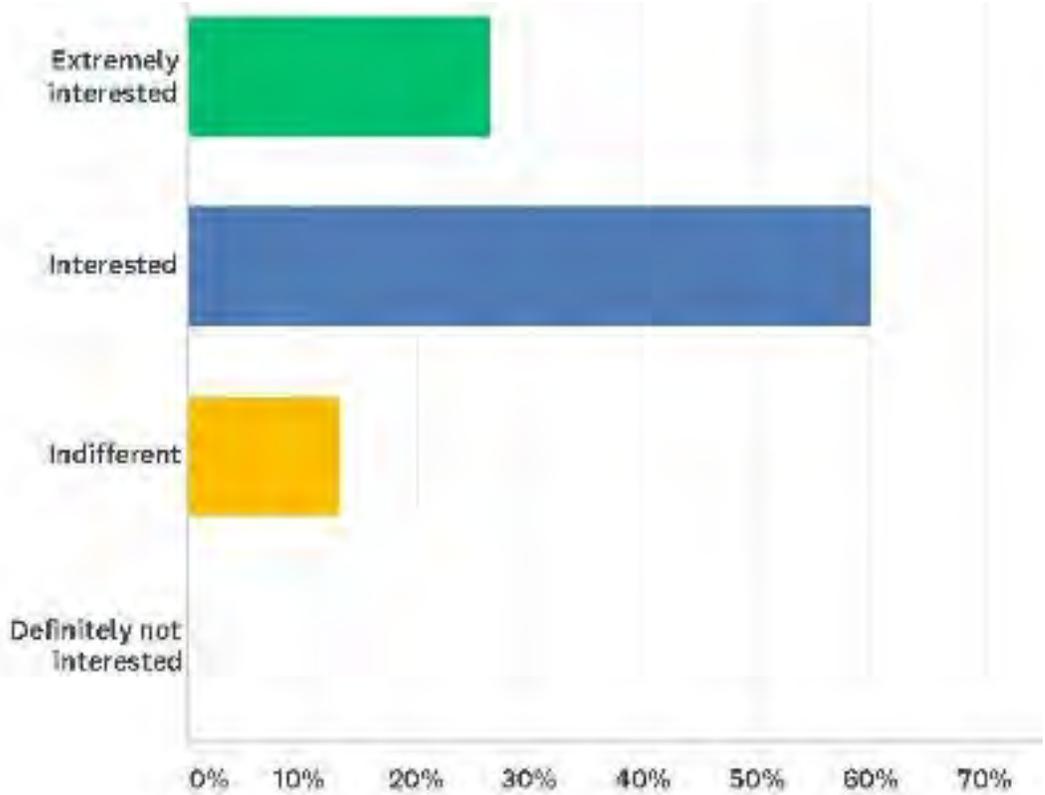
| ANSWER CHOICES            | RESPONSES |
|---------------------------|-----------|
| Extremely interested      | 6.67%     |
| Interested                | 13.33%    |
| Indifferent               | 13.33%    |
| Definitely not interested | 66.67%    |



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# Option 5. Provide education to promote alternative bulky item handling and collection options

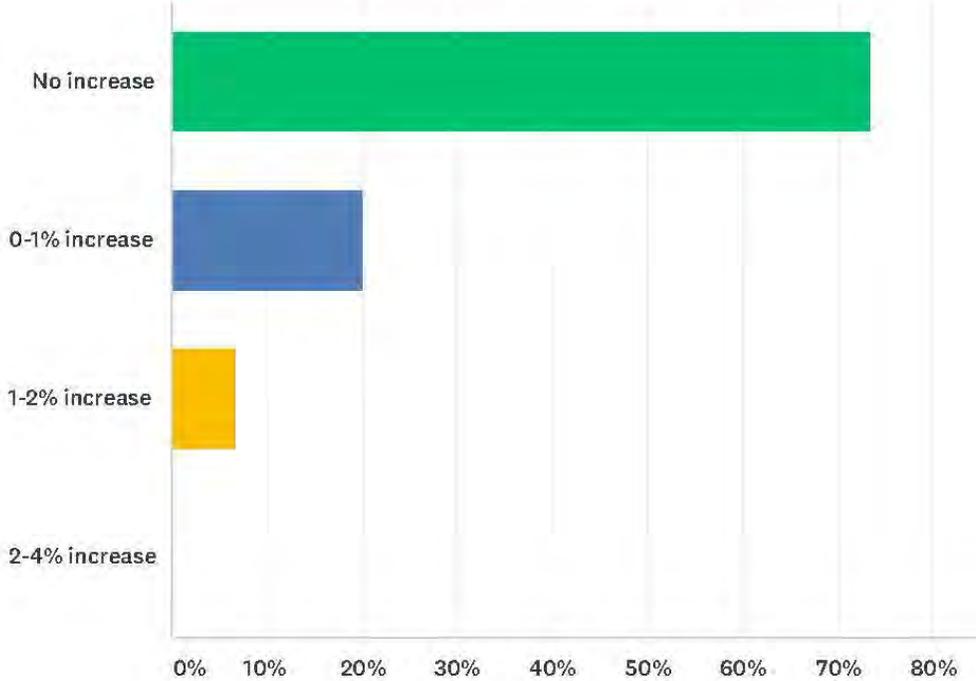
| ANSWER CHOICES            | RESPONSES |
|---------------------------|-----------|
| Extremely interested      | 26.67%    |
| Interested                | 60.00%    |
| Indifferent               | 13.33%    |
| Definitely not interested | 0.00%     |



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# Option 5. How much are you willing to increase costs for this service?

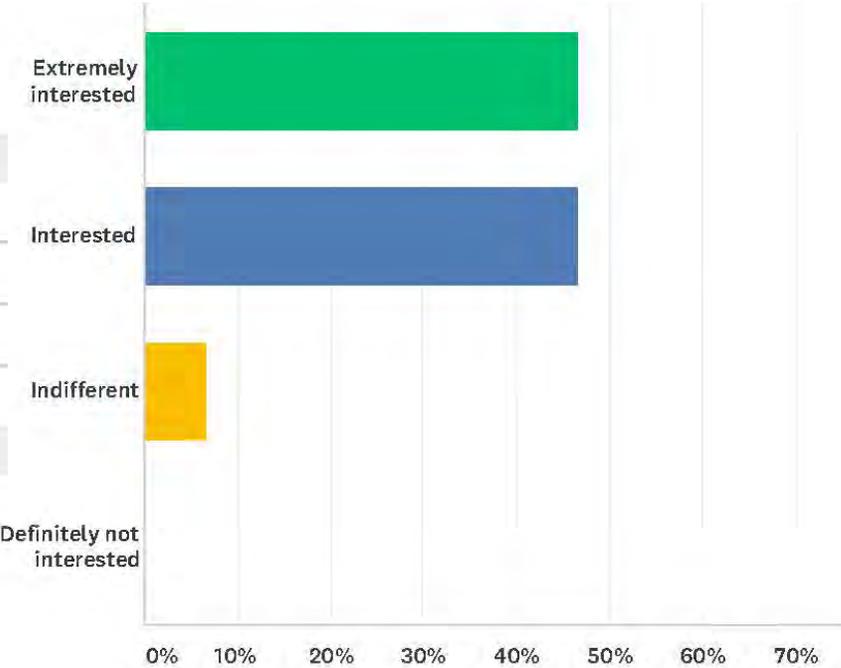
| ANSWER CHOICES | RESPONSES |
|----------------|-----------|
| No increase    | 73.33%    |
| 0-1% increase  | 20.00%    |
| 1-2% increase  | 6.67%     |
| 2-4% increase  | 0.00%     |



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# Option 6. Utilize a reuse company to collect material prior to Recology collecting material from the BIC customer

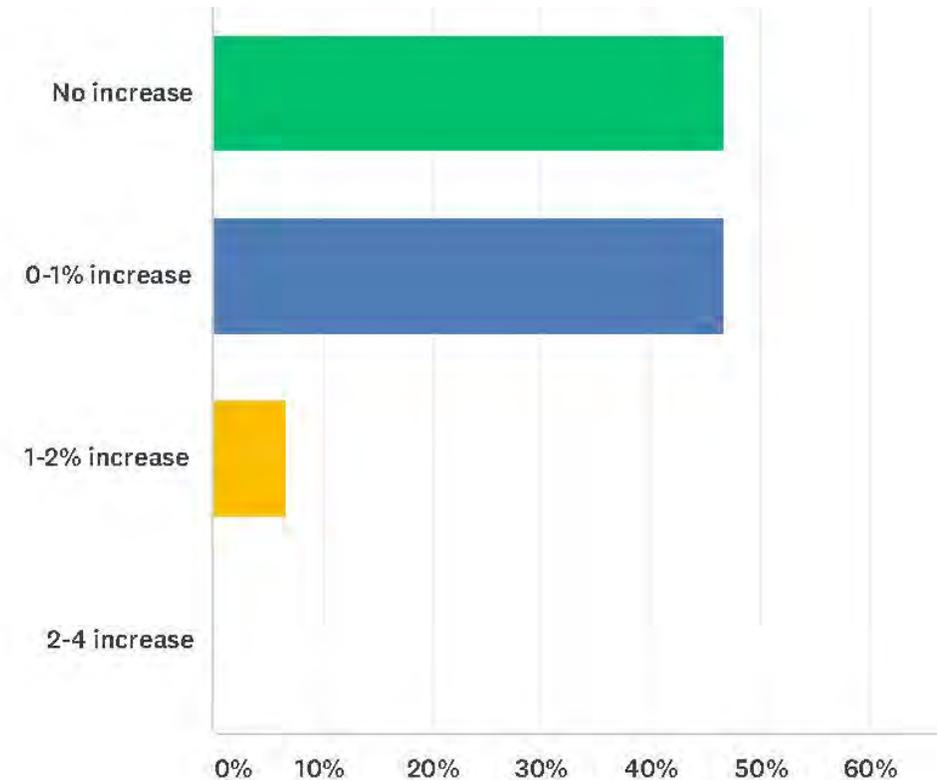
| ANSWER CHOICES            | RESPONSES |
|---------------------------|-----------|
| Extremely interested      | 46.67%    |
| Interested                | 46.67%    |
| Indifferent               | 6.67%     |
| Definitely not interested | 0.00%     |
| <b>TOTAL</b>              |           |



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# Option 6. How much are you willing to increase costs for this service?

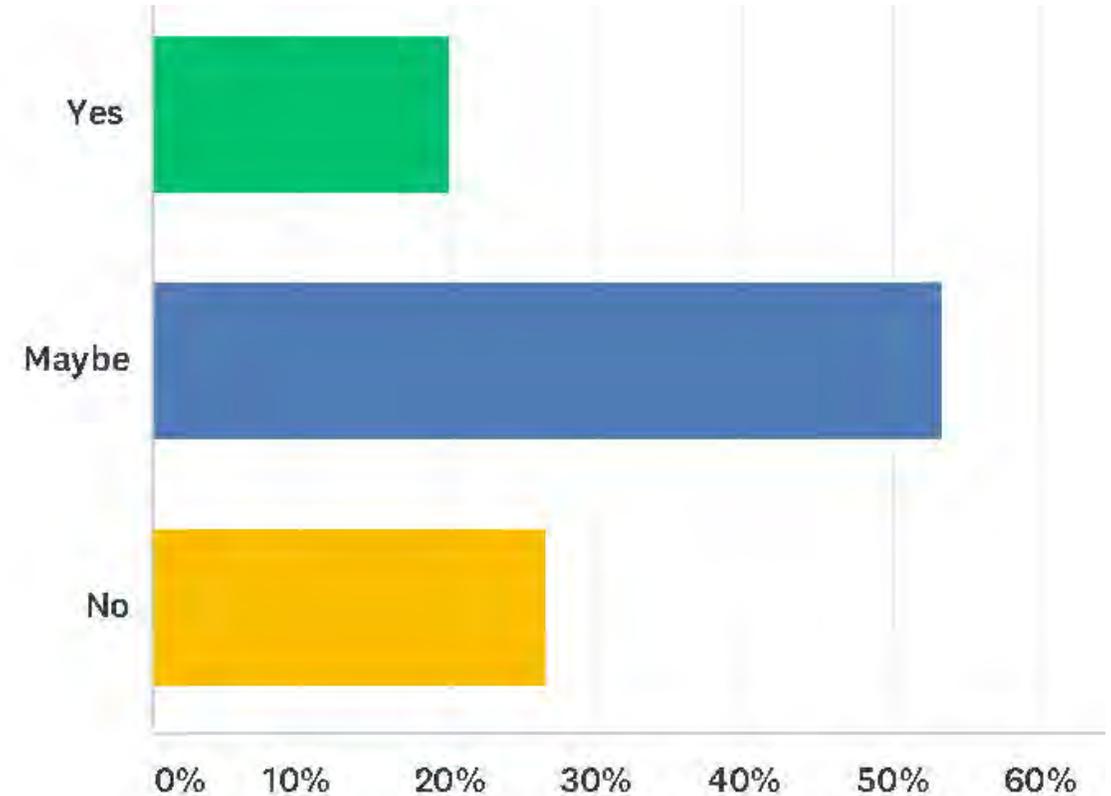
| ANSWER CHOICES | RESPONSES |
|----------------|-----------|
| No increase    | 46.67%    |
| 0-1% increase  | 46.67%    |
| 1-2% increase  | 6.67%     |
| 2-4 increase   | 0.00%     |



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# Do you have resources available through code enforcement to add an enforcement component to address abandoned waste?

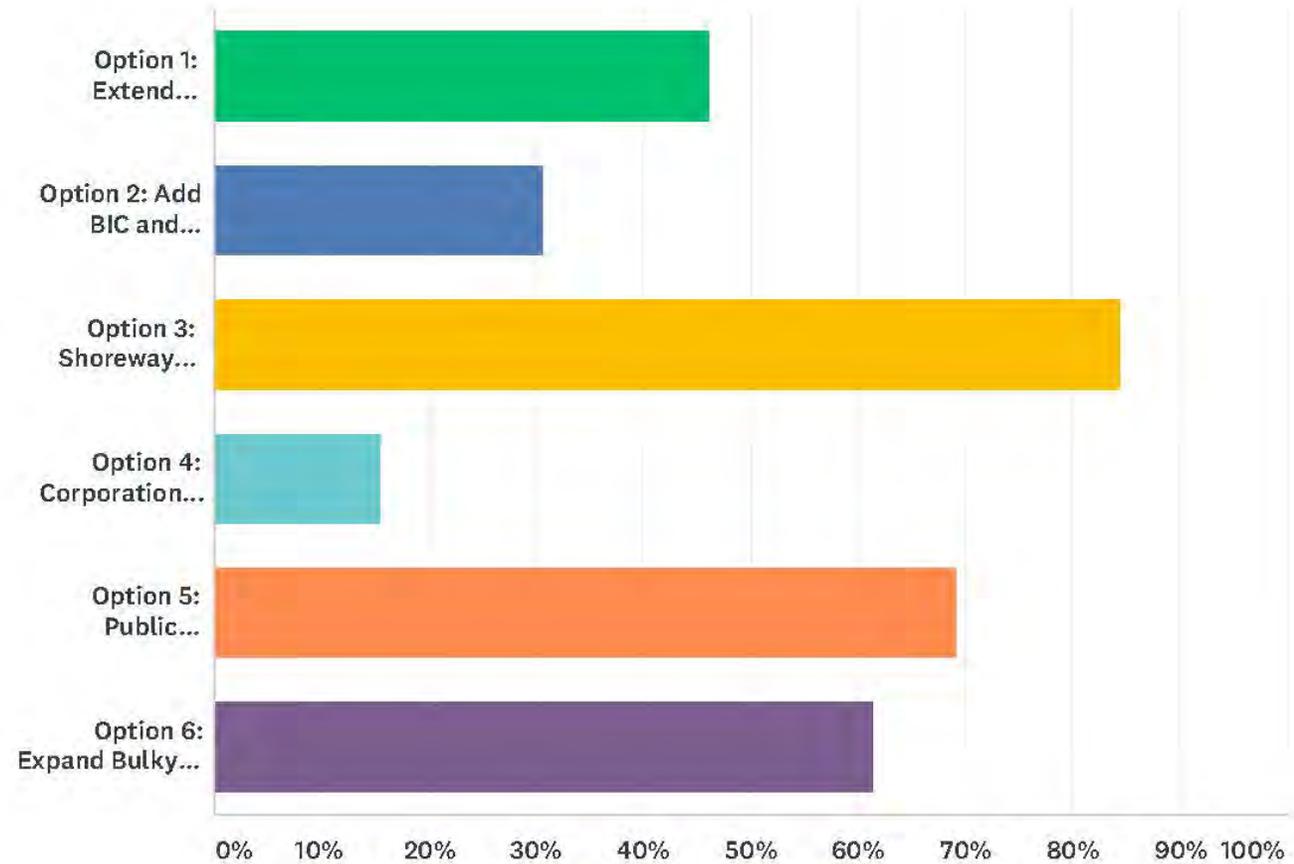
| ANSWER CHOICES | RESPONSES |
|----------------|-----------|
| Yes            | 20.00%    |
| Maybe          | 53.33%    |
| No             | 26.67%    |
| TOTAL          |           |



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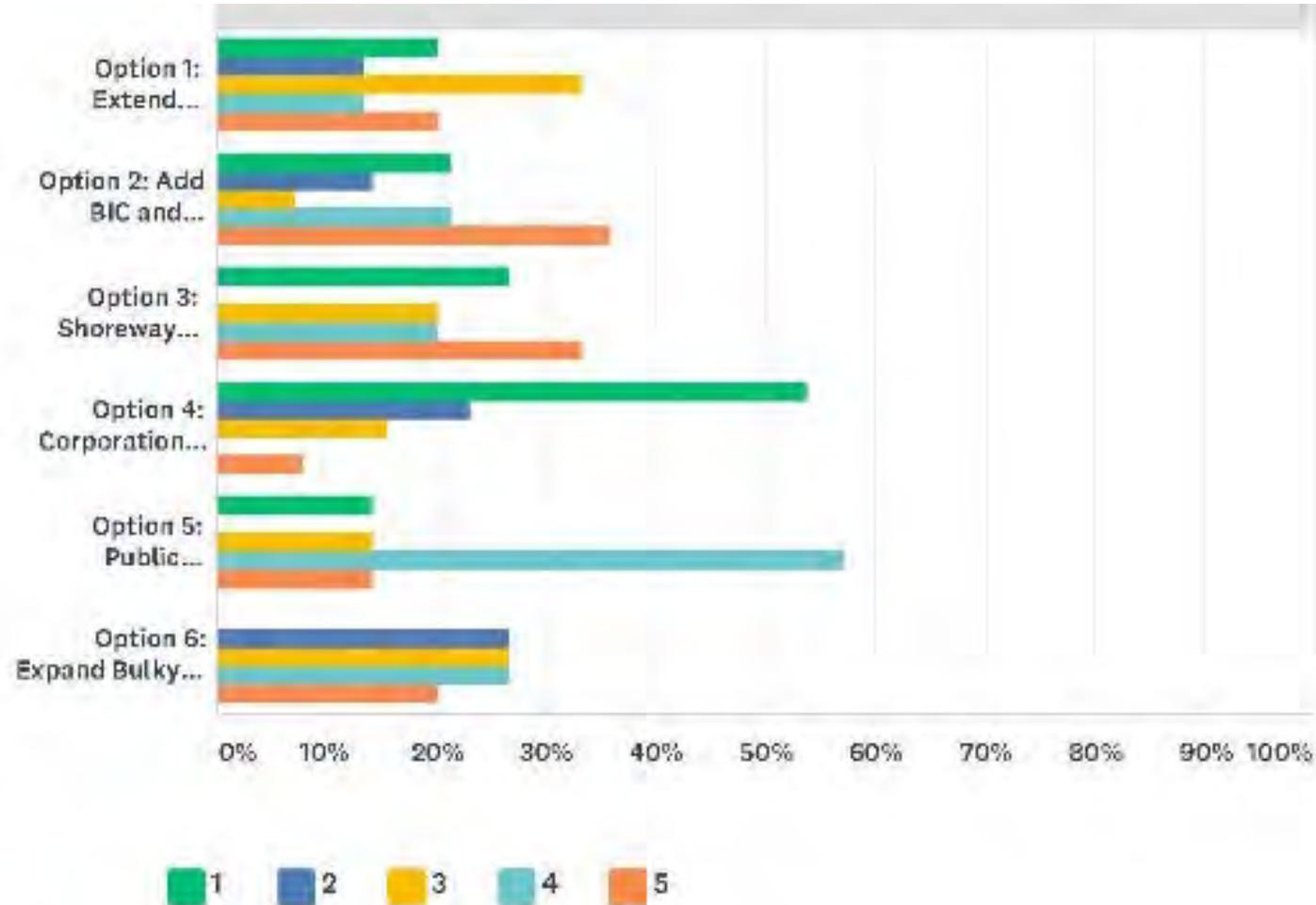
# Options MA's want to include in their program

| ANSWER CHOICES  | RESPONSE: |
|---|-----------|
| Option 1: Extend Scheduling Timeframe for BIC and Abandoned Waste Service One Additional Week | 46.15%    |
| Option 2: Add BIC and Abandoned Waste Collection Route  | 30.77%    |
| Option 3: Shoreway Voucher Program for Bulky Item Drop-Off                                    | 84.62%    |
| Option 4: Corporation Yard Bulky Item Drop-Off Program  | 15.38%    |
| Option 5: Public Education to Promote Alternative Bulky Item Handling Options                 | 69.23%    |
| Option 6: Expand Bulky Item Collection Program to Include Reuse                               | 61.54%    |



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# Prioritizing Options (5 is highest, 1 is lowest priority)



# Outcomes of Survey

**Option 1:** Extend Scheduling Timeframe for BIC and Abandoned Waste Service One Additional Week. MA'S are split in decision

**Option 2:** Add BIC and Abandoned Waste Collection Route. MA'S are split in decision

**Option 3:** Shoreway Voucher Program for Bulky Item Drop-Off. Majority interested, do not want to pay more

**Option 4:** Corporation Yard Bulky Item Drop-Off Program. Majority not interested. If MA wants to consider, can add to Attachment Q

**Option 5:** Public Education to Promote Alternative Bulky Item Handling Option. Majority interested. Do not need to pursue, option will be included in the annual outreach plan

**Option 6:** Expand Bulky Item Collection Program to Include Reuse. Majority interested not recommended to pursue



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Questions?

# Attachment B

## Residential On-Call Bulky Item Collection and Abandoned Waste Collection Service Route Cost Estimate (Attachment U in FA Amendment)

| <b>Bulky Item Collection Costs</b>  |  | Additional BIC Route    |
|---|--|-------------------------|
|   |  | <b>2021 Dollars</b>     |
| <b>Annual Cost of Operations</b>  |  |                         |
| Direct Labor-Related Costs  |  |                         |
|   | Wages for CBAs   | \$269,064               |
|   | Benefits for CBAs  | \$148,795               |
|   | Payroll Taxes  | \$21,889                |
|   | Workers Compensation Insurance                               | <u>\$27,294</u>         |
|   | <b>Total Direct Labor Related-Costs</b>                      | <b>\$467,042</b>        |
|   | Direct Fuel Costs  | \$20,748                |
|   | Other Direct Costs   | \$20,223                |
|   | Depreciation   |                         |
|   | - Collection Vehicles  | \$51,433                |
|   | - Containers   | <u>\$0</u>              |
|   | <b>Total Depreciation</b>                                    | <b>\$51,433</b>         |
|   | Allocated Indirect Costs excluding Depreciation              |                         |
|   | General and Administrative                                   | \$0                     |
|   | Operations   | \$0                     |
|   | Vehicle Maintenance  | \$0                     |
|   | Container Maintenance  | <u>\$0</u>              |
|   | <b>Total Allocated Indirect Costs excluding Depreciation</b> | <b>\$0</b>              |
|   | Total Allocated Indirect Depreciation Costs                  | \$0                     |
|   | <b>Total Annual Cost of Operations</b>                       | <b>\$559,446</b>        |
|   | <b>Profit</b>  | <b>\$58,726</b>         |
|   | <b>Operating Ratio</b>                                       | <b>90.5%</b>            |
|   | <b>Total Operating Costs before Pass-Through Costs</b>       | <b>\$618,173</b>        |
|   | <b>Contractor Pass-Through Costs</b>                         |                         |
|   | Interest Expense   | \$13,198                |
|   | <b>Total Contractor Pass-Through Costs</b>                   | <b>\$13,198</b>         |
|   | <b>TOTAL BASE CONTRACTOR'S COMPENSATION</b>                  | <b><u>\$631,371</u></b> |
| Note - Collection Vehicle Depreciation and Interest Expense are flat beginning in the |  |                         |
| of implementation. Purchase price will inflate until the purchase date.               |  |                         |

# Attachment C

## Voucher Program Cost Estimates (Attachment T in FA Amendment)

| <b>RECOLOGY SAN MATEO COUNTY</b>   |                    |                      |                         |                      |
|--|--------------------|----------------------|-------------------------|----------------------|
| <b>Voucher Program</b>   |                    |                      |                         |                      |
| <b>Estimated Costs in 2018 Dollars</b>                                       |                    |                      |                         |                      |
| <b>5-YEAR PERIOD</b>   |                    |                      |                         |                      |
| <b>Up Front</b>  |                    |                      |                         |                      |
| Items  | Company/Individual | Total Cost           | 5 Year Life Annual Cost | HF&H                 |
| Hardware - Scanner, Scanner Software & Tablet                                | SBR                | \$ 2,000.00          | \$ 400.00               |                      |
| Hardware - Scale House Installation  | SBR                | \$ 1,400.00          | \$ 280.00               |                      |
| Coding - IT Team   | Recology           | \$ 63,000.00         | \$ 12,600.00            |                      |
| Coding - PC Scales   | PC Scales          | \$ 28,000.00         | \$ 5,600.00             |                      |
| Coding - Computaris  | Computaris         | \$ 17,528.83         | \$ 3,505.77             |                      |
| Project Development Cost   | Recology           | \$ 8,690.77          | \$ 1,738.15             |                      |
| SBR Accounting Modifications   | SBR                | \$ 4,567.00          | \$ 913.40               |                      |
| <b>Total</b>   |                    | <b>\$ 125,186.60</b> | <b>\$ 25,037.32</b>     | <b>\$ 25,037.32</b>  |
| <b>Annual Operating - Assuming 15,600 Vouchers per Year</b>                  |                    |                      |                         |                      |
| Items  | Company/Individual | Total Cost           | 5 Year Life Annual Cost | HF&H                 |
| Computaris Operation Fee   | Computaris         | \$ 28,046.16         |                         | \$ 28,046.16         |
| Hardware - Replacement   | Recology           | \$ 1,500.00          |                         | \$ 1,500.00          |
| Hardware - IT OPS Technical Services   | Recology           | \$ 8,400.00          |                         | \$ 8,400.00          |
| PC Scales Maintenance  | SBR                | \$ 6,000.00          |                         | \$ 6,000.00          |
| CSR Hours  | Recology           | \$ 154,608.75        |                         | \$ 123,687.00        |
| Printing   | Recology           | \$ 1,872.00          |                         | \$ 1,497.60          |
| Mailing  | Recology           | \$ 7,800.00          |                         | \$ 6,240.00          |
| <b>Total</b>   |                    | <b>\$ 208,226.91</b> | <b>\$ 208,226.91</b>    | <b>\$ 175,370.76</b> |
| <b>TOTAL PROGRAM COST</b>  |                    |                      | <b>\$ 233,264.23</b>    | <b>\$ 200,408.08</b> |
| <b>Operating Ratio (90.5%)</b>   |                    |                      | <b>\$ 24,486.30</b>     | <b>\$ 21,037.31</b>  |
| <b>Total Compensation</b>  |                    |                      | <b>\$ 257,750.53</b>    | <b>\$ 221,445.39</b> |
| <b>Additional Analysis of Program Cost for BIC Vouchers + Pilot Programs</b> |                    |                      |                         |                      |
| Fixed Cost   |                    | \$ 76,224.84         |                         |                      |
| Variable Cost per Voucher  |                    | \$ 11.64             |                         | \$ 9.31              |

## Voucher Program Description

### Background

Recology researched different technologies to assist with a voucher system as an alternative to Bulky Item Collection (BIC). This option would allow Recology to provide vouchers to residents for drop-off of BIC material at the Shoreway Environmental Center (Shoreway). Recology would offer vouchers to residents if a resident does not want to wait for the service date offered by Recology (this would occur when the 150 BIC service level cap is met and Recology is unable to deliver within the 10-business day requirement). Recology will implement a voucher tracking system that will ensure a voucher is only used once and may include an expiration date on the voucher.

Quick Response (QR) code has advantages over a barcode because:

- Two-dimensional – carry both horizontal and vertical data unlike barcodes that only carry data in one direction.
- Large information-holding capacity in a smaller space – can carry up to 100x the amount of information of a conventional barcode in 10x smaller space.
- All-direction (360 degree) high-speed reading – size, angle, and outer shape are easily detectable, making it 20x faster to decode than other matrix codes.
- Resistant to distorted symbols – eliminates interference and negative effects from backgrounds.
- Data restoration functionality using error correction margins (approx. 7-30%) – eases scanning if code is dirty/damaged.
- Easy encryption for confidentiality – relationship between the character type and the stored data is unique for specific use.

### TECHNOLOGY RESEARCHED

Recology research two companies that provide this technology: VMS and Computaris.

#### VMS

VMS is a J2EE web-based application that manages the interaction with all voucher vendors, the printing house, the dealers, and any other external applications (such as customer relationship management) that need to use vouchers or to query the status of vouchers. It allows operators to manage in a web interface the voucher lifecycle, dealer catalogue, fraud catalogues, track voucher status, and allocate vouchers to dealers. It also manages the catalogue of tenants, recharges profiles and printing houses, and generates pins to enable security for encrypted data. The solution also comes with built-in reports on voucher definitions and usage by type.

#### Computaris

The Computaris Voucher Management System (VMS) is a software tool that allows operators to manage the end-to-end lifecycle of prepaid recharge vouchers in either physical or virtual form. They were founded in the UK, but have a U.S.-based office in El Dorado Hills, California. They specialize in offering custom-built services with focus on optimized resource management, CRM and trucking applications, vendor-managed inventory models, customized fleet management, database and data warehousing, quality assurance and testing, integration with ERP and financial systems, documented management systems, 3rd party logistics, shipping logistics, and logistics management for air, sea and land.

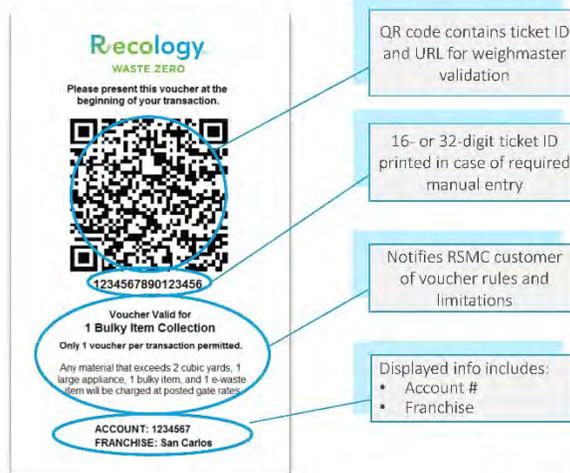
## BIC Voucher Process



## The Voucher

### Portable Document Format (PDF)

- Easily retrievable from vendor and delivered to customer
- Data encrypted QR code ensures data security
- Voucher access requires user authentication for:
  - CSR
  - Weighmaster
  - Administrator



# Attachment D

## SMCWPP Litter Work Group Best Practices and Recommendations for Litter Management

| #  | Contract Section          | Title/Subject                               | Current Proposed Contract Language  | Potential Issue   | Proposed Modification  | Fiscal Impact | Recology Response   |
|----|---------------------------|---|---|---|--|---------------|---|
| 1. | 5.02.B.1, 5.03, 5.04 etc. | Collection Services: Solid Waste Collection | Limit Sat/Sun collection to those customers that have at least 3/week collection  | <p>Current language could restrict customer choice of service days which may contribute to overages that may cause more litter.</p> <p>Additionally, current language could push customers to smaller containers that would need to be collected more frequently which would increase collection costs.</p> | Delete requirement to have at least 3/week service requirement to have weekend service. Collection days should be negotiated with each customer. Customers should be allowed more flexibility on days of collection. If needed (compromise), Saturday and Sunday service could be restricted to businesses, specifically those that need weekend service due to the generation of trash during this time period (e.g., restaurants). | Possible      | Recology would agree to allow this change if there was a premium charge identified in Attachment Q Fee Schedule. The premium fee is due to the increase in labor and route costs on Sat/Sun. The additional premium fees for Saturday and Sunday were provided on October 11, 2018. |
| 2. | 7.07                      | Other Services: Program Evaluation          | Lists a number of assessment programs that Recology must develop and implement to evaluate success and identify issues. | No mention of any program associated with litter.   | Add litter assessment and overages assessment to Program Evaluation component  | Possible      | Recology currently documents overages related to collection services. Documented events could be captured and submitted in a Monthly Report to Member Agencies for review and action.   |
| 3. | 7.12                      | Other Services: Annual Route Assessments    | Includes billing assessments and other evaluations.   | No mention of litter assessment   | Add container overages to list of items that will be inspected, documented and reported during the annual audit.   | Possible      | With the suggested monthly reporting of overages (see #2 above), there would not be a need to include an annual assessment.   |

|    |            |  |      |  |   |          |   |
|----|------------|--|------|--|---|----------|---|
| 4. | 7.14 (new) | Other Services: Litter Management Plan | None | Currently no comprehensive program for addressing litter issues associated with collection and processing services provided by Recology. | <p>Add the following:<br/>         No later than 90 days after the effective date of this Agreement, Contractor shall develop a Container and Litter Management Policy, which will be submitted to the Agency's TAC for review and then to the Agency for Board for approval. Said program shall contain procedures such as for notification to the owner or user of trash containers when such containers are filled beyond their maximum closed-lid capacity, and after two warnings and provision of outreach materials on alternatives to overfilling containers, will include charging an additional fee for the collection and disposal of solid waste and targeted recyclables from containers that are filled beyond maximum capacity and require Contractor to manually mitigate ensuing safety or litter issues. Policy will also include streamlined and automatic technologies on vehicles and in customer service and billing for charging customers for overages using photographic evidence.</p> | Possible | <p>Per Section 8.02G of the Franchise Agreement, there is a program for addressing litter issues associated with collection services by Recology.</p> <p>Currently, there are two courtesy collections per customer. Customers are called when they receive a second overage and notified that future overages would be chargeable. Customers are notified on all subsequent overages.</p> <p>As described in #2 above, Recology could provide monthly reports of overages to the Member Agencies. Fines for repeated overages would be determined and administered by the Member Agencies with use of the reports provided by Recology</p> |
|----|------------|--|------|--|---|----------|---|

|    |   |   |  |   |  |          |   |
|----|---|---|--|---|--|----------|---|
| 5. | 8.02.G  | Requirements for Operations, Equipment, and Personnel: Collection Standards   | Overage charges “may be assessed”  | No firm requirement for the overage charges to be assessed by Recology.   | Change language to “overage charges <u>will</u> be assessed” to make a firm requirement.   | None     | Recology currently charges for overages beyond the two allowed events.  |
| 6. | 8.02.G<br>AND<br>8.04<br>8.05<br>8.06<br>8.07 | Requirements for Operations, Equipment, and Personnel: Collection Standards<br><br>AND<br>Requirements for Operations, Equipment, and Personnel: Vehicles | New billing and vehicle standards include a number of specifications.                        | Photographic evidence of overages provides the most solid and indisputable documentation that overages have occurred. The ability of new vehicles to include photographic capability of overages is not currently required.<br><br>Additionally, billing systems to incorporate photographic evidence is also not required. | Include language stating that the Contractor shall develop a billing process for assessing container overages on commercial and multi-family customers with emails sent to customers showing the overage and using photographic evidence from cameras mounted on collection vehicles to prove the overage.<br><br>Add requirement for photographic or video capabilities on new vehicles – such as “cameras in the cab for FEL vehicles shall be required so that photo-documentation can be provided automatically via on-board cellular connection to the billing system and photographs sent with a push button system. Alternatively an on-board video camera can be installed with office staff assigned to review the video footage and bill customers accordingly with photographs from the video feed. All vehicles shall be equipped with the necessary technology and equipment by XXXXX date. | Possible | As discussed in our Amendment 1 meeting on October 11, 2018, there would be significant capital, labor and maintenance costs to install, utilize, store and administer photographic or video capabilities.<br><br>However, using Recology’s monthly report of customer overages, Member Agencies could dispatch their personnel to take photos of chronically overloaded customers, for further action. |
| 7. | 9.03.B.13 (new)                               | Reporting requirements:   | Includes requirements associated with reporting of collection service records, billing, etc. | In currently language, no requirement that overage data for each customer including 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> occasions of overage and any overages beyond, and charges assessed be tracked or reported.  | Reports shall include a summary of data from vehicles on overages on a monthly or quarterly basis. Contractor should be required to submit maps or tables (e.g., GIS data) identifying customers with charged overages each year with addresses of each customer charged should be required.   | Possible | As noted in #2 above, a report identifying the addresses of customers with overages would be submitted monthly. Member Agencies could utilize these reports to create maps or tables as deemed necessary.   |

|    |            |                       |  |   |   |      |  |
|----|------------|-----------------------|--|---|---|------|--|
| 8. | Appendix A | Definition of Overage | "Overage means the amount of Solid Waste placed in or adjacent to a Collection Container that is in excess of the Container capacity." | The requirements for the lid to be closed is not included in the definition. Containers that are overfilled (i.e., lid cannot be closed) can cause litter in the surrounding areas. | Revised Definition: "Overage means the amount of Solid Waste, <u>Targeted Recyclables or Organics</u> placed in or adjacent to a Collection Container that is <u>either</u> in excess of the Container capacity or <u>causes the lid of the Container to remain open.</u> " | None | Further discussion to revise the definition of "overage" is necessary. For example, customers with excess or large pieces of cardboard are currently allowed to place material "next to" their cart. |
|----|------------|-----------------------|--|---|---|------|--|

**Recology San Mateo County – Model Franchise Agreement**  
***Proposed Modifications to Agreement to Address Litter Reduction***

The proposed modifications to the Model Amended and Restated Franchise Agreement developed by the South Bayside Waste Management Authority (SBWMA) and Recology San Mateo County are based on the *Litter Practices Recommendations for Solid Waste Franchise Agreements* developed by the San Mateo Countywide Water Pollution Prevention Program’s (SMCWPPP) Litter Work Group in early 2016. The recommendations from the Litter Work Group are intended to reduce the impacts of litter on stormwater in San Mateo County and assist with addressing litter reduction requirements in the Municipal Regional Stormwater NPDES permit.

## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Joe La Mariana  
**Date:** April 25, 2019 Board of Directors Meeting  
**Subject:** Resolution Approving the Engagement of HFH Consultants to Provide SB 1383 Planning Support in the Form of: 1. Assess Baseline Conditions 2. Evaluate Potential Solutions and 3. Develop and Present A SB 1383 Action Plan

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### Recommendation:

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-27 attached hereto authorizing the following action: **Resolution Approving the Engagement of HFH Consultants to Provide SB 1383 Planning Support in the Form of: 1. Assess Baseline Conditions 2. Evaluate Potential Solutions and 3. Develop and Present A SB 1383 Action Plan for a not to exceed amount of \$49,980.00**

### Summary

On March 28<sup>th</sup>, a study session was held at the Board meeting providing a summary of the impending program and timing elements that are mandated by SB 1383 (*California's Super Pollutants Act of 2016*). This information can be reviewed at these links:

**Staff Report:** [https://www.rethinkwaste.org/uploads/media\\_items/032819-study-session.original.pdf](https://www.rethinkwaste.org/uploads/media_items/032819-study-session.original.pdf)

**PPT Slides:** [https://www.rethinkwaste.org/uploads/media\\_items/032819-8-sb1383-presentation.original.pdf](https://www.rethinkwaste.org/uploads/media_items/032819-8-sb1383-presentation.original.pdf)

The solid waste goals of this bill are laudable—to eliminate 75% of organic materials from California's landfills by 2024 (from 2014 levels). To accomplish this goal, the implementation steps are many and vast. Compliance regs and, therefore, all local programs are targeted to take affect by 2022.

The State's lead enforcement is the California Air Resources Board, CalRecycle has been designated to enforce the solid waste-related aspects of this law's implementation so Staff/Agency representatives have been extremely engaged in the public comment and planning process and will continue to provide Board updates as their regulations are finalized. Staff has been advised that this will occur by December 31<sup>st</sup>.

### Analysis

Although many aspects of this law's implementation were discussed during this Board session, one essential component was missing because the final scope of regulations are being determined and the overall largeness of the requirements—a projection of SB 1383's full implementation costs. Staff and the Board mutually agreed that these costs must be immediately scoped to help us make informed recommendations and financial decisions regarding agency resources during the next five years. Because on numerous large scale, priority initiatives currently in the agency's queue, this vital deliverable exceeds Staff capacity. Due to their extensive knowledge of the Agency's resources; their extensive engagement with CalRecycle's SB 1383 implementation team; their

overarching comparative understanding of how other jurisdictions are planning to move forward, Staff recommends engaging HFH Consultants (HFH) to perform a resource Gap Analysis to establish SBWMA resources and agency structure vs. this law's requirements, and providing financial scoping of the costs that are associated with implementation during the next five years (through 2024).

Although HFH's quotation (Attachment A) is within the Executive Director's approved internal authorization (\$50K), strong Board engagement and support of this activity is sought due to the expansive financial, political and procedural decisions that Staff anticipates to be in the SBWMA's immediate future. This proposal is presented in three phases—1. An assessment of baseline conditions 2. Evaluation of Potential Solutions and 3. Develop and Present SB 1383 Action Plan. Staff recommends the approve of this complete scope of services.

It should be noted that the agency is currently engaged with Steve Sherman Consulting in a variety of diversion program development and related tasks, including an emphasis on SB 1383, and this proposed scope of work by HFH is envisioned to be complimentary to that continuing effort.

### **Background**

Since it was passed into law on September 19<sup>th</sup>, 2016, SB 1383 has significant unknown implementation regulations that have been shaped by broad sweeping CalRecycle-hosted public workshops and comment periods. This process appears to be approaching completion as CalRecycle Staff has advised our Agency that its enforcement regs will be finalized by December 31<sup>st</sup>. Based on our extensive participation and engagement in the process, it appears that the core elements of these regs are now in place, and any further adjustments between now and the end of the year are not expected to deviate from these elements.

Beyond the actual operational aspects of diverting significantly more organic materials from landfills to other higher and better use processing options, major programmatic changes are required of every jurisdiction involving reporting, monitoring, enforcement and other related topics. There are interesting discussion and decisions ahead for the Agency on these topics.

### **Fiscal Impact**

This complete proposal is for \$49,980. The FY19/20 Budget includes adequate funding to address this amount.

#### **Attachments:**

Resolution 2019-27

Attachment A: Professional Services Agreement with HFH Consulting to Assist With SB 1383 Compliance Planning



## **RESOLUTION NO. 2019-27**

### **RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING THE RESOLUTION APPROVING THE ENGAGEMENT OF HFH CONSULTANTS TO PROVIDING SB 1383 PLANNING SUPPORT IN THE FORM OF: 1. ASSESS BASELINE CONDITIONS 2. EVALUTE POTENTIAL SOLUTIONS AND 3. DEVELOP AND PRESENT A SB 1383 ACTION PLAN**

**WHEREAS**, The State of California has passed many laws to divert more solid waste materials from landfills so that these materials can be recovered and reused; and

**WHEREAS**, The State of California passed SB 1383 (The Super Pollutant Act) in 2016 requiring every jurisdiction to divert 75% of the organics materials generated within their boundaries from landfills (using 2014 baselines) to 1. use this material at a higher and better use and to 2. dramatically reduce Green House Gas emissions into the air; and

**WHEREAS**, CalRecycle is the State’s designated SB 1383 enforcement agency and Staff now anticipates their SB 1383 regulations to be finalized by December 31<sup>st</sup>, 2019 and each jurisdiction’s compliance implementation plan is required to be completely in place by 2022; and

**WHEREAS**, At its March 28<sup>th</sup> meeting, the SBWMA Board and Staff agreed that identifying compliance program scope and their associated costs is of urgent and essential decision-making importance; and

**WHEREAS**, Staff is currently assigned to numerous priority items and has now immediate capacity to provide this assessment; and

**WHEREAS**, HFH Consultants have an excellent understanding of the SBWMA, and its resources, program priorities and decision-making process, and the requirements of SB 1383; and

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves the following action:

Contracting with HFH Consultants to perform the following SB 1383 support services for \$49,980:

1. Provide an Assessment of Baseline Conditions
2. Provide an Evaluation of Potential Solutions
3. Develop and Present A SB 1383 Action Plan

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25<sup>th</sup> day of April, 2019, 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. 2019-27 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on April 25, 2019.

ATTEST:

\_\_\_\_\_  
 Jess E (Jay) Benton, Chairperson of SBWMA

\_\_\_\_\_  
 Cyndi Urman, Clerk of the Board



## AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made and entered into as of the **26<sup>th</sup> Day of April, 2019** by and between the **South Bayside Waste Management Authority** hereinafter "SBWMA", and **HF&H Consultants** hereinafter "Consultant".

### RECITALS

This Agreement is entered into with reference to the following facts and circumstances:

- A. That SBWMA desires to engage Consultant to render certain professional services in the SBWMA jurisdictions;
- B. That Consultant is qualified to provide such services to the SBWMA; and
- C. That SBWMA has elected to engage the services of Consultant upon the terms and conditions as hereinafter set forth.

### TERMS AND CONDITIONS

#### **1. Services**

The services to be performed by Consultant under this Agreement shall be to **assist with SB183 Compliance Planning** as outlined in Exhibit A.

Performance of the work specified above is hereby made an obligation of Consultant under this Agreement, subject to any changes that may be made subsequently hereto upon the mutual written agreement of said Parties.

#### **2. Term of Agreement**

Said services shall commence on execution and shall continue for completion of tasks within one year (12-month period). The term of the Agreement may be extended upon written agreement by both parties. Agreement can be terminated by either party with written thirty (30) day notice.

#### **3. Compensation**

Payment under this Agreement shall be as per Exhibit A, not to exceed **\$ 49,980.00**. Invoices for payment shall be submitted monthly to SBWMA and shall contain the information shown in Exhibit B hereto.

#### **4. Authorization and Termination**

This Agreement becomes effective when endorsed by both Parties in the space provided below.

#### **5. Reliance of Professional Skill of Consultant**

Consultant represents that it has the necessary professional skills to perform the services required and SBWMA shall rely on such skills of the Consultant to do and perform the work.

#### **6. Relationship to Parties**

It is understood that the relationship of Consultant to SBWMA is that of an independent contractor and all persons working for or under the direction of Consultant are its agents or employees and not agents or employees of the SBWMA.

#### **7. Nonassignment**

This Agreement is not assignable either in whole or in part.

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**8. Amendments**

This Agreement may be amended or modified only by written agreement signed by both Parties.

**9. Validity**

The invalidity, in whole or in part, of any provisions of this Agreement shall not void or affect the validity of any other provisions of this Agreement.

**10. Government Law/Litigation**

This Agreement shall be governed by the laws of the State of California and any suit or action initiated by either party shall be brought in the County of San Mateo, California. In the event of litigation between the Parties hereto over the terms or performance of this agreement the prevailing party shall be entitled to reasonable attorneys fees and costs..

**11. Mediation**

Should any dispute arise out of this Agreement, the Parties shall meet in mediation and attempt to reach a resolution with the assistance of a mutually acceptable mediator. Neither Party shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution. The costs of the mediator, if any, shall be paid equally by the Parties. If a mediated settlement is reached, neither Party shall be deemed the prevailing party for purposes of the settlement, and each Party shall bear its own legal costs. Mediation shall occur within 30 days of notice by either party, and if it does not occur within that period of time a legal action shall be permitted to be filed.

**12. Entire Agreement**

This Agreement, including Exhibit A, comprises the entire Agreement.

**13. Indemnity**

Consultant shall defend, indemnify and hold SBWMA and its officers, employees and agents harmless from any and all claims, damages, losses and expenses related to or as a result of intentional or negligent acts for which Consultant or its agents and employees are responsible.

**14. Insurance**

Consultant shall not commence work under this Agreement until all insurance required under this Paragraph has been obtained. Consultant shall furnish SBWMA with certificates of insurance evidencing the required coverage. The insurance shall be with a carrier that is licensed and in good standing in the State of California, and has an A.M. Best Co. rating of A/5 or better. The SBWMA will be named as additional insured in the policy. Consultant shall provide thirty (30) days notice, in writing, to the SBWMA office prior to any planned nonpayment of premium or planned reduction in coverage of any of the insurance policies relating to this contract.

**a. Worker's Compensation and Employer's Liability Insurance**

Consultant shall have in effect during the entire life of this Agreement Worker's Compensation and Employer's Liability Insurance providing full statutory coverage. In signing this Agreement, Consultant makes the following certification, required by Section 1861 of the California Labor Code:

I am aware of the provisions of Section 37900 of the California Labor Code which require every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this Agreement.

**b. Liability Insurance**

Consultant shall take out and maintain during the life of this Agreement such bodily injury and property damage liability insurance as shall insure the Consultant and SBWMA, its employees, officers and member entities while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims due to consultant's negligence or willful misconduct for property damage which may arise from Consultant's work under this Agreement, whether such work be by Consultant or by any

subcontractor or by anyone directly or indirectly employed by either of them. The amounts of such insurance shall be One Million and no/100 Dollars (\$1,000,000.00) combined single limit bodily injury and property damage for each occurrence.

**15. Notice**

All notices required by this Agreement shall be given to SBWMA and Consultant in writing, by first class mail, postage prepaid, addressed as follows:

**SBWMA: Joe La Mariana, Executive Director**  
South Bayside Waste Management Authority  
610 Elm Street, Suite 202  
San Carlos, CA 94070  
Phone: (650) 802-3500  
Fax: (650) 802-3501

**Consultant: Rob Hilton, CMC President**  
HF&H Consultants  
201 North Civic Drive Suite 230  
Walnut Creek, CA 94596  
Phone: (925) 977-6952  
Fax: (925) 977-6955

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed on the date first written by their respective officers duly authorized in that behalf.

**SBWMA**

**BY:** \_\_\_\_\_  
**Joe La Mariana, EXECUTIVE DIRECTOR**

**DATED:** \_\_\_\_\_, 2019

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**Jean B. Savaree, SBWMA ATTORNEY**

**DATED:** \_\_\_\_\_, 2019

**CONSULTANT:**

**BY:** \_\_\_\_\_  
**Rob Hilton, CMC, President**

**DATED:** \_\_\_\_\_, 2019

**NOTICE TO PROCEED**

**BY:** \_\_\_\_\_  
**Cyndi Urman, Board Secretary**

**DATED:** \_\_\_\_\_, 2019





201 N. Civic Drive, Suite 230  
Walnut Creek, California 94596  
Telephone: 925/977-6950  
[www.hfh-consultants.com](http://www.hfh-consultants.com)

Robert D. Hilton, Emeritus  
John W. Farnkopf, PE  
Laith B. Ezzet, CMC  
Richard J. Simonson, CMC  
Marva M. Sheehan, CPA  
Robert C. Hilton, CMC

April 17, 2019

Mr. Joe LaMariana  
Executive Director  
South Bayside Waste Management Authority

Sent via email: [jlamariana@rethinkwaste.org](mailto:jlamariana@rethinkwaste.org)

**Subject: Proposal to Assist with SB 1383 Compliance Planning**

Dear Mr. LaMariana,

HF&H Consultants, LLC (HF&H) appreciates the opportunity to assist the South Bayside Waste Management Authority (SBWMA) with SB 1383 planning. This proposal outlines several optional scopes of work that may be helpful to the SBWMA in preparing for SB 1383 and we are happy to work with you to adjust the scope and budget to meet the specific needs of the SBWMA.

## **BACKGROUND**

In September 2016, Governor Brown signed SB 1383, establishing statewide methane emissions reduction targets. SB 1383 establishes statewide targets to achieve a 50% reduction in the level of organic waste disposed from the 2014 level by 2020, and a 75% reduction by 2025. Additionally, the Bill sets a statewide target of a 20% reduction in disposed edible food, to be recovered for human consumption. SB 1383 is currently in the informal rule making stage, with a final draft scheduled to be released later this year, and regulations taking effect January 1, 2022. The minimum program standards are anticipated to include, but are not limited to: an organics recycling program for all generators, an edible food recovery program to promote recovery of food for human consumption, public education and outreach, an enforcement program (including mandatory ordinances and minimum fines), substantial reporting requirements, and procurement of recovered organic waste products (e.g. compost and CNG).

## **PROPOSAL "MENU" FORMAT**

In response to SBWMA's request, we have developed a "menu" of service options and preliminary cost estimates for planning assistance, which we are pleased to provide you through this letter. Following your review, we welcome the opportunity to discuss each of the scope elements with you. Based on SBWMA's desired scope of services, HF&H anticipates revising this scope of work cooperatively with SBWMA staff prior to entering into a contract.

Mr. Joe LaMariana  
April 17, 2019  
Page 2 of 7

## OPTIONS FOR SCOPE OF WORK

### Phase I: Assess Baseline Conditions

**Task 1a: Project Initiation.** HF&H will prepare a request for information for data necessary to conduct the various reviews and analyses described in the selected scope options. HF&H will facilitate a conference call with SBWMA staff (and member agency staff, if appropriate) to discuss the request for information and agree on timelines for delivery of that information, along with HF&H's work products.

*Meeting(s):* 1 Conference call.  
*Deliverable(s):* Request for Information.  
*Preliminary Cost Estimate: \$1,500*

**Task 1b: Community Programs Gap Analysis.** HF&H will evaluate the current programs and services provided to waste generators in the SBWMA service area in order to identify gaps in performance or service compared to SB 1383 requirements. This review will be focused primarily on collection programs and edible food recovery.

*Meeting(s):* None.  
*Deliverable(s):* Community programs matrix documenting SB 1383 requirements and identifying gaps in programs or services.  
*Preliminary Cost Estimate: \$1,500*

**Task 1c: Internal Operations Gap Analysis.** HF&H will evaluate member agencies' internal operations in order to identify gaps in performance or service compared to SB 1383 requirements. This will be focused on requirements for service, purchasing, education, outreach, and reporting.

*Meeting(s):* None.  
*Deliverable(s):* Internal operations matrix documenting SB 1383 requirements and identifying gaps in performance or services.  
*Preliminary Cost Estimate: \$1,000 (assuming 1 agency can be selected as a "model")*

**Task 1d: Report on Baseline Conditions.** Based on the work performed throughout Phase 1, HF&H will prepare a PowerPoint-format report to SBWMA that articulates the requirements of SB 1383 and the extent to which current programs, and internal operations meet that need. In addition, the report will present some recommended policy, program, operational, and educational options for consideration in Phase 2 (if selected). These recommendations are intended as examples, not conclusive recommendations, and should be evaluated and "brainstormed" with SBWMA and, perhaps, member agency staff (during Task 2a, if selected). HF&H will present and facilitate a discussion of the report to appropriate SBWMA/Member Agency staff.

Mr. Joe LaMariana

April 17, 2019

Page 3 of 7

**Meeting(s):** 1 In-Person Meeting.

**Deliverable(s):** Baseline Conditions Report (PowerPoint).

**Preliminary Cost Estimate:** \$5,790

## Phase II: Evaluate Potential Solutions

**Task 2a: Identification and Short-Listing of Options.** HF&H will develop a menu of potential policy, program, operational, and educational options to address the gaps identified in Phase 1. This is intended to be a high level description of each option and relative (e.g. high, medium, low) cost impact of the program option. Based on this menu of options, HF&H will facilitate one or more meetings with SBWMA and Member Agency staff (participation will rotate based on topic areas) where the options are discussed and shortlisted for further analysis in this task. We strongly recommend inviting appropriate stakeholders to participate in these discussions. HF&H assumes that these meeting(s) will occur on the same day that the baseline conditions (developed in Task 1d) are presented.

**Meeting(s):** 1 or more In-Person Meetings (to occur on the same day).

**Deliverable(s):** Options Menu; Agendas for Shortlisting Meeting(s).

**Preliminary Cost Estimate:** \$6,320

**Task 2b Cost Estimate for Community Solutions.** Based on the shortlisted solutions identified in Task 2a, HF&H will prepare a planning-level cost estimate for potential solutions to address gaps in the community programs to achieve compliance with SB 1383. The cost estimate will provide planning-level estimates of the capital and operating costs associated with those programs. The cost estimate will also include estimated staffing levels for SBWMA and/or Member Agencies to implement the community requirements. Note: This task will not include an estimate of the impact on customer rates, as they vary by member agency.

**Meeting(s):** None.

**Deliverable(s):** Summary table depicting likely range of capital and operating costs required for each shortlisted program.

Summary table depicting likely range of staffing needs for each shortlisted program.

**Preliminary Cost Estimate:** \$5,905 (assuming that one model can be used for all agencies, if agency-specific issues are to be reflected, we will need to discuss that scope and cost)

**Task 2c Cost Estimate for City Operations Solutions.** Based on the shortlisted solutions identified in Task 2a, HF&H will prepare a planning-level cost estimate for meeting SBWMA and Member Agency needs for internal City operations to achieve compliance with SB 1383 (service levels, purchasing requirements, monitoring, reporting, etc.). The cost estimate will provide planning-level estimates of the capital and operating costs associated with those programs. Note: HF&H's ability to calculate cost impacts for internal

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operations requires provision of adequate data in an appropriate format from the SBWMA and Member Agencies. HF&H does not anticipate doing any primary data gathering to support this analysis.

**Meeting(s):** None.

**Deliverable(s):** Summary table depicting likely range of capital and operating costs required for each shortlisted program.

**Preliminary Cost Estimate:** *\$5,905 (assuming that one model can be used for all agencies, if agency-specific issues are to be reflected, we will need to discuss that scope and cost)*

**Task 2d Report on Potential Solutions.** Based on the work conducted in Phases 2a – 2c (if selected), HF&H will prepare a PowerPoint format report documenting the various options considered, describing each of the shortlisted programs, and illustrating the relative costs of each potential solution considered (as applicable). As appropriate, the report will also indicate any programs that are recommended for implementation, even if the SBWMA chose not to include them in the shortlist for cost analysis. HF&H will present this report to appropriate SBWMA and Member Agency staff and facilitate an initial discussion on the selection of solutions to be included in the ultimate SB 1383 Action Plan (in Phase 3, if selected).

**Meeting(s):** 1 In-Person Meeting.

**Deliverable(s):** Potential Solutions Report (PowerPoint).

**Preliminary Cost Estimate:** *\$6,450*

### **Phase III: Develop & Present SB 1383 Action Plan**

*Please note that the tasks described in Phase III require selection of elements of Phase I and/or Phase II.*

**Task 3a Document Draft Action Plan.** Based on the work concluded in Phase 1 and Phase 2, HF&H will develop a Draft SB 1383 Action Plan and provide such draft to SBWMA staff for review and comment. The Draft Action Plan will be a concise PowerPoint document that identifies each recommendation, key implementation steps for each, and a high-level phased implementation schedule. The Draft Action Plan will also address key operational, logistical, and organizational considerations that must be discussed in order to decide on the SBWMA's specific approach to compliance. Our objective would be to keep this simple and to present much of the information graphically as a timeline.

**Meeting(s):** 1 Conference Call.

**Deliverable(s):** Draft SB 1383 Action Plan (PowerPoint).

**Preliminary Cost Estimate:** *\$4,190*

**Task 3b Document Final Action Plan.** Following receipt of the SBWMA's comments on the Draft Action Plan HF&H will meet with the SBWMA staff via teleconference to discuss the comments and agree on changes to incorporate into the Final Draft SB 1383 Action Plan. HF&H will make all such agreed-upon

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changes and provide the Final Draft SB 1383 Action Plan to the SBWMA. Please note that this budget anticipates receiving a single set of consolidated comments from the SBWMA regarding changes to the Plan, not conducting additional analysis or research.

*Meeting(s):* 1 Conference Call.

*Deliverable(s):* Final Draft SB 1383 Action Plan (PowerPoint).

*Preliminary Cost Estimate: \$3,660*

**Task 3c Present Final Action Plan to SBWMA Board of Directors.** HF&H will present the Final Draft SB 1383 Action Plan to the SBWMA Board of Directors and will support staff in responding to questions from the Board and public regarding the Plan. This task assumes up to two conference calls with SBWMA staff to prepare for the Council Meeting.

*Meeting(s):* 1 In-Person; 2 Conference Calls.

*Deliverable(s):* Attendance at Council Meeting.

*Preliminary Cost Estimate: \$4,760*

**Engagement Management and Out-of-Pocket Expenses.** HF&H has assumed a preliminary cost estimate of \$3,000 to cover regular project check-ins with your project manager, administrative engagement management, mileage and other out-of-pocket expenses related to the performance of the proposed scope options. This amount may be revised based on the final selection scope, and the number of in-person meetings required.

## Summary Fee Estimate

HF&H proposes to perform this scope of work on a time and materials basis with fees not to exceed \$49,980, if all tasks are selected. The following table presents a summary of the fees by task and phase. Our hourly rates and billing procedures are included here as Attachment A.

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### Summary Fee Estimate

|  |  | Est. Fees        |
|--|--|------------------|
| <b>Phase 1 - Assess Baseline Conditions</b>              |  |                  |
| 1a   | Project Initiation                       | \$ 1,500         |
| 1b   | Community Programs Gap Analysis          | \$ 1,500         |
| 1c   | Internal Operations Gap Analysis         | \$ 1,000         |
| 1d   | Report on Baseline Conditions            | \$ 5,790         |
|  | <b>TOTAL PHASE 1</b>                     | <b>\$ 9,790</b>  |
| <b>Phase 2 - Evaluate Potential Solutions</b>            |  |                  |
| 2a   | Identification & Shortlisting of Options | \$ 6,320         |
| 2b   | Cost Estimate for Community Solutions    | \$ 5,905         |
| 2c   | Cost Estimate for Internal Operations    | \$ 5,905         |
| 2d   | Report on Potential Solutions            | \$ 6,450         |
|  | <b>TOTAL PHASE 2</b>                     | <b>\$ 24,580</b> |
| <b>Phase 3 - Develop and Present SB 1383 Action Plan</b> |  |                  |
| 3a   | Document Draft Action Plan               | \$ 4,190         |
| 3b   | Document Final Action Plan               | \$ 3,660         |
| 3c   | Present Final Plan to Board of Directors | \$ 4,760         |
|  | <b>TOTAL PHASE 3</b>                     | <b>\$ 12,610</b> |
| <b>Engagement Management &amp; Out-of-Pocket</b>         |  | <b>\$ 3,000</b>  |
| <b>GRAND TOTAL ALL PHASES</b>                            |  | <b>\$ 49,980</b> |

### Limitations

Every consulting engagement is subject to certain limitations and this project is no different. HF&H has proposed this menu of scope and budget options based on the following limitations:

- We have budgeted to prepare one draft of each work product described and have not assumed the scope or budget required to prepare revised drafts of any work product under this engagement (unless specifically indicated otherwise). In the event that the SBWMA requires changes to the work products, HF&H is happy to perform that work, but would need an amendment to the proposed budget to afford that effort.
- This project is centered on regulations that are still in development. As such, there is some risk that requirements may change between the draft we work from and the final adoption of SB 1383 regulations. Prior to beginning work, we will reach agreement with the SBWMA on which version of the regulatory language to work from.

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- The summaries and cost estimates presented in the various scope options are intended to be high-level and to inform early planning. Additional, program-level, operational plans and costs will need to be prepared prior to the implementation of each of the selected programs.
- We anticipate that the SBWMA will be responsible for coordinating necessary and appropriate staff to participate in the project at the appropriate times. If a failure to do so results in a request for re-work or revisions to reports, HF&H will be happy to do so, but will require additional budget.
- The estimated cost for each task has been presented in a preliminary "menu" style format. The final contract will reflect the direction of the SBWMA Board of Directors.

\* \* \* \* \*

HF&H sincerely appreciates the opportunity to support the SBWMA on this important project. If you have any questions or concerns regarding this proposal, please do not hesitate to contact me directly at (925) 977-6959 or [rchilton@hfh-consultants.com](mailto:rchilton@hfh-consultants.com).

Very truly yours,

HF&H CONSULTANTS, LLC



Rob Hilton, CMC  
President

Attachment A – Billing Rates and Terms

# ATTACHMENT A

## HF&H CONSULTANTS, LLC

### STANDARD HOURLY RATES AND BILLING ARRANGEMENTS

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(Effective January 1, 2019)<sup>1</sup>

#### Professional Fees

Hourly rates for professional and administrative personnel are as follows:

| <u>Position</u>                        | <u>Rate</u>   |
|--|---------------|
| President                              | \$290         |
| Senior Vice President & Vice President | \$255 - \$285 |
| Senior Project Manager                 | \$225 - \$250 |
| Senior Associate/Project Manager       | \$195 - \$235 |
| Associate Analyst                      | \$145 - \$180 |
| Assistant Analyst                      | \$120 - \$140 |
| Administrative Staff                   | \$99 - \$120  |

#### Direct Expenses

Standard charges for common direct expenses are as follows:

|                            |                             |
|----------------------------|-----------------------------|
| Automobile Travel          | Prevailing IRS mileage rate |
| Airfare and Public Transit | Actual Cost                 |

#### Billing Policies

Our policy is to bill for our services and direct expenses based on the standard hourly rates of the staff member assigned, multiplied by the time required to perform the client-related tasks, plus the subcontractor services as described above. In implementing this policy we adhere to the following practices:

- It is our standard practice to e-mail invoices to our clients, although hard copies of invoices can be sent to clients on request.
- We round to the nearest one-quarter hour (e.g., if two hours and 55 minutes are spent on a task, it is recorded as three hours, if two hours and 5 minutes are spent on a task, it is recorded as two hours). A minimum charge of one-quarter hour is charged for any client work performed in a day.

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<sup>1</sup> Litigation Support and Expert Witness Services are not covered by this schedule of fees and expenses.

# HF&H CONSULTANTS, LLC

## STANDARD HOURLY RATES AND BILLING ARRANGEMENTS

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- We do not markup out-of-pocket expenses, however, we may charge administrative or professional time related to the provision of the goods and services associated with these charges.
- Mileage fees are based on the round-trip distance from the point of origin.
- If a client's change to a previously scheduled meeting results in penalties being assessed by a third party (e.g., airline cancellation fee), then the client will bear the cost of these penalties.

While no minimum fee for a consulting engagement has been established, it is unlikely (given the nature of our services) that we can gain an understanding of a client's particular requirement, identify alternatives, and recommend a solution in less than twenty-four hours.

### Insurance

We maintain the following policies of insurance with carriers doing business in California:

- Comprehensive General Liability Insurance (\$2,000,000 Occurrence/\$4,000,000 Aggregate)
- Workers' Compensation (\$1,000,000)
- Professional Liability Insurance (\$2,000,000 Occurrence/\$2,000,000 Aggregate)
- Hired and Non-Owned Auto Liability<sup>2</sup> (\$2,000,000)
- Umbrella Liability (\$3,000,000 Occurrence/\$3,000,000 Aggregate)

All costs incurred in complying with special insurance, licensing, or permit requirements, including but not limited to naming client as an additional insured and waiver of subrogation, become the responsibility of the client and are not included in the fees for services or direct charges but are billed in addition to the contract at cost, plus any professional or administrative fees.

### Invoices and Payment for Services

Our time reporting and billing system has certain standard formats that are designed to provide our clients with a detailed invoice of the time and charges associated with their engagement. (We typically discuss these with our clients at our kick-off meeting.) We are also pleased to provide our clients with a custom invoice format but we will have to bill the client for any additional costs associated with their unique requirements.

Billings for professional services and charges are submitted every month, in order that our clients can more closely monitor our services.

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<sup>2</sup> HF&H Consultants does not own any company automobiles.

**EXHIBIT B (Sample Invoice)**

Items highlighted yellow must be included on the invoice for approval format of invoice is just a sample

INVOICE

Your Company Name  
 Address  
 City State Zip  
 Phone Number

Date:  
 Project Number:  
 Invoice Number:

RethinkWaste  
 Attn: Project Manager  
 610 Elm Street, Suite 202  
 San Carlos, CA 94070

SBWMA Project: Project Title Purchase Order Number: PO Number  
 Invoice for Professional Services from 1/1/15 to 1/31/15

TASK 1 TITLE/Description

| Professional Personnel: | Hours:     | Rate:    | Amount:         |
|-------------------------|------------|----------|-----------------|
| John Doe                | 1.5        | \$200.00 | \$300.00        |
| Jane Smith              | 1.0        | \$100.00 | \$100.00        |
| <b>TOTALS:</b>          | <b>2.0</b> |          | <b>\$400.00</b> |

TOTAL THIS TASK: \$400

TASK 2 TITLE/Description

| Professional Personnel: | Hours:     | Rate:    | Amount:         |
|-------------------------|------------|----------|-----------------|
| John Doe                | 3.0        | \$200.00 | \$600.00        |
| <b>TOTALS:</b>          | <b>3.0</b> |          | <b>\$600.00</b> |

TOTAL THIS TASK: \$600.00

**TOTAL THIS INVOICE \$1,000.00**

**BILLING LIMITS:**

|                          |            |                   |
|--------------------------|------------|-------------------|
| Total Contract Amount    |            | \$10,000.00       |
| Prior Invoices           | 0%         | \$0.00            |
| Current Contract Balance | 100%       | \$10,000.00       |
| <b>This Invoice</b>      | <b>10%</b> | <b>\$1,000.00</b> |
| Contract Balance         | 90%        | \$9,000.00        |

