



BOARD OF DIRECTORS
THURSDAY, June 22, 2017 at 2:00 p.m.
San Carlos Library, Conference Room A/B
610 Elm Street, San Carlos, CA 94070

A Public Agency
AGENDA

Board Member Bill Widmer will be calling into the meeting from
158 Glenwood Ave. Atherton CA, 94027

1. Roll Call

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so. Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting. If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

3. Adjourn to Closed Session – Pursuant to Government Code Section Govt. Code Sec. 54957 Public Employee Evaluation: Executive Director

THE REGULAR PORTION OF THE MEETING IS ANTICIPATED TO START AT 2:30PM

4. Regular Session Roll Call

5. Additional Public Comment

6. Executive Director's Report

p. 5

7. Approval of Consent Calendar

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

- A. Approval of Minutes from the May 25, 2017 Board of Directors Meeting ACTION p. 13
B. Resolution Authorizing the Executive Director to execute a 3 year contract with Aaronson, Dickenson, Cohn & Lanzone for legal counsel services ACTION p. 23
C. Resolution Authorizing the Executive Director to execute a 3 year contract with DTE Networks for Information Technology Services ACTION p. 39
D. Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services for FY17/18 ACTION p. 47

8. Administration and Finance

No Items

9. Collection and Recycling Program Support and Compliance

- A. Resolution Approving the Proposed Recology Model Franchise Agreement and Compensation Package ACTION p. 57

10. Shoreway Operations and Contract Management

- A. Resolution Approving Property/Fire Insurance Policy for FY17/18 ACTION p. 95

11. Informational Items Only (no action required)

- A. Check Register Detail for May 2017 p. 121
B. 2017 Finance and Rate Setting Calendar p. 131
C. Future Board Agenda Items p. 133

12. Board Member Comments

13. Adjourn

MEMBER AGENCIES

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



EXECUTIVE DIRECTOR'S REPORT

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
Date: June 22, 2017 Board of Directors Meeting
Subject: Executive Director's Report

The following projects and initiatives highlight staff efforts during the past month:

1. **Administration & Finance—Lots to Report:**

A. **Technical Advisory Committee (TAC) Meeting—Agency and Franchise Updates; CalRecycle Reporting**

The June 8th TAC meeting had the first non-FAX related agenda in over a year. Discussion items included: FY 17/18 Agency project briefing; Fire Suppression Action Plan highlights; strategies for the expiring organics and disposal materials; Franchise Agreement milestones; and an emphasis on CalRecycle-mandated annual reports that each jurisdiction is required to submit each August 1st. Since 1999, an SBWMA-provided contractor has provided extensive support to each member agency city for their submissions to CalRecycle. Recology and SBR also provided recent operational highlights—this will be a regularly agendaized feature in future TAC meetings.

B. **Annual Financial Systems and Operational Procedures—Audits completed; Draft findings being reviewed**

Each year, the SBWMA commissions independent forensic accountants to perform two comprehensive audits of Recology's and SBR's financial systems and operational procedures to ensure proper conformance with standard GAAP financial and cash management practices, solid waste industry operational standards and general contract compliance. R3 Consulting has performed this review during the past four years and their 2016 findings will be presented to the Board in July.

C. **Office refresh—Improved Layout; Safer for Staff; A Sustainable Statement**

First occupied in 2003, the Agency office space will have several minor drywall improvements, a modified layout to accommodate our current/future staffing needs, along with refreshed paint and carpet with an emphasis on ergonomic workspaces, sustainable décor materials, and the use of local (SBWMA service area-based) resources. This work will be completed this fall.

2. **Collection and Recycling Program Support and Compliance:**

A. **Franchise Agreement Negotiations Committee (FAX)—Process Update/Board Discussion; Action in June:**

Staff presents Final FAX Committee recommendations and compensation for Board approval. Under today's agenda item 9A, links are provided for the final set of proposed Model Franchise Agreement and Attachments documents for your review. These documents have now completed a legal review by the agency and by each member agency's attorney. I believe that agreement on contract language and terms has now been reached with Recology. If any inadvertent outstanding issues come to light before the Board meeting, I will call them out. The Agency's lead financial analyst and lead negotiator, HF&H Consultants will also be joining us at today's meeting to answer any final questions or

concerns that may be posed by our Board before they consider the approval question. Upon Board approval, here's our estimated remaining schedule:

- June 22: **SBWMA Board Meeting:** SBWMA Board considers FAX Committee's *Findings and Recommendations Report*, including the Model Franchise Agreement and Recology's Cost Proposal for 2021.
- July/August: **Member Agencies: Action Items.** Elected bodies "Approve" SBWMA FAX Committee's *Findings and Recommendations Report*, including the Model Franchise Agreement and Recology's Cost Proposal for 2021.
 - August-Dec.: **Member Agency Negotiations:** With SBWMA/Member Agency Board approval of the SBWMA FAX Committee's *Findings and Recommendations Report* and Model Franchise Agreement and Recology's Cost proposal for 2021, each Member Agency will negotiate with Recology to produce a fully executed agreement by December 31, 2017. Per section 7.1.1.c of the Joint Powers Authority's binding governance document, a minimum of eight agencies are required to approve their Franchise Agreements to complete this deal.

3. Shoreway Operations and Contract Management -Commodity Values Stabilize, More Fire Updates:

A. General Operations:

- **Fiber commodity values have adjusted favorably since the unexpected dip reported in March.** The recently adopted FY17/18 budget contains conservative projections based on that earlier trend.
- **Organics Processing Issued.** The SBWMA produces ~100,000 tons per year of organics (yard waste and food materials) that requires composting. Our program ranks as one of the top programs in Northern California. As impressive as these program results are, recent legislation requires every Californian jurisdiction to divert even more organic materials from the landfill (AB 341 and AB 1383). Staff estimates an additional 30,000 tons of organic material will need to be diverted by 2020 to meet this mandate. The Agency currently splits this volume between two industrial-scale composters Newby Island Organics and Blossom Valley Organics (contracts expire on December 31, 2017 and on December 2020 respectively). Anticipating our future program needs and the expiring contract, Staff will be issuing an RFP to address the Agency's needs with its one expiring contract and beyond. The RFP results will be presented for Board consideration at the September / October meeting.

B. Fire Recovery and MRF Production Update—Fire Insurance Shopping, Preemptive Planning Continues:

- All 2016 fire-related restoration and repair work on the Shoreway MRF and transfer station has now been completed. Staff is working closely with Hanover Insurance company to complete the final claim's financial reconciliation for both incidents. Final closure on these claims is expected to be completed this fall when all related work and invoicing has been completed.
- **Installation of enhanced/expanded new fire sprinklers** directly over the multiple sorting equipment screen areas where the September 7th incident occurred is expected to be completed by early fall.
- **Transfer Stations conveyor equipment replacement** work relating to the September 11th incident is expected to be completed by early fall, upon receipt of special-order parts and materials.

- **Based on Board direction in May, the Agency's Insurance Broker, Risk Strategies, solicited additional fire insurance policy deductible options.** These options are presented today in agenda item 10A, and with an in-person presentation by Risk Strategies' CEO, Mr. John O'Neill. Based on Board comments in May, Staff supports Risk Strategies' recommendation for a new, multi-layered fire coverage policy with a \$500,000 deductible. Clear Board direction is sought at this meeting to immediately activate a new policy by July 1st.

A "Battery Summit" was held at the Shoreway site on June 13th - 14th. This important event was jointly hosted by Agency Staff and included RRS (our new expert MRF battery hazard consultant), and program stakeholders i.e., Recology, SBR, and various materials processors. A comprehensive site and operational process review was conducted, discussion about the recycling industries' approach to Lithium Ion batteries were extensively discussed. Next steps were established with the goal of reporting to the Board in September on the following:

- Results of a nation-wide literature review regarding this topic to understand the scale of this issue and to enlist support beyond our agency.
- Conduct surveys of the MRF industry, NGOs, operational personnel associated with the SBWMA's programs, and battery producers/recyclers to create effective standard operating procedures and to understand best practices in other markets.
- Produce a white paper that provides insights and data about the prevalence and problems of Li Ion batteries at the 280+ MRFs throughout the county.
- Develop preliminary "Findings and Recommendations" and identify areas needing more research in order to provide options for facility and/or collection program changes that will reduce the risk of Li Ion fires at Shoreway.
- With Board feedback, a separate second phase of work is expected to follow in which these findings and recommendations will be converted into specific changes in our materials handling procedures and a multi-tiered public education and outreach campaign.

Respectfully submitted,



Joe La Mariana
Executive Director

Attachment 1: Franchise Negotiations/Project Milestone Summary

Process Milestone	Date Completed	Comments
PROCESS SET-UP		
1. SBWMA FAX Committee Formation	SBWMA Board Mtg. April 2016	Authorized by Resolution #2016-21
2. SBWMA Staff Distributes RFQ <i>Soliciting lead negotiator and financial analytical services</i>	11/1/16	*Two highly-qualified responses from R3 Consultants and HF&H Consultants * Board selects HF&H (Resolution #2016-44)
3. SBWMA Negotiation Team Formation * HF&H Consultants, Lead Negotiator * RJP Proto, SW Industry Technical Expert * SCS Engineers, Staff augmentation * ADCL, Legal support	12/14/16	Professional Services Contracts are now completed for all team members.
4. Preliminary Meetings w/Recology	11/2/16 11/3/16	Excellent briefing with Recology team of key operational issues of high importance to them.
6. Recology Submits Franchise Agreement Redlines for proposed new term	11/30/16	* Redline completed at SBWMA request. *This doc provides an important starting point for our negotiation discussions.
10. Recology Cost Proposal /RFP	1/10/17	*Recology delivered comprehensive, 644-page response document. *HF&H Consultants currently reviewing submittal.
MEMBER AGENCY INPUT		
8. <u>Member Agency Input #1:</u> TO: Board Members; Alternates; City Managers	12/16/16	*Survey completed on 1/10/16. *All 12 Member Agencies responded. * 23 total responses. *Survey Goal: Secure input to shape SBWMA's key negotiation points.
9. <u>Member Agency Input #2:</u> TO: TAC + FAX members	1/5/17	* Joint TAC/FAX meeting was held on 1/5. * 35 attendees; 11 of 12 MAs attended. *Special Session goal: To solicit input from TAC/FAX members (senior-level member agency staff) to shape Agency's key negotiation points.
11. <u>Member Agency #3:</u> Future Growth Survey	Survey closed 2/1/17	Survey sent to Member Agency's senior Planners (through TAC members). Survey Goal: To identify growth factors through 2030 that may affect Recology's operations, productivity and costs.
NEGOTIATIONS PROCESS		
7. Negotiation Team Meetings <i>Joint Meetings w/SBWMA + Recology</i>	2016: 12/7 2017: 1/11; 1/23 2/2; 2/9 3/20 4/4; 4/6; 4/17	Frontline discussions on key language, costs and negotiation points. Numerous conference calls and side meetings also occurred to address/resolve topic-specific items, research and cost analysis..
5. FAX Ad Hoc Committee Meetings <i>Six Board-appointed FAX team members:</i> * Chair, Jim Porter, County of SM * Vice Chair, Melissa Stevenson-Diaz * Larry Patterson, San Mateo * Afshin Oskoui, Belmont (also TAC Chair)	2016: 11/10; 12/7 2017: 1/12; 1/24 2/6; 2/21 3/8; 3/28 4/18	SBWMA's Negotiation Team provides in-depth report backs of key discussion items to FAX for feedback and direction. NOTE: Recology presented to FAX on 3/8.

<p>* Brenda Olwin, EPA * Heather Abrams, Menlo Park</p>		
<p>SBWMA Finance Committee Review</p>	<p>2017: Cancelled</p>	<p>Presentation cancelled.</p>
<p>SBWMA Technical Advisory Committee (TAC):</p> <p>NOTE: The SWBMA TAC is comprised of 12 senior representatives, including one from each SBWMA member agency. TAC members include: a City Manager, Public Works Directors/staff, Finance Directors and Environment Programs staff.</p>	<p>2017: 4/13 5/3</p>	<p>Staff and Consulting team held a ½ day workshop on May 3rd for member agency staff and interested parties with a highly-detailed review of proposed finances, key operational factors and contract language modifications. Over 45 TAC members, board members, stakeholders and Recology managers attended.</p> <p>NOTE: Recology presented to the joint TAC/FAX on 4/13.</p>
<p>SBWMA Board Consisting of 12 representatives from each member agency (elected officials)</p> <p>*****</p> <p>SBWMA Member Agency FAX Presentations to all Elected Bodies</p> <p>*****</p> <p>SBWMA Board</p>	<p>2017: 4/27 5/25</p> <p>*****</p> <p>2017: 5/1-5/22</p> <p>*****</p>	<p>4/27: Informational Agenda Item- Comprehensive presentation of FAX Committee Report-Findings and Recommendations. Board questions/ comments were noted and addressed in final FAX Report to be presented for SBWMA Board consideration on 6/22.</p> <p>*****</p> <p>Staff presented FAX Committee Findings and Recommendations to all 12 member agency city councils, County Board of Supervisors, and SBWMA City/County/District Managers.</p> <p>In addition to the TAC workshop held on May 3rd, (cited above), two additional workshops were held:</p> <ol style="list-style-type: none"> 1. For Member Agency City Managers (5/11) 2. a second ½ day workshop was held specifically for Member Agency Attorneys (5/16). <p>*****</p> <p>5/25: Informational Update — Report out on Member Agency presentations and three workshops.</p> <p>6/22: Action Item (Fallback date)— FAX Committee Final Report-Findings and Recommendations presented to SBWMA Board for consideration.</p> <p>Upon SBWMA Board's adoption of FAX Final Report-Findings and Recommendation— Part One of process concludes.</p>

Red = New changes since last report.
Blue = Confirmed FAX work plan elements.



CONSENT CALENDAR

DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
May 25, 2017 – 2:00 p.m.
San Carlos Library Conference Room A/B

Call To Order: 2:05PM

1. Roll Call

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

Member Widmer representing Atherton participated by phone

2. **Public Comment**

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None

3. **Adjourn to Closed Session** – Pursuant to Government Code Section Govt. Code Sec. 54957 Public Employee Evaluation: Executive Director

Regular Session CTO: 2:25

Roll Call:

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

4. **Additional Public Comment**

None

5. **Executive Director's Report**

Executive Director La Mariana gave an overview of his Executive Director's report. He noted that today staff would be asking for the Board's consideration of 7 different bills of environmental nature that tie directly or indirectly to Agency business. He noted that the last bill is AB1595, not AB1594, and that the resolution is correct, but the staff report is incorrect. He also noted that today there would be a discussion on the budget, the FAX process and next steps, facility updates, and a fire insurance update presentation by John O'Neil. He explained that the recommended approach to insurance coverage is six layers of coverage with seven providers, which is a different route than in the past, and staff will be looking for Board direction and comments so that a decision on insurance coverage can be made at the June Board meeting. He also added that we are now in contract with a national recycling facilities expert consultant on MRFs, and they will be building an alternative program to handle the batteries.S (Unfortunately, Lillian was not able to attend) taff will be back to the Board in September with recommendations for alternative handling of batteries, and a significant public education program around batteries. Finally, he noted that 3 members from our JPA, Joe La Mariana, Lillian Clark, and Tammy Del Bene, were asked by senior CalRecycle staff to participate on an AB1383 workshop panel discussion on organics last week in Sacramento, and there was a lot of positive feedback. And, the June 8, TAC meeting would be a Cal Recycle/Sacramento day to update all of the Member Agencies on all of the legislation on the front burner, and Cal Recycle's approaches to legislative and regulatory compliance, and the annual reporting cycle.

6. **Approval of Consent Calendar**

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

- A. Approval of Minutes from the April 27, 2017 Board of Directors Meeting
- B. Approval of Quarterly Investment Report
- C. Resolution Authorizing the Executive Director to execute a letter in support of: AB1158, AB1219, AB954, AB1288, AB1036, AB1594, and SB705
- D. Resolution Approving South Bay Recycling MRF Equipment Refurbishment Expense
- E. Resolution Approving FY16/17 Capital Budget Reprioritizing

Member Widmer asked to discuss item 6C

Chair Grassilli noted the item would be discussed at the end of the meeting.

Member Bonilla made a motion to accept consent items A, B, D and E

Member Brownrigg seconded the motion

Roll Call Vote:10-0-0-2

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

7. Administration and Finance

A. Resolution Approving the FY17/18 SBWMA Budget

Executive Director La Mariana gave an overview of the staff report, and the goals of the budget: to be in balance, to meet the bond covenant ratios, and to maintain healthy reserves. He noted that table 1 in the staff report is a new variance report of the differences between the preliminary budget in April versus the proposed final budget now. He noted that there is a \$450,000 place holder for a public procurement process if agreement isn't reached in the Contractor and, if it is not used, the money goes to the capital reserve account. He also noted that the new fire insurance premium has been factored in, the expected new number is \$550,000. Also, the HHW pass through costs have been removed as those costs are no longer included in our budget. He also noted that commodity has flattened out a bit, and the Capital Improvement plan includes \$1.2M for a storm water system at Shoreway. Finally, he noted there is anticipated change in tip fees at this time.

Member Widmer commented that if the RFP money is not spent it should not go in the capital reserve because the cost is operational, it should go into an unallocated reserved fund.

Chair Grassilli noted that Executive Director La Mariana and the attorney will get clarification on whether any decision to move that money would need to be approved by the Board.

Member Benton asked why the RFP, and change in insurance premiums were not listed in table 1.

Executive Director La Mariana answered that those two dollar amounts were listed in the preliminary budget that the Board looked at in April, and Table 1 is just the changes between the April and the May presentations of the budget.

Member Bonilla made a motion to approve the FY17/18 budget
 Member Benton seconded the motion

Member Brownrigg commented that he supported the motion, and he praised the Executive Director and his team, noting that the financial reports are getting more and more clear. He added that this is a complicated entity with different levels of service, and he thought this was the best budget report to date.

Roll Call Vote: 10-0-0-2

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

8. Collection and Recycling Program Support and Compliance

A. Update to Proposed Recology Model Franchise Agreement and Compensation Package Activities

Executive Director La Mariana gave an overview of the Franchise Agreement Extension activities since the May Board meeting. During the last month the SBWMA team presented to all 12 Member Agencies, a TAC workshop to 45 people, a City Managers meeting at a legal review meeting, and the team was able to get a better understanding of the public decision making process. He also noted the high level questions and comments received during the presentations including; a high level of satisfaction with

Recology, and maintaining the current services. He added that there were a lot of questions about future rates, which cannot be answered yet, so staff are providing for on-call consulting services to help the Member Agencies get from rate year 2017 to rate year 2021 as smoothly as possible. Member Agencies would be billed back for those services. He also noted that there were a lot of questions about the 10 year versus the 15 year contract, which is simply a function of the economics of the proposal the 15 year term saves about 4%. He then added that there was a lot of discussion of bulky item collection and abandoned waste issues, and he suggested putting a committee together of the affected agencies and come with a plan and get costing information from Recology. He also noted that the issue for G&A came up very loudly, at two different meetings, and the need for a better deal was strongly expressed. And finally, he added that the last point brought up was the early depreciation roll forward, there we a lot of questions on that. He then went over the next steps in the process, noting that June 22 it will be back at this Board meeting for consideration of approval. In July, each Member Agency will consider approving the model agreement, and then each individual Member Agency will begin negotiations with Recology for individual Member Agency Agreement amendments, with the goal of having a super majority of at least 8 of the 12 Member Agencies with fully executed Franchise Agreement Extensions by December 31, 2017. And then, between 2018 and 2021, working with Member Agency staff to smooth the rate transition between 2017 and 2021.

Member Dehn asked if the 3 month time frame between taking the model agreement to the Member Agencies, and negotiating a final executed agreement was about the time it took for the current Franchise Agreement to get fully executed.

Counsel Savaree noted that she didn't know, but could look back through records.

Executive Director La Mariana noted it would be July through December, 6 months.

Member Brownrigg commented that Burlingame's City Attorney wanted to have enough time to comment meaningfully on the proposed agreement, and she felt at first that there wouldn't be enough time.

Counsel Savaree noted that she spoke to Burlingame's attorney at the legal review workshop and she was comfortable with the June 9 time frame.

Member Brownrigg asked for a deeper analysis of rates than the rate survey. He noted that he would like to see a better job of trend analysis, the rate study was a little misleading because it includes franchise fees, and ranks by one particular variable. He thought a better economic review would be the total cost divided by the total number of people, so analysis of weather to total cost per person was going up or down could be done, and that he'd like to see the cost per person going down due to efficiencies, or at least lower than competitors who don't have this contract's advantage, and if you can show that trend to council members it makes it much more rational to go for a 15 year contract.

Executive Director La Mariana noted that the SBWMA team will have to talk about how to accomplish that, noting that the rates are public documents, but costs are not always so accessible.

Member Brownrigg noted that he is not talking about confidential or proprietary data, he is talking about the publicly proposed document from each of the haulers in comparable jurisdictions.

Member Widmer commented that each of the jurisdictions does want an estimate of what they will be paying so agreed with Member Brownigg that any additional forecasting would be helpful.

Member Benton reiterated his expressed a concern with some of the numbers that make up the \$65.3M Recology proposal, and he hoped that FAX Committee will have further discussion with Recology on those points.

Mr. Richard Tatum of East Palo Alto gave public comment noting his concern that the contract should be competitively bid, and if the Board votes to go sole source there needs to be a reason Recology is the only company that can do it, and even if you're satisfied with Recology, if someone else can do it cheaper, Mr. Tatum believes that we have to go with the cheaper company.

9. Shoreway Operations and Contract Management

A. Shoreway Operations and Fire Restoration Update

Staff Gans gave an update on the fire restoration and few remaining projects that he hopes to have completed by the end of June. He noted that the staff report included a list of payments from Hanover and claims by the SBWMA, and currently there is a credit of \$109,000 on a total claim amount of \$8.5M.

Member Benton asked if there is surplus at the end will it go back to the insurance company.

Staff Gans said yes, it would get reconciled at the end of the process when all of the work is complete, they try to stay ahead on payments so we don't get behind on cash flow.

B. Property Insurance Search Update - Presentation by John O'Neill, President of Risk Strategies Insurance Brokerage

Staff Gans introduced John O'Neil the insurance broker with Risk Strategies. He noted that the current insurance provider Hanover has declined to continue coverage and the contract ends at the end of June, so we need to have a new insurance contract in place by July 1.

Mr. O'Neill noted that knowing that Hanover might decide to get out of the business he started the process early to get into the marketplace. He noted that when a carrier has paid a significant amount on a loss it's not uncommon to see either raised rates to a very high degree or just decide not to renew. He noted that the insurance carrier noted that the cause of the fire was likely to continue to be a loss threat, and until that can be controlled from a more automated standpoint like fire rover, and some of the other options the Board is considering the SBWMA will be in a surplus lines of business condition which means a surcharge in premiums for approximately 3 years. Mr. O'Neill noted that he was concerned that, unless there was a good story to tell regarding loss control, the premiums were likely to stay high beyond the 3 year period.

Mr. O'Neil added that on the property section of the policy previously there was just one carrier that charged approximately \$185,000 per year for \$60M worth of coverage with a \$5,000 deductible. Now, insurance options are looking to be maintaining an insurance risk of approximately \$2.5M internally, and premiums would go close to \$530,000 per year. He noted that insurance has been competitively bid to more than 40 insurance carriers, many outright declined the risk, and those that did offer numbers the best ones were put forth. He noted that towers of layers of coverage have been built using multiple carriers to build up to the desired coverage.

Chair Grassilli asked if the Board voted on this at the end of June would it be enough time for a July 1 start date.

Mr. O'Neill answered yes, if the Board takes action at the June meeting and approves the renewal, it's a 24 hour process from that point.

Chair Grassilli commented that currently we have \$68M worth of coverage in 3 different areas, and asked if the Tower would cover all that is covered now, and asked if the companies offering coverage are well rated.

Mr. O'Neill answered yes, all areas are covered, it is \$60M in coverage, plus the \$2.5M risk the SBWMA would assume. He also noted, that as a National brokerage firm, Risk Strategies has a policy of not placing clients with customers with anything less than an A+8 rating, which is A+ being the highest rating you can receive and 8 being a surplus of \$500,000 to \$1B.

Member Benton asked if there was earthquake insurance on the facility, and will there be a firm quote presented to us next month.

Mr. O'Neil answered no, there is no earthquake insurance, and firm quotes were included in the staff report for the Board's review.

Vice Chair Bronitsky asked what a surplus lines carrier is, and does going with a surplus lines carrier entail additional risk.

Mr. O'Neil answered that answered that it is a carrier that is not backed by the California Guarantee Solvency Association. It means they don't have to file their rates with the California Department of Insurance which may take 6-9 months to review, they can file and use their rates tomorrow, which gives the insurance carrier the ability to react to the market place. He added that not being a part of the California Guarantee Solvency Association, means that if the company were to go bankrupt you'd have no backstop. He also added that this is not concerning because as long as insurance is being purchased from solid reputable carriers, he has never had an issue with that.

Member Bronitsky commented that he wants everyone to understand that the first \$2.5M of loss comes out of the SBWMA budget, so he wanted to discuss reserving for that, since it's a big jump from \$5,000.

Mr. O'Neill noted there was also a \$1M deductible option, and the Board could look at the premium difference and see if that made economic sense.

Member Widmer commented that the \$2.5M was an awfully high deductible, and agreed that there will be a need to increase the reserve to cover the deductible.

Mr. O'Neill noted that it is about an \$85,00 per year differential in premiums to go down to a \$1.5M deductible for the primary carrier, and then nominal for the additional carriers, but the total cost could be \$100,000 – 125,000 additional in premiums each year.

Member Widmer asked to see a number of options to look at when the decision is being made at the June meeting.

Member Dehn asked what the status of the installation of the Fire Rover, and if the insurance figures are predicated on installation of the Fire Rover.

Executive Director La Mariana noted that the Fire Rover did not get Board approval, because more information was requested.

Staff Gans added that the money for this equipment and support program is in the FY17/18 budget which was approved today, so it will be coming back to the Board for approval and review.

Mr. O'Neill noted that the figures for insurance were not predicated on the installation of the Fire Rover system.

Member Brownrigg asked for the status on the battery plan.

Executive Director La Mariana answered that there will be a comprehensive presentation at the September Board meeting, with a battery plan. He noted that alternative battery options need to be in place before the plan can be implemented.

Member Brownrigg asked if there is an obligation to take batteries.

Executive Director La Mariana answered no.

Member Brownrigg noted that one of the options is to simply not take them any longer.

Member Bonilla commented that batteries will come anyway, even if they are not collected in the programs.

Executive Director La Mariana noted that there needs to be a responsible approach to this, and since residents have already been conditioned to batteries being accepted, staff feel like all options need to be exhausted before they are no longer collected at all.

Member Brownrigg suggested using the messaging on the Recology bills in the meantime with a standard message of no batteries in the trash.

Member Benton suggested newspaper articles on the importance of keeping lithium ion batteries out of the waste stream.

Mr. O'Neill concluded by noting that Executive Director La Mariana and Staff Gans would give direction as to what options the Board would like to see.

Executive Director La Mariana noted that the direction from today is that the Board would like to see options that have multiple layers to them.

Vice Chair Bronitsky asked if \$1.5M was the lowest deductible any company was willing to bid on.

Mr. O'Neill noted that it was tough to get them to go lower than that, not that they wouldn't, but at what price point does that make economic sense.

10. Informational Items Only (no action required)

- A. April 2017 Check Register Detail
- B. 2018 Finance and Rate Setting Calendar
- C. Future Board Agenda Items

Agenda Item 6C:

Member Widmer commented that the SBWMA Board approval carries a lot of weight, and he had comments on 3 of the items. First AB1158 he felt the carpet solution didn't do anything, even though he agreed with putting the responsibility back on the manufacturers, but Board support should require something more concrete. Second, he noted that he's not really sure what AB1288 does. And, third AB1594 and SB705 seem to be the same thing, and should be combined and those comments should be added if we lend our support.

Executive Director La Mariana commented that AB1158 the Carpet Stewardship Act takes aim at a problematic segment of the waste stream. He added that a law passed a few years ago has not been effective, and this bill tries to get a wide group of industry voices together to come up with a better alternative, so it is support of a conceptual movement, but that he recommended support at each level of the process.

Executive Director La Mariana commented that AB1288 is recommended tip fee reform. Everyone ton disposed of in California represents \$1.40 to Cal Recycle, and is their primary source of revenue. With the tonnage of disposed material going down Cal Recycle's revenue source is also going down, and year after year Cal Recycling is being tasked with performing more compliance and enforcement activities. So, this bill proposes an industry wide coalition to determine a fair number and fair priorities so the industry could work with the regulators.

Member Bonilla is now absent at 3:26.

Executive Director La Mariana commented that AB1594 and SB705 do have a lot of similarities, and staff's understanding that they'll likely get merged into one piece of legislation at the committee level. He added that he didn't see a lot of downside to supporting both as a statement that the SBWMA is a leader on these kinds of issues.

Member Benton noted that there is a new line item in the budget for advocacy, and asked how it ties to support of these bills.

Executive Director La Mariana answered the budget line item will support agencies that take the lead in getting these kinds of bills to a place where they can become legislation, and our SBWMA voice gets amplified by supporting these organizations on the front lines.

Member Benton noted that he supports that, and has expressed frustration in the past over things being in the waste stream because they can't be recycled. So, to the point where we can get manufacturers to produce items that can be recycled, that helps.

Member Brownrigg commented that it's not unusual to have two bills that are doing the same thing in both the Assembly and the Senate, so he is in favor of supporting both sides. He also asked for clarification on the carpet, asking if it was a consumer fee similar to CRV for bottles to fund recycling for carpet, and he supported that as well.

Executive Director La Mariana commented regarding carpet that the first bill that passed a few years ago was well intentioned but didn't do what the industry had hoped. This version takes an EPR (Extended Producer Responsibility) approach, and the SBWMA has adopted supporting the EPR approach through the Long Range Plan which identifies problematic waste streams and provides funding for end of life recycling and recovery of that material if possible.

Member Benton asked if there was any opposition to any of these bills.

Executive Director La Mariana answered no, they seem pretty straightforward at this level, if that changes he would inform the Board.

Member Aguirre made a motion to support the recommended legislation.

Member Benton seconded the motion

Roll Call Vote:9-0-0-3

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

11. Board Member Comments

Member Brownrigg commented that it came to his attention that another jurisdiction was putting their waste services contract out for bid, and it made him wonder if the SBWMA Members would derive economic benefit if the SBWMA were bigger. He noted that there may not be it may just be linear, but strategically if the SBWMA were bigger there would be more critical mass, so he suggested investigating that, and possibly courting additional members if it works to a financial advantage.

Member Widmer commented that he supported the purchase of a Polycom unit to support members that need to dial in to the Board Meetings.

12. Adjourn 3:35PM

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
Date: June 22, 2017 Board of Directors Meeting
Subject: Resolution Approving Annual Contract with Aaronson, Dickerson, Cohn & Lanzone for Legal Counsel Services for FY 17/18 through FY 19/20

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2017-24 attached hereto authorizing the Executive Director to execute a contract with Aaronson, Dickerson, Cohn & Lanzone (ADCL) to provide Legal Counsel services for FY's 17/18 through FY 19/20, with a not-to-exceed budget of \$65,000 for FY 2017-2018. This figure is higher than recent years due to a staff's estimate for a higher level of legal support to ensure a smooth transition into a new Franchise Agreement, as well as two significant new materials handling and processing contracts (organics and disposal) during this period. The budget for the second and third year of the contract will be established by the Board during its annual budget approval process.

If approved, the contract for legal services between SBWMA and ADCL would be renewed for three (3) additional years.

Background

The contract with ADCL provides the attorney for the firm will:

- Act as general counsel to the Board and staff of the SBWMA;
- Regularly attend Board and TAC meetings;
- Prepare and review ordinances, resolutions, contracts, notices, agendas and other documents and papers necessary or appropriate in matters pertaining to the SBWMA;
- Provide legal advice, representation and assistance to the SBWMA, its Board and staff on all general legal matters pertaining to the SBWMA, including litigation and compliance with state and local laws.

The contract currently calls for Jean B. Savaree to act as the lead attorney, with Kai Ruess providing backup coverage in Ms. Savaree's absence. ADCL proposes that this remain the same. The firm's resume is attached for the Board's review as Attachment A.

Fiscal Impact

The current hourly billing rate for ADCL is \$250.00 per hour. The total ADCL billing for the last four years is as follows:

2013	\$50,820
2014	\$42,351

2015	\$33,352
2016	\$25,234
2017	\$47,039

The increase in billing for 2017 is related to the negotiations for an extension of the Model Franchise Agreement with Recology.

This hourly rate of \$250.00 is well below the median hourly rate of \$272.00 for contract public agency attorneys on the Peninsula. ADCL proposes no increase in the hourly rate this year. If approved, the three-year contract would provide for an annual increase in the second and third year of the contract by an amount equal to the Consumer Price Index (All Urban Consumers) issued by the Bureau of Labor Statistics of the United States Department of Labor for the San Francisco - Oakland - San Jose, California area.

ADCL will continue to provide all secretarial and paralegal assistance necessary to delivery said legal services. These services provided by ADCL are not separately billed to SBWMA. Finally, all costs associated with the maintenance of ADCL's office are covered by the hourly billing rate including a computer system, which has WestlawNext research capability, and a law library.

If approved, a new contract will be executed with a not-to-exceed amount of \$65,000 for FY 2017-2018; the amount included in the proposed FY2017-2018 budget.

Attachments:

Resolution 2017-24

Exhibit A - DRAFT Professional Service Agreement with Aaronson Dickerson Cohn and Lanzone for Legal Counsel Services for FY's 17/18 through FY19/20

Attachment A - ADCL Firm Resume



RESOLUTION NO. 2017-24

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH AARONSON, DICKERSON, COHN & LANZONE FOR LEGAL COUNSEL SERVICES FOR FY'S 17/18 THROUGH 19/20

WHEREAS, the South Bayside Waste Management Authority (SBWMA) Board of Directors has considered entering into a contract with Aaronson, Dickerson, Cohn & Lanzone (ADCL) for the purpose of providing the following services:

Legal Counsel Services for FY's 17/18 through 19/20

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby authorizes the Executive Director to execute a contract with ADCL, attached hereto as Exhibit A.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 22nd day of June, 2017, 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. 2017-24 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 22, 2017.

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary



AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made and entered into as of the **22nd day of June, 2017** by and between the **South Bayside Waste Management Authority** hereinafter "SBWMA", and **Aaronson, Dickerson, Cohn & Lanzone (ADCL)** 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 **Provide Legal Counsel Services for FY's 17/18 through 19/20** 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 until June 22, 2020. Agreement can be terminated by either party with written thirty (30) day notice.

3. **Compensation**

As shown in Exhibit A, Consultant's hourly bill rate for the initial year of the Agreement is \$250.00 and shall not exceed **\$65,000.00**. During each succeeding year of this Agreement, the Consultant's hourly rate will be adjusted thereafter by an amount equal to the Consumer Price Index (All Urban Consumers) issued by the Bureau of Labor Statistics of the United States Department of Labor for the San Francisco - Oakland - San Jose, California area. 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.
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 attorney's 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 Exhibits A and B, comprise 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. These certificates shall specify or be endorsed to provide that thirty (30) days notice must be given, in writing, to the SBWMA office of any pending change in the limits of liability or of any cancellation or modification of the policy.
 - 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 email or by first class mail, postage prepaid, addressed as follows:

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

Consultant: **Aaronson, Dickerson, Cohn & Lanzone**
Jean B. Savaree
1001 Laurel Street, Suite A
San Carlos, CA 94070
Phone: (650) 593-3117
Fax: (650) 453-3911

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 SBWMA

DATED: _____, 2017

APPROVED AS TO FORM:

Jean B. Savaree, SBWMA ATTORNEY

DATED: _____, 2017

CONSULTANT:

BY: _____
Jean B. Savaree, ADCL

DATED: _____, 2017

NOTICE TO PROCEED

BY: _____
Cyndi Urman, Board Secretary

DATED: _____, 2017

EXHIBIT A (Scope of Work/Fee Schedule)

Jean B Savaree, providing legal services through the firm of Aaronson, Dickerson, Cohn & Lanzone, shall provide the following legal services to the South Bayside Waste Management Authority:

- Act as general counsel to the Board and staff of the SBWMA;
- Regularly attend Board and staff meetings;
- Prepare and review ordinances, resolutions, contracts, notices, agendas and other documents and papers necessary or appropriate in matters pertaining to the SBWMA;
- Provide legal advice, representation and assistance to the SBWMA, its Board and staff on all general legal matters pertaining to the SBWMA, including litigation and compliance with state and local laws.

Work will be completed on an agreed upon hourly rate of \$250 per hour for the initial year of the Agreement. During each succeeding year of this Agreement, the Consultant's hourly rate will be adjusted thereafter by an amount equal to the Consumer Price Index (All Urban Consumers) issued by the Bureau of Labor Statistics of the United States Department of Labor for the San Francisco - Oakland - San Jose, California area.

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
TOTALS:	2.0		\$400.00

TOTAL THIS TASK: \$400

TASK 2 TITLE/Description

Professional Personnel:	Hours:	Rate:	Amount:
John Doe	3.0	\$200.00	\$600.00
TOTALS:	3.0		\$600.00

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
This Invoice	10%	\$1,000.00
Contract Balance	90%	\$9,000.00

AARONSON, DICKERSON, COHN & LANZONE

1001 Laurel Street, Suite A
San Carlos, CA 94070
Telephone: (650) 593-3117
Facsimile: (650) 453-3911
www.adcl.com

Municipal Law, Real Estate, Business Law, Estate Planning including Probate, Conservatorships and Elder Abuse, Credit Union Law, Employment Law including Anti-Harassment, Discrimination, Retaliation and Violence Prevention Training, Investigation and Litigation, Landlord-Tenant. Trial and Appellate Practice.

All Attorneys are Members of the San Mateo County Bar and the State Bar of California.

ROBERT J. LANZONE
(650) 593-3117, Ext. 204
rlanzone@adcl.com

Admitted to the California State Bar, 1970

Educational Background: University of Santa Clara (J.D. 1969); New York University, Carnegie Fellowship, Public Administration (1965); Queens College of the City University of New York (B.A. 1964).

Member: California State Bar Association; San Mateo County Bar Association - William R. Nagle Jr. Award (2006), Municipal Law Section Chair (1985-2005), Board Member (1977-1984), President (1983); Legal Aid Board (1980-1982).

Reported Cases: *Teamsters Local 856, et al. v. Priceless, LLC, et al.* (2003) 112 Cal.App.4th 1500; *Woodside v. Gava* (1989) 213 Cal.App.3d 488.

Present Work: Municipal Law, Real Estate, Business and Estate Planning. Deputy City Attorney, City of San Carlos; Deputy City Attorney, City of Foster City; Deputy Town Attorney, Town of Woodside; Deputy Attorney, South Bayside Waste Management Authority; Attorney, Saddle Creek Community Service District.

Prior Legal Experience: Legal Counsel, ABAG PLAN (2010-2015); Interim City Attorney, City of San Bruno (2010-2011); Deputy District Attorney, Menlo Park Fire Protection District (2008-2010); City Attorney, City of San Carlos (1988-2008); Attorney, Provident Credit Union (1977-2005); Town Attorney, Town of Woodside (1985-2004); City Attorney, City of Half Moon Bay (1983-1996); City Attorney, City of Pacifica (1977-1983).

Community Affairs: San Carlos Rotary Club (2006-present); Provident Credit Union Board Member (2005-present); William Saroyan Foundation (1985-1990); Archdiocese of San Francisco, Board of Education (1985-1987); Judge Pro Tem, San Mateo County Superior Court (1983-1990); St. Charles School Board (1983-1985); San Carlos Chamber of Commerce, President (1980), Board Member (1977-1981); Kiwanis, member (1971-1977); Belmont Jaycees, Member (1970-1975), President (1972).

JEAN B. SAVAREE
(650) 593-3117, Ext. 214
jbs@adcl.com

Admitted to the California State Bar, 1981

Educational Background: University of San Francisco (J.D. with Honors, 1981) - Member: McAuliffe Honor Society, Moot Court Board, Program Director, Moot Court Honors Board (1980-1981); Michigan State University (B.S. 1976).

Member: California State Bar Association; San Mateo County Representative at State Bar Conference of Delegates (1992-1994), Co-Chair (1995), Chair (1996); San Mateo County Bar Association - Personnel Committee (1998-2001), Membership Committee (1997-2008), Co-Chair (2003-2004), Fee Arbitration Panel (1996-present), Women Lawyers Section - Educational Foundation Board of Directors, (1995-1998), Continuing Education Committee (1995-1997), Director (1992-1994), Municipal Law Section (1990-present), Chair (2005-present), Employment Law Section (1990-present); California Trial Lawyers Board of Directors, San Mateo County (1995-2000); California Women Lawyers Executive Committee, San Mateo County (1995-1998).

Reported Cases: *Teamsters Local 856, et al. v. Priceless, LLC et al.* (2003) 112 Cal.App.4th 1500; *Woodside v. Gava* (1989) 213 Cal.App.3d 488.

Present Work: Municipal Law and Employment Law (including litigation, training, investigations and consulting for public and private employers on Harassment, Discrimination, Retaliation, Violence Prevention, Personnel Policies and Procedures, Disciplinary Issues and Employment Contracts). Town Attorney, Town of Woodside; City Attorney, City of Foster City; Attorney, Coastside Fire Protection District; Attorney, Central County Fire Department; Attorney, South Bayside Waste Management Authority; Attorney, Southern San Mateo County Police Consortium; Deputy City Attorney, City of San Carlos; Attorney, FireNet 6.

Prior Legal Experience: District Counsel, San Mateo County Harbor District (2011-2014); Deputy District Counsel, San Mateo County Harbor District (1989-2011); Department Attorney, Belmont-San Carlos Fire Department (1988-2011); Deputy City Attorney, City of Belmont (2004-2011); District Attorney, Menlo Park Fire Protection District (2008-2010); Deputy Town Attorney, Town of Woodside (1985-2005); City Attorney, City of Belmont (1994-2004); Deputy City Attorney, City of Foster City (1985-1997); Deputy City Attorney, City of Half Moon Bay (1985-1996).

Community Affairs: Rebuilding Together Volunteer (2008-present); California League of Cities - Community Services Policy Committee and Legislation Committee (2004-2006); Legal Aid Society of San Mateo County, Board of Directors (1996-2006), President (2001-2003), Treasurer (1999-2000); Legal Advocacy Committee Peninsula Representative (1997-1999).

GREGORY J. RUBENS
(650) 593-3117, Ext. 202
grubens@adcl.com

Admitted to the California State Bar, 1987

Educational Background: McGeorge School of Law, University of the Pacific (J.D. 1987); University of California at Santa Barbara (B.A. 1983).

Member: California State Bar Association; San Mateo County Bar Association - Business and Business Litigation Section, Chair (2005-2008), Conservatorship Independent Counsel Panel (2005-present), Probate, Trust and Conservatorship Mediator Panel (2009-present); Alternative Dispute Resolution Section (1995-present), Estate Planning and Elder Law Section (1995-present), Real Estate Section (1995-present).

Present Work: Municipal Law, Mediation, Estate Planning, Probate, Conservatorships (including Court Appointed Independent Counsel for Conservatees), Real Estate and Corporate Law (including small businesses and LLCs). Court Appointed Real Estate Partition Referee; Mediator for San Mateo County Superior Court Probate ADR Program; Arbitrator, San Mateo County Superior Court; City Attorney, City of San Carlos (2008-present); Legal Counsel, San Mateo County Telecommunications Authority (SAMCAT) (1998-present); Legal Counsel, Provident Credit Union; Attorney, Redwood City-San Mateo County Chamber of Commerce; Attorney, Redwood City Improvement Association; Deputy Town Attorney, Town of Woodside; Deputy City Attorney, City of Foster City; Deputy Attorney, Coastside Fire Protection District; Legal Counsel, ABAG PLAN.

Prior Legal Experience: Deputy District Counsel, San Mateo County Harbor District (1989-2014); Deputy Attorney, Belmont-San Carlos Fire Department (1988-2011); Deputy City Attorney, City of Belmont (1994-2011); Interim City Attorney, City of San Bruno (2010-2011); Acting City Attorney, City of Menlo Park (as required by assignment); Deputy District Attorney, Menlo Park Fire Protection District (2008-2010); Deputy City Attorney, City of Half Moon Bay (1994-1996).

Community Affairs: San Carlos Chamber of Commerce - President (2008 & 1999-2000), Board of Directors (1995-2007); Kiwanis International, San Carlos Kiwanis Club (1989-present), Director (1992-2008), President (1994-1996 & 1998-1999), Lt. Governor Div. 34 (2005-2006); Sequoia Union High School District Measure G and H Bond Advisory Committee (2002-2009); San Carlos Educational Foundation, Board of Directors (1998-2000).

CAMAS J. STEINMETZ

(650) 593-3117, Ext. 225

csteinmetz@adcl.com

Admitted to the California State Bar, 2002

Educational Background: University of California, Davis School of Law (J.D. 2002); University of California, Hastings (Visiting Student 2002); University of California, Santa Cruz, (B.A 1994); University of Bergen, Norway, (Exchange Student 1992).

Certificates: Leadership in Energy and Environmental Design Accredited Professional (LEED AP), U.S. Green Building Council.

Member: California State Bar Association (2002-present); San Mateo County Bar Association (2012-present); Urban Land Institute (2007- present).

Reported Cases: *Lin v. City of Pleasanton* (2009) 175 Cal.App.4th 1143.

Present Work: Land Use, Real Estate and Municipal Law (including California Environmental Quality Act (CEQA), Planning & Zoning Law, Williamson Act, California Coastal Act, Subdivision Map Act, Initiative and Referendum Law, Brown Act, and Public Records Act). Deputy Town Attorney, Town of Woodside; Deputy City Attorney, City of San Carlos; Deputy City Attorney, City of Foster City.

Honors and Awards: Northern California “Rising Star”, Super Lawyers Magazine (2010); Public Law Grant Recipient, King Hall Legal Foundation (Summer 1999); California Bar Association Environmental Law Section Scholarship Recipient (Fall, 2000).

Prior Legal Experience: Associate Attorney, Manatt Phelps & Phillips, LLC (2007-2012); Associate Attorney, Bingham McCutchen, LLP (2006-2007); Associate Attorney, Jorgenson Siegel, McClure & Flegel, LLP (2002-2006) (serving as assistant to Town Attorney, Town of Portola Valley, City Attorney, City of Menlo Park, and Interim City Attorney, City of Morgan Hill); Contract Attorney, Peninsula Open Space Trust (POST) (2002-2004); Judicial Extern, Honorable Lawrence K. Karlton, United States District Court Judge, Eastern District (Spring, 2002); Legal Intern, United States Department of Justice, Environmental Enforcement Section (Summer, 1999).

Related Experience: Santa Clara County Legislative Advocate, Committee for Green Foothills (1995-1998); Legislative Assistant, Global Action & Information Network (1993-1995); Intern, San Mateo County Planning Department (Fall, 1994).

Community Affairs: Board of Directors, Young Men’s Service League, Alpine Chapter (2016-present); UrbanPlan Volunteer (2009-present); Vice-President, California League of Conservation Voters, Santa Clara County Chapter (1995-1998); Moderator, Host & Producer, Common Ground TV (1996-1998); Guest Lecturer, Stanford University & DeAnza College Environmental Studies classes (1995-1998). Teachers Assistant, Environmental Ethics, University of California at Santa Cruz (Spring, 1994).

KAI RUESS
(650) 593-3117, Ext. 215
kruess@adcl.com

Admitted to the California State Bar, 2011

Educational Background: University of California, Hastings College of the Law (J.D. 2011); University of California, Davis (B.A. 2007, Phi Beta Kappa).

Member: California State Bar Association; San Mateo Bar Association – Barristers and Municipal Law Sections.

Present Work: Municipal Law and General Civil Litigation. Deputy Town Attorney, Town of Woodside; Deputy City Attorney, City of San Carlos; Deputy City Attorney, City of Foster City; Deputy Attorney, Coastside Fire Protection District; Deputy Counsel, Central County Fire Protection District. Adjunct Faculty Instructor, University of California, Hastings College of the Law.

Prior Legal Experience: Deputy District Counsel, San Mateo County Harbor District (2011-2014); Production Editor - Hastings Science and Technology Journal (2010-2011); Coach - Moot Court Teams, Wager Employment Law Competition (2011), Cardozo/BMI Entertainment and Communications Law Competitions (2010); Intern - City of Burlingame City Attorney's Office (2010); Intern - City of San Mateo City Attorney's Office (2009); Controller - UC Davis Associated Students (2006-2007); Student Services and Fees Administrative Advisory Committee - UC Davis (2006-2007).

Community Affairs: San Carlos Chamber of Commerce - Board Member (2014-present).

KIMBERLY L. CHU
(650) 593-3117, Ext. 207
kchu@adcl.com

Admitted to the California State Bar, 2012

Educational Background: University of California, Hastings College of the Law (J.D. 2012); Stanford University (M.A. 2008); Stanford University (B.A. 2007, alpha Kappa Delta Phi).

Member: California State Bar Association; San Mateo Bar Association – Women Lawyers Section Educational Foundation, Barristers, Estate Planning Law Section and Municipal Law Sections.

Present Work: Municipal Law; General Civil Litigation; Estate Planning; Probate; Conservatorships; Real Estate; and Corporate Law (including small businesses and LLCs). Deputy City Attorney, City of San Carlos; Deputy City Attorney, City of Foster City; Deputy Attorney, Coastside Fire Protection District.

Prior Legal Experience: Attorney, Webb Legal Group (2012- 2013); Trial Team Litigation Extern, San Francisco City Attorney’s Office (December 2011-April 2012); Certified Law Clerk, Rencher Law Group, P.C. (2010-2011); Teaching Assistant, University of California, Hastings College of the Law Legal Writing and Research Department (2011-2012); CALI/WITKIN Awards for Negotiations & Settlement, and Mediation.

Community Affairs: Arbor Bay School Board – Boardmember (2014-present).

JOAN A. BORGER
(650) 593-3117, Ext. 208
jborger@adcl.com

Admitted to the California State Bar, 1983

Educational Background: University of California, Hastings College of the Law (J.D. 1983); Ohio State University (B.A 1979).

Member: California State Bar Association, December 1983; United States District Court, Central District, January 1984; Northern District, December 1993.

Reported Cases: *In re Kerry O.* (1989) 210 Cal.App.3d 326; *In re Jonique W.* (1994) 26 Cal.App.4th 685; *Gilbert v Sunnyvale* (2005) 130 Cal.App.4th 1264.

Present Work: General Municipal Law, including California Environmental Quality Act (CEQA), Land Use, Public Works, Public Contracting, Brown Act, Public Records Act, Political Reform Act.

Prior Legal Experience: City Attorney, City of Sunnyvale (2012-2015); Assistant City Attorney, City of Fremont (2006-2012); Interim City Attorney, City of Sunnyvale (2004-2005); Assistant/Senior Assistant City Attorney, City of Sunnyvale (2000-2006); Assistant City Attorney, City of Hayward (1993-2000); General Counsel, South San Francisco Conference Center Authority (1994-1996); Senior Research Attorney, California Court of Appeal, Sixth District (1990-1993); Assistant County Counsel, County of Ventura (1989-1990); Deputy County Counsel, Office of the County Counsel County of Riverside (1985-1987); Judicial Clerkship, California Court of Appeal, District 4 (1983-1985).

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
Date: June 22, 2017 Board of Directors Meeting
Subject: Resolution Authorizing the Executive Director to Execute a 3-Year Contract with DTE Networks for Information Technology Services

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2017-25 attached hereto authorizing the following action:

The Executive Director execute a 3-year contract with DTE Networks to provide Information Technology services. The not-to-exceed amount for FY17/18 is \$30,240.

Analysis

This contract is an extension of the Agency's current contract for information technology services to support its administrative office needs. The SBWMA has worked with T324 firm since 2007. In 2014, T324 subcontracted the IT portion of their business to DTE Networks, and the SBWMA has had a relationship with both vendors since that time. DTE Networks has requested that the IT services they have been providing continue under a separate contract from T324. T324 will continue to provide the website hosting and maintenance services they have been providing since 2007. This contract is for a three-year period.

Fiscal Impact

A new contract will be executed with a not-to-exceed amount of \$30,240 which is the amount included in the adopted FY17/18 budget under a line item for "Information Systems" (Expenses--line 10)

Attachments:

Resolution 2017-25

Exhibit A – Professional Services Agreement for Information Technology Services



RESOLUTION NO. 2017-25

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A 3-YEAR CONTRACT WITH DTE NETWORKS FOR INFORMATION TECHNOLOGY SERVICES

WHEREAS, the South Bayside Waste Management Authority (SBWMA) Board of Directors has considered entering into a contract with DTE Networks for the purpose of providing the following services:

Information Technology Services

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby authorizes the Executive Director to execute a 3-year contract with DTE Networks.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 22nd day of June, 2017, 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. 2017-25 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 22, 2017.

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary



A Public Agency

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made and entered into as of the **23rd day of June, 2017** by and between the **South Bayside Waste Management Authority** hereinafter "SBWMA", and **DTE Networks** 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 **Provide IT Services to the SBWMA Office and Staff** 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 until _____. Agreement can be terminated by either party with written thirty (30) day notice.

3. Compensation

As shown in Exhibit A, Consultant's hourly bill rate for the initial year of the contract is 3-years and shall not exceed **\$ 30,240.00**. During each succeeding year of this Agreement, the Consultant's hourly rate will be adjusted thereafter by an amount equal to the Consumer Price Index (All Urban Consumers) issued by the Bureau of Labor Statistics of the United States Department of Labor for the San Francisco - Oakland - San Jose, California area. 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.

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 Exhibits A and B, comprise 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. These certificates shall specify or be endorsed to provide that thirty (30) days notice must be given, in writing, to the SBWMA office of any pending change in the limits of liability or of any cancellation or modification of the policy.

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 email or by first class mail, postage prepaid, addressed as follows:

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

Consultant: **DTE Networks**
Yaron Rosenthal or Jeff Abbott
3060 El Cerrito Plaza #361
El Cerrito CA 94530
Phone: (510) 234-5816
Email: support@dtenetworks.com

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, SBWMA

DATED: _____, 2017

APPROVED AS TO FORM:

Jean Savaree, SBWMA ATTORNEY

DATED: _____, 2017

CONSULTANT:

BY: _____
Yaron Rosenthal, Principal

DATED: _____, 2017

BY: _____
Jeff Abbott, Principal

DATED: _____, 2017

NOTICE TO PROCEED

BY: _____
Cyndi Urman, Board Secretary

DATED: _____, 2017





3060 El Cerrito Plaza #361 • El Cerrito, CA 94530

EXHIBIT A (Scope of Work)
Part 1 IT Services

BOD APPROVED 06/23/16
RESO# 2016-22

Estimate

Date	Estimate #
5/2/2016	E6358

Accounts Payable
South Bayside Waste Management Authority,
610 Elm St, Ste 202
San Carlos CA
United States

Description	Total				
<p>Microsoft Office 365 @ \$180/month (could change if number of users increases)</p> <p>Managed Antivirus @4.95/month (11 computers)</p> <p>logmein remote access and monitoring @ \$7.95/month (11 computers)</p> <p>Off-site backup service/storage @ \$67/month</p> <p>4 hours of support per month for routine server maintenance</p> <p>9 hours of support per month for general support requests, maintenance, upgrades, problem solving and troubleshooting, etc.</p> <p>2 hours of support per month for monitored offsite/cloud data backup for 10 workstations (500GB/licenses, included).</p>	<table border="1" style="width: 100%; margin-bottom: 10px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: center;">Project</td> </tr> <tr> <td style="height: 20px;"></td> <td></td> </tr> </table>		Project		
	Project				
Subtotal	\$30,240.00				
Sales Tax (9.0%)	\$0.00				
Total	\$30,240.00				

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
TOTALS:	2.0		\$400.00

TOTAL THIS TASK: \$400

TASK 2 TITLE/Description

Professional Personnel:	Hours:	Rate:	Amount:
John Doe	3.0	\$200.00	\$600.00
TOTALS:	3.0		\$600.00

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
This Invoice	10%	\$1,000.00
Contract Balance	90%	\$9,000.00



STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Senior Facility & Contract Manger
Date: June 22, 2017 Board of Directors Meeting
Subject: Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services at the Shoreway facility for FY17/18.

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2017-26 attached hereto authorizing the following action: **Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services for FY17/18**

Analysis

SBWMA staff requires construction management support to complete Shoreway maintenance and capital projects. The Board approved FY17/18 Budget contained several capital projects and **Attachment A** provides a detail list of the projects to be completed at Shoreway. Staff is looking to TannerPacific to assist in the construction management of these projects by: developing technical specifications, engineered drawings, and public bidding of Shoreway projects; and after project award, construction management services including permit coordination, management of request for information (RFI), inspection of completed work, and progress payment sign-off.

TannerPacific work for the SBWMA will be performed on a time & materials basis. TannerPacific has provided a cost estimate (Attachment A) for the total level-of-effort for Construction Management services for FY17/18. TannerPacific's cost effectiveness was evaluated against other CM firms and their cost/hour bill rate is reasonable for the services required.

Background

TannerPacific was selected by Staff because the company has demonstrated a keen awareness to the SBWMA's needs for strong on-site support in coordination with ongoing facility operations. TannerPacific is a local construction management firm that has extensive knowledge of the Shoreway Environmental Center and who's members worked on the Shoreway Mater Plan projects between 2008-2011.

Fiscal Impact

The estimated cost for Construction Management offered by TannerPacific over the 1-year term of the planned construction projects is \$86,516. The costs for the Construction Management services will be drawn from a combination of the 1) the operations budget line item Facility Improvement Oversight which has a budget amount of \$100,000 and 2) assigned to Capital Expense projects where the construction management service are used to support the project.

Attachments:

Resolution 2017-26

Exhibit A – DRAFT Professional Services Agreement with Tanner Pacific for Construction Management Services for FY17/18

Attachment A - List of Shoreway Project with Level-of-Effort cost estimates for Construction Management Support



RESOLUTION NO. 2017- 26

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services for FY17/18

WHEREAS, the SBWMA owns and maintains the Shoreway Environmental Center,

WHEREAS, the SBWMA requires construction management assistance in performance of the various capital and maintenance projects,

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves a Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services for FY17/18.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California the 22nd Day of June, 2017 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. 2017- 26 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 22, 2017.

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary



A Public Agency

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made and entered into as of the **23rd day of June, 2017** by and between the **South Bayside Waste Management Authority** hereinafter "SBWMA", and **Tanner Pacific** 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 **Construction Management Services for FY17/18** 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 **\$ 86,516.00**. Invoices for payment shall be submitted monthly to SBWMA and shall be 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.

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. These certificates shall specify or be endorsed to provide that thirty (30) days notice must be given, in writing, to the SBWMA office of any pending change in the limits of liability or of any cancellation or modification of the policy.

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 email or by first class mail, postage prepaid, addressed as follows:

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

Consultant: **Tanner Pacific**
William Tanner
751 Laurel Street
San Carlos, CA 94070
Phone: 925-766-1800

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, SBWMA

DATED: _____, 2017

APPROVED AS TO FORM:

Jean Savaree, SBWMA ATTORNEY

DATED: _____, 2017

CONSULTANT:

BY: _____
William Tanner, Principal

DATED: _____, 2017

NOTICE TO PROCEED

BY: _____
Cyndi Urman, Board Secretary

DATED: _____, 2017

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
TOTALS:	2.0		\$400.00

TOTAL THIS TASK: \$400

TASK 2 TITLE/Description

Professional Personnel:	Hours:	Rate:	Amount:
John Doe	3.0	\$200.00	\$600.00
TOTALS:	3.0		\$600.00

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
This Invoice	10%	\$1,000.00
Contract Balance	90%	\$9,000.00

ATTACHMENT A

Tanner Pacific - SBWMA Projects & Cost Estimate

TPI Number			Task Order	Total TPI Budget	Precon Budget	CM Budget
	Mechanics Shop Canopy	Andrew		\$15,656	\$7,680	\$7,172
	Transfer Station Floor Repair	Andrew		\$11,848	\$5,120	\$5,924
	Transfer Station Exit Ramp Drain	Andrew		\$11,272	\$4,096	\$6,372
	Truck Shop Drain	Andrew		\$11,272	\$4,096	\$6,372
	Scale Drain	Andrew		\$11,272	\$4,096	\$6,372
	Equipment Exhaust	Joel		\$5,608	\$2,400	\$2,404
	Public Recycling Center	Joel		\$20,040	\$12,000	TBD
Hold	Raise Glass Auger	Joel		\$14,824	\$6,000	\$6,412
					\$45,488	\$41,028
					TOTAL	\$86,516



A Public Agency

COLLECTION AND RECYCLING PROGRAM SUPPORT AND COMPLIANCE

Agenda Item 9

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, SBWMA Executive Director
Date: June 22, 2017 Board of Directors Meeting
Subject: Resolution Approving the Proposed Recology Model Franchise Agreement and Compensation Package

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2017-27 attached hereto: **Approving the Recology Model Franchise Agreement and Compensation Package for services to be provided by Recology San Mateo County from January 1, 2021 to December 31, 2035.**

Summary

The SBWMA's Ad Hoc Franchise Agreement Extension (FAX) Committee, staff, and consultants have negotiated with Recology of San Mateo County (Recology) representatives since November 2016 to arrive at a mutually-agreeable, Amended and Restated Model Franchise Agreement and cost for Collection Service. The FAX Committee's Draft *Findings and Recommendations Report* and Model Franchise Agreement were presented and discussed at the April 28, 2017 Board of Directors meeting. Key topics were raised by Board Members pertaining to the Recology's cost proposal included:

- Information regarding the relative financial benefits of a 10-year vs.15-year term and concern over the 15-year duration for this agreement.
- Requests for information to aid in evaluating the "value proposition" for rate payers posed by Recology's Collection Services cost proposal.
- Clarification of Recology's proposed general and administrative (G&A) costs compared to the costs of the current Agreement (G&A represents \$10,465,605 or 16% of Recology's 2021 cost proposal).

Between May 1st and May 23rd, SBWMA staff has conducted numerous informational presentations at Council meetings of all 12 Member Agency's (60+ elected officials) and at workshops (see listing below) to provide a much deeper dive into the proposed financial and contractual terms. It should be noted that Recology's senior management attended and actively participated in the Technical Advisory Committee (TAC) and the City Attorney meetings and many SBWMA Board members also attended these three meetings. More details are provided in the Analysis section of this report.

- The SBWMA's 12 TAC members and agency solid waste staff (May 3rd)
- The SBWMA's 12 City Managers (May 11th)
- The SBWMA's 12 City Attorneys (May 16th)

The proposed amendments to the current agreement were reviewed by the negotiating team for both Recology and the SBWMA. This included Bryce Giddens, Recology's attorney, and Jean Savaree, SBWMA's counsel. In order to insure that the proposed amendments were fully vetted, a half day workshop was attended by attorneys from all Member Agencies. Oral comments were provided by the attorneys at the workshop and those were followed by written comments submitted subsequent to the workshop. Those comments have been incorporated and their

questions responded to prior to the Board's meeting today. A similar outreach was conducted with the TAC and City Managers.

Additionally, during City Council and SBWMA Board meetings, two questions were asked that required additional research and response.

1. *Is there an obligation to conduct some level of CEQA review prior to the Board or Member Agencies approving the Franchise Agreement or Member Agencies approving their individual agreements?* Staff has determined that this project is categorically exempt from CEQA.
2. *Is the SBWMA obligated to send the contract out for competitive bid rather than entering into an exclusive negotiation with Recology for a contract extension?* Staff has determined that there is no obligation.

More details are provided in the Analysis section of this report.

Analysis

Staff was tasked to negotiate a restated and amended Model Franchise Agreement and cost for services with Recology. During these negotiations, SBWMA staff worked with the FAX committee, consultants and Recology during numerous meetings to develop an Amended & Restated Model Franchise Agreement for collection services for the SBWMA service area.

As part of the SBWMA Board April 28 Board meeting, the FAX Committee's Draft *Findings and Recommendations Report* and Redlined Model Franchise Agreement were provided for discussion and contained the most recent outcome of the negotiation process. There was discussion during the meeting surrounding the proposed term and compensation proposed in the new agreement with Recology. Details on the term and compensation are as follows:

- **Term:** Recology has proposed the option of a 10-year or a 15-year term. After considering the financial benefits of spreading the depreciation cost for a new collection fleet, the FAX committee is recommending a 15-year term. At the end of the current contract, Recology's \$36.3 million collection fleet will be fully depreciated, however, the company has indicated that it can continue to use the vehicles for 2-3 additional years. By agreeing to a 15-year term, and combining the use of the current and new vehicle for a longer term, the Member Agencies will benefit from an ~\$1.7 million per year (3.4%) reduction in depreciation and interest expense when compared to the 10-year option.
- **Compensation:** The FAX committee is recommending an agreement with a 2021 Base Contractor's Compensation of \$65,330,616, which assumes a 15-year term and the inclusion of depreciation expense for the replacement collection vehicles in rate year 2020 of the Current Agreement. Based on these assumptions, the Base Contractor's Compensation will:
 - Increase 2.4% from 2019 to 2020 (instead of a ~7% reduction built into the current Agreement).
 - Increase 10.2% from 2020 to 2021.
 - Adjusts annually, thereafter, per changes in industry indices and service levels changes (capped at 5% increase/year).

Outreach to Member Agencies: After the FAX report was issued to the Board, Staff made a concerted effort to communicate the terms of the negotiated Model Franchise Agreement and compensation to the Member Agencies. This outreach included the following

1. **Member Agency Workshops:** Three workshops were held for Member Agency Staff, Attorneys, City Managers and SBWMA Board Members, to provide much greater detail on the outlined changes to the Model Franchise Agreement and cost for services with Recology. The following outlines the general comments provided:
 - Discussion on Bulky Item Collection and Abandoned Waste requesting the SBWMA to be notified and in-turn notify the Member Agencies.
 - Concern that all trucks are depreciated by the end of the current Recology contract, and Member Agencies feel depreciation in 2021 should be zero until Recology starts purchasing trucks.
 - A request for the negotiation team to put together more information and comparison on G&A costs including other large hauling companies.
 - Concern was raised over a 15-year duration for this contract and if this is normal. A request was made to understand how many 15-year contracts are currently in place.
2. **City Council Meetings:** As previously noted, between May 1st and May 23rd, SBWMA staff conducted numerous informational presentations at Council meetings of all 12 Member Agency's (60+ elected officials) to provide a deeper dive into the proposed financial and contractual terms. These meetings were designed to outline the negotiation activities and review the major changes in the redline Model Franchise Agreement and Compensation Package. The following comments were provided from Council Members during those meetings:

Regarding Compensation:

- Details on the "meet and confer" provision should have ranges for time and costs included in the agreement so that there cannot be big swings (concerned about change orders).
- Information requested on specifics to how the cost savings from extending the truck fleet are realized as savings.
- Concern about the term "true up", what is included and how / when a true up occurs.
- Request to ensure the residents will not be charged again for their carts.
- Multiple concerns were raised on Recology's increase in G&A costs.
- Concern was expressed about the decision to Sole Source a contract worth \$1B.
- Information requested on Member Agency obligations for going out to bid and if the SBWMA has the \$2-3 Million in costs to go out to bid.
- Details requested to confirm Recology's profit margin is actually 9.5%.
- Suggestion to confirm there is an exit provision in the agreement for non-performance.

Regarding Services:

- Concern that the waste characterization audits are being discontinued and question on what the current contamination rate is and its impact on selling commodities.
- Section 7.13 of the Franchise Agreement needs to be expanded to include Member Agency's in addition to SBWMA.
- Request to understand whether the cap on Bulky Item Collection (BIC) was at the Member Agency level or SBWMA wide, how a Member Agency would know when they are at the BIC limit, and how to plan when getting close to maximum.

- Question on how rates get communicated to the residents, and to make sure that there was coordination between the City, contractor and the SBWMA on rate impacts and process.

During City Council and SBWMA Board meetings, two questions were asked that required additional research and response.

1. ***Is there an obligation to conduct some level of CEQA review prior to the Board or Member Agencies approving the Franchise Agreement or Member Agencies approving their individual agreements?*** Staff has determined that this project is categorically exempt from CEQA. Article XI, § 7 of the California Constitution authorizes public entities to protect public health and safety by taking measures in furtherance of their authority over police and sanitary matters. The Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 (Public Resources Code §§ 40000 et seq.) established a solid waste management process which requires public entities to implement plans for source reduction, reuse and recycling as integrated waste management practices for solid waste attributed to sources within their respective jurisdictions.

The California Public Resources Code at § 40059 provides that aspects of solid waste handling of local concern include but are not limited to frequency of collection, means of collection and transportation, level of services, charges and fees, and nature, location and extent of providing solid waste services, and whether the services are to be provided by means of nonexclusive, partially exclusive or wholly exclusive franchise, contract, license or otherwise which may be granted by local government under terms and conditions prescribed by the governing body of the local agency.

Staff has reviewed the project's potential effects on the environment and has determined that this project is categorically exempt from the California Environmental Quality Act ("CEQA") under CEQA Guidelines Section 15301 ("Existing Facilities") and Section 15061(b)(3) ("Common Sense Exemption"), and that the exceptions to the categorical exemptions contained in CEQA Guidelines Section 15300.2 are not applicable to the project.

(a) This project is exempt from CEQA under CEQA Guidelines Section 15301. CEQA Guideline Section 15301 exempts "the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination." The Board is asked to consider and recommend to the Member Agencies that their current contracts with Recology be extended to provide the same level of service for solid waste collection service as currently provided. Therefore, the decision to extend the existing franchise agreements with Recology involves the operation and licensing of existing facilities and equipment and do not involve an expansion of use. Accordingly, the decision to extend the franchise agreements with Recology is exempt from CEQA under Guideline 15301.

(b) This project is also exempt from CEQA under CEQA Guidelines Section 15061(b)(3). Section 15061(b)(3) exempts projects that fall within the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. "Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Here, the activity of extending the franchise agreements will not have a significant effect on the environment because there will be no change in the operation of solid waste collection services provided to the Member Agencies. Recology will use the same vehicles the Authority is currently using and will provide the same levels of service the Authority is currently providing. Therefore, there is no possibility that the award

of this franchise will cause a significant effect on the environment.

Additionally, none of the exceptions to the categorical exemptions contained in CEQA Guidelines Section 15300.2 prevent CEQA Guidelines Section 15301 from exempting the project for the following reasons:

- a) The project is not a Class 3, 4, 5, 6, or 11 project, and therefore is not subject to the exception pertaining to projects located in particularly sensitive environments.
- b) The nature of the project is such that significant cumulative impacts will not occur from successive projects of this type occurring in the same location over time. Because the Authority is entering into an exclusive franchise agreement with _____, there will be no successive projects of this type.
- c) There is no reasonable possibility that unusual circumstances will cause the project to have a significant effect on the environment.
- d) The project will not result in damage to scenic resources within designated state scenic highway.
- e) The project site has not been listed as a hazardous waste and substance facility or site by the Department of Toxic Substances Control pursuant to California Government Code Section 659625.
- f) The project will not cause a substantial adverse change to the significance of a historical resource.

2. ***Is the SBWMA obligated to send the contract out for competitive bid rather than entering into an exclusive negotiation with Recology for a contract extension?*** Staff has determined that there is no obligation, as noted below.

Section 3.02, Term, of the Franchise Agreements with Recology provides that the current contract will end at midnight on December 31, 2010, unless "earlier terminated, or extended as provided in Section 3.03."

Section 3.03, Extension of Term, provides that during calendar year 2017, "the Parties shall meet and confer on the possible extension of the Term" of the Franchise Agreement.

Negotiation of a contract extension with Recology was therefore anticipated when the Franchise Agreement was approved in 2009 at the end of that competitive bidding process. The question of whether or not a public entity should competitively bid solid waste contracts is left to the discretion of the public entity's governing board per Public Resources Code § 40059 which provides:

§ 40059. Local determinations; extent of services; means for providing services; abrogation of existing franchises, contracts, or licenses

- (a) Notwithstanding any other provision of law, each county, city, district, or other local governmental agency may determine all of the following:
 - (1) Aspects of solid waste handling which are of local concern, including, but not limited to, frequency of collection, means of collection and transportation, level of services, charges and fees, and nature, location, and extent of providing solid waste handling services.
 - (2) Whether the services are to be provided by means of nonexclusive franchise, contract, license, permit, or otherwise, either with or without competitive bidding, or if, in the opinion of its governing body, the public health, safety, and well-being so require, by partially exclusive or wholly exclusive franchise, contract, license, permit, or otherwise, either with or without competitive bidding. The authority to provide solid waste handling services may be granted under terms and conditions prescribed by the governing body of the local governmental agency by resolution or ordinance.
- (b) Nothing in this division modifies or abrogates in any manner either of the following:
 - (1) Any franchise previously granted or extended by any county or other local governmental agency.

- (2) Any contract, license, or any permit to collect solid waste previously granted or extended by a city, county, or a city and county. (Emphasis added)

Background

The Franchise Agreement for Collection Services for Garbage, Recycling and Organic Materials with Recology expires on December 31, 2020. SBWMA member agencies are currently in the seventh year of a ten-year Franchise Agreement for Collection Services for Garbage, Recycling and Organic Materials with Recology. During this time, feedback provided by Board Members, Member Agency staff, and community members surveyed, has consistently established that Recology has provided a high-level of professional competency during the execution of their operations throughout this period, in addition to the intense three-year pre-service rollout period.

The SBWMA Board of Directors approved the Final Plan and Recommended Process for Supporting Member Agencies with Negotiating a Potential Franchise Agreement Extension with Recology (Plan) on April 28, 2016, which recommended a schedule that, if adhered to, was intended to result in negotiating amendments to each member agency's existing Franchise Agreements with Recology by the end of 2016. The timeline for this plan was adjusted to allow the new Executive Director time to address other urgent contractual matters, to establish a new timeline, and to initiate the Recology negotiation meetings, the FAX committee meetings, and all internal SBWMA staff meetings that were necessary for moving the negotiation process forward.

At the SBWMA Board of Directors' (Board) direction, the FAX committee, Staff and consultants have worked closely with Recology since November 2016 holding a special TAC meeting in January and April, ten FAX committee meetings, seven negotiation sessions with Recology (several phone meetings were also held between Recology, HFH Consultants and SBWMA staff) and two additional all-day negotiations sessions to finalize negotiations. During the last six months of the negotiation process, the FAX committee, SBWMA staff and consultants have worked closely with Recology to define the cost for services, the rate setting methodology, and an amended and restated Franchise Agreement.

As part of the SBWMA Board of Directors April 28, 2017 meeting packet, the FAX Committee's Draft Findings and Recommendations Report and Redlined Model Franchise Agreement were provided for discussion and contained the most recent outcome of the negotiation process. Because several negotiation points were still being finalized, detailed financial worksheets were not presented, however there was significant discussion during the meeting surrounding the current term and compensation package for services with Recology.

The final goal of the process is to have the SBWMA Board of Directors approve these documents and for the SBWMA staff to assist to 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 by December 31, 2017.

A RFP process to solicit a new collection services provider will be initiated if less than eight of our 12 member agencies are not formerly in contract with Recology by December 31, 2017.

The negotiated deal to be considered by the Board provides:

- **Consistency with all existing solid waste, recycling and organics services.**
- **No new-service provider transition pitfalls** (i.e., container switch-out, customer service center setup & billing setup, driver route training, hard-rollout a new truck fleet, developing a new rate setting process, and end-of-contract buyouts (e.g. Allied Waste's exit)
- **Rate-setting stability/predictability**-after an initial rate true-up, rate increases are tied to indexes.

- **SBWMA rates will continue to be in-line** with Bay Area communities.
- **Continued cost savings from collection efficiencies** gained by Recology's years of experience.
- **Sharing of future inflation risk by Recology** in their 2021 Cost Proposal.
- **Savings of an estimated \$2-3 million** in avoided RFP and contractor-transition costs.
- **Labor continuity** by continuing with a known company and management team.

Fiscal Impact

There is no direct impact to the SBWMA's FY 17-18 operating budget as all collection system costs are recovered by those ratepayers who directly utilize these services.

Important notes: The proposed SBWMA FY 17-18 Operating Budget has \$450,000 designated to fund a public procurement process (aka "Request for Proposals", or "RFP") if terms, conditions and pricing cannot be satisfactorily reached between the Agency and Recology for collection services after December 31, 2017. If an RFP process initiated, and those costs exceed this budgeted amount, Staff recommends funding the difference from Agency Reserves. If agreement is successfully met, the designated \$450,000 will default into the SBWMA Capital Reserves account.

Attachments:

Resolution: 2017-27 **Approving the Proposed Recology Model Franchise Agreement and Compensation Package**

- A. FAX Final Findings and Recommendations Report
- B. [Recology Amended and Restated Model Franchise Agreement \(Final Version - no edits\) available online only at www.rethinkwaste.org](http://www.rethinkwaste.org)
- C. [Recology Amended and Restated Model Franchise Agreement \(Redlined Version\) available online only at www.rethinkwaste.org](http://www.rethinkwaste.org)
- D. AdHoc FAX Committee Negotiations Master Calendar



RESOLUTION NO. 2017-27

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

Approving the Recology Model Franchise Agreement and Compensation Package for services to be provided by Recology San Mateo County from January 1, 2021 to December 31, 2035.

WHEREAS, the SBWMA currently has an agreement with Recology of San Mateo County to provide collection services that will expire on December 31, 2020 unless an extension of the agreement is approved by the SBWMA Board,

WHEREAS, the Board has directed the FAX Committee to negotiate an extension to the current Agreement that includes a new Model Franchise and contractor compensation,

WHEREAS, the Board has been briefed on the details of the terms and conditions of the new Model Franchise Agreement and contractor compensation,

WHEREAS, the Board having reviewed the proposed agreement and compensation terms finds that these terms are acceptable,

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves a Resolution Approving the Recology Model Franchise Agreement and Compensation Package for services to be provided by Recology San Mateo County from January 1, 2021 to December 31, 2035.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California, 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. 2017- 27 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 22, 2017.

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary



FRANCHISE AGREEMENT EXTENSION (FAX) COMMITTEE FINAL FINDINGS AND RECOMMENDATIONS REPORT

610 Elm Street, Suite 202
San Carlos, CA 94070

June 22, 2017

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1. RECOMMENDATION

The South Bayside Waste Management Authority (SBWMA dba RethinkWaste) is close to completing a year-long negotiation process with Recology of San Mateo (Recology), to extend their hauling contract beyond 2020. The following provides the recommendations agreed upon by the SBWMA, Franchise Agreement Extension Negotiation Ad Hoc Committee (FAX), the Technical Advisory Committee (TAC), and the Financial Committee.

1. **Authorize staff to provide the SBWMA Board with a Model Franchise Agreement with Recology San Mateo County (Recology) to provide Recyclable Materials, Organic Materials, and Solid Waste Collection Services for 15-year term of January 1, 2021 through December 31, 2035.** The Model Franchise Agreement will have been mutually agreed upon by SBWMA's TAC/FAX/Staff and Recology, and provided to the Member Agencies for use to finalize their own agreements. The goal of the negotiations process is to pursue a sole source agreement with Recology and not to pursue a public procurement process.
2. **Authorize staff to provide the SBWMA Board with a base-cost proposal for all core collection services outlined in the Model Franchise Agreement to be provided to all 12 Member Agency for 2021 (also known as rate year 11).**
3. **Authorize SBWMA Senior staff to provide technical support with each of our 12 member agencies during their entire negotiation process with Recology as they discuss agency-specific services and costs (beyond the base-cost proposal).**
4. **Once the Model Franchise Agreement with Recology is accepted by the SBWMA Board, each Member Agency will negotiate with Recology any Member Agency-specific considerations for approval by December 31, 2017.**

**First Amended and Restated Joint
Exercise Powers Agreement
SBWMA Article 7.1.1.c:**

*“Entering into or amending
Franchise Agreements for the
operation of the Facilities require
the approval of two-thirds vote of
its members”.*

The SBWMA TAC/FAX Committees and Recology have agreed to the base-cost proposal for all core collection services, and are in the process of finalizing the Model Franchise Agreement. The TAC/FAX/Staff negotiations team recommends moving forward with the current cost proposal because it has been determined that it is a *“good deal”* for the Member Agencies. Nearly every aspect of the cost proposal has been reviewed and was deemed *“reasonable”* and *“within local market pricing”*. However, the team was unable to receive satisfying cost detail from Recology on what their general and administrative (G&A) costs were in this proposal (these costs represent about 16% of the total cost and increase from 2016 to 2021). Although Recology has not provided sufficient detail in this area, the TAC/FAX/Staff team acknowledges that the G&A costs are within the average for the industry and, therefore, should not hold up the Agreement process.

2. EXECUTIVE SUMMARY

Currently the Member Agencies are in the seventh year of a ten-year Franchise Agreement for Collection Services for Garbage, Recycling and Organic Materials with Recology. In anticipation of the Agreement's expiration in 2020, the SBWMA initiated discussions of a contract extension with the company. A starting point for this process was the gathering of stakeholder input from SBWMA Board Members, Member Agency staff, and community members. All groups surveyed expressed a high-level of satisfaction with Recology and concur that the company has consistently provided professional, competent, reliable service in the execution of their collection services. Based on this strong performance and survey response, the SBWMA Board approved a plan and recommended a negotiation process during Spring 2016. The Plan included a key assumption that all Member Agencies intend to participate in a Franchise Agreement extension with Recology by December 31, 2017.

Negotiations Process

As part of the Plan and recommended negotiation process, the Board created the Franchise Agreement Extension committee (FAX) with the primary tasks of:

- **Develop an amended and restated Model Franchise Agreement** to be presented to the SBWMA Board of Directors at the April 27, 2017 meeting.
- **Obtain Recology's total revenue requirement (cost) to perform collection services starting in rate year 2021** and establish a compensation adjustment methodology to govern the rate changes in future contract years.
- **Obtain and include feedback from the SBWMA Technical Advisory Committee (TAC)** at its April 13th meeting.

Since November, the SBWMA negotiation team has held special TAC meetings in January and April, ten FAX committee meetings, seven negotiation sessions with Recology (many phone meetings were also held between Recology, HFH Consultants and SBWMA staff), and two additional all-day negotiations sessions were held on April 4th and 6th to finalize negotiations. This negotiated deal will provide:

- **Consistency with all existing solid waste, recycling and organics services.**
- **No new-service provider transition pitfalls** (i.e., container switch-out, customer service center setup & billing setup, driver route training, hard-rollout of a new truck fleet, developing a new rate setting process, and end-of-contract buyouts (e.g. Allied Waste's exit).
- **Rate-setting stability/predictability** after an initial rate true-up, rate increases are tied to indices.
- **SBWMA rates will continue to be in-line with Bay Area communities.**
- **Continued cost savings from collection efficiencies** gained by Recology's years of experience.
- **Sharing of future inflation risk by Recology** beginning with their 2021 Cost Proposal.
- **Avoidance of an estimated \$2-3 million** in avoided RFP and potential contractor-transition costs.
- **Maintain labor peace** by continuing with a known company and management team.

Prior to the negotiation process, the SBWMA performed two studies to provide important cost and rate background for the negotiation process:

1. **A *Solid Waste Rate Comparison by Jurisdiction Study*** to quantify the SBWMA's rates for garbage, recycling and organics collection compared to the rates that are charged by over 60 other Bay Area cities. The study showed that the SBWMA is currently below the average cost customers are charged for a 32-gallon can each month for surveyed Bay Area cities.
2. **A *Recology Operations Collection Cost Review*** to assess the "reasonableness" of Recology's cost proposal. The cost review analyzed all aspects of Recology's operations and compared this against industry norms. The review by the two consultants concluded that Recology's total annual cost of operations were "reasonable" and varied by only 5.5% from the consultant's model and were within the norms of the solid waste industry.

Term, Compensation, and Rate Setting Methodology

Term: Recology has proposed the option of a 10-year or a 15-year term for the new Agreement. After considering the financial benefits of spreading the depreciation cost of a new collection fleet, the FAX committee is recommending 15-year term. At the end of the current contract, Recology's \$36.3 million collection fleet will be fully depreciated, however, the company has indicated that it can continue to use the vehicles for 2-3 additional years. By agreeing to a 15-year term, and combining the use of the current and new vehicles for a longer term, the member agencies will benefit from a reduction in depreciation and interest expense (approximately \$1.7 million per year, or 3.4% of the total projected cost).

Compensation: The FAX committee is recommending an agreement with a 2021 Base Contractor's Compensation of \$65,303,616 which assumes a 15-year term and the inclusion of depreciation expense for the replacement collection vehicles in rate year 2020 of the Current Agreement. This amount will be adjusted for the change in the cost of fuel and customer subscription levels.

Based on these assumptions and subject to the adjustments described above, the Base Contractor's Compensation would increase approximately 2.4% from 2019 to 2020 (instead of a 7% reduction that would have occurred as depreciation payments ended), and increase approximately 10.2% from 2020 to 2021. The actual increase will depend on several future adjustments. For example:

- The actual 2019 and 2020 Base Contractor's Compensation determined in accordance with the existing Agreement are subject to future changes. Recology forecasted this amount based on historical increases from 2013 to 2017 and arrived at an 8.2% increase. Because that period included an extraordinary "true up" of Base Contractor's Compensation to actual cost in 2013, it is not included in the calculation of the 10.2% increase described above.
- Adjustments to the 2021 Base Contractors Compensation as described above. A \$1 per gallon increase to the price of fuel results in a \$987,000 (1.5%) increase to Base Contractor's Compensation. A 2% per year increase in customer subscriptions to all lines of business results in a \$1,023,000 (1.6%) increase to Base Contractor's Compensation.

Thereafter, annual adjustments to the Contractor's Base Compensation would correspond to the changes in the indices for wages, benefits, fuel and other expenses plus a growth adjustment up to a maximum increase of 5%.

Customer rates, plus the use of any reserves, are set to equal the Total Customer Billed Revenue. **Total Customer Billed Revenue is comprised of Recology's cost plus Member Agency fees; plus Disposal and Processing costs.** Based on certain reasonable assumptions regarding these fees, the Total Customer Billed Revenue may annually increase from 2018 to 2020 by 3.3% and from 2020 to 2021 by 7.8%. Other reasonable assumptions could be made regarding these future fees and the results would be different - i.e., the rate impact on any specific Member Agency customer would be affected by its existing rates and any surplus it may be generating (or may have generated) that could be applied to offset these increases.

It should be noted there are other factors that will affect the customer rates, which include processing costs and tip fees from these other facilities. **The current agreement with Recology for Collection Services represents about two-thirds of the entire waste collection, handling and transportation system costs.** Therefore, the remaining costs which are components of our overall system costs are all tied to contracts outside the Franchise Agreement negotiations discussion. For example, in February 2017, the Agency renewed its contract Construction and Demolition materials processing contract so those costs are now known through 2022. The Agency has, however, three other significant materials handling, processing and/or disposal contracts that will expire before 2020. There is no clear understanding of what the negotiations with those contracts will hold, or what the new rates will be.

Rate setting methodology: This topic has been a primary focus of the negotiation process and maintaining rate stability and predictability has been a major goal for the SBWMA (specifically, Recology's compensation and rate setting methodology regarding depreciation of the vehicles, fuel cost indexing, General and Administrative costs (G&A), and adjustments for growth were areas of focus).

Amended and Restated Franchise Agreement

Throughout the negotiations process the SBWMA has worked closely with Recology in reviewing the 2013 amended Franchise Agreement to streamline the agreement and make changes to clarify service expectations. The newly amended and restated Franchise Agreement language is approximately 90% unchanged and has been reviewed by both the SBWMA and Recology's legal counsel. **Though residential and commercial customers will not experience any changes to their current collection services, there are four minor modifications to the Franchise Agreement for residential and commercial services:**

1. **Mixed Use Buildings:** The agreement defines a new class of service – Mixed Use Buildings - which contain commercial uses on the ground floor and residential uses above. The residential element of Mixed Use Buildings will receive the services currently provided to multi-family customers and the commercial element shall receive the services currently provided to commercial customers. This building type and other multifamily and commercial customers will also be able to receive bin relocation services (at an additional fee) which may be required due to the below-street level location of bin enclosures on the property.

2. **Bulky Item Collection:** Residential customers will continue to receive up to two bulky item collection services annually without charge, within one week of request, however this service will be capped at 150 collections system-wide per day (Recology currently makes approximately 120 bulky item collections per day), and if the number of requests exceeds 150 per day, Recology will roll the service date by one week.
3. **Abandoned Waste Collection:** Member Agencies will continue to receive abandoned bulky waste collection services, but a cap of 30 pick-ups per day has been established. In the future, when the average number reaches 25 daily events, the SBWMA and Recology will meet to add collection resources and provide additional compensation to Recology, or take some other action to respond to the increased demand.
4. **Reporting:** Recology's reporting requirements have been adjusted to align data collection and reporting with the collection and customer service goals.

3. BACKGROUND

SBWMA is in the seventh year of a ten-year Franchise Agreement for Collection Services for Garbage, Recycling and Organic Materials with Recology. During this time, feedback provided by Member Agency staff, SBWMA Board Members and community members surveyed, demonstrated that Recology has consistently provided professional competency in the execution of their operations. As a result of their strong performance, the SBWMA Board finalized a plan and recommended process for negotiations during Spring 2016. This section details the goals of the Recology negotiations and provides background and clarification regarding the plan and recommended process followed.

3.1 Goals of the Collection Services Franchise Agreement Negotiations

Three goals were identified during the planning phases of the Recology negotiation process. These goals were the primary focus of the FAX committee, and include:

- Develop an **amended and restated Model Franchise Agreement** to be presented to the SBWMA Board of Directors at the April 27, 2017 meeting. The Model Franchise Agreement is to serve as a template document for each member agency to further refine and approve.
- **Obtain Recology's Total Revenue Requirement to perform collection services in future rate year 2021, as well as establishing an ongoing compensation adjustment methodology.** Upon SBWMA Board approval of these documents, each member agency is strongly encouraged to immediately work with Recology to finalize the contract language, specific scope of services and the pricing of any added or changed services for their respective agency by December 31, 2017. A RFP process to solicit a new collection services provider will be initiated if at least eight Member Agencies are not formally in contract with Recology by December 31, 2017.
- **Obtain and include feedback from the SBWMA Technical Advisory Committee (TAC)** at its April 13th meeting.

3.2 Overview of Negotiation Process

The Final Plan and Recommended Process for Supporting Member Agencies with Negotiating a Potential Franchise Agreement Extension with Recology (Plan) was approved by the SBWMA Board of Directors on April 28, 2016, which recommended a schedule that, if adhered to, was intended to result in negotiating amendments to each member agency's existing Franchise Agreements with Recology by the end of 2017. The timeline for this plan was adjusted to allow the new Executive Director, who began in August 2016, time to address other urgent contractual matters, to establish a new timeline (as seen in Attachment A), and to initiate the Recology negotiation meetings, the FAX committee meetings, and all internal SBWMA staff meetings that were necessary for moving the negotiation process forward within the afore mentioned timeline. The Plan included a key assumption that all Member Agencies intended to negotiate a Franchise Agreement extension with Recology and were required to notify SBWMA staff by May 31, 2016 of their intent to participate in the process. All Member Agencies provided their commitment to participate by the deadline.

3.3 Negotiation Team Personnel

SBWMA staff was tasked with developing a team to drive the negotiation process and work closely with the FAX Committee. The FAX Committee was created and approved by the SBWMA Board of Directors, and provides a well-rounded team of senior Member Agency staff for the negotiation process. The following details provide the background on each team.

FAX Committee Formation and Composition

During the April 28, 2016 SBWMA Board of Directors meeting, the Franchise Agreement Extension (FAX) Ad Hoc Committee was formed to represent the interests of the community's rate payers as the SBWMA staff and consultants negotiated with Recology to deliver a new contract. This FAX Committee consists of six members, as presented in Table 1.

Table 1. 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 Menlo Park, Environmental Services Manager	Heather Abrams
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

In addition to these six (6) city representatives, senior SBWMA staff, two industry experts, a leading solid waste industry financial consultant, and the Agency's attorney also participated with this committee to provide technical support throughout the negotiation process.

In February 2017, Heather Abrams left the City of Menlo Park and, thereby, stepped off the FAX Committee. Significant discussion occurred between the SBWMA Board of Directors and FAX committee members regarding their options on how to address this unexpected vacancy. The City Managers from two Member Agencies (Atherton and Menlo Park) each stated their interest in filling the vacancy on the FAX committee. On February 23, 2017, the SBWMA Board of Directors decided to keep the FAX committee at five city representatives and not to add anyone to the FAX committee.

Eight FAX committee meetings were held between December 6, 2016 and March 28, 2017, and one additional joint TAC/FAX meeting was held on April 13, 2017. The primary purpose of this joint meeting was to seek input and feedback on the scope of services to be provided by Recology and provide recommendations to the Negotiation and FAX committees. The TAC/FAX committee reviewed the FAX Committee’s Findings and Recommendations prior to consideration by the SBWMA Board at their April 27th meeting.

SBWMA Negotiation Team Members

The SBWMA staff established a Negotiations Team composed of SBWMA staff and consultants who had primary responsibility for direct negotiations with Recology. This team was established to provide continuity, support and expert navigation to the FAX committee during the negotiation process and provide the key deliverables of a draft Model Franchise Agreement and Recology’s cost proposal for rate year 2021. These members are shown in Table 2.

Table 2. 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, Tracie Bills (SCS Engineers)
Solid Waste Industry Subject Matter Expert	Ron Proto, RJ Proto Consulting
Solid Waste Industry Financial Consultants, Lead Negotiators	Bob Hilton, Tracy Swanborn, Marva Sheehan (HFH Consultants)
SBWMA Attorney	Jean Savaree, ADLC

Recology Negotiation Team Members

The Recology Negotiation Team consists of seven members, as shown in Table 3.

Table 3. Recology Negotiation Team Members

Recology Negotiation Team Members	
Title	Personnel
Vice President, San Mateo/South Bay Region	Mario Puccinelli
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
Attorney, Recology Corporate	Bryce Giddens

The team’s first joint meeting was held as a two-day introductory orientation on November 2 and 3, 2016, with the goal to identify critical discussion points that would shape the scope of the negotiations. These initial two meetings did not include HFH Consultants (their contract was approved in December), Jean Savaree (SBWMA staff and Recology agreed to have an open dialogue prior to attorneys becoming involved), or Bryce Giddens. There were a total of nine, three-hour negotiation meetings and two final eight-hour meetings.

3.4 2016 Rate Survey

The SBWMA contracted HF&H Consultants, LLC (HF&H) to survey the solid waste rates for the jurisdictions located in the Bay Area counties of Alameda, Contra Costa, Marin, Santa Clara and San Mateo. The results of this survey showed that the SBWMA is currently below the Bay Area average cost that is charged to residential customers for a 32 gallon garbage can each month (average cost for a residential 32 gallon garbage can within the SBWMA averages \$32.55 per month (monthly service costs ranged from \$22 - \$55 between jurisdictions) while the Bay Area surveyed averaged is \$33.14 per month (costs ranged from \$24.41 - \$43.75 between jurisdictions). For further information, refer to **Attachment B** which details the rates for each jurisdiction and how they compare to member agency rates.

3.5 Development of Existing Operations Cost Review

The SBWMA engaged Sloan Vasquez McAfee (SVM) in May 2016, to review and assess Recology’s 2016 costs, and to develop an Operational Cost Model (pro forma) that provides a cost of service analysis of Recology’s cost to deliver services required by their agreement with the SBWMA. The pro forma was used to validate Recology’s cost of service for reasonableness. SVM used Recology’s actual costs as of 3/31/2016 to develop the pro forma. Recology calculated those costs using 6 months actual costs, October 2015 - March 2016, then projected the remaining 6 months. Where Recology did not provide information, SVM developed estimates based on accounting and financial principles, and their extensive experience and knowledge of the waste industry.

3.6 Two-tiered Peer Review of Current Collections Operations Costs

As a secondary step, a peer review was performed of the SVM pro forma by R.J. Proto Consulting Group (RJP) in order to evaluate its accuracy. After this review, RJP provided findings to SVM, who then developed a restated pro forma which included those findings. RJP reviewed the SVM **Original Pro Forma** and found it was a thorough, well-developed model, drawing numbers, formulas, and calculations from multiple interactive worksheets.

The findings showed the Total Annual Cost of Operations variance between the SVM pro forma and Recology's 2016 Actual Costs of 3/31/16 is -5.5%, (meaning the SVM pro forma costs were 5.5% lower than Recology's 2016 costs as of 3/31/16) and that it was within a reasonable margin of error for this type of analysis. SVM took the findings from RJP's analysis and made changes to the original pro forma, developing a **Restated Pro Forma**. The difference between the original and restated pro forma is mostly due to a pension cost variance which was only 0.5%, or \$146,000 more than Recology Actual costs. SVM also attributed some of the other findings to timing differences. The restated pro forma has a variance of -1.8% meaning the SVM pro forma costs were 1.8% lower than Recology's 2016 actual costs.

The Total Annual Cost of Operations variance between the SVM original and restated pro formas and Recology's Actual Costs as of 3/31/16 ranges between -5.5% to -1.8%. This variance is within a reasonable margin of error for this type of analysis. The results from this analysis can be found in **Attachment C**.

3.7 Member Agency Input

Member Agency input is always highly-valued, and was specifically solicited by staff during the negotiation process in a variety of ways that are identified in this section. This feedback provided the SBWMA Negotiation Team (Team) with clarification on ratepayer satisfaction with Recology's collection services, customer support, and rates. This clarification, in turn, shaped the Team's discussion and deal points for the entire negotiation process with Recology. This stakeholder input process is detailed below.

A. SBWMA TAC Meetings

There were two SBWMA TAC meetings that allowed for participation by each Member Agency during the Recology negotiation process.

- **January 5, 2017:** HF&H Consultants facilitated an agency-wide input session with the TAC and FAX members to identify and rank important discussion points for the Franchise Agreement negotiations. The results from this collaborative dialogue included a Context Map and Mandala Visioning session that provided clarity on the concerns and direction the Member Agencies would like to see. This session was attended by over forty Member Agency representatives. For further detail, see **Attachment D**.
- **April 13, 2017:** A joint TAC and FAX committee meeting was held to provide context, share results and seek feedback on the recommendations by the Negotiation and FAX committee. This meeting was the first glimpse the TAC members had of the proposed changes and compensation package. The feedback was positive regarding the direction of the negotiations and the progress made to date.

The biggest take-away from the meeting was for SBWMA staff to provide a half-day workshop and financial review for the TAC, to be briefed on the Amended and Restated Franchise Agreement, and compensation package. The TAC members believe this would help with understanding the changes and prepare them for the council meeting discussions in May. A second half-day will also be scheduled for early/mid-May to review the financial data and contract language with the Member Agency legal staff. The other feedback provided by TAC members included:

- Upon confirmation of all deal points, provide more detailed financial information to understand all changes in the Amended and Restated Franchise Agreement.
- Confirming public outreach efforts associated with the Master Franchise Agreement should be managed by the Member Agency, as they define their own Amended and Restated Franchise Agreement and rate structure.
- Collaborating on any common negotiating points between the Member Agencies, as they discuss options with Recology, it would be good to identify other Member Agencies that are working on the same topic to try and streamline the negotiation process.
- Providing an outline of all changes in the Amended and Restated Franchise Agreement to make the review easier.

B. SBWMA Member Agency Input Survey: Garbage & Recycling Collection Services

A survey was generated to seek input from Elected Officials in order to understand satisfaction with different services provided by Recology, and to seek feedback on the level of interest for each Member Agency in pursuing new or changed services. These details provided critical insight and guidance for the negotiation process. The survey was distributed to all SBWMA TAC members on December 16, 2016, who then sent the survey to their fellow Elected Officials for feedback. The information was gathered via SurveyMonkey and a response was requested by January 6, 2017. The deadline was extended to January 13 to allow for every Member Agency to respond. All Member Agencies responded. Results of the Survey can be found in **Attachment E**.

C. SBWMA Member Agency Projected Growth Rate Survey

A survey was generated to seek input from all Member Agency Senior Planning staff in order to understand projected development in their service area. This aspect was significant to our discussions throughout the negotiations due to the concerns Recology has stated surrounding their lack of compensation for an increase in accounts due to the growth in commercial and multi-use buildings over the past few years. The survey was distributed to all SBWMA TAC members on January 9, 2017, who then sent the survey to their planning departments for feedback. The information was gathered via SurveyMonkey and a response was requested by January 27, 2017. All but one Member Agency responded. Results of the Survey can be found in **Attachment F**.

D. Redline Franchise Agreement Submittals

In December 2016, the SBWMA staff provided a redline franchise agreement document to all Member Agency TAC members with the initial intent to seek feedback on any areas that would be

a concern. This redline document was provided by Recology as an initial step during the negotiations process. An additional redline document was provided to the Member Agencies on April 20, 2017, which incorporated all feedback from Recology, the FAX committee, Negotiation committee and SBWMA staff.

E. Monthly Board Briefings

The SBWMA Executive Director provided negotiation progress updates to the SBWMA Board of Directors, on the related activities that had been performed during the previous month, including critical highlights of events, and next steps during the negotiation process. These updates were provided to the SBWMA Board on November 17th, 2016; January 26th, 2017; February 23rd, 2017; and March 23rd, 2017.

F. Workshops

SBWMA staff conducted three workshops for Member Agency Staff, Attorneys, City Managers and SBWMA Board Members, to provide greater detail on the outlined changes to the Model Franchise Agreement and cost for services with Recology. The workshops included:

- The SBWMA's 12 TAC members and agency solid waste staff (May 3rd)
- The SBWMA's 12 City Managers (May 11th)
- The SBWMA's 12 City Attorneys (May 16th)

The following outlines the general comments provided:

- Discussion on Bulky Item Collection and Abandoned Waste requesting the SBWMA to be notified and in-turn notify the Member Agencies.
- Concern that all trucks are depreciated by the end of the current Recology contract, and Member Agencies feel depreciation in 2021 should be zero until Recology starts purchasing trucks.
- A request for the negotiation team to put together more information and comparison on G&A costs including other large hauling companies.
- Concern was raised over a 15-year duration for this contract and if this is normal. A request was made to understand how many 15-year contracts are currently in place.

G. City Council Meetings

Between May 1st and May 23rd (schedule can be seen in Attachment A), SBWMA staff conducted numerous informational presentations at Council meetings of all 12 Member Agency's (60+ elected officials) to provide a deeper dive into the proposed financial and contractual terms. These meetings were designed to outline the negotiation activities and review the major changes in the redline Model Franchise Agreement and Compensation Package. The following comments were provided from Council Members during those meetings:

Compensation

- Details on the "meet and confer" provision should have ranges for time and costs included in the agreement so that there cannot be big swings (concerned about change orders).

- Information requested on specifics to how the cost savings from extending the truck fleet are realized as savings.
- Concern about the term “true up”, what is included and how / when a true up occurs.
- Request to ensure the residents will not be charged again for their carts.
- Multiple concerns were raised on Recology’s increase in G&A costs.
- Concern was expressed about the decision to Sole Source a contract worth \$1B.
- Information requested on Member Agency obligations for going out to bid and if the SBWMA has the \$2-3 Million in costs to go out to bid.
- Details requested to confirm Recology’s profit margin is actually 9.5%.
- Suggestion to confirm there is an exit provision in the agreement for non-performance.

Services

- Concern that the waste characterization audits are being discontinued, and question on what the current contamination rate is and its impact on selling commodities.
- Franchise Agreement, Section 7.13 needs to be expanded to include reference to Member Agencies, in addition to SBWMA.
- Request to understand whether the cap on Bulky Item Collection (BIC) was at the Member Agency level or SBWMA wide, how a Member Agency would know when they are at the BIC limit, and how to plan when getting close to maximum.
- Question on how rates get communicated to the residents, and to make sure that there was coordination between the City, contractor and the SBWMA on rate impacts and process.

During City Council and SBWMA Board meetings, two questions were asked that required additional research and response.

1. **Is there an obligation to conduct some level of CEQA review prior to the Board or Member Agencies approving the Franchise Agreement or Member Agencies approving their individual agreements?** Staff has determined that this project is categorically exempt from CEQA. Article XI, § 7 of the California Constitution authorizes public entities to protect public health and safety by taking measures in furtherance of their authority over police and sanitary matters. The Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 (Public Resources Code §§ 40000 et seq.) established a solid waste management process which requires public entities to implement plans for source reduction, reuse and recycling as integrated waste management practices for solid waste attributed to sources within their respective jurisdictions.

The California Public Resources Code at § 40059 provides that aspects of solid waste handling of local concern include but are not limited to frequency of collection, means of collection and transportation, level of services, charges and fees, and nature, location and extent of providing solid waste services, and whether the services are to be provided by means of nonexclusive, partially exclusive or wholly exclusive franchise, contract, license or otherwise which may be granted by local government under terms and conditions prescribed by the governing body of the local agency.

Staff has reviewed the project’s potential effects on the environment and has determined that this project is categorically exempt from the California Environmental Quality Act (“CEQA”) under CEQA

Guidelines Section 15301 ("Existing Facilities") and Section 15061(b)(3) ("Common Sense Exemption"), and that the exceptions to the categorical exemptions contained in CEQA Guidelines Section 15300.2 are not applicable to the project.

(a) This project is exempt from CEQA under CEQA Guidelines Section 15301. CEQA Guideline Section 15301 exempts "the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination." The Board is asked to consider and recommend to the Member Agencies that their current contracts with Recology be extended to provide the same level of service for solid waste collection service as currently provided. Therefore, the decision to extend the existing franchise agreements with Recology involves the operation and licensing of existing facilities and equipment and do not involve an expansion of use. Accordingly, the decision to extend the franchise agreements with Recology is exempt from CEQA under Guideline 15301.

(b) This project is also exempt from CEQA under CEQA Guidelines Section 15061(b)(3). Section 15061(b)(3) exempts projects that fall within the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. "Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Here, the activity of extending the franchise agreements will not have a significant effect on the environment because there will be no change in the operation of solid waste collection services provided to the Member Agencies. Recology will use the same vehicles the Authority is currently using and will provide the same levels of service the Authority is currently providing. Therefore, there is no possibility that the award of this franchise will cause a significant effect on the environment.

Additionally, none of the exceptions to the categorical exemptions contained in CEQA Guidelines Section 15300.2 prevent CEQA Guidelines Section 15301 from exempting the project for the following reasons:

- i. The project is not a Class 3, 4, 5, 6, or 11 project, and therefore is not subject to the exception pertaining to projects located in particularly sensitive environments.
 - ii. The nature of the project is such that significant cumulative impacts will not occur from successive projects of this type occurring in the same location over time. Because the Authority is entering into an exclusive franchise agreement with _____, there will be no successive projects of this type.
 - iii. There is no reasonable possibility that unusual circumstances will cause the project to have a significant effect on the environment.
 - iv. The project will not result in damage to scenic resources within designated state scenic highway.
 - v. The project site has not been listed as a hazardous waste and substance facility or site by the Department of Toxic Substances Control pursuant to California Government Code Section 659625.
 - vi. The project will not cause a substantial adverse change to the significance of a historical resource.
2. **Is the SBWMA obligated to send the contract out for competitive bid rather than entering into an exclusive negotiation with Recology for a contract extension?** Staff has determined that there is no obligation, as noted below.

Section 3.02, Term, of the Franchise Agreements with Recology provides that the current contract will end at midnight on December 31, 2010, unless "earlier terminated, or extended as provided in Section 3.03."

Section 3.03, Extension of Term, provides that during calendar year 2017, "the Parties shall meet and confer on the possible extension of the Term" of the Franchise Agreement.

Negotiation of a contract extension with Recology was therefore anticipated when the Franchise Agreement was approved in 2009 at the end of that competitive bidding process. The question of whether or not a public entity should competitively bid solid waste contracts is left to the discretion of the public entity's governing board per Public Resources Code § 40059 which provides:

§ 40059. Local determinations; extent of services; means for providing services; abrogation of existing franchises, contracts, or licenses

(a) Notwithstanding any other provision of law, each county, city, district, or other local governmental agency may determine all of the following:

(1) Aspects of solid waste handling which are of local concern, including, but not limited to, frequency of collection, means of collection and transportation, level of services, charges and fees, and nature, location, and extent of providing solid waste handling services.

(2) Whether the services are to be provided by means of nonexclusive franchise, contract, license, permit, or otherwise, either with or without competitive bidding, or if, in the opinion of its governing body, the public health, safety, and well-being so require, by partially exclusive or wholly exclusive franchise, contract, license, permit, or otherwise, either with or without competitive bidding. The authority to provide solid waste handling services may be granted under terms and conditions prescribed by the governing body of the local governmental agency by resolution or ordinance.

(b) Nothing in this division modifies or abrogates in any manner either of the following:

(1) Any franchise previously granted or extended by any county or other local governmental agency.

(2) Any contract, license, or any permit to collect solid waste previously granted or extended by a city, county, or a city and county. (Emphasis added)

4. Negotiation Results

This section provides overall results on committee feedback, achievements of negotiating goals and the benefits of the negotiated Recology offer.

4.1 Achievement of Negotiating Goals

Since November, the SBWMA negotiation team held ten FAX Committee Meetings, two special TAC meetings in January and April, seven planned joint negotiation meetings, and also many phone meetings between Recology, HFH Consultants and SBWMA staff to continue moving the process forward to maintain the Board's FAX schedule. Negotiations moved along smoothly, however, Recology's initial cost proposal for the current agreement's last rate year (2020) and the start of the presumed new

agreement (2021) known as the “jump-off point” was not in line with Agency expectations, which was to remain under a two digit percent increase. Both parties agreed to hold subsequent final discussions during two all-day meetings that were conducted on April 4th and 6th, 2017. Although the negotiation team experienced a bit of a delay with negotiations, the team was able to obtain and include feedback from the SBWMA Technical Advisory Committee (TAC) at its April 13th meeting, provide an amended and restated Model Franchise Agreement to the SBWMA Board of Directors at the April 27, 2017 meeting, to obtain Recology's total revenue requirement estimated to perform these services in future rate year 2021, and to establish a compensation adjustment methodology. These deliverables are highlighted in Section 5 to follow.

The final goal of the process is to have the SBWMA Board of Directors approve these documents and for the SBWMA staff to provide assistance to 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 by December 31, 2017. A RFP process to solicit a new collection services provider will be initiated if at least eight of the Member Agencies are not formally in contract with Recology by December 31, 2017, (in accordance with section 7.1.1.c of the Agency's overarching JPA agreement).

4.2 Benefits of the Negotiated Recology Offer

Recology has been a proven and reliable partner over the last seven years and has provided excellent service to the SBWMA community. The negotiations team recognizes that Recology's cost of operations are similar to other companies (industry experts have verified that Recology's costs are within industry norms) and that no large cost savings are likely to be gained by installing a new collection contractor. Additionally, it is important to recognize that Recology has provided excellent service to the SBWMA community and that there is no guaranty that another service provider will meet the same standards. The FAX committee believes that the negotiated deal to be considered by the SBWMA Board provides:

- **Consistency with all existing solid waste, recycling and organics services.**
- **No new-service provider transition pitfalls** (i.e., container switch-out, customer service center setup & billing setup, driver route training, hard-rollout a new truck fleet, developing a new rate setting process, and end-of-contract buyouts (e.g. Allied Waste's exit).
- **Rate-setting stability/predictability** after an initial rate true-up, rate increases are tied to indices.
- **SBWMA rates will continue to be in-line with Bay Area communities.**
- **Continued cost savings from collection efficiencies** gained by Recology's years of experience.
- **Sharing of future inflation risk by Recology** beginning with their 2021 Cost Proposal.
- **Avoidance of an estimated \$2-3 million** in avoided RFP and potential contractor-transition costs.
- **Labor peace** by continuing with a known company and management team.

5. Agreement and Financial Results

This section details the financial impact associated with the agreed upon compensation package and Model Franchise Agreement.

5.1 Amended and Restated Agreement

Over the past few months the SBWMA has worked closely with Recology in reviewing the 2013 amended Franchise Agreement to streamline and make critical changes that will enhance the overall clarity and productivity of the document. This document's language is approximately 90% unchanged and received legal review by both the SBWMA and Recology's legal counsel. It is important to note that this document received a comprehensive legal review by SBWMA Legal Council and the Member Agency City Attorney's. (A section-by-section summary of the proposed changes can be seen in Attachment G).

The FAX and TAC committee participants expressed satisfaction with the current scope of services, however, enhancements were requested. The most significant of these included:

- Providing recycling, organic, and bulky waste services to the residential component of mixed use development.
- Improving public education and technical support services to commercial customers.
- Modifying the compensation adjustment methodology to:
 - provide greater stability and predictability;
 - ensure that the allocation of costs fairly affects each Member Agency's rates; and
 - simplify the adjustment process and explanation of rate changes.
- Considering "clean fuel" vehicles when the replacement of the existing fleet occurs.
- Providing reports that are easy to read, useful and not redundant.

Recology also identified areas where it wished to see changes (Note: not all of Recology's requests were accepted). The most significant of these included:

- Increasing the current Base Contractor's Compensation to reflect Recology's actual higher costs of operations (True Up) during the remaining term of the current Agreement.
- Converting to an annual compensation adjustment methodology that adjusts compensation to account for actual costs.
- Adding additional fees to "Attachment Q" that capture the cost of services (e.g., relocation fee).
- Provide a cap and additional compensation for bulky item collection.
- Allowing Recology to retain all revenues from customer billings.
- Reducing the number of performance standards and related liquidated damages.
- Reducing reporting requirements.

The driver for many of Recology's request was, in part, due to their stated decrease in their profitability during the past seven years. Recology has also stated that, if this current trend line were to continue, their division could operate at a loss by this end of the current term of this agreement. The current Recology franchise agreement has compensation based on adjustments using different industry indices (e.g. Consumer Price Index for fuel) and independent of cost factors (e.g. labor rates). **In the last seven years many of the**

Member Agencies have experienced significant growth in their commercial sector, and this growth was not factored into the current compensation model. As an example, for every new business added, Recology incurs the expense of providing service, but the new revenue is retained by the individual member agencies. To date, Recology has effectively managed these new and additional costs by evaluating their operations and streamlining efficiencies to make up for any losses, but the company's senior management has stated that they have now hit a point of diminishing returns. The findings outlined in section 3.6 and **Attachment C** of this report provide two levels of independent review corroborating Recology's operational efficiencies.

The following sections describe the results of the negotiations.

Residential and Commercial Services

Residential customers will not experience any changes to their collection services, thus avoiding complaints resulting from the implementation of new services or the change in service providers. Most commercial customers will also not experience any changes to their collection services. A very small sub-set of commercial accounts (Recology has identified about 20 accounts) will need to improve their container access for Recology's workers, or they will be subject to a new container relocation fee due to the special handling that will be required to properly service those units.

There are four primary modifications to the amended and restated Franchise Agreement for residential and commercial services, which include: mixed use building services, bulky item collection, abandoned waste collection and reporting requirements.

Mixed Use Buildings: The residential component of Mixed Use Buildings will receive all services currently provided to multi-family customers (including recycling, organics and bulky item collection) and the commercial element shall receive the services currently provided to commercial customers. This building type and other multifamily and commercial customers will also be able to receive bin relocation services (at an additional fee) which are required due to the below street level location of bin enclosures on the property.

Bulky Item Collection: Residential customers will continue to receive up to two bulky item collection services annually within one week of request, without charge. Currently, approximately 120 bulky item collections occur daily. Once the demand for these services increases to 150 (a 25% increase), Recology can extend the service delivery date by one week. (This was done to align the services with the costs included in Recology's Base Contractor's Compensation.) At such time, the Member Agency, SBWMA and Recology will meet to address whether to add an additional route and compensate Recology; or, take some other action to respond to the increased demand.

Abandoned Waste Collection: Member Agencies will continue to receive abandoned bulky waste collection services at no cost to the agencies or customers. A limit of thirty (30) pick-ups per day has been established, to align the services with the costs included in Recology's Base Contractor's Compensation. When the average number reaches 25 daily events, the SBWMA and Recology will meet to address whether to add collection resources and compensate Recology or take some other action to respond to the increased demand.

Reporting: Reporting requirements have been streamlined, reducing effort in the preparation of the reports, while maintaining the reporting elements.

Compensation and Rate Setting Methodology

The compensation and rate setting methodology discussions took the longest to complete and are, by far, the most critical element to the negotiation process. Major discussions during the meetings contained the rate setting methodology in order to provide stability and predictability, depreciation of the vehicles, fuel cost, administrative costs, and compensation adjustments for growth in the number of accounts. Extensive discussions during the FAX Committee meetings involved the current agreement and any changes that would be made to Recology's compensation. Ultimately, the Amended and Restated Agreement:

- Avoids any increase (or True-Up) during the remaining term of the current Agreement.
- Allows Member Agencies to retain the difference between actual revenues and the Total Customer Billed Revenue (Base Contractor's Compensation plus disposal/processing expense and Member Agency fees).
- Includes two reasonable new "Attachment Q fees" for bin relocation services that are 1) particularly applicable for buildings with below street level bin enclosures, and 2) a charge for agency-specific reporting requirements for Abandoned Waste support services.

Evaluation and agreement upon Recology's initial cost proposal for the current agreement's last rate year (2020) and the start of the presumed new agreement (2021) referred to as the "jump-off point" was negotiated. The agreed upon compensation for 2021 reflects a one-time increase to bring the Base Contractor's Compensation up to Recology's actual costs. It includes an amount for inflation between 2017 and 2021 (@2%) except for fuel expense which reflects 2016 fuel prices. It does not include any increase in the cost of operations from the increase to customer subscription levels experienced since the start of Recology's services. It also includes estimated depreciation and interest expense for the replacement of the existing fleet of collection vehicles.

This agreed upon compensation for 2021 will be adjusted according to a methodology as follows:

- The projected Base Contractor's Compensation will not be adjusted for differences between the assumed and actual inflation rate between 2017 and 2021 with the exception of changes in the fuel price index.
- The Base Contractor's Compensation will not be adjusted for costs arising from collective bargaining agreement changes.
- The Base Contractor's Compensation will be adjusted for changes to fuel prices, based on changes in a Bay Area fuel index.
- The Base Contractor's Compensation will be adjusted annual for changes to subscription levels using a 3-year rolling average of subscription levels to moderate the effect of such changes. The subscription level change for 2021 will reflect service level changes from 2016 to 2020.
- Effective in 2027 through the remaining term, the Base Contractor's Compensation will be adjusted for the difference between the assumed depreciation and interest expense for replacement collection

vehicle fleet and the actual expense. (Adjustments by 50% for any depreciation expense increase up to \$700,000 and no adjustment for increase greater than \$700,000; adjustments for change in interest expense from that assumed resulting from the increase in the actual cost of the replacement vehicle fleet.)

The Amended and Restated Agreement maintains incentives for Recology to continue to manage costs and provides stability and predictability of changes to the Base Contractor's Compensation.

- It continues to use published indices to adjust Base Contractor's Compensation, rather than Recology's actual costs. New indices have been selected to more appropriately reflect changes to the Bay Area's costs.
- An annual adjustment to Base Contractor's Compensation for changes to customer subscription levels has been provided. This adjustment uses a 3-year rolling average of customer subscription to moderate fluctuations.
- Only 50% of the increase in depreciation up to \$700,000 resulting from the increase in cost of the replacement collection vehicle fleet is compensated to Recology.
- A new 5% cap on the annual increase to Base Contractor's Compensation has been agreed to by Recology. Any excess amount will roll-forward to the following year to be compensated but such roll-forward amount will still be subject to the 5% cap in the following year. Should the roll-forward amount equal more than 10% of Base Contractor's Compensation, the Agency and Recology shall meet and confer to discuss the Agency's plan to compensate Recology for the roll forward amount during the remaining term of the current Agreement.

The Amended and Restated Agreement modifies the current method of calculating each Member Agency's Base Contractor's Compensation. Currently, total Base Contractor's Compensation is determined and then it is allocated among the Member Agencies. The new method starts with the agreed upon 2021 Total Base Contractor's Compensation and allocates these costs among the Member Agencies. Thereafter, each Member Agency's Base Contractor's Compensation will be adjusted in accordance with the change in the indices and for its own change to customer subscriptions, without regard to any other Member Agency's change to customer subscriptions.

Other Key Terms and Conditions

Other non-financial changes that were made include the discussion of a Public Education and Technical Assistance Plan, and the type of vehicles that may be selected come the new term. Both are outlined below.

Prior to 2021, and every three years thereafter, Member Agencies, the SBWMA and Recology will jointly develop a Public Education & Technical Assistance Plan. The plan will include specific objectives, tasks, performance standards, reporting requirements and costs. This will allow the Plan to be responsive to the then current conditions, local policies and State requirements. Should the Plan require costs beyond those included in the Base Contractor's Compensation, the parties shall meet and confer to agree upon an appropriate compensation amount and the allocation of that amount among the Member Agencies.

Prior to the replacement of the existing fleet of collection vehicles (estimated in year 2023), the Member Agencies, SBWMA and Recology shall agree on the type of replacement vehicles. This will allow the parties to consider current conditions, the then available technologies and their costs, local policies and State requirements. Should the Plan require costs beyond those included in the Base Contractor's Compensation, the parties shall meet and confer to agree upon an appropriate compensation amount and the allocation of that amount among the Member Agencies.

5.2 Financial Considerations

This section outlines financial considerations for the franchise agreement and compensation package. It should be noted that there are other factors that will affect the customer rates, which include processing costs and tip fees. The current agreement with Recology for Collection Services represents about two-thirds of the entire waste collection, handling and transportation system costs. Therefore, the remaining costs which are components of our overall system costs are all tied to contracts outside the Franchise Agreement negotiations discussion.

In February 2017, the Agency renewed its contract Construction and Demolition materials processing contract so those costs are through 2022. The Agency has, however, three other significant materials handling, processing and/or disposal contracts that will expire before 2020. There is no clear understanding of what the negotiations with those contracts will hold, or what the new rates will be. These contracts are identified below in Table 4.

Table 4. SBWMA Major Contract Values

SBWMA Major Contract Values				
Contract	Contract Expires	Tons Per Year	Percent of Total Amount	Annual Contract Value
Zanker C&D Processing Agreement	2017	38,625	37%	\$ 1,588,000
Newby Composting Agreement	2018	50,100		\$ 2,653,000
Recology-Grover Composting Agreement	2020	50,891		\$ 1,817,000
Ox Mountain Disposal Agreement	2019	217,900		\$ 8,960,000
SBR- Shoreway Operations Agreement	2020	471,890		\$ 18,936,513
Recology-Collection Services Agreement	2020	N/A	63%	\$ 58,500,000
Total Solid Waste System Costs:			100%	\$ 92,454,513

Source:2016/17 Budget

Proposed 2021 Compensation and potential Customer Revenue Impacts

The agreed upon 2021 Base Contractor’s Compensation is \$65,303,616. It assumes a 15-year term and the inclusion of depreciation expense for the replacement collection vehicles in rate year 2020 of the Current Agreement. Based on these assumptions and subject to the adjustments described above, the Base Contractor’s Compensation would:

- Increase 2.4% from 2019 to 2020 (instead of a 7% reduction).
- Increase 10.2% from 2020 to 2021 (+-5%, range of 5.2% to 15.2%).
- Thereafter, adjustments would correspond to the changes in the indices plus the growth adjustments up to a maximum increase of 5%.

Because several important deal-points are still being finalized, detailed financial worksheets will be presented and handed out in the May 3rd half-day workshop and will be discussed at the May 25th Board meeting and distributed by May 18th as part of this Board meeting’s agenda packet.

Compensation Subject to Adjustment in 2020 to set 2021

Customer rates, plus the use of any reserves, are set to equal the Total Customer Billed Revenue. This is comprised of Recology’s Base Compensation (approximately 58% of the total Rates); plus Member Agency fees (~27%); plus Disposal and Processing Fees (~15%). Between 2017 and 2021, Member Agency fees and disposal and processing fees will be adjusted. Based on certain reasonable assumptions regarding these fees, the Total Customer Billed Revenue may increase from 2019 to 2020 by

3.3% and from 2020 to 2021 by 7.8%. Other reasonable assumptions could be made regarding these future fees and the results would be different. The rate impact on any specific Member Agency customer would be affected by its existing rates and any surplus it may be generating (or may have generated) that could be applied to offset these increases.

Methods to Mitigate Rate Increase

By including a portion of future depreciation expense in 2020, extending the term of the Amended and Restated Agreement 15-years instead of 10-years, and providing a 3-year rolling average for the change in customer subscription levels, steps have already been taken to mitigate increases in Base Contractor's Compensation. Additional steps Member Agencies may take include:

- Applying existing reserves to offset the increase.
- Increasing rates between 2017 and 2020 to have a higher base rate in 2019 and, thereby, reduce the amount of the increase to rates in 2020, and to use the excess revenue generated to add to existing reserves or create reserves that can be used to phase in the customer rate increase.
- Changing the rate structure to incorporate rates for recycling services and increase the rates for organic services, to mitigate the increase in garbage rates.

SBWMA Negotiations Schedule December 2016 – April 2017

Date	Time	Meetings	Meeting Location	In Attendance
Nov. 10, 2016 COMPLETED	2-4pm	FAX Committee Meeting	San Carlos Library, 2 nd Floor Conference Room A	FAX Committee, SBWMA Negotiation Team
Nov. 17, 2016 COMPLETED	2-4pm	SBWMA Board Meeting	San Carlos Library, 2 nd Floor Conference Room A	SBWMA Board and Staff
Dec. 7, 2016 COMPLETED	2-4pm	FAX Committee Meeting	San Carlos Library, 2 nd Floor Conference Room A	FAX Committee, SBWMA Negotiation Team
Dec. 14, 2016 COMPLETED	2-4pm	Negotiation Team Meeting	San Carlos Library, 2 nd Floor Conference Room B	SBWMA and Recology Negotiation Teams
Jan. 5, 2017 COMPLETED	1-4pm	SBWMA TAC/FAX Meeting	City of Belmont EOC Room 1 Twin Pines Lane 2 nd Floor	TAC Members, FAX Members SBWMA Staff, HF&H
Jan. 6, 2017 COMPLETED		MEMBER AGENCY SURVEY INPUT DUE		SBWMA Board Members and Alternates, City Managers, TAC Members
Jan. 11, 2017 COMPLETED	1:30-4:30pm	Negotiation Team Meeting	San Carlos Library, 2 nd Floor Conference Room B	SBWMA and Recology Negotiation Teams
Jan. 12, 2017 COMPLETED	12-2pm	FAX Committee Meeting	San Carlos Library, 2 nd Floor Conference Room A	FAX Committee, SBWMA Negotiation Team
Jan. 23, 2017 COMPLETED	1:30-4:30pm	Negotiation Team Meeting	San Carlos Library, 2 nd Floor Conference Room B	SBWMA and Recology Negotiation Teams
Jan. 24, 2017 COMPLETED	12-2pm	FAX Committee Meeting	San Carlos Library, 2 nd Floor Conference Room A	FAX Committee, SBWMA Negotiation Team
January 26, 2017 COMPLETED	2-4pm	SBWMA Board Meeting	San Carlos Library, 2 nd Floor Conference Room A	SBWMA Board and Staff, Technical Contractors
Feb. 2, 2017 COMPLETED	11:30-2:30pm	Negotiation Team Meeting	San Carlos Library, 2 nd Floor Conference Room B	SBWMA and Recology Negotiation Teams
Feb. 6, 2017 COMPLETED	12:30-2:30pm	FAX Committee Meeting	San Carlos Library 2 nd Floor Conference Room A	FAX Committee, SBWMA Negotiation Team

SBWMA Negotiations Schedule December 2016 – April 2017

Date	Time	Meetings	Meeting Location	In Attendance
Feb 9, 2017 COMPLETED	11:30-2:30pm	Negotiation Team Meeting	San Carlos Library, 2 nd Floor Conference Room B	SBWMA and Recology Negotiation Teams
Feb. 10, 2017 COMPLETED	12 – 2pm	SBWMA Subcommittee prepare redlines	SBWMA Offices	SBWMA Staff
Feb. 13, 2017 COMPLETED	N/A	HF&H Franchise Revisions Due to SBWMA		
Feb. 15, 2017 COMPLETED	N/A	SBWMA Franchise Revisions Redline Comments due to HF&H		
Feb. 21, 2017 COMPLETED	12-2pm	FAX Committee Meeting	San Carlos Library, 2 nd Floor Conference Room A	FAX Committee, SBWMA Negotiation Team
Feb. 22, 2017 COMPLETED		Franchise Revisions HF&H Finalize Draft for Distribution to Recology		
February 23, 2017 COMPLETED	2-4pm	SBWMA Board Meeting	San Carlos Library, 2 nd Floor Conference Room A	SBWMA Board and Staff, Technical Contractors
Feb. 27, 2017 COMPLETED		Franchise Revisions Recology to provide Redline for SBWMA Review		
Feb 28, 2017 Not Held	11:30-2:30pm	Negotiation Team Meeting	San Carlos Library, 2 nd Floor Conference Room B	SBWMA and Recology Negotiation Teams
March 3, 2017 COMPLETED		Franchise Revisions HF&H Provides Redline for SBWMA Review		
March 7, 2017 COMPLETED		Franchise Revisions SBWMA provides redline comments to HF&H		
Mar. 8, 2017 COMPLETED	2-4pm	FAX Committee Meeting	San Carlos City Hall, Room 207	FAX Committee, SBWMA Negotiation Team

SBWMA Negotiations Schedule December 2016 – April 2017

Date	Time	Meetings	Meeting Location	In Attendance
March 13, 2017 COMPLETED		Franchise Revisions HF&H provides redline for SBWMA Review		
March 16, 2017 COMPLETED		Franchise Revisions Recology provides redline for SBWMA review		
Mar. 20, 2017 COMPLETED	1:30-4:30pm	FINAL Negotiation Team Meeting	San Carlos Library, 2 nd Floor Conference Room B	SBWMA and Recology Negotiation Teams
March 23, 2017 COMPLETED	2-4pm	SBWMA Board Meeting	San Carlos Library, 2 nd Floor Conference Room A	SBWMA Board and Staff, Technical Contractors
March 24, 2017 COMPLETED		Franchise Revisions HF&H or SBWMA Finalize Franchise Agreement		
Mar. 28, 2017 COMPLETED	2-4pm	FAX Committee Meeting	San Carlos Library, 2 nd Floor Conference Room A	FAX Committee, SBWMA Negotiation Team
April 4, 2017 COMPLETED	All Day	Negotiation Meeting	SBWMA Offices	Partial Recology and SBWMA Negotiation Teams
April 4, 2017 COMPLETED	12:15 to 1:30pm	SBWMA Finance Committee Meeting	San Carlos Library, 2 nd Floor Conference Room A	Finance Committee, SBWMA Staff, HF&H
April 5, 2017 Not Needed	2-4pm	FAX Committee Meeting	San Carlos Library 2 nd Floor Conference Room A	FAX Committee, SBWMA Negotiation Team
April 6, 2017 COMPLETED	All Day	Negotiation Meeting	SBWMA Offices	Partial Recology and SBWMA Negotiation Teams
April 13, 2017 COMPLETED	2-4pm	Joint TAC/FAX Meeting (Final Draft FAX Report Due –Action Item)	San Carlos Library, 2 nd Floor Conference Room A	TAC and FAX Committee Members
April 14, 2017 COMPLETED		FAX/TAC Comments Due to SBWMA Staff		
April 18, 2017 COMPLETED	12-2pm	FAX Committee Meeting	San Carlos Library 2 nd Floor Conference Room A	FAX Committee, SBWMA Negotiation Team

SBWMA Negotiations Schedule December 2016 – April 2017

Date	Time	Meetings	Meeting Location	In Attendance
April 27, 2017	2-4pm	SBWMA Board Meeting (Final FAX Report Due)	San Carlos Library, 2 nd Floor Conference Room A	SBWMA Board and Staff

KEY:

- Green – FAX Committee Meetings
- Gold – Negotiations Meetings
- Grey – SBWMA Board Meetings
- Stone– Franchise Agreement Revision Deadlines
- Lavender – SBWMA Finance Committee Meeting
- Pink – Member Agency Input Due
- Light Blue – Combined FAX/TAC Meetings



SHOREWAY OPERATIONS AND CONTRACT MANAGEMENT

STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Operations & Contracts Manager
Date: June 22, 2017 Board of Directors Meeting
Subject: Resolution Approving Property/Fire Insurance Policy for FY17/18

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2017-28 attached hereto authorizing the following action: **Resolution Approving Property/Fire Insurance Policy for FY17/18**. In approving this resolution, Staff is seeking Board direction on the selection one of the property policy options below:

Table 1 – Policy Option by Deductible & Premium		
Option #	Deductible	Premium
1	\$500,000	\$767,009.22
2	\$750,000	\$735,533.22
3	\$1.0 million	\$683,417.22
4	\$1.5 million	\$619,441.22
5	\$2.5 million	\$518,321.22

Note: Based on preliminary search results by Risk Strategy’s Insurance Brokerage, SBWMA Staff estimated the Insurance budget line item to \$576,500. If the Board selected a policy other than Option #5 in Table 1, then the Board will need to also authorize staff to change the FY17/18 Budget Insurance line item to provide sufficient funds to cover the premium.

Summary

An Executive Summary is provided by the Agency’s Insurance Broker, John O’Neill, President of Risk Strategies Insurance Brokerage in **Attachment A** and is excerpted below.

“Our recommendation is the \$500,000 Deductible. This deductible seems to make the most fiscal sense, as it reduces the retention from \$2.5 million to \$500,000, a difference of \$2 million per occurrence. The annual premium difference is \$248,688. Actuarial Studies shows one loss on average every eight years for property losses, so at the \$500,000 deductible level you come out ahead if you have no losses for five years”.

Analysis

The SBWMA’s Property insurance policy with Hanover Insurance expires in June 30, 2017 and, the company has provided notice that they will not be offering to renew insurance coverage for the buildings and equipment at Shoreway. Anticipating potential challenges to finding insurance coverage after the MRF and Transfer Station fires in September 2016, Risk Strategies in Burlingame, the SBWMA’s insurance broker, began the process of bidding the SBWMA insurance coverage. John O’Neill from Risk Strategies presented at the May Board meeting

and provided a summary of his policy search findings. The Board requested that Mr. O'Neill return to the June Board meeting with property insurance options based on different deductible and premium scenarios. John will be making a presentation at the June Board meeting. Since the Insurance policy option selection has an impact on the Budget, the following relevant FY17/18 Budget line items are provided for reference:

- 1) Operating budget line item for Insurance = \$576,500.
- 2) Agency Reserve Balances are:
 - a. EMERGENCY RESERVE = \$4.41M, and
 - b. CAPITAL RESERVE = \$4.62M.

In conducting their Insurance search, Risk Strategies approached the JPA property pools (these pools are the largest property pools in the world, as they contain the City Government Business, School Districts, Water and Sanitary Districts, etc) about coverage options within the pools. However, David Mudgway, the senior vice president of Alliant said that, with the loss history on SBWMA they are not able to accommodate any coverage for the SBWMA through the pool.

Background

The current insurance coverage levels (see **Table 2.**) were established in consultation with SBWMA and the 2016/17 cost of coverage of the expiring policy with Hanover is \$179,596. The SBWMA has maintained a property & fire damage insurance policy with Hanover Insurance for the past two-years on the value of the Shoreway property and equipment at \$57.3 million. The Board decided not to purchase Earthquake insurance because the Agency maintains an Emergency Reserve. The SBWMA's property insurance policy was last put out for competitive bid by Risk Strategies in 2016 and was renewed with Hanover with no increase in premium from the prior year 15/16.

Table 2. Hanover Insurance coverage

- \$37 Million Buildings
- \$20 Million Personal Property
- \$4.5 Million Business Income
- The deductible is \$5,000

Attachments:

- Resolution 2017-28
- Attachment A - Executive Summary by Risk Strategies
- Attachment B - Proposed Policy by Risk Strategies



RESOLUTION NO. 2017- 28

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS Resolution Approving Property/Fire Insurance Policy for FY17/18

WHEREAS, the SBWMA owns and maintains the Shoreway Environmental Center,

WHEREAS, the SBWMA requires property insurance for risk coverage of the Shoreway Property,

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves a Resolution Approving Property/Fire Insurance Policy for FY17/18.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 22nd day of June, 2017, 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. 2017- 28 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 22, 2017.

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary



Attachment A - Executive Summary by Risk Strategies

Executive Summary

In follow up to the Board of Directors Meeting of last month, in which the Board requested that we obtain various optional deductibles, we have attached the above document. The following is the outcome of the optional deductibles:

\$2.5 million deductible is \$518,321.22

\$1.5 million deductible is \$619,441.22

\$1.0 million deductible is \$683,417.22

\$750,000 deductible is \$735,533.22

\$500,000 deductible is \$767,009.22

Our recommendation is the \$500,000 Deductible. This deductible seems to make the most fiscal sense, as it reduces the retention from \$2.5 million to \$500,000, a difference of \$2 million per occurrence. The annual premium difference is \$248,688. Actuarial Studies shows one loss on average every eight years for property losses, so at the \$500,000 deductible level you come out ahead if you have no losses for five years.

The property program is being surcharged to account for the fire losses, and will remain in a surcharged position for a period of 3-5 years depending upon what additional risk management controls are enacted during that time. Fire suppression remains the overriding concern from an underwriting perspective. We had our loss control staff evaluate what it would take to amend the underwriters' position of this being a less favorable risk to a more favorable risk and the universal response was sprinkling of the equipment, and having an automated fire response as opposed to a human generated response. What this might look like and the cost involved in achieving this are as yet undetermined.

Our recommendation to the board is to review the current renewal program that we are presenting which provides the necessary coverage and limits and then take action to approve the renewal program at the June 22 meeting for the June 30, 2017 property insurance renewal date.

Sincerely,

John O'Neill, AAI, ARM
Managing Director
Risk Strategies Company

700 Airport Boulevard • Suite 300 • Burlingame, CA 94010
Phone 650.762.0400 • Fax 650.762.0490 • www.risk-strategies.com
California Insurance License 0F06675



2017 Property Insurance Proposal

For:

South Bayside Waste Management Authority

Exec: John D O'Neill | Rep: June Tong | May 15, 2017

2017 Property - Insurance Summary

For: South Bayside Waste Management Authority
Exec: John D O'Neill | Rep: June Tong | May 15, 2017



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- Coverage Considerations
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2017 Property - Insurance Summary

For: South Bayside Waste Management Authority
Exec: John D O'Neill | Rep: June Tong | May 15, 2017



Introduction

Risk Strategies Company is a privately-held, national insurance brokerage firm with over 20 office locations. Ranked in the top 25 brokers in the US, we offer sophisticated risk management, property & casualty and employee benefits advice and insurance placement. We serve companies of all sizes, non-profits, public entities, and individuals, and have access to all major insurance markets.



Beyond providing traditional risk management advice and insurance management services, we bring value to our clients by offering a differentiated approach. At Risk Strategies Company, this means:

- **Client focus** - We have a passion for finding creative, cost-effective risk solutions that meet the specific needs and circumstances of each and every client.
- **Teamwork and an entrepreneurial approach** – This is core to how we work.
- **Deep expertise and “A team” talent** - We are confident in our ability to understand your business and deliver the highest quality services available in the risk management brokerage industry.
- **Independence and objectivity** - We conduct each client engagement with an unbiased view, challenging conventional methods and where appropriate, developing alternatives to traditional solutions.
- **Execution and focus** - Practicality and execution are as important as designing sound strategy. After developing the right risk management approach, Risk Strategies Company utilizes the proper resources in order to deliver an effective solution.

We understand risk and how to manage it. We are creative in approach and practical in execution. Most importantly, we care passionately about our clients and are fully invested in their success.

This is a summary of your insurance coverage and is provided as a convenience to facilitate your understanding of your insurance coverage. This document does not include all of the coverage terms, conditions, limitations and exclusions and it is not intended to replace or supersede your insurance policies. You should review your entire policy carefully. This document is provided for informational purposes only and does not create a binding contract. RSC Insurance Brokerage, Inc. makes no representation that the coverage purchased addresses all potential risks and makes no statement about the adequacy of the liability limits herein. CA License#: 0F06675

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2017 Property - Insurance Summary

For: South Bayside Waste Management Authority
Exec: John D O'Neill | Rep: June Tong | May 15, 2017



Named Insured

Named Insured: **South Bayside Waste Management Authority**
Mailing Address: 610 Elm Street, Suite 202
San Carlos, CA 94070
Phone: (650)802-3500

RSC Service Team

RSC SERVICE TEAM FOR **SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY**

Client Executive: **John D O'Neill, AIA, ARM**
(650)762-0403
joneill@risk-strategies.com

Account Executive: **June Tong, CISR**
(650)762-0413
jtong@risk-strategies.com

Account Assistant: **Lee Lebherz, CISR**
(650)425-3023
llebherz@risk-strategies.com

Servicing Office: **Risk Strategies Company**
700 Airport Blvd., Suite 300
Burlingame CA 94010
(650)762-0400 phone
(650)762-0490 fax

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2017 Property - Insurance Summary

For: South Bayside Waste Management Authority
Exec: John D O'Neill | Rep: June Tong | May 15, 2017



When to Contact Us

It is important that you advise us of any material changes in your operation which may have a bearing on your insurance program. Your insurers have evaluated and accepted the risks on the basis of information given. Any variation of these details could lead to complication in the event of a loss.

These changes may include, but are not limited to:

- Change in ownership status.
- Change of mailing address, telephone number or fax number.
- Changes of personnel affecting responsibility for insurance decisions.
- If 25% or more of any building you own becomes vacant or unoccupied for more than 30 days.
- Personnel traveling overseas/on temporary assignment overseas/working on military bases.
- Personnel traveling to/on temporary assignment in/working in New York State. You may be required to obtain Workers' Compensation and Disability Benefits policies.
- Use of Independent Contractors - carriers now require proof that they are running a separate business and have their own insurance coverage. You may be asked to provide copies of 1099s, certificates of insurance, business cards, their invoice and/or their website address/yellow pages entry to avoid inclusion as employees of your company.
- Acquisition or creation of new companies or subsidiaries and/or mergers in which you are involved or any legal change in the corporate structure.
- Purchase, construction or occupancy of new premises; alteration, vacating the premises or temporary unoccupancy; extension or demolition of existing premises. This applies for both domestic and foreign locations.
- Increase in values of building or business personal property for both scheduled and unnamed locations.
- Removal of business personal property or stock to new or temporary locations.
- Addition of new locations, equipment or vehicles, whether hired, leased or borrowed.
- Changes in processes, occupancy, products or business operations.
- Addition, alteration or temporary disconnection of fire or burglary protection systems.
- Use of owned or non-owned aircraft or watercraft.
- Major changes in value or nature of goods being shipped.
- Employment of personnel in states in which you were previously not doing business.
- Election or appointment of a new CEO or COO, or change in control of either the Board of Directors or the stock ownership of the company.
- Changes in ERISA Plan assets.
- Addition of new drivers for the company.

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2017 Property - Insurance Summary

For: South Bayside Waste Management Authority
 Exec: John D O'Neill | Rep: June Tong | May 15, 2017



Loss Experience

Based on the Loss Run as of 5/2/2017, no losses since 2007, except the following:

Date of Loss	09/07/2016	09/11/2016	
Cause of Loss	See the following extensive description of the MRF and Transfer Station fire losses, the cause, the location, what was damaged and measures taken to mitigate the fire exposure.		
			Total:
Gross Loss Paid	\$ 8,506,669	\$ 98,714	\$ 8,605,384
Gross Loss Reserve on the open claims	\$ 603,330	\$ 200,000	\$ 803,330
Projected Close date	End of June 2017		
Anticipated Paid Amount	\$ 10,000,000		
Impact on the Property Insurance	Two large losses are considered as high risk. Although this is a tough class of business, it is possibly eligible for standard insurance is about four years		

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2017 Property - Insurance Summary

For: South Bayside Waste Management Authority
Exec: John D O'Neill | Rep: June Tong | May 15, 2017



Details of the claims and Actions taken



A Public Agency

September 7, 2016 – MRF Fire

1. *Need details of the fire* - The fire at the materials recovery facility (MRF) occurred at 9:35pm on Wednesday September 7th. No injuries occurred to any staff or firefighters. Firefighters provided a prompt response to the 4-alarm fire, including over 25 trucks, engines, and support vehicles.
2. *Cause of fire (Our file shows it was under investigation)*. Despite having detailed video of the start of the fire, the specific ignition source of the fire was investigated and was inconclusive but was determined to be started by some ignitable/combustible item in the recyclables processed at the facility (likely candidates are lithium-ion battery or propane cylinder). Detailed video
3. *Location of fire (if location part of application; is building(s)/structure(s) part of the application)* The fire started in the middle of the materials process line – specifically in the newspaper screen. This screen is in the middle of the flow of materials and the fire spread by conveyor downstream from the ignition source.
4. *What was damaged: Building(s), Stock, Machinery*. The building was minimally damaged, while part of the recycling equipment that process the materials suffered damage. There was extensive smoke damage from the fire.
5. *Has damaged property been repaired/replaced?* The restoration process for the MRF took 5-months. The majority of the time and money was spent cleaning the plant and smoke damage. Portions of the MRF processing equipment were replaced at a cost of about \$2M and took roughly 2 months to complete. There was some damage to metal roof and wall panels and these are being replaced.
6. *Measures were taken to avoid it happening again, if possible*. The MRF Building was built in 2010. The fire department inspected the buildings fire suppression systems and determined that they worked as designed and did a very good job of containing the fire. The building's sprinkler system capabilities were built with a foam-agent for extra suppression. This system is connected to the fire alert system that automatically notifies the local fire department. The *Fire Hazard Mitigation Plan* describes the many steps that the agency and facility operator have implemented before and after the September fire to reduce fire risk and supplement the onsite fire suppression capabilities.

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2017 Property - Insurance Summary

For: South Bayside Waste Management Authority
Exec: John D O'Neill | Rep: June Tong | May 15, 2017



Details of the claims and Actions taken (Cont'd)

September 11, 2016 – Transfer Station Fire

1. *Need details of the fire* The fire at the transfer station building and occurred at 11:35pm on Sunday September 11th. No injuries occurred to any staff or firefighters. Firefighters provided a prompt response to the fire including 5 trucks engines, and support vehicles. With the support of the loaders and staff on site who dragged the smoldering materials out of the building where they could be more easily deluged by the fire fighters, the fire was quickly extinguished.
2. *Cause of fire (Our file shows: Pile of Refuse Ignited)*. The fire started in a pile of refuse that had been dropped off by a self-haul customer that day. The specific ignition source of the fire was investigated and was inconclusive but was determined to be started by some ignitable/combustible item in the garbage (likely candidates are small quantities of pool or cleaning chemical that mixed in the pile)
3. *Location of fire (if location part of application; is building(s)/structure(s) part of the application)*. The fire started in a pile of waste that was sitting on the floor of the transfer station. The transfer station is a 70,000 sqft free-span building and the pile was on the concrete floor.
4. *What was damaged: Building(s), Stock, Machinery...* There was no damage to the building. There was damage to a conveyor that was above the fire.
5. *Has damaged property been repaired/replaced?* The damaged conveyor is being replaced at a cost of \$200K.
6. *Measures were taken to avoid it happening again, if possible*. The transfer station building was expanded and the fire suppression system was updated in 2010. The fire department inspected the buildings fire suppression systems and determined that they worked as designed and did a very good job of containing the fire. The building's sprinkler system capabilities were built with a foam-agent for extra suppression. This system is connected to the fire alert system that automatically notifies the local fire department. The *Fire Hazard Mitigation Plan* describes the many steps that the agency and facility operator have implemented before and after the September fire to reduce fire risk and supplement the onsite fire suppression capabilities.

Note: Fire Hazard Mitigation Plan is on a separate document.

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2017 Property - Insurance Summary

For: South Bayside Waste Management Authority
 Exec: John D O'Neill | Rep: June Tong | May 15, 2017



Expiring Property Policy Information

Policy Number	Line of Business	Effective/Expiration	Writing Company	Premium
M002678-16	Property	7/1/16 to 7/1/17	Verlan Fire – Hanover	\$179,596

Coverage	Amount
----------	--------

Premise 01

225-333 Shoreway, San Carlos CA 94070

Premise 02

610 Elm St, Suite 202, San Carlos CA 94070

Premise 01

Buildings

37,049,350

No Coinsurance, Agreed Amount, Replacement Cost,
 Special form perils & \$5,000 Deductible

Personal Property (MRF Equipment and the Scales)

20,215,800

No Coinsurance, Agreed Amount, Replacement Cost,
 Special form perils & \$5,000 Deductible

Business Income including Extra Expense (Admin Bldg,
 Transfer Station)

4,514,000

Actual Loss Sustained (no monthly limitation), Special
 form perils & \$5,000 deductible

Premise 02

Personal Property

90,000

No Coinsurance, Agreed Amount, Replacement Cost,
 Special form perils & \$5,000 Deductible

Business Income including Extra Expense (SBWMA's
 Office)

100,000

Actual Loss Sustained (no monthly limitation), Special
 form perils & \$5,000 deductible

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2017 Property - Insurance Summary

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Expiring Property Policy Information (Cont'd)

Policy Number	Line of Business	Effective/Expiration	Writing Company
M002678-16	Property	7/1/16 to 7/1/17	Verlan Fire – Hanover

Coverage	Amount
Boiler & Machinery/Equipment Breakdown Deductible: \$10,000	Included

Endorsement added, excluding solar panels & its related equipment

All locations:	
Electronic Equipment	50,000
Media	0
Property in Transit or temp location	25,000
Deductible: \$1,000	

Terrorism insurance is Excluded

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2017 Property - Insurance Summary

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Expiring Property Policy Information (Cont'd)

Policy Number	Line of Business	Effective/Expiration	Writing Company
M002678-16	Property	7/1/16 to 7/1/17	Verlan Fire – Hanover

2016 Property Values - Breakdown of Values by location

	Building	Business Personal Property	Business Income
Administration			
225-333 Shoreway Road	\$ 755,350		\$ 1,000,000
San Carlos CA 94070			
Transfer Station			
225-333 Shoreway Road	\$ 17,801,000		\$ 2,000,000
San Carlos CA 94070			
Material Recovery Facility		Equipment:	
225-333 Shoreway Road	\$ 14,171,000	\$ 17,810,800	\$ 1,514,000
San Carlos CA 94070			
Maintenance Shop			
225-333 Shoreway Road	\$ 2,952,000		
San Carlos CA 94070			
Container Repair/Wash Rack			
225-333 Shoreway Road	\$ 1,350,000		
San Carlos CA 94070			
2 Permanent Trailers			
225-333 Shoreway Road	\$ 20,000		
San Carlos CA 94070			
Scales			
225-333 Shoreway Road		\$ 2,405,000	
San Carlos CA 94070			
Location #1 total:	\$37,049,350	\$20,215,800	\$4,514,000
SBWMA's Office			
610 Elm St., #202		\$ 90,000	\$ 100,000
San Mateo CA 94070			

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2017 PROPERTY VALUES

Loc #	Address	Building Value	Business Personal Property	Business Income
1	225-233 Shoreway Road, San Carlos, CA 94070			
	Administration Building	\$775,350		
	Transfer Station	\$17,801,000		
	Material Recovery Facility	\$14,171,000		
	Equipment		\$17,810,000	
	Maintenance Shop	\$2,952,000		
	Container Repair/Wash Rack	\$1,350,000		
	2 Permanent Trailers	\$20,000		
	Truck Scales (One large above & below ground)			\$2,405,000
	Total Location Limits:	\$37,069,350	\$20,215,000	\$10,949,806
2	610 Elm St., #202, San Mateo CA 94070			
	SBWMA's Office (Multi-tenant office building)		\$90,000	\$100,000
	Total Insured Value: \$68,424,156	\$37,069,350	\$20,305,000	\$11,049,806

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2017 Property - Insurance Summary

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July 1, 2017 Property Policies in layers

First Layer:	\$10,000,000 of TIV, \$68,424,156			
Carrier:	First Specialty Insurance Corp, Swiss Re Excess & Surplus Property			
Perils:	"All Risk" excluding Equipment Breakdown/Boiler & Machinery			
	<i>Deductible</i>	<i>Premium</i>	<i>Tax/Fees</i>	<i>Total Premium</i>
	\$2,500,000	\$300,000	\$14,600	\$314,600

Second Layer, part I:	\$5,000,000 part of \$10,000,000 Second layer			
Carrier:	Aspen Specialty Insurance Company, RSUI			
Perils:	"All Risk" excluding Equipment Breakdown			
	<i>Deductible</i>	<i>Premium</i>	<i>Tax/Fees</i>	<i>Part I, total premium</i>
	\$2,500,000	\$40,000	\$1,280	\$41,280

Second Layer, part II:	\$5,000,000 , part of \$10,000,000 Second layer			
Carrier:	Landmark American Insurance Company, RSUI			
Perils:	"All Risk" excluding Equipment Breakdown			
	<i>Deductible</i>	<i>Premium</i>	<i>Tax/Fees</i>	<i>Part II, total premium</i>
	\$2,500,000	\$40,000	\$1,280	\$41,280

Third Layer:	\$10,000,000			
Carrier:	Hudson Excess Insurance Company, Commonwealth Specialty			
Perils:	"All Risk" including Equipment Breakdown			
	<i>Deductible</i>	<i>Premium</i>	<i>Tax/Fees</i>	<i>Total Premium</i>
	\$2,500,000	\$25,000	\$800	\$25,800

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2017 Property - Insurance Summary

For: South Bayside Waste Management Authority
 Exec: John D O'Neill | Rep: June Tong | May 15, 2017



July 1, 2017
Property Policies in layers (cont'd)

Fourth Layer:	\$20,000,000 of \$30,000,000 excess			
Carrier:	James River Casualty Company			
Perils:	"All Risk" including Equipment Breakdown			
	<i>Deductible</i>	Premium	Tax/Fees	Total Premium
	\$2,500,000	\$43,340.00	\$1,902.88	\$45,242.88

Fifth Layer:	\$10,000,000 of \$30,000,000 excess			
Carrier:	Lloyds of London, BRIT			
Perils:	"All Risk" including Equipment Breakdown			
	<i>Deductible</i>	Premium	Tax/Fees	Total Premium
	\$2,500,000	\$21,667.00	\$951.34	\$22,618.34

All layers total to:	\$60,000,000	Total Limits	\$490,821.22	Premium
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Equipment Breakdown Policy	\$60,000,000	Limit	\$27,500.00	Premium
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	\$518,321.22	Total Premium		
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2017 Property - Insurance Summary

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Marketing Survey

Risk Strategies Company markets that might write this:

ACE c/o Alliant Specialty (Waste program) – Declined – Not a market for stand alone Property
Affiliated FM – Submitted to various underwriters, no response
AmWins (Waste program) – Declined due to the owner-operator exposure
Berkley – Declined – Market only for casualty (liability) insurance
Philadelphia (Environmental Dept) – Declined due to the class of business
Travelers (for due diligence with a standard market) – Declined due to losses
XL c/o Solid Waste Insurance Management – Declined due to the size of the account

CRC Swett & Company, markets approached & responses:

Commonwealth
AMRISC
AWAC
AIG
ACE
AXIS
ASPEN
Atlas
Affiliated FM
Berkshire Hathaway
Hanover
RSUI
Everest
Liberty
One Beacon
RLI –
RK Harrison
Star Specialty
Swiss Re
V3
XL
Markel – Decline – Class of Business and Loss History
Nationwide - Decline – Class of Business
Freberg – Decline – Not a property market
Beazley – Decline – Class of Business
Starr – Decline – Class of Business
Arch – Decline
Admiral – Decline – Class of Business

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2017 Property - Insurance Summary

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Coverage Considerations

The following coverages are not purchased or handled by us. Please contact us if you would a quote on any of these coverages.

Coverage	Notes
General Liability: Bodily injury and/or property damage coverage as respects suits brought by third parties, which the Named Insured may be found legally obligated to pay	
Flood and/or Earthquake: Damage to real or personal property and resulting loss of earnings, etc.	
Business Interruption: Loss of net profit, before taxes, plus continuing expense.	
Off Premises Service Interruption - Power, Communication and Water: Business Income Loss and Direct Damage.	
Extra Expense: Expenses to continue operations after a loss, which are above those normal to the business.	
Valuable Papers: Cost to reproduce or reconstruct valuable documents.	
Accounts Receivable: Uncollectible receivables in event of a loss plus cost to reproduce and interest expense.	
Boilers and other Steam Pressure Vessels and System Breakdown: Explosion or sudden and accidental breakdown and resultant loss of earnings, this can be extended to other equipment such as miscellaneous electrical apparatus, air conditioning equipment, etc.	
Fidelity: Loss of money or other property from an employee's dishonest act.	
Depositors Forgery: forgery or alteration of checks, etc. by anyone.	
Money & Securities: Loss of money or securities by any means.	
Data Processing Hardware and/or Media: Direct damage and resulting extra expense.	
Plate Glass: Breakage by any means.	
Water Damage: Sewer and Drains Backup and Seepage.	

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2017 Property - Insurance Summary

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Coverage Considerations Cont.

<p>Hired & Non-Owned Auto Liability: Coverage for vehicle rented, leased or borrowed by the corporation for 3rd party liability only.</p>	
<p>Hired Auto Physical Damage: Property damage to a hired vehicle.</p>	
<p>Drive Other Car Coverage: Liability for Named Individuals on an Automobile policy. (This coverage is necessary for employees, directors, officers, owners, and their families that do not have a personal Automobile policy).</p>	
<p>Commercial Automobile Coverage: Physical loss/damage and Liability to owned business vehicles.</p>	
<p>Employee Benefits Liability: Protects against suits by employees (or estate) for misinforming about benefits.</p>	
<p>Intellectual Property: Provides coverage for infringement of patent, copyright, trademark, service mark or trade name or unfair competition based upon actual or alleged infringement of patent, copyright, trademark, service mark or trade name.</p>	
<p>Workers' Compensation Coverage: This coverage is mandatory in <u>ALL STATES</u> if you have any employees. If any of your employees are not currently covered under Workers' Compensation, please notify us immediately.</p>	
<p>Stop Gap Liability: Employers' Liability Coverage for Monopolistic Workers' Compensation States. This coverage is needed if you have payroll in any of the following Monopolistic States: MT, ND, OH, WA, WV, and WY.</p>	
<p>Disability Benefits Liability: This coverage is mandatory in the states of New York, New Jersey, California, Hawaii, and Puerto Rico if you have any employees. Please notify our office immediately if you have employees in any of these states and currently do not have a Disability Benefits Liability Policy.</p>	
<p>Umbrella Liability: Catastrophe liability coverage in excess of basic third party liability policies. (General Liability, Automobile, Employer Liability, etc.)</p>	
<p>Fiduciary Liability: Protects the administrators of ERISA plans against 3rd party suits alleging wrongful management or breach of duties concerning the plan assets.</p>	
<p>Professional Liability: Any economic damages resulting from alleged negligence or failure to render your professional services to others.</p>	
<p>Media Liability: Protects against claims alleging defamation, libel, slander, infringement of trademark and copyright, invasion of privacy arising from any content created and disseminated by you whether electronically or in print.</p>	

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Coverage Considerations Cont.

<p>Security & Privacy Liability: Protects against claims alleging a failure in maintaining your network security and the private information of others. This policy also provides reimbursement for expenses directly incurred by you including forensic costs, statutory notification, and credit monitoring.</p>	
<p>Employment Related Practices Liability: Protects against suits by employees including former and prospective employees alleging wrongful termination, discrimination, and sexual harassment. These types of losses are excluded from general liability and workers compensation policies.</p>	
<p>Directors and Officers Liability: Affords protection for Directors & Officers (profit & non-profit) as respects to their business decisions for the corporation.</p>	
<p>Fine Art Title Insurance: Object specific coverage against questions of legal ownership, government seizure and liens from previous owners. Policy provides for defense costs in addition to insuring the value of an artwork.</p>	
<p>ERISA Bond: Mandatory Dishonesty Coverage equal 10% of your pension plan assets.</p>	
<p>Group Travel: Accidental death or dismemberment coverage for business or pleasure travel.</p>	
<p>Kidnap and Ransom: Reimbursement for monies paid to kidnapers or extortionists.</p>	
<p>Terrorism Risk Coverage: Coverage for Certified Acts of Terrorism</p>	
<p>Available Products for Employee Benefits and Financial Planning: Life and Health products, Employee Benefits programs, Estate Planning, Long Term Care and Disability, Annuities, Asset Protection , 100% Executive Medical Reimbursement Plan.</p>	
<p>Available Personal Lines Products: Homeowners, Co-ops, Condominiums, Vacation and Second Residence, Automobiles, Aircraft, Jewelry and Fine Arts, Watercraft.</p>	

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2017 Property - Insurance Summary

For: South Bayside Waste Management Authority
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Office Locations

Risk Strategies Company
Headquarters - Boston, MA
 160 Federal Street • Boston, MA 02110
 (617) 330-5700

Atlanta 1255 Lakes Parkway Bldg. 100, Suite 105 Lawrenceville GA 30043 (678) 690-5990	Birmingham 109 Columbiana Road Birmingham AL 35209 (205) 979-7389	Boston 160 Federal Street 2 nd Floor Boston MA 02110 (617) 330-5700	Boston Metro 15 Pacella Park Drive Suite 240 Randolph MA 02368 (781) 986-4400	Chicago 333 W. Wacker Drive Suite 1950 Chicago IL 60606 (312) 506-8860
Chicago Metro 650 Dundee Road Suite 170 Northbrook IL 60062 (847) 412-1013	Long Island One Hollow Lane Suite 206 Lake Success NY 11042 (516) 858-5770	Los Angeles 801 N. Brand Blvd. Suite 650 Glendale CA 91203 (818) 623-5400	Memphis 5141 Wheelis Drive Memphis TN 38117 (901) 820-0400	Minneapolis 10 South Street Suite 1109 Minneapolis MN 55402 (612) 766-9780
Nashville 104 Woodmont Blvd. Suite 400 Nashville TN 37205 (615) 383-0072	New Jersey 1086 Teaneck Road Suite 5B Teaneck NJ 07666 (201) 837-1100	New York City 420 Lexington Ave Suite 2700 New York City NY 10170 (212) 867-3550	Orange County 2040 Main Street Suite 450 Irvine CA 92614 (949) 242-9240	Portsmouth 1 New Hampshire Avenue, Suite 120 Portsmouth NH 03801 (603) 778-8985
Providence 10 Dorrance Street Suite 505 Providence RI 02903 (401) 831-1463	Sacramento 1400 Rocky Ridge Dr. Suite 280 Roseville CA 95661 (916) 367-4310	San Francisco 700 Airport Blvd., Suite 300, Burlingame CA 94010 (650) 762-0400	Worcester 446 Main Street 14 th Floor Worcester MA 01608 (508) 798-0893	

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INFORMATIONAL ITEMS ONLY

STAFF REPORT

To: SBWMA Board Members
From: Farouk Fakira, Finance Manger
Date: June 22, 2017 Board of Directors Meeting
Subject: Check Register for May 2017

Recommendation

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

Summary

The purpose of this report is to provide transparency to the Board and the public on the actual spending by the SBWMA. All payments made by check issued in May 2017 are listed on the attached report for review.

Analysis

The SBWMA has a contract with the City of San Carlos for accounting services including the issuing of all payments and deposit of all receipts. In accordance with the City of San Carlos' policies, checks are normally issued every two weeks. All SBWMA invoices are approved for payment by the program manager and then by the Executive Director or Finance Manager. Total A/P spending for May 2017 was \$3,054,106.90 as detailed in **Attachment A**. Ox Mountain disposal for \$693,286.40 did not make it into this cycle for the month of April, 2017.

Certain ACH transactions such as payroll and some benefit payments are drawn directly from the bank and are therefore not included in these A/P reports.

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

Attachments:

Attachment A – May 2017 Check Registers

05/11/2017 15:13
dhahn

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S051217

P 2
apcshdsb

CASH ACCOUNT: S000	110020	WELLS FARGO BANK							
CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET

INVOICE DTL DESC									

7580	05/12/2017	EFT	7976 TANNER PACIFIC INC		217-028	04/10/2017		S051217	9,061.03
			Invoice: 217-028			APR 17 CONSTRUCTION ADVISORY SVC			
				9,061.03	S0113010 522720	MRFES CONSTRUCTION COST			
						CHECK		7580 TOTAL:	9,061.03
7581	05/12/2017	PRTD	7504 E-RECYCLING OF CALIF		71673	04/28/2017		S051217	555.36
			Invoice: 71673			SHRED EVENT PASS THRU			
				555.36	S0113010 522719	SHRED EVENT SVCS (PASS THRU)			
			Invoice: 71669			04/28/2017		S051217	1,854.58
				1,854.58	S0113010 522719	SHRED EVENT PASS THRU			
						SHRED EVENT SVCS (PASS THRU)			
			Invoice: 71631			04/28/2017		S051217	593.56
				593.56	S0113010 522719	SHRED EVENT PASS THRU			
						SHRED EVENT SVCS (PASS THRU)			
						CHECK		7581 TOTAL:	3,003.50
7582	05/12/2017	PRTD	3581 HILARY GANS		042717HG	05/04/2017		S051217	446.84
			Invoice: 042717HG			MAR-APR 17 EXPENSE REIMB H. GANS			
				89.98	S0113010 520105	CELL PHONES			
				356.86	S0113010 520503	CONFERENCECS & MEETINGS			
						CHECK		7582 TOTAL:	446.84
7583	05/12/2017	PRTD	7802 KBA DOSUSYS INC		41250213-042517	04/25/2017		S051217	546.48
			Invoice: 41250213-042517			APR 17 OFFICE EQUIP COST			
				546.48	S0113010 520215	OFFICE EQUIPMENT COSTS			
						CHECK		7583 TOTAL:	546.48
7584	05/12/2017	PRTD	8431 KIDS CONNECTION SCHO		17TTA1P	04/27/2017		S051217	500.00
			Invoice: 17TTA1P			TRASH TO ART 1ST PLACE			
				500.00	S0113010 522718	EDUCATION CENTER OPERATIONS			
						CHECK		7584 TOTAL:	500.00
7585	05/12/2017	PRTD	8095 JOE LA MARIANA		050517JL	05/05/2017		S051217	1,097.82
			Invoice: 050517JL			MAR-APR 17 EXPENSE REIMB			
				972.74	S0113010 520503	CONFERENCECS & MEETINGS			
				125.08	S0113010 520105	CELL PHONES			

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S051217

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

INV DATE PO CHECK RUN NET

INVOICE DTL DESC

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
								CHECK	7585 TOTAL: 1,097.82
7586	05/12/2017	PRTD	716 SAN CARLOS SCHOOL DI	17TTA3P		04/27/2017		S051217	150.00
			Invoice: 17TTA3P			TRASH TO ART 3RD PLACE			
				150.00	S0113010 522718	EDUCATION CENTER OPERATIONS			
								CHECK	7586 TOTAL: 150.00
7587	05/12/2017	PRTD	5875 SCAPES INC	17357		04/30/2017		S051217	839.36
			Invoice: 17357			APR 17 SHOREWAY MAINTENANCE			
				839.36	S0113010 522714	SHOREWAY FACILITY COST			
								CHECK	7587 TOTAL: 839.36
7588	05/12/2017	PRTD	3022 SCS ENGINEERS	0299450		05/04/2017 743		S051217	1,171.50
			Invoice: 0299450			FY 16-17 RECOLOGY CALL CENTER			
				1,171.50	S0113010 520309HCS02	BUSINESS CONSULTANT (HFH)			
			Invoice: 0298520			05/03/2017 1030		S051217	5,900.00
				5,900.00	S0113010 520306	FRANCHISE AGMT EXTENSION & STR			
						AB939 PROGRAM STAFF			
								CHECK	7588 TOTAL: 7,071.50
7589	05/12/2017	PRTD	5443 SPECIALTY'S CAFE & B	T2423-16282767		05/03/2017		S051217	562.59
			Invoice: T2423-16282767			TAC FRANCHISE WORKSHOPS			
				562.59	S0113010 520503	CONFERENCES & MEETINGS			
			Invoice: T2423-16280481			05/02/2017		S051217	83.23
				83.23	S0113010 520300	EXECUTIVE BOARD MTG			
						BOARD ADMINISTRATION			
			Invoice: T2423-16246707			04/27/2017		S051217	112.70
				112.70	S0113010 520300	BOARD MEETING SNACKS			
						BOARD ADMINISTRATION			
								CHECK	7589 TOTAL: 758.52
7590	05/12/2017	PRTD	3622 WELLS FARGO PAYMENT	042717		04/27/2017		S051217	3,746.68
			Invoice: 042717			STATEMENT ENDING 4/27/17			
				3,233.24	S0113010 522718	EDUCATION CENTER OPERATIONS			
				154.87	S0113010 520201	OFFICE SUPPLIES			
				216.61	S0113010 520503	CONFERENCES & MEETINGS			
				34.95	S0113010 522718	EDUCATION CENTER OPERATIONS			
				107.01	S0113010 520201	OFFICE SUPPLIES			

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CITY OF SAN CARLOS
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CHECK	7590	TOTAL:	3,746.68
NUMBER OF CHECKS	17	*** CASH ACCOUNT TOTAL ***	59,984.22
	COUNT	AMOUNT	
TOTAL PRINTED CHECKS	10	18,160.70	
TOTAL EFT'S	7	41,823.52	
		*** GRAND TOTAL ***	59,984.22

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

PREPARED BY: DH DATE: 5/11/17
APPROVED BY: ay DATE: 5/11/17
FUNDS TRANSFERRED BY: Ey DATE: 5/11/17
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CASH ACCOUNT: S000	110020	WELLS FARGO BANK								
CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET	
						INVOICE DTL DESC				
7591	05/16/2017	WIRE	3622 WELLS FARGO PAYMENT	042717A		04/27/2017			3,746.68	
			Invoice: 042717A			APR 17	WELLS FARGO CREDIT CARD			
				621.00	S0113010 522718		EDUCATION CENTER OPERATIONS			
				154.87	S0113010 520201		OFFICE SUPPLIES			
				81.68	S0113010 522718		EDUCATION CENTER OPERATIONS			
				500.00	S0113010 522718		EDUCATION CENTER OPERATIONS			
				29.81	S0113010 522718		EDUCATION CENTER OPERATIONS			
				26.96	S0113010 522718		EDUCATION CENTER OPERATIONS			
				11.29	S0113010 522718		EDUCATION CENTER OPERATIONS			
				216.61	S0113010 520503		CONFERENCES & MEETINGS			
				34.95	S0113010 522718		EDUCATION CENTER OPERATIONS			
				1,557.50	S0113010 522718		EDUCATION CENTER OPERATIONS			
				107.01	S0113010 520201		OFFICE SUPPLIES			
				400.00	S0113010 522718		EDUCATION CENTER OPERATIONS			
				5.00	S0113010 522718		EDUCATION CENTER OPERATIONS			
						CHECK	7591 TOTAL:		3,746.68	
7592	05/18/2017	WIRE	2223 THE BANK OF NEW YORK	JUN 2017-2009A		05/18/2017			343,626.04	
			Invoice: JUN 2017-2009A			JUN 17	BNY BOND 2009A			
				343,626.04	S011 114467		INVESTMENT BNY 2009AB INTEREST			
						CHECK	7592 TOTAL:		343,626.04	
7593	05/26/2017	EFT	5556 BFI OF CALIFORNIA IN	4227-000046907		04/30/2017	S052617		1,903.21	
			Invoice: 4227-000046907			APR 17	TIPPER MAINTENANCE			
				1,903.21	S0113010 522716		MAINTENANCE ON TIPPER OX MTN			
						CHECK	7593 TOTAL:		1,903.21	
7594	05/26/2017	EFT	152 BROWNING FERRIS IND	4278-100003437		04/30/2017	S052617		197,151.66	
			Invoice: 4278-100003437			APR 17	DISPOSAL PROCESSING			
				197,151.66	S0113010 522713		DISPOSAL & PROCESSING COSTS			
						CHECK	7594 TOTAL:		197,151.66	
7595	05/26/2017	EFT	5058 EMERGING ACQUISITION	1619OPF		03/31/2017	S052617		19,567.65	
			Invoice: 1619OPF				SERVICES RELATED TO MRF FIXES			
				19,567.65	S0113010 522720MRFES		CONSTRUCTION COST			
						CHECK	7595 TOTAL:		19,567.65	
7596	05/26/2017	EFT	7624 KBA DOCUSYS INC.	INV545071		05/10/2017	S052617		75.00	
			Invoice: INV545071				TONER FOR COPIER			
				75.00	S0113010 520201		OFFICE SUPPLIES			

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CASH ACCOUNT: S000	110020	WELLS FARGO BANK							
CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET

								INVOICE DTL	DESC
								CHECK	7596 TOTAL: 75.00
7597	05/26/2017	EFT	8293 PREMIER ACCESS INSUR		017242-051017	05/10/2017		S052617	975.54
			Invoice: 017242-051017			JUN 17		EMPLOYEE BENEFITS 17242	
				975.54	S0113010 512850			BENEFITS - GUARDIAN LIFE	
								CHECK	7597 TOTAL: 975.54
7598	05/26/2017	EFT	5512 SOUTH BAY RECYCLING		2017-04	05/15/2017		S052617	1,802,287.17
			Invoice: 2017-04			APR 17		ENVIRO CENTER OPERATION	
				-1,715.79	S0113010 480033			MRF 3RD PARTY PROCESSING FEE	
				27,870.95	S0113010 522713			DISPOSAL & PROCESSING COSTS	
				-27,578.57	S0113010 522713			DISPOSAL & PROCESSING COSTS	
				65,399.11	S0113010 522717			BUYBACK PAYMENTS	
				11,108.73	S0113010 522720			CONSTRUCTION COST	
				23,112.38	S0113010 522714			SHOREWAY FACILITY COST	
				2,224.17	S0113010 520207			EQUIPMENT CHARGES	
				8,492.85	S0113010 520202			SHORE BANK FEES AND SERVICES	
				1,693,373.34	S0113010 522712			OPERATOR COMPENSATION SBR	
								CHECK	7598 TOTAL: 1,802,287.17
7599	05/26/2017	EFT	5558 ZANKER ROAD RESOURCE		201704373	05/04/2017		S052617	229,774.80
			Invoice: 201704373			APR 17		ZANKER DISPOSAL PROCESSING COSTS	
				229,774.80	S0113010 522713			DISPOSAL & PROCESSING COSTS	
								CHECK	7599 TOTAL: 229,774.80
7600	05/26/2017	PRTD	88 READYREFRESH BY NEST		17E0028452035	05/10/2017		S052617	28.87
			Invoice: 17E0028452035			APR 17		WATER SVC #0028452035	
				28.87	S0113010 520201			OFFICE SUPPLIES	
								CHECK	7600 TOTAL: 28.87
7601	05/26/2017	PRTD	5640 BIO FUEL SYSTEMS INC		041705	05/17/2017		S052617	7,497.84
			Invoice: 041705			APR 17		DISPOSAL SVC	
				7,497.84	S0113010 522713			DISPOSAL & PROCESSING COSTS	
								CHECK	7601 TOTAL: 7,497.84
7602	05/26/2017	PRTD	5412 BIRCH COMMUNICATIONS		23846832	04/20/2017		S052617	1,058.71
			Invoice: 23846832			APR 17		TELECOM INV# 23846832	
				1,058.71	S0113010 520107			UTILITIES & PHONE	

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CASH ACCOUNT: S000	110020	WELLS FARGO BANK							
CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC			
						CHECK	7602 TOTAL:	1,058.71	
7603	05/26/2017	PRTD	2478 CITY OF BURLINGAME	064645		05/17/2017		S052617	37.30
	Invoice: 064645					REIMB FOR E-SCRAP 6/25/16 EVENT			
				37.30	S0113010 522719	SHRED EVENT SVCS (PASS THRU)			
						CHECK	7603 TOTAL:	37.30	
7604	05/26/2017	PRTD	7504 E-RECYCLING OF CALIF	71797		04/30/2017		S052617	730.10
	Invoice: 71797					SHRED EVENT PASS THRU			
				730.10	S0113010 522719	SHRED EVENT SVCS (PASS THRU)			
	Invoice: 71960					05/12/2017		S052617	1,073.38
						SHRED EVENT PASS THRU			
				1,073.38	S0113010 522719	SHRED EVENT SVCS (PASS THRU)			
						CHECK	7604 TOTAL:	1,803.48	
7605	05/26/2017	PRTD	5557 RECOLOGY BLOSSOM VAL	170430		05/04/2017		S052617	249,786.09
	Invoice: 170430					APR 17 GROVER DISPOSAL SVC			
				249,786.09	S0113010 522713	DISPOSAL & PROCESSING COSTS			
						CHECK	7605 TOTAL:	249,786.09	
7606	05/26/2017	PRTD	3022 SCS ENGINEERS	0299450A		03/31/2017 743		S052617	1,174.00
	Invoice: 0299450A					MAR 17 CALL CENTER SVC - DIFF FROM INV 0299450			
				1,174.00	S0113010 520309HCS02	BUSINESS CONSULTANT (HPH)			
						CHECK	7606 TOTAL:	1,174.00	
7607	05/26/2017	PRTD	4519 SHRED-IT USA	8122319419		05/07/2017		S052617	107.19
	Invoice: 8122319419					APR 17 DOCUMENT SHREDDING			
				107.19	S0113010 520201	OFFICE SUPPLIES			
						CHECK	7607 TOTAL:	107.19	
7608	05/26/2017	PRTD	8455 SOUTHWEST CONSTRUCTI	050417		05/04/2017		S052617	133,291.50
	Invoice: 050417					JAN-APR 17 MRF FIRE REPAIR SVC			
				133,291.50	S0113010 522720MRFES	CONSTRUCTION COST			
						CHECK	7608 TOTAL:	133,291.50	
7609	05/26/2017	PRTD	5443 SPECIALTY'S CAFE & B	T2423-16354511		05/11/2017		S052617	162.99
	Invoice: T2423-16354511					MAY 17 CITY MGR MEETING			
				162.99	S0113010 520503	CONFERENCES & MEETINGS			

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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME VOUCHER INVOICE INV DATE PO CHECK RUN NET

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Invoice: T2423-16395776

T2423-16395776	05/16/2017	S052617	66.96
66.96 S0113010 520503	MAY 17 CITY ATTY MEETING CONFERENCES & MEETINGS		
	CHECK	7609 TOTAL:	229.95
NUMBER OF CHECKS	19	*** CASH ACCOUNT TOTAL ***	2,994,122.68

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	10	395,014.93
TOTAL WIRE TRANSFERS	2	347,372.72
TOTAL EFT'S	7	2,251,735.03

*** GRAND TOTAL *** 2,994,122.68 ✓

CP	✓
ARP	✓
EFT	✓
Email	✓

PREPARED BY: DH DATE: 5/24/17
 APPROVED BY: [Signature] DATE: 5/24/17
 FUNDS TRANSFERRED BY: [Signature] DATE: 5/24/17
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[Signature]

STAFF REPORT

To: SBWMA Board Members
From: Farouk Fakira, Finance Manager
Date: June 22, 2017 Board of Directors Meeting
Subject: 2017 Finance and Rate Setting Calendar

Recommendation

This is an informational report and no action is necessary.

Summary

The purpose of this staff report is to keep the Board and Member Agency staff informed on the schedule of important financial and rate setting events in 2017. This staff report is updated as necessary and included in the Board packet each month.

Schedule of Finance, Contractor Compensation and Rate Adjustment Activities in 2017:

January 2017

- Approval of FY15/16 audited Financial Statement. **Completed.**
- Mid-Year review of FY16/17 Operating Budget. **Completed.**

March 2017

- Recology submittal of the unaudited 2016 Revenue Reconciliation Report (March 31). **Completed.**

April 2017

- Review of Preliminary 17/18 SBWMA Budget at April 27, 2017 Board meeting. **Completed.**
- Approval of unaudited 2016 calendar year financial statement for bond reporting requirements. **Completed.**

May 2017

- Review and approval of Final FY17/18 SBWMA Operating Budget at May 25, 2017 Board meeting. **Completed.**

June 2017

- Recology's 2017 Compensation Application due to the SBWMA and Member Agencies (*June 15*).
- SBWMA and Member Agency comments are due to Recology on its 2017 Compensation Application (*June 29*).
- SBWMA issues a letter requesting feedback from all Member Agencies on estimated 2018 Member Agency fees (e.g., franchise fees) to be included in their 2018 solid waste rates. **Completed.**

July 2017

- Approval of the Revenue Reconciliation Report from the Financial Systems audit report on Recology.
- SBR's 2018 Compensation Application due to the SBWMA (*July 5*).
- Recology revised 2018 Compensation Application due to SBWMA & Member Agencies (*July 27*).
- SBWMA issues the following reports to the Board and Member Agency staff for review and comment:
 - Estimated 2017 and 2018 residential and commercial base revenue.
 - Estimated collected tonnage for 2017 and 2018.

- 2017 Residential rates vs cost analysis.
- Estimated residential revenue changes due to cart migration (i.e., lost revenue) by Member Agency since 2016.
- Summary of 2018 Member Agency fees to be used in the 2018 cost projections based on Member Agency feedback.

August 2017

- SBWMA issues Draft Report Reviewing Recology's 2018 Compensation Application, recommended total Revenue Requirement, and Rate Adjustment (*August 11*).
- SBWMA issues the Draft Report Reviewing SBR's 2018 Compensation Application (August 11).
- Comments due back from Member Agencies on draft Reports Reviewing Recology's & SBR's 2018 Compensation Application (*August 25*).

September 2017

- SBWMA issues Pre Final Report Reviewing Recology's 2018 Compensation Application including the recommended total Collection Rate Adjustment for 2018 by email (September 14).
- SBWMA issues Final Report Reviewing Recology's 2018 Compensation Application including the recommended total Collection Rate Adjustment for 2018. (*September BOD Packet*).
- SBWMA issues Final Report Reviewing SBR's 2018 Compensation Application. (*September BOD Packet*).
- Approval of the SBR 2018 Compensation Application (*September 28 BOD Meeting*).
- Approval of the Recology 2018 Compensation Application and total recommended Revenue Requirement (*September 28 BOD Meeting*).

September – December 2017

- Member Agencies issue Prop. 218 notices and approve their final 2018 solid waste rates.

November 2017

- SBWMA issues report to Board on recommended January 1, 2018 Shoreway tip fee adjustments (includes calendar year 2017 & 2018 SBWMA financial projections with assumed tip fee and cash reserve balances).

STAFF UPDATE

Potential Future Board Agenda Items (Meetings at San Carlos Library Conference Room)

July 27, 2017

- Approval of the Final Ad Hoc FAX Committee Findings and Recommendations Report (If Needed)
- Findings from the R3 Consultant's Financial Systems Audit, and R3 Consultant's Operational Audit of Recology San Mateo County and South Bay Recycling
- Updates: Recology's and South Bay Recycling's 2018 Contractor Compensation Adjustment Applications
- Update: Quarterly Technical Consulting Contracts

September 28, 2017

- Resolution Approving Recology's 2018 Contractor Compensation Adjustment Application
- Resolution Approving South Bay Recycling's 2018 Contractor Compensation Adjustment Application
- Discussion of Analysis of Shoreway Battery Hazard and Fire Prevention Planning
- Approval of New Organics Composting Agreement
- Resolution Approving Purchase Contract for Fire Rover Fire Prevention System
- Approval of Directors & Officers Insurance Policy Renewal
- Board and Staff Rate Workshops (September 2017)

October 26, 2017

- TBD

November 16, 2017

- Resolution approving Merit Pool Increase for unrepresented employees (Closed Session)
- Discussion on future materials handling/processing. Expiring contracts: organics (2018/20); waste disposal (2019)
- Approval of SBWMA Legislative Priorities for 2018
- Approval of 2018 Board of Directors Meeting Schedule
- Long Range Plan Review, 5 Year Capital Budget Plan, and Update from Zero Landfill Working Group
- Approval of 2017/2018 Public Education Plan
- Annual Board and TAC Holiday Lunch

January 2018*

- Election of 2018 Board Chair and Vice Chair
- Discussion of Mid-Year Budget Review

*This board meeting to be confirmed by Board at its November meeting.