



BOARD OF DIRECTORS
THURSDAY, July 28, 2016 at 2:00 p.m.

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

Member Brownrigg representing Burlingame
will be calling in to the meeting from:
8 Tennis Court
Albuquerque New Mexico, 87120

Member Benton representing Hillsborough
will be calling in to the meeting from:
8492 Lahontan Drive
Truckee CA, 96161

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. Interim Executive Director's Report

4. Executive Director Appointment

5. Approval of Consent Calendar

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

- A. Adopt the June 23, 2016 BOD Meeting Minutes
- B. Resolution Approving Payment to Recology for the Dual-Compartment Vehicle Collection Services Pilot Project (Approval item)
- C. Resolution Approving Property Insurance Policy Renewal (Approval item)
- D. Resolution Approving Emergency Purchase of Transfer Station Pump (Approval Item)

6. Administration and Finance

- A. Resolution Approving Shoreway Tip Fee Increase (Approval item)
- B. Resolution Approving Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Audit Findings for 2015 (Approval item)
- C. Resolution Approving 2015 Financial and Accounting Systems Audit of Recology and SBR Findings (Approval item)
- D. Staff Update on 2016 Contractor Compensation Adjustment Applications (Update item)

7. Collection and Recycling Program Support and Compliance

No Items

8. Shoreway Operations and Contract Management

No Items

9. Informational Items Only (no action required)

- A. 2016 Finance and Rate Setting Calendar
- B. June 2016 Check Register Detail

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

C. Technical Consultant Contracts - 2nd Quarter 2016

D. Potential Future Board Agenda Items

10. Board Member Comments

11. 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



INTERIM EXECUTIVE DIRECTOR'S REPORT

Agenda Item 3



STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Interim Executive Director
Date: July 28, 2016 Board of Directors Informational Items Packet
Subject: Interim Executive Director Report

Financial and Administrative Updates

FY16/17 SBWMA Budget Process

The FY16/17 SBWMA Budget was approved at the June Board meeting. The FY16/17 Budget forecasted a tip fee increase for franchise and non-franchise/self-haul customers: the non-franchise increase is scheduled to be implemented in two phases; a ~\$5.00 per ton increase which was implemented in July, and a similar increase in January 2017. The tip fee increase for franchise tons delivered to Shoreway by Recology will be implemented in January 2017. The amount of the increase is to be discussed at the July Board meeting.

Member Agency Rate Setting process

SBWMA staff has been working with Recology and SBR to establish the 2017 Compensation for Collection and for Facility Operations services. This process starts with the review of the contractors' Compensation Adjustment Applications and is scheduled to conclude with the Board's approval of the 2017 Contractor Compensation Adjustment at the September Board Meeting.

On July 22nd staff issued the following reports to the Board and Member Agency staff for review and comment:

- Estimated 2016 and 2017 residential and commercial base revenue projections
- Summary of 2017 Member Agency estimated fees to be used in the 2017 cost projections based on Member Agency feedback
- Estimated collected tonnage for 2016 and 2017
- SBWMA Review of Impact on Residential Revenue from Cart Migration and Residential Rates vs. Costs Analysis

Program and Operational Updates

Collection Services Contract Negotiations Process

Staff will be setting a date for the first Ad Hoc Contract Negotiations Committee meeting after the appointment of the new Executive Director.

VRS / MRF Sorter Labor

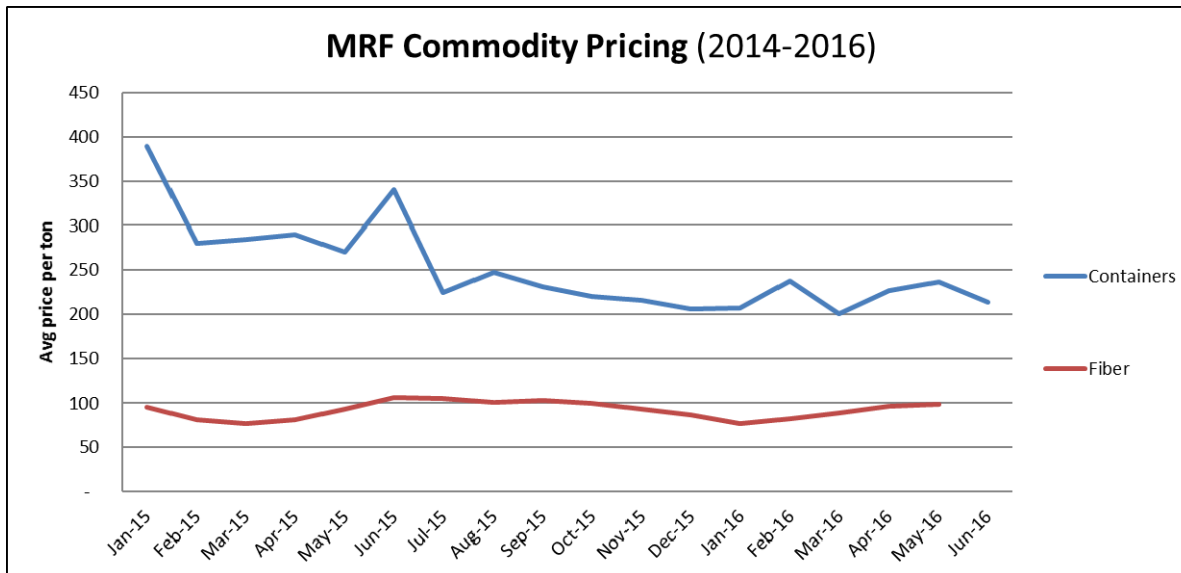
San Mateo County, Human Services Administration, Vocational Rehabilitation Services (VRS) continues to have challenges meeting SBR's MRF sort labor needs. (At the October 2015 SBWMA Board meeting Iliana Rodriguez, County Human Services Director, spoke during Public Comment about this issue; at the February 2016 Board meeting SBWMA staff reiterated that there are continued challenges faced by SBR sorting materials to produce fiber grades to obtain the highest market pricing due to the lack of MRF sort labor). The primary reason cited by the County is an inability to attract and retain Clients under the current wage structure of \$11.00 hour and that wage pressure from the current tight-labor conditions and a mandated minimum wage increases is necessitating that the staffing levels and the wage structure for VRS Clients be re-evaluated. Staff is working with SBR and the County to determine options that will be brought back to the Board for consideration at the September meeting.

SBR Staffing

SBR has had two staffing gaps at the management level that the company is working to fill. The position of Finance Manager has been vacant since March of 2016 and recruitment has been ongoing. A new Finance Manager started on July 18th and performs accounting and financial reporting for both Recology and SBR as was the case with the prior position. In March 2016, SBR eliminated the position of Site Manager and the company has been evaluating the necessary number of management positions for Shoreway operations. SBR has provided the SBWMA a Staffing Plan and the company is now recruiting for an Operations Support position.

Shoreway Tonnage and MRF Commodity Market

For 2016, commodity prices have stopped their downward trend and seem to be stabilizing, however, prices are still down from prior year: the average price per ton for containers is down roughly 37% from the same period prior year (\$340 for Q2-2015 vs. \$213 for Q2-2016); fiber sales, which make up the majority of commodity tons sold from the MRF, have changed little from the same period prior year (\$106 for Q2-2015 vs. \$104 for Q2-2016). Tonnage into the Shoreway transfer station is up nearly 10% over the same quarter prior year with increases in all categories of materials: Inerts/C&D tons delivered to Shoreway by Self-haul customers increased 24% over Q2 prior year; MRF franchise and third-party tonnage has remained consistent over prior year.



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EXECUTIVE DIRECTOR APPOINTMENT



STAFF REPORT

To: SBWMA Board Members
From: Bob Grassilli, Chair
Date: July 28, 2016 Board of Directors Meeting
Subject: Appointment of Joe La Mariana as Executive Director for SBWMA and Approval of an Employment Agreement

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2016-25 attached hereto authorizing appointment of Joe La Mariana as Executive Director for SBWMA, effective August 1, 2016, and authorizing the Board Chair Bob Grassilli to execute the Employment Agreement between SBWMA and Mr. La Mariana. (Attachment 1)

Background/Analysis

At the end of December 2015, SBWMA's Executive Director, Kevin McCarthy, resigned. Since that time, the Board of Directors has been engaged in a search for a new Executive Director. The recruitment process has now been completed and Joe La Mariana has been chosen by the Board for appointment as Executive Director.

A proposed Employment Agreement for Mr. La Mariana is attached for the Board's review and approval. (Attachment 2) If approved, the contract would become effective August 1, 2016. (¶1(B)) Mr. La Mariana would serve as an at-will exempt/management employee reporting directly to the Board. (¶1(A)) Mr. La Mariana's initial annual salary would be \$185,000. (¶2(A)) The contract calls for a performance evaluation to be conducted six (6) months after the initial appointment of Mr. La Mariana (i.e., by February 1, 2017). Thereafter, an evaluation would be conducted annually, during which the Board would establish goals and objectives for Mr. La Mariana. His initial assigned duties are enumerated in Exhibit B to the contract. (¶4(A)-(D)) In addition to his annual salary, Mr. La Mariana would be entitled to benefits as outlined in Exhibit A. These benefits would include 120 hours of administrative leave per year, 10 paid holidays per year, 20 days' vacation per year, sick leave accrual at the rate of 8 hours per month, medical, dental, vision, long-term disability and life insurance. Mr. La Mariana would also be entitled to participate in the SBWMA's 401(a) retirement plan and he would receive a car allowance of \$400 per month.

As required by state law, if Mr. La Mariana is ever suspended during the term of the contract, he would be responsible to reimburse SBWMA all leave salary paid to him during an investigation of employment related conduct if later convicted of a crime involving an abuse of his office or position as defined in California Government Code §53243.4. (¶5) The contract could be terminated by Mr. La Mariana's resignation. The contract could also be terminated by the Board "without cause" or "for cause." The grounds for cause termination are listed in the contract.

(¶6(C)) If the Board terminates the contract "without cause," Mr. La Mariana would be entitled to severance pay equal to six (6) months' salary upon execution of a release of all claims against SBWMA. If terminated for cause, no severance is due. (¶6(D)) Disputes regarding the contract must be mediated and if mediation is unsuccessful, litigation may be filed. The contract does not provide for an award of attorneys' fees in the event of litigation. (¶11)

Fiscal Impact

By this contract, SBWMA would be obligated to pay Mr. La Mariana the above-referenced annual salary of \$185,000 and the cost of the associated benefits enumerated in Exhibit A.

Attachments:

1. Resolution 2016 - 25
2. Employment Agreement

ATTACHMENT 1



RESOLUTION NO. 2016-25

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

WHEREAS, in December 2015, South Bayside Waste Management Authority's Executive Director, Kevin McCarthy, resigned; and

WHEREAS, the Board of Directors appointed a Board Subcommittee to conduct interviews of candidates for the Executive Director position; and

WHEREAS, the recruitment process has been completed and Joe La Mariana has been identified as the Board's choice to serve as Executive Director for South Bayside Waste Management Authority.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby authorizes the appointment of Joe La Mariana as Executive Director and authorizes Chair Bob Grassilli to sign the Employment Agreement with Joe La Mariana on behalf of South Bayside Waste Management Authority.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 28th day of July, 2016, 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. 2016-25 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on July 28, 2016.

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary

ATTACHMENT 2

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into this 1st day of August, 2016, by and between **South Bayside Waste Management Authority**, a California Joint Powers Authority (hereinafter "**SBWMA**"), and **Joe La Mariana**, an individual (hereinafter "**EMPLOYEE**"). In consideration of the mutual covenants and conditions contained herein and the faithful performance of the terms as set forth below, the parties agree as follows:

1. **EMPLOYMENT – TERM.**

- A. Pursuant to the terms of this Agreement, **EMPLOYEE** agrees to serve as Executive Director for **SBWMA**. This is an at-will, exempt/management position appointed and directed by the Board of Directors of **SBWMA**. **EMPLOYEE** agrees to serve as Executive Director of **SBWMA** and to perform those duties and responsibilities as more particularly set forth in Exhibit B as currently stated and as may be changed or added to, under and pursuant to the general direction of the **BOARD**.
- B. The term of this Agreement shall commence on August 1, 2016. This Agreement shall remain in full force and effect until terminated as set forth in Section 6.
- C. **EMPLOYEE** agrees to remain in the exclusive employ of **SBWMA** throughout the life of this Agreement and, except as described in Section 6 below, to neither accept other employment nor to become employed by any other employer.
- D. During the period of employment hereunder **EMPLOYEE** shall devote best efforts, attention, and skills to the business and affairs of **SBWMA** as such business and affairs now exist and as they may be hereafter changed or added to, under and pursuant to the general direction of the **BOARD**.
- E. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the **BOARD** to terminate the services of **EMPLOYEE** at any time, subject only to the provisions set forth in Section 6 of this Agreement.
- F. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the **EMPLOYEE** to resign at any time from his position with **SBWMA**, subject only to the provisions set forth in Section 6 of this Agreement.

2. **COMPENSATION.**

- A. **EMPLOYEE'S** base salary shall be One Hundred Eighty-Five Thousand Dollars (\$185,000.00) per year.

- B. **EMPLOYEE** shall be a salaried employee and exempt from the Fair Labor Standards Act (FLSA).
- C. The **BOARD** may, from time to time, at its sole discretion, grant merit increases to **EMPLOYEE**.

3. **BENEFITS.**

EMPLOYEE shall be entitled to the benefits listed in Exhibit A.

4. **PERFORMANCE EVALUATION.**

- A. **BOARD** agrees to meet with **EMPLOYEE** six (6) months from the effective date of this Agreement to evaluate **EMPLOYEE'S** performance.
- B. Thereafter, the **BOARD** shall review and evaluate the performance of **EMPLOYEE** annually. Said review and evaluation shall be in accordance with specific criteria developed jointly by **BOARD** and **EMPLOYEE**. Said criteria may be added to or deleted from as the **BOARD** may from time to time determine, in consultation with **EMPLOYEE**. The **BOARD** shall provide **EMPLOYEE** with a summary written or oral evaluation of the **BOARD** and provide an adequate opportunity for **EMPLOYEE** to discuss his evaluation with the **BOARD** in closed session.
- C. Annually, the **BOARD** and **EMPLOYEE** shall define goals and performance objectives as they determine necessary for the proper operation of **SBWMA** and in the attainment of the **BOARD'S** policy objectives. The **BOARD** and **EMPLOYEE** shall establish a relative priority among those various goals and objectives, or if not done in consultation with the **BOARD**, **EMPLOYEE** shall establish same and submit it to the **BOARD**, and said goals and objectives will be reduced to writing. The goals and objectives shall generally be attainable within the time limitations as specified and the annual operating and capital budgets and appropriations provided.
- D. The **BOARD** and **EMPLOYEE** are committed to developing a productive working relationship. Therefore, **BOARD** or **EMPLOYEE** may periodically request review sessions to address issues affecting said working relationship in addition to the annual evaluation process.

5. **SUSPENSION.**

The **BOARD** may suspend **EMPLOYEE** with full pay and benefits at any time during the term of this Agreement. Notwithstanding any provision to the contrary, **EMPLOYEE** shall reimburse **SBWMA** any and all leave salary which may be paid to **EMPLOYEE** pending any investigation of the employment related conduct of

EMPLOYEE if **EMPLOYEE** is convicted of a crime involving abuse of his office or position as defined in Government Code Section 53243.4 [GC 53243].

6. **TERMINATION OF EMPLOYMENT/SEVERANCE.**

This Agreement may be terminated in the following manner:

- A. Resignation – **EMPLOYEE** may voluntarily resign by delivering a letter of resignation to the **BOARD** not less than sixty (60) days prior to the effective date of resignation. Upon the effective date of such voluntary resignation, **SBWMA** shall pay to **EMPLOYEE** all monthly compensation and benefits accrued and owing to **EMPLOYEE** at that time. During the sixty (60) day notice period, **EMPLOYEE** may accept other employment, provided that the start date of that other employment does not commence before the effective date of resignation.
- B. Termination of Employment Without Cause – **EMPLOYEE** acknowledges that he is an at-will employee who serves at the pleasure of the **BOARD**. As such, his employment may be terminated by the **BOARD** at any time without cause.
- C. Termination For Cause – In the event **EMPLOYEE** is terminated by **BOARD** for cause, no severance or termination pay shall be awarded to **EMPLOYEE**. In this Agreement “for cause” means:
1. Dishonesty, willful misconduct or gross neglect by **EMPLOYEE** in the performance of his obligations under this Agreement;
 2. Theft, embezzlement or other similar misappropriation of funds or property of **SBWMA** by **EMPLOYEE**;
 3. Intentional damage to any property of **SBWMA** that results in a significant liability to **SBWMA**;
 4. The failure of **EMPLOYEE** to follow the reasonable and lawful instructions of the **BOARD** and/or policies of **SBWMA** with respect to **EMPLOYEE’S** duties hereunder;
 5. Conviction of a felony;
 6. Loss of mental capacity for a period of six consecutive months;
 7. Habitual intoxication on duty, whether by alcohol or drugs;
 8. Inexcusable absences without leave;
 9. Willful violation of Federal/State law;

10. Willful violation of any conflict of interest law;
11. Performance of material outside business activity that conflicts with his duties as **SBWMA's** Executive Director.

D. Severance – If the **BOARD** terminates **EMPLOYEE** without cause under Subsection 6B, then **EMPLOYEE** shall, upon execution of an agreement releasing all claims which could be made against **SBWMA**, be entitled to severance pay equal to six (6) months' salary.

7 **NOTICES.**

Notices to **EMPLOYEE** pursuant to this Agreement shall be given by deposit in the United States mail, postage prepaid, addressed as follows:

Joe La Mariana, 610 Elm Street, Suite 202, San Carlos, CA 94070, or such other address as **EMPLOYEE** may list with **SBWMA** from time to time. Alternatively, notices to **EMPLOYEE** required pursuant to this Agreement may be personally served. Notice shall be deemed given as of the date of personal service or two days after the date of deposit of such written notice in the United States mail.

Notices to **SBWMA** shall be personally delivered to **SBWMA** at 610 Elm Street, Suite 202, San Carlos, CA 94070, with a copy to the **SBWMA** Counsel at his/her business address.

8. **NON-DISCLOSURE OF CONFIDENTIAL INFORMATION.**

EMPLOYEE shall not, during the term of this Agreement, or any time thereafter, impart to anyone any confidential information which he may acquire in the performance of his duties as Executive Director under this Agreement, except as permitted by **SBWMA** or under compulsion of law.

9. **BINDING AGREEMENT.**

This Agreement shall be binding on the heirs, successors and assigns of the parties.

10. **ENTIRE AGREEMENT.**

This Agreement contains the entire agreement between the parties. No promise, representation, warranty or covenant not included in this Agreement has been or is relied upon by either party to this Agreement.

11. **MEDIATION.**

Neither **EMPLOYEE** nor **SBWMA** shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution which mediation shall be conducted within thirty (30) days of the request to initiate mediation by either party to this Agreement. The parties may, by mutual consent, agree to a longer period of time for mediation. 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 costs.

12. **AMENDMENT OF AGREEMENT.**

This Agreement may be amended in writing by mutual agreement of the parties.

13. **GOVERNING LAW.**

This Agreement has been executed in San Carlos, California, and shall be governed in accordance with the laws of the State of California in every respect.

14. **NON-ASSIGNABLE.**

This Agreement shall not be assignable.

15. **SEVERABILITY.**

Should any section, subsection, sentence, clause, phrase or word included in this Agreement be found invalid by a court of competent jurisdiction, the balance of the Agreement shall remain in full force and effect.

16. **RIGHT TO COUNSEL.**

The parties acknowledge that they have been or have had a right to be represented by counsel of their own choice with regard to this Employment Agreement; that they have executed this Agreement with the consent and upon the advice of their own counsel, if such advice has been sought; and they have fully read and fully understood and voluntarily accepted the terms of this Agreement.

17. **COUNTERPARTS.**

This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall be considered one and the same instrument.

18. **WAIVER.**

Waiver by either party of any term or condition of this Agreement, or any breach, shall not constitute a waiver of any other term or condition or breach of the Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

DATED: _____, 2016

SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY, a
California Joint Powers Authority

By: _____

DATED: _____, 2016

JOE LA MARIANA, EMPLOYEE

EXHIBIT A

Benefits

1. ADMINISTRATIVE/FLOAT LEAVE

EMPLOYEE shall receive one hundred and twenty (120) hours of Administrative Leave per year. Administrative Leave shall be prorated based on the effective date of employment during a calendar year. Such time shall be arranged at least two (2) weeks in advance of the day(s) desired. Unused Administrative Leave time is paid out at the end of the year or upon termination of employment with **SBWMA**.

2. HOLIDAYS

(1)	January 1	New Year's Day
(2)	Third Monday in January	Martin Luther King, Jr. Day
(3)	Third Monday in February	President's Day
(4)	Last Monday in May	Memorial Day
(5)	July 4	Independence Day
(6)	First Monday in September	Labor Day
(7)	November 11	Veterans Day
(8)	Fourth Thursday in November	Thanksgiving Day
(9)	Fourth Friday in November	Day after Thanksgiving
(10)	December 25	Christmas Day

If any of the listed holidays falls on a Saturday, the Friday preceding shall be celebrated as a holiday; if the holiday falls on a Sunday, the following Monday shall be celebrated as the holiday.

3. VACATION

3.1 Entitlement

EMPLOYEE shall accrue vacation at the rate of twenty (20) days per year.

3.2 Vacation Accrual

EMPLOYEE shall not be allowed to have an accumulation of more than two (2) years vacation accrual to his credit at any one time unless the **SBWMA BOARD** authorizes in writing, more than two (2) years vacation accrual. Vacation accrued in excess of the maximum allowed will be liquidated by monetary payment during the month of December.

4. SICK LEAVE

4.1 Accrual

EMPLOYEE shall accrue sick leave credit at the rate of eight (8) hours per month.

4.2 Family Sick Leave

EMPLOYEE is entitled to use sick leave for the care of the **EMPLOYEE's** ill or injured immediate family member (as defined in Bereavement Leave) for up to half of the **EMPLOYEE's** annual sick leave accrual (6 days a year). **EMPLOYEE** will not be compensated for unused sick leave upon termination.

4.3 Bereavement Leave

In case of death within the immediate family, **EMPLOYEE** shall be entitled to remain absent from duty with pay in order to attend the funeral or memorial service for a maximum of three (3) consecutive workdays.

If the **EMPLOYEE** must travel outside the state of California and at least four hundred (400) miles, **EMPLOYEE** shall be entitled to remain absent from duty with pay in order to attend the funeral or memorial service for a maximum of five (5) consecutive workdays.

For the purpose of this Section, immediate family is defined as husband, wife, domestic partner as defined by the State of California, father, mother, grandfather, grandmother, sister, brother, son, daughter, mother-in-law, father-in-law, stepchild, stepmother, stepfather, or such person who has served in the place of the **EMPLOYEE's** parent. Such leave shall not be charged against **EMPLOYEE** as leave without pay nor deducted from **EMPLOYEE's** annual leave.

4.4 Military Leave

Military leaves are granted in accordance with provisions of State and Federal law, including Section 395 of the Military and Veterans Code of the Uniformed Services Employment and Reemployment Rights Act, 38 U.S.C. Section 4301 et seq.

4.5 Crime Victims Leave and Leave Related to Domestic Violence Sexual Assault or Stalking, Time Off to Vote, School Activities and Volunteer Firefighter, Reserve Peace Officer and Emergency Rescue Personnel

Crime Victims Leave and Leave Related to Domestic Violence Sexual Assault or Stalking, Time Off to Vote, School Activities and Volunteer Firefighter, Reserve Peace Officer and Emergency Rescue Personnel shall also be provided as outlined in **SBWMA's** Employee Policies and Benefits Plan.

5. JURY DUTY

If **EMPLOYEE** is summoned to jury duty, **EMPLOYEE** may be absent from duty with full pay; provided, however, **EMPLOYEE** must remit to the **SBWMA**, through the Chief Financial Officer, within fifteen (15) days after receipt, all fees received except those specifically allowed for mileage and expenses.

6. HOSPITALIZATION AND MEDICAL CARE

6.1 Health Plan

SBWMA shall contribute the premium cost for **EMPLOYEE** and his eligible dependents to participate in its medical plans.

6.2 Dental Plan

SBWMA shall contribute the premium cost for **EMPLOYEE** and his eligible dependents to participate in its dental plan.

6.3 Vision Care Plan

SBWMA shall contribute the premium cost for **EMPLOYEE** and his eligible dependents to participate in its vision care plan.

6.4 Long-term Disability

SBWMA shall provide long-term disability insurance at no cost to **EMPLOYEE**. The waiting period for long-term disability benefits is sixty (60) calendar days. The Long-Term Disability premium is taxed to allow the long-term disability payment to be issued on a tax-free basis.

6.5 Alternate Medical Benefit Program

If **EMPLOYEE** provides proof of existing medical coverage from another source, he will receive a benefit in lieu of **SBWMA's** contribution for health insurance in an amount set at the applicable employee single rate.

7. LIFE INSURANCE

SBWMA shall provide for **EMPLOYEE**, life insurance in the amount of one (1) times regular salary to a maximum of Two Hundred Thousand Dollars (\$200,000.00).

8. RETIREMENT

SBWMA has adopted a self-directed Section 401(a) of the Internal Revenue Service Code retirement plan to which **SBWMA** contributes an amount equal to ten (10) percent of the **EMPLOYEE's** base salary. The **EMPLOYEE** vests in the 401(a) retirement plan immediately. In addition, **SBWMA** will contribute to the 401(a) plan a match of the **EMPLOYEE's** contribution to a 457(b) deferred contribution plan up to an additional two (2) percent of the **EMPLOYEE's** base salary. The match will be a one-for-one match,

i.e. the employer will match each dollar of the **EMPLOYEE's** contribution up to two percent.

9. **CAR ALLOWANCE**

EMPLOYEE shall receive a monthly car allowance of Four Hundred Dollars (\$400.00) per month to cover all costs associated with the use and maintenance of his car.

10. **BONDING EXPENSE**

SBWMA shall be responsible to pay any bonding expense of **EMPLOYEE**.

EXHIBIT B

ASSIGNED DUTIES

EMPLOYEE will act as the **SBWMA** Executive Director. In that role the Executive Director will:

- Prepare for the Board's review an evaluation of the organization and develop recommendations for staffing and operations by November 1, 2016;
- Develop for the Board's review a strategy for engagement with First Tier Subcontractors;
- Plan, develop, implement, coordinate and evaluate resource conservation programs, projects and activities in the **SBWMA**;
- Assure compliance with federal, state, local and other pertinent waste management and environmental mandates, laws, codes, rules, regulations and agreements;
- Serve as primary subject matter expert in assigned area, external agencies, businesses, community groups and the public;
- Supervise professional, technical, support, contract and volunteer staff;
- Assist in planning, developing and monitoring the budget;
- Attend all **SBWMA** meetings of the **BOARD** of Directors, **BOARD** subcommittees, and staff; and attend **SBWMA** member meetings as necessary;
- Assist the **BOARD** of Directors in the discharge of its duties;
- Prepare and submit a proposed budget to the **BOARD**;
- Within authority given by the **BOARD**, execute contracts and expend funds for supplies, equipment and services;
- Manage contracts entered into by the **SBWMA**; and
- Perform such other duties consistent with the position of **SBWMA** Executive Director as required by the **BOARD** of Directors.



CONSENT CALENDAR



DRAFT MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
June 23, 2016 – 2:00 p.m.
San Carlos Library Conference Room A/B**

Call To Order: 2:09PM

1. Roll Call

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

2. Public Comment

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

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None

3. Adjourn to Closed Session – Pursuant to Government Code Section 54957: Public Employee Appointment - Executive Director

The Regular session of the meeting was called to order at 2:27PM

4. Roll Call

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

5. Report from Closed Session

None

6. Approval of Consent Calendar

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

A. Adopt the May 26, 2016 BOD Meeting Minutes

Member Bonilla made a motion to accept the consent calendar

Member Brownrigg seconded the motion

Voice Vote: All in Favor

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

7. Administration and Finance

A. Resolution Adopting FY16/17 Operating Budget (Approval item)

Chair Grassilli asked the board if they wanted to see the presentation again, or just discuss the budget.

Member Widmer asked if there were any changes, noting that it has been seen three times.

Staff Fakira answered that there are no changes.

Chair Widmer commented that he didn't need to see the presentation and charts again. He then commented that the commodities have come back, and he is concerned about the tip fee and how it is applied. He noted that he would like to see the public tip fee be higher than the franchise tip fee, because the member agencies are the largest part of the business, built the facility, are paying for the facility and thus should have favored nation status. He also added that the self-haul material is mostly construction and demolition which is more expensive and dirtier to recycle, and so therefore their rate should be higher.

Chair Grassilli asked Member Widmer if he had an amount in mind.

Member Widmer noted that he would like to see the Franchise tip fee at \$9 and everyone else at \$10.

Chair Grassilli asked how changing the tip fee allocation would affect the budget, and if there would be any problems with keeping track.

Staff Fakira answered that a one dollar difference would be about \$130,000, and that the accounting would be simple.

Member Brownrigg commented that he likes the idea of subsidizing from outsiders to insiders, but asked what the impact on the business would be.

Staff Fakira answered that self-haul is about 18% of revenue so raising that rate will not bring the SBWMA that much revenue.

Member Widmer commented that raising the rates to make self-haul cost prohibitive might cause savings with the disposal cost, due to the fact that self-haul material is not as clean as the franchised material, and if it went away completely it might be beneficial.

Staff Fakira noted that the additional revenue that is gained from self-haul helps to reduce rates overall. If that revenue is removed all of the burden of the costs would fall on the Member Agencies.

Member Bonilla asked how many trips of self-haul customers come in to the facility.

Staff Fakira stated that he didn't have the trips but that it was about 18% of total revenue.

Member Bonilla asked where the competitors facilities are, where do self-haul customers go.

Staff Fakira answered that there are 3 or 4 competitors not that far away, and in the past when Shoreway rates have been raised the self-haul revenue dropped.

Member Bonilla commented that he was concerned about greenhouse gas emissions when customers are taking longer trips. He added that he would like to make sure raising self-haul tip fees is done reasonably so that the environment is also taken into account.

Chair Grassilli commented that the reason the \$10 tip fee was proposed is because commodity revenue was going down, and this would make up the difference.

Staff Fakira clarified that yes commodity revenues were going down, but there weren't any tip fee increases for two years so there was a structural gap in the cost to revenue structure, so staff recommends closing that gap, and replenishing the reserves.

Chair Grassilli asked for clarification that a \$10 tip fee loss would only be \$130,000.

Staff Fakira answered yes, but it goes into the same line item.

Member Dehn commented that she liked the idea of giving some concession to the jurisdictions, but doesn't want to burden them in such a way that causes upset but there should be some balance.

Member Brownrigg clarified that a \$10 tip fee increase doesn't lead to only a \$130,000 difference. That is the difference in the \$1 franchised fee decrease Member Widmer is suggesting, between a \$10 or \$9 increase.

Staff Fakira stated yes at \$10 increase is about \$1.7M in revenue.

Member Brownrigg commented that he heard disparity in assessment in whether the third party tons are a profit or loss. He noted that Member Widmer was saying that if the self-haul tons went away it wouldn't make a difference, but Staff Fakira was saying those tons contribute to overhead costs. He noted that it was very difficult for him as a board member to come to an opinion because of that.

Member Widmer noted that the finance committee reviewed the tip fees at varying levels, and discussed building the reserves for future capital improvements. He also noted that in SBRs latest report commodities have recovered, so that shouldn't be as big of a concern.

Member Brownrigg commented that he was asking a distinct question about whether 3rd parties, non-franchised party's tons were a profit or a loss center.

Member Widmer noted that some of the 3rd party tons are Recology, and they now pay \$14 per ton for the use of the facility, but further investment was made in developing the MRF canopy. So for him that was a loss because \$14 wouldn't cover wear and tear on the facility and the building of the canopy. So he discussed it with the Interim Executive Director, and both thought if the 3rd party tons went away the SBWMA finances would be better off.

Staff Fakira noted that staff did an analysis of the self-haul tons and it is a breakeven but a larger base of customers reduces overhead that gets applied to the Agencies. He also added, that it is the same thing with commodities, they help reduce the rates we charge to the Member Agencies, because it reduces the revenue requirement.

Member Brownrigg asked to Member Bonilla's point if tip fees are raised at what point do customers go somewhere else.

Staff Fakira answered that based on past experience the current projection is that there will be a 15 to 20% customer loss.

Chair Grassilli asked if the Board approved \$10 for the public and \$9 for the Member Agencies how much would that cost.

Staff Fakira noted that at \$10 the projection is to break even.

Member Widmer commented that commodity revenue has not been adjusted since the first look at the budget, and they have recovered.

Staff Fakira commented that they haven't bounced back as much as you anticipate.

Chair Grassilli asked what percentage is the outside and what percentage is the inside.

Staff Fakira answered that 18% is self-haul.

Member Widmer recommended that the Board ask the Finance Director to adjust the budget such that the Franchisees are paying at least one dollar less than non-franchisees, and if necessary to balance the budget raise the non-franchisee fee even higher, and have a policy that the Franchisees are always cheaper.

Member Brownrigg commented that the simple math is if non-franchised is 20% of the business if franchised is dropped by one dollar non-franchised has to be raised by four dollars, and that if we raise fees an additional four dollars a lot of customers will be lost. He commented that the reason to raise tip fees is to invest in the plant and to him the \$10 increase makes sense. He suggested a \$9 increase to Franchisees and an \$11 increase to Non Franchisees to build up the reserves for investment. He asked how management felt about that concept.

Staff Fakira commented that staff was hoping the budget would get approved so that half of the tip fee adjustment could be applied on July 1st to the self-haul customers.

Member Widmer suggested approving the budget with the change of \$11 and \$9 tip fees.

Member Aguirre commented that she thought more information and graphs and more Board Members were needed, and asked that the discussion be brought back.

Chair Grassilli noted the options, the Board could approve the budget with the tip fee changes suggested, or the Board could not approve the budget and have a continuing resolution.

Counsel Savaree added that the Board could also approve the budget with an order that the tip fee discussion come back, and if necessary do a budget amendment.

Member Aguirre made a motion to approve the budget as is, with an order to bring the tip fee discussion back, and amend the budget if necessary.

Member Dehn seconded the motion.

Member Brownrigg commented that he was ok with that.

Member Widmer asked to include that 50% of the \$10 increase gets applied to the public as planned on July 1.

Member Aguirre agreed.

Roll call vote: 7-0-0-5

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

Chair Grassilli asked Staff Fakira to return next month with more information on the impact of changing the tip fee.

- B. Update on Joint Effort to Pursue Franchise Agreement Extension Negotiations with Recology San Mateo County (Staff update)

Member Brownrigg commented that he would like to understand the City of San Mateo's position, and if it makes sense to increase the expenses incurred. He noted that San Mateo has asked that in addition to staff, a professional negotiator be brought in who is supported by a consultant, and he wanted to understand San Mateo's rationale for the request.

Member Bonilla commented that this is a structure request coming from San Mateo City Manager Larry Patterson based on prior negotiations, and based on certain dynamics he has observed, and what he felt would be the best procedure. He added that by having an outside negotiator it's neutral and makes things fair.

Member Widmer commented that there was already money in the budget for consulting, so he thought the only additional cost would be the professional negotiator.

Member Brownrigg asked how San Mateo's request is different than what was planned.

Staff Feldman commented that he didn't foresee a need to change the budget, there is about \$100,000 in the budget that would cover a professional negotiator and consultant, and that could be used for potential legal support. He added that he didn't foresee a need for significant legal support.

Member Dehn commented that the letter seemed like it was a preference on the part of the City of San Mateo, and as negotiations get closer it would be up to the Board to determine what would be applied.

Member Widmer asked for clarification that San Mateo's City Manager would be on the negotiations committee.

Chair Grassilli answered yes he is on the committee.

Member Widmer commented that with his involvement he will be able to change his mind based on how things are going.

Member Dehn added that West Bay voted last night to be a part of negotiations.

8. Collection and Recycling Program Support and Compliance

A. Status Report on Implementation of Commercial Recycling Hauler Reporting System Ordinance (Staff update)

Staff Feldman noted that the quarterly report is a little late due to agenda scheduling conflicts, but that there aren't any significant changes in tonnage that is being reported. He also noted that there is a lot of give and take with the businesses to get the reports in and the tonnage has stayed relatively the same about 20,000 tons per quarter. He also noted that about half of the businesses registered have not reported, and there are still many businesses that need to register. He added that it is still a grind to get the businesses to report, and to get non-compliant businesses to register. He also added that he had a list of about 60 businesses, and that staff would be reaching out to Member Agencies to seek assistance in getting these business to comply with registration and reporting. He noted that he has been hesitant to take the approach of a letter from the Member Agency on City letterhead, but after several phone calls and emails it's been pressed to the point to take the next step.

Chair Grassilli asked if it would be the City Managers who would send these letters.

Staff Feldman answered that staff would work through the TAC.

Member Widmer asked if it would be a joint letter, as discussed.

Staff Feldman answered that it's structured to go on the City's letterhead, staff is preparing the template and the mail merge to make it simple, but it would reference RethinkWaste so it is a joint effort.

9. Shoreway Operations and Contract Management

No Items

10. Informational Items Only (no action required)

- A. 2016 Finance and Rate Setting Calendar
- B. May 2016 Check Register Detail
- C. Potential Future Board Agenda Items

11. Board Member Comments

Chair Grassilli encouraged Board Members who see their colleagues who couldn't come to let them know next month's Board Meeting is very important, and hopefully all 12 Member Agencies will be present.

Member Aguirre suggested bolding and moving to the top the note to Board Members to RSVP to make a stronger request to ensure a quorum.

12. Adjourn: 3:01PM



STAFF REPORT

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Date: July 28, 2016 Board of Directors Meeting
Subject: Consideration of Approval to Reimburse Recology for Expenses Related to the Dual-Compartment Vehicle Collection Services Pilot Project

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No 2016-26 attached hereto authorizing the Executive Director to approve payment of \$55,422.00 to Recology for expenses related to the Dual-Compartment Vehicle Collection Services Pilot Project.

Analysis

During the fall of 2015, Recology conducted a Dual-Compartment Vehicle Collection Services Pilot Project to test the efficiency of using residential sector collection trucks that use a dual-compartment in place of the current single-compartment collection trucks (the pilot was conducted over eight weeks: September 28-October 23, 2015 in the City of San Mateo; and October 26-November 20, 2015 in Menlo Park). The pilot entailed replacing the two trucks used to collect Garbage and Recycle materials with one truck equipped with a dual-compartment body to collect these two materials in a single pass. Recology's proposal which describes the design of the pilot project was previously provided to the Board as Attachment B to the RethinkWaste Long Range Plan approved by the Board on June 25, 2015 (see **Attachment A**). The cost of the pilot is primarily associated with Recology's expense to rent the four trucks used for the pilot. (The SBWMA incurred the public education expenses and Recology's cost are solely related to the cost to rent the trucks and profit outlined in the proposal.)

On April 28, 2016, Recology provided a memorandum on the Pilot Project results (see **Attachment B**, Results of Single Family Dwelling (SFD) Split Body Pilot Project) and on June 28, 2016 Recology submitted an invoice to the SBWMA for \$55,422 for the Pilot Project work that was conducted during the fall of 2015.

The project was designed to test an alternative collection system with the intent to demonstrate operational savings by reducing the number of trucks required to provide collection services. However, based on the results of the pilot, Recology concluded that using dual-compartment collection trucks for residential collection would be more expensive to operate (it would require four additional truck routes (52 versus the current 48). Therefore, Recology is not recommending the use of dual-compartment vehicles.

Background

On June 25, 2015 the Board approved the Long Range Plan which included the Recology Dual-Compartment Vehicle Collection Services Pilot Project (the Long Range Plan included an expenditure of \$55,422.00 to Recology to conduct the Dual-Compartment Vehicle Collection Services Pilot Project (Agenda item 7A; Resolution Number 2015-17)). The expense for this pilot project was included in the approved Recology Application for an Adjustment to Contractor's Compensation for 2016 at the September 24, 2015 Board meeting (Agenda item 6A; Resolution Number 2015-25), however, to address concerns raised by Board Member Widmer, the expense for the project was moved to the SBWMA Program Budget (January 28, 2016 agenda item 4C, Resolution Number 2016-08) and Recology has included a credit to the Member Agencies for this amount in the company's Revenue Reconciliation Report submitted on March 31, 2017.

Fiscal Impact

The \$55,422.00 expense to pay Recology for the Dual-Compartment Vehicle Collection Services Pilot Project will be paid for with funds included in the SBWMA FY15/16 budget for this project.

Attachments:

Resolution No. 2016-26

Attachment A – RethinkWaste Long Range Plan Attachment B – Dual-Compartment Vehicle Collection Services Pilot Project

Attachment B – Recology Results of Single Family Dwelling (SFD) Split Body Vehicle Pilot Program



RESOLUTION NO. 2016-26

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE A PAYMENT OF \$55,422.00 TO RECOLOGY SAN MATEO COUNTY FOR CONDUCTING THE DUAL-COMPARTMENT VEHICLE COLLECTION SERVICES PILOT PROJECT

WHEREAS, the Authority is a joint powers agency organized under the Joint Exercise of Powers Act by cities and other local government agencies in San Mateo County (the "Member Agencies"), each of which oversees the collection of solid waste, organic materials and recyclable materials within its jurisdiction; and,

WHEREAS, the SBWMA's adopted mission is to cost effectively design, implement and manage innovative waste reduction and recycling programs and facility infrastructure that fulfills our fiduciary responsibilities to our Member Agencies while achieving community environmental and economic goals; and,

WHEREAS, on June 25, 2015, the South Bayside Waste Management Authority Board of Directors approved Resolution No. 2015-17 approving the final 2015 Long Range Plan, which included the Recology Dual-Compartment Vehicle Collection Services Pilot Project; and,

WHEREAS, on September 24, 2015 the South Bayside Waste Management Authority Board of Directors approved Resolution No. 2015-25 approving the Recology 2016 Application for an Adjustment to Contractor's Compensation which included an expense of \$55,422.00 for the Recology Dual-Compartment Vehicle Collection Services Pilot Project; and,

WHEREAS, on January 28, 2016, the South Bayside Waste Management Authority Board of Directors approved Resolution No. 2016-08 approving the FY15/16 mid-year budget which included \$55,422.00 to fund the Recology Dual-Compartment Vehicle Collection Services Pilot Project; and,

WHEREAS, on March 31, 2017, Recology has agreed to include in its annual Revenue Reconciliation Report provided to the SBWMA Member Agencies a credit of \$55,422.00 for expenses related to the Recology Dual-Compartment Vehicle Collection Services Pilot Project which had previously been included in the company's compensation for 2016.

NOW, THEREFORE BE IT RESOLVED, that the South Bayside Waste Management Authority hereby authorizes the Executive Director to approve payment of \$55,422.00 to Recology for expenses related to the Recology Dual-Compartment Vehicle Collection Services Pilot Project.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the this 28th day of July, 2016, 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.				

HEREBY CERTIFY that the foregoing Resolution No. 2016-26 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on July 28, 2016.

ATTEST:

 Bob Grassilli, Chairperson of SBWMA

 Cyndi Urman, Board Secretary

ATTACHMENT B

RECOLOGY SPLIT-BODY PILOT PROPOSAL

Recology San Mateo County
Split-Body Vehicle Pilot Program Proposal
February 23, 2015

SUMMARY

In June 2014, the SBWMA introduced to Recology San Mateo County (RSMC) the Long Range Plan (LRP). The concept behind the LRP was to look into new and innovative ideas that could improve diversion and/or stabilize the cost of services in the SBWMA service area. The concept of using Split-Body vehicles to service residential customers for the collection of Municipal Solid Waste (MSW) and Recycling was introduced. In December of 2014, RSMC completed a preliminary case study that we believe warrants a full scale pilot program to more extensively measure the potential benefits and drawbacks of using Split-Body collection vehicles. To that end, an eight week pilot program to test these vehicles is being presented. Two-four week tests would be conducted over the eight week pilot program. In each four week test period, four Single-Body Single-Family Dwelling (SFD) routes (two recycle and two MSW) would be converted to three Split-Body routes, each route collecting both Recycling and MSW.

Currently, Recology is using Split-Body vehicles to service residential customers in San Francisco, San Bruno, Vacaville, Vallejo and Gilroy. The potential benefit of using Split-Body vehicles is that routes become more efficient as total time to service each customer is reduced. The use of Split-Body vehicles collecting two commodities would reduce the number of vehicles driving down each street on service days from three vehicles to two vehicles, lessen road impacts, and potentially reduce Greenhouse Gas Emissions (GGE) and operational costs. Conversely, there are some potential drawbacks that require a more in depth study. Possible drawbacks include non-optimal payload capacities requiring additional trips to the Shoreway Facility, increased dump times as vehicles will be required to weigh in and weigh out twice per load, and the fact that Split-Body vehicles may not be suitable for every jurisdiction, which may result in a net zero effect to the current number of routes. Additionally, the conversion to Split-Body vehicles will change the cost allocations to the Member Agencies as MSW collection times and Recycle collection times will be identical where Split-Body collection vehicles are used. The cost to perform the pilot program is estimated to be \$71,813. A detail of the costs to complete this pilot program is included in Attachment A.

New Split-Body vehicles, both semi-automated and fully-automated are not currently available to be leased from the manufacturer. Therefore the lease costs noted in Attachment A are lease costs associated with used semi-automated Split-Body vehicles currently in use at other Recology collection companies.

ROUTE CONVERSION

From September 14, 2015 through November 6, 2015, RSMC is proposing to use four 60/40 Split-Body vehicles (three route vehicles and one spare) to collect both Recycling (60%) and MSW (40%). The three Split-Body collection vehicles would replace four total routes; two Single-Body Recycle and two Single-Body MSW vehicles currently being used in the SBWMA service area. The pilot would cover eight weeks

over two four week periods. The first four week period, four routes (MSW routes 811 and 813 along with similarly routed recycle routes) servicing the City of Menlo Park would be replaced by three Split-Body collection vehicles. Approximately 8,330 residents per week, averaging 555 residents or 1110 lifts per route per day would be serviced by the Split-Body collection vehicle configuration.

The second four week period, four routes (MSW routes 801 and 802 along with similarly routed recycle routes) servicing the City of Burlingame and the County of San Mateo would be replaced by three Split-Body collection vehicles. Approximately 7,950 residents per week, averaging 530 residents or 1060 lifts per route per day would be serviced by the Split-Body collection vehicle configuration.

RECORD KEEPING

As these new vehicles will not be equipped with Routeware, our on board GPS tracking system, and because Routeware is not configured to record multiple collections at the same address, three temporary employees will be hired during the eight week period to ride along in the Split-Body collection vehicles to document specified data. The data collected would include the number of customers per route, number of set outs by commodity (Recycle and/or MSW), on-route time, dump time and tons delivered per commodity and by load.

CUSTOMER NOTIFICATION

Customers affected by the route changes described above would need to be notified of the temporary service vehicle change and potential change in collection times. Therefore, in collaboration with the SBWMA, Recology is proposing to notify each customer via the following outreach mediums:

- Utility bill insert notifying residents of the upcoming pilot. Cost estimates included in Attachment A are for a tri-fold self-mailer including postage costs, should the mailings to customers not fall within their billing cycle schedule.
- Design and production of cart hangers/tags, which would be placed on residential MSW carts of pilot program homes at least one week prior to the start of the pilot program.
- Robocalls to affected residents one week prior to the pilot program launch and again, one day/evening prior to their service day during the first week of the pilot program.
- Placards on two sides of each pilot program collection vehicle, describing that the vehicle is picking up recycling and MSW in a co-collection vehicle and that the collected materials are not being mixed in the body of the truck.

As a result of the change in the usual collection time of the effected customers, Recology would also request relief from the Single-Family Missed Pick-up Collection Event disincentive included in Attachment I of the Franchise Agreement in the jurisdictions in which the pilot program is being performed. Recology is also requesting relief from all Member Agencies for Liquidated Damages associated with the Average Speed of Answer and 90 Second Hold Time, should call volumes increase significantly due to the Pilot Program.

RESULTS

Approximately four weeks after the completion of the eight week pilot program, the results of the program will be delivered to the SBWMA. The results will include Recology's analysis and recommendation on whether to roll-out Split-Body vehicles to the entire SBWMA service area or to continue servicing SFD customers in Single-Body vehicles. The recommendation will also include the anticipated route changes if this program were to be rolled out to all SFD customers. As a reference, a summary of the data collected by the temporary employees during the eight weeks of collection would also be provided.

ATTACHMENT A

Recology San Mateo County
Split Body Vehicle Proposal

	<u>Cost</u>
1.) Rental of 4 Split Body Vehicles (60-40 split) over 8 weeks @ \$2,700/month/truck	21,600
- 3 route vehicles an 1 spare	
- Weeks 1-4 service routes	
8,330 Homes serviced per week	
Each Split Body route will service 555 homes/day (1,110 lifts/day)	
- Weeks 5-8 service routes	
7,950 Homes serviced per week	
Each Split Body route will service 530 homes/day (1,060 lifts/day)	
2.) Hire 3 Temporary staff to record data over the 8 week period \$25/hr	27,000
- Data tracked will be # of Homes, Stops by commodity, on route time, dump time, Tons /load by commodity	
3.) Outreach needed to inform customers of pilot program and possible service time change	
- Letter designed to inform customers	400
- Letters printed/mailed to 16,280 residential customers (8000 weeks 1-4 and 8000 weeks 5-8)	5,057
- Robocalls to remind customers of possible service time changes (2 per customer)	1,920
- Cart Hangers delivered to each resident (1 each put on MSW cart)	5,954
- Placards on side of vehicle (two sides, four vehicles) describing co-collection vehicle use	3,060
4.) Results identifying possible tracked data (from #2 above) as well as anticipated change in routing to convert entire SBWMA service area	

Project Costs	<u>64,991</u>
Profit @ 90.5%	<u>6,822</u>
Total Cost of Project	71,813



Recology San Mateo County

Memorandum

To: South Bayside Waste Management Authority (SBWMA) Board of Directors

From: Michael Kelly, Senior Administrative Manager

Date: April 28, 2016

Subject: Results of Single Family Dwelling (SFD) Split Body Pilot Program

Recology San Mateo County (RSMC) completed a pilot program to measure the effectiveness of split-body co-collection vehicles to explore any potential benefits through the collection of two material streams in a split-body collection vehicle. The goal of the pilot was to determine if route efficiency and other benefits could be achieved in the residential sector. This pilot was anticipated to support multiple South Bayside Waste Management Authority (SBWMA) Long Range Plan (LRP) Guiding Principles:

- 1) Program initiatives are convenient, accessible and appropriate
- 2) Produce cost effective and efficient programs

Background

In June 2015, the SBWMA approved the LRP. The concept behind the LRP was to look into new and innovative ideas that could improve diversion and/or reduce the cost of services in the SBWMA service area. The concept of using split-body vehicles to co-collect recycling and municipal solid waste (MSW) from single-family dwellings (SFD) was introduced as a potential means to reduce the cost of service. Currently, two single-body collection vehicles service approximately 800 homes per route per day for recycling and two single-body collection vehicles service approximately 800 homes per route per day for MSW. Thus, a total of four routes are required to service 1600 homes per day. In order to verify if split-body collection vehicles would be feasible in the jurisdictions serviced by RSMC, four routes servicing 1600 homes were converted to three split-body routes, servicing approximately 530 homes each for both recycling and MSW.

Overview

Recology conducted an eight week pilot program divided into two, four week programs, between September 28, 2015 and November 20, 2015. The first pilot program was conducted in the City of San Mateo from September 28 – October 23, 2015. The second pilot program was conducted in the City of Menlo Park from October 26 – November 20, 2015.



Two weeks prior to the start of each pilot program, education and outreach material was delivered to the residential customers identified in the pilot program area. Each customer received an informational letter in the mail, describing the pilot program. Additionally, cart hangers with details of the program were distributed the week prior to the start of each pilot program. Robocalls were also used to notify the customers of the pilot program. Lastly, truck signs identifying the vehicle as a co-collection vehicle, were affixed to the route vehicles that were providing service during the pilot programs.

RESULTS

Recology designed the routes utilizing a 60/40 split-body configuration (60% Recycling, 40% MSW) to service an average of 533 homes per route per day in the City of San Mateo and 528 homes per route per day in the City of Menlo Park.

During the four week pilot program, the average number of homes serviced during a regular route day was 346 in San Mateo and 336 in Menlo Park. Below is a chart reflecting the four week average for each pilot program area:

	Average # of Customers per Day	Average # of Recycle Set Outs per Day	Average # of MSW Set Outs per Day	Average On-Route Time (hours:minutes)	Average Dump Time (minutes:seconds)	Average Recycle Tons Delivered	Average MSW Tons Delivered
SAN MATEO ROUTES							
Split-body Route One	317	307	317	7:12	38:45	2.88	4.79
Split-body Route Two	330	295	330	6:22	41:03	2.94	4.77
Split-body Route Three	390	348	390	6:03	32:33	3.05	4.88
MENLO PARK ROUTES							
Split-body Route One	357	342	357	7:40	33:51	3.86	4.19
Split-body Route Two	291	281	291	7:37	33:00	3.53	3.79
Split-body Route Three	361	354	361	7:08	36:48	3.81	3.68

The reduction in the number of homes serviced by each split-body route, compared to the original projection of approximately 530 homes per route, is due to various obstacles that were encountered, which include the following:

- 1.) Limited capacity in split-body collection vehicles resulting in multiple trips to the Shoreway Facility.
- 2.) Recycling packed out before MSW.
- 3.) Large cardboard boxes did not fit in the truck hopper, requiring drivers to manually force cardboard boxes into the hopper. This action caused an injury to one driver.



- 4.) Lifts of 64 and 96 gallon carts often required multiple packing cycles to accommodate larger volumes of material, thus increasing service times at the residence.
- 5.) Dumping times were increased due to the need to weigh in multiple times to capture tonnages for each commodity, and at times, material getting stuck in a split-body compartment of the collection vehicle, requiring the manual removal of commodities.
- 6.) Routes could not be completed within a normal workday.

To address some of the obstacles faced, beginning in week two of the pilot program in San Mateo, RSMC secured a 50/50 split body vehicle from another Recology subsidiary. This vehicle was partially able to alleviate the early pack out issue, however, we still encountered the issues with large cardboard boxes and limited space in the hopper.

Data collected during weeks three and four of each pilot program is considered the most representative of expected efficiency, as drivers became even more familiar with the split-body collection vehicles and addressing the obstacles. Below is a chart reflecting the averages for weeks three and four:

	Average # of Customers per Day	Average # of Recycle Set Outs per Day	Average # of MSW Set Outs per Day	Average On-Route Time (hours:minutes)	Average Dump Time (minutes:seconds)	Average Recycle Tons Delivered	Average MSW Tons Delivered
SAN MATEO ROUTES							
Split-body Route One	327	321	327	7:23	37:30	2.91	5.10
Split-body Route Two	340	313	340	6:12	37:36	3.08	5.03
Split-body Route Three	427	406	427	5:55	25:06	3.37	5.08
MENLO PARK ROUTES							
Split-body Route One	389	371	389	8:06	39:30	3.97	4.64
Split-body Route Two	339	328	339	8:27	32:48	4.55	4.26
Split-body Route Three	395	386	395	7:27	38:06	3.99	3.94

CONCLUSION

RSMC currently services residential customers using single-body collection vehicles. Single-body collection vehicles allow for larger routes (more homes serviced per route) and less trips to the Shoreway Environmental Center to dump. The average number of customers per route for the recycle and MSW single-body routes is approximately 800 homes. On average, each recycle route collects 6 tons of material per day making one trip to the Shoreway Facility. The MSW routes collect an average of 8.3 tons of material per day, also making one trip to the Shoreway Facility.



In San Mateo, the average number of homes serviced during the split-body pilot program was 346 homes per day averaging 4.8 tons of MSW and 2.9 tons of recycling. Additionally, these routes routinely needed to make a second trip to the Shoreway Facility due to the limited capacity of the vehicle body.

In Menlo Park, the average number of homes serviced during the split-body pilot program was 336 homes per day averaging 3.9 tons of MSW and 3.7 tons of recycling. As described in San Mateo, these routes also needed to make a second trip to the Shoreway Facility due to the limited capacity of the vehicle body.

The information gathered during weeks three and four of each pilot program was put through the Recology Route Smart software system. This is the system currently used to route the RSMC collection vehicles. The results of this process identified that a split-body collection system in the residential sector of the SBWMA service area would require four additional routes, increasing from the current 48 single-body routes (24 recycle and 24 MSW routes) to 52 split-body (co-collection of recycle and MSW) routes.

Split-body collection vehicles do not accommodate the hard-to-service (HTS) and very hard-to-service (VHTS) areas, which require specialized “pup trucks” to maneuver in neighborhoods with cul-de-sacs, narrow roads, hilly terrain, etc. In addition, split-body collection vehicles do not provide the same flexibility as the current single-body collection vehicles. Single-body collection vehicles have the capability of collecting any type of commodity, with greater overall capacity.

Based on the results of the pilot program, RSMC does not recommend the use of split-body collection vehicles to service the Member Agencies of the SBWMA.



A Public Agency

STAFF REPORT

To: SBWMA Board Members
 From: Farouk Fakira, Finance Manager
 Date: July 28, 2016 Board of Director's Meeting
 Subject: Resolution Approving Property Insurance Policy Renewal

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2016-27 attached hereto authorizing the following action:

Approve the Property Insurance policy renewal with Hanover Insurance at \$179,596 annual premium.

Analysis

The property insurance policy was put out for competitive bid by our insurance broker, Cohn-Reid-O'Neil (in Burlingame) and the proposed policy renewal with Hanover is recommended to be approved. The bid request was sent to nine insurance carriers but only Hanover responded with the rest declining. The Hanover property insurance premium amount has not changed from prior year year's premium amount.

Below is a summary table of all the SBWMA's insurance policies and premiums compared to last year's premiums with the Property Policy highlighted (note that the SBWMA's insurance policies renew at different dates and only the Property Insurance policy with Hanover is currently up for renewal).

SBWMA General Business Insurance Policy Summary				
Actual Premiums	15 - 16 Renewal	16 - 17 Renewal	16 - 17 % Change	
Property (7/1 - 6/30)	179,596	179,596	-0.4%	<i>final</i>
General Liability (incl EIL) (3/1 - 2/28)	14,930	14,930	10.5%	<i>final</i>
Excess Liability (3/1 - 2/28)	17,533	17,533	0.0%	<i>final</i>
SUBTOTAL (#520710)	\$ 212,059	\$ 212,059	4.1%	General Insurance Budget
Directors & Officers (10/1 - 9/30)	41,710	52,134	25.0%	<i>prelim.</i>
Crime (10/1 - 9/30)	1,188	1,188	-1.0%	<i>prelim.</i>
SUBTOTAL (#520701)	42,898	53,322	12.8%	Admin Expense Budget
TOTAL ALL POLICIES	\$ 254,957	\$ 265,381	5.3%	Total

Background

The Property Insurance policy is based on the value of the Shoreway property and equipment at \$57.3 million. In the past, the Board decided not to purchase Earthquake insurance because the Agency maintains an Emergency

Reserve to cover potential limited damage. The cost for Earthquake Insurance coverage with Hannover is approximately \$425,000, has a 10% deductible, and a maximum limit of \$15M (approximately 5% of Hanover's policy holders have Earthquake Insurance).

Fiscal Impact

The total cost of the property insurance renewal for FY16/17 is \$179,596 and is included in the FY16/17 Budget. The budget amount includes the premiums for General Liability and Excess Liability policies.

Attachments:

Resolution 2016-27

Exhibit A – 2016 Property Insurance Quote



RESOLUTION NO. 2016-27

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING PROPERTY INSURANCE POLICY RENEWAL

WHEREAS, the South Bayside Waste Management Authority Board of Directors has considered the renewal of business insurance policies as detailed in Exhibit A.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the renewal of the property insurance policy with Hanover Insurance in the amount of \$179,596.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 28th day of July, 2016, 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. 2016-27 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on July 28, 2016.

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary



Hanover Specialty Industrial Property

VERLAN FIRE INSURANCE COMPANY

Property Insurance Renewal Proposal
South Bayside Waste Management Authority
 Effective Date: July 1, 2016

	<u>Location</u>	<u>Coverage</u>	<u>Limit</u>	<u>Rate</u>	<u>Premium</u>
1	225-333 Shoreway Road San Carlos, CA	Building Personal Property Business Income	\$37,049,350 \$20,215,800 \$4,514,000	.259 .259 .259	\$95,958 \$52,359 \$11,691
2	610 Elm Street, Ste. 202 San Carlos, CA	Personal Property Business Income	\$90,000 \$100,000	.182 .182	\$164 \$182
3	Locations 1 and 2	Equipment Breakdown Including Production Equipment Sub-limits: Expediting expenses Refrigerant contamination Utility interruption Spoilage	at stated policy limits \$50,000 \$50,000 \$50,000 \$50,000		\$19,242
4	Locations 1 and 2	Accounts Receivable	\$25,000		N/C
5	Locations 1 and 2	Valuable Papers	\$25,000		N/C
6	Locations 1 and 2	Information Systems	\$50,000		N/C
7	Locations 1 and 2	Terrorism at Stated Limits and Deductibles			\$4,993
				Total Premium	\$184,589

Deductibles:

- \$5,000 per loss, per location except
- \$10,000 for equipment breakdown property damage
- 3X ADV for equipment breakdown business income
- \$1,000 for accounts receivable, valuable papers and information systems

Conditions:

- Coverage for vacant and/or idle buildings is excluded.
- Coverage for solar panels and solar panel related equipment is excluded.

VERLAN FIRE INSURANCE COMPANY
 (A New Hampshire Stock Insurance Company)
 40 Columbia Corporate Center
 10480 Little Patuxent Parkway
 Suite 500
 Columbia, Maryland 21044
 301-495-7722 Fax 301-495-9425

COMPREHENSIVE PROPERTY DAMAGE POLICY
DECLARATIONS PAGE
 Renewal

Named Insured and Mailing Address:

South Bayside Waste Management Authority
 610 Elm Street, Suite 202
 San Carlos, CA 94070

Policy Number: M002678-15

Policy Period -

Inception: 7/1/2015
 Expiration: 7/1/2016

Both dates to commence at 12:01 a.m. Standard Time at the Named Insured's mailing address unless otherwise amended.

AR = Accounts Receivable	BD = Buildings	BI = Business Income	BR = Builders Risk
CT = Certified Act of Terrorism	EB = Equipment Breakdown	EE = Extra Expense	EQ = Earthquake
FL = Flood	IS = Information Systems	LI = Leasehold Improvements	OL = Ordinance or Law
PE = Property on Exhibition	PP = Personal Property	RV = Rental Value	SP = Special
TR = Property in Transit	UD = Utility Services Direct Damage	UT = Utility Services Time Element	VP = Valuable Papers

Schedule of Locations, Coverages, Limits of Liability and Premiums

<u>Item #</u>	<u>Loc #</u>	<u>Location</u>	<u>Coverage</u>	<u>Limit</u>	<u>Premium</u>
1	7574	225-333 Shoreway Road San Carlos, CA 94070	Blanket BD	\$ 37,049,350	\$ 95,958
			Blanket PP	\$ 20,215,800	\$ 52,359
			BI	\$ 4,514,000	\$ 11,691
2	7573	610 Elm Street, Suite 202 San Carlos, CA 94070	Blanket PP	\$ 90,000	\$ 164
			BI	\$ 100,000	\$ 182
3	****		IS		\$ 0
4	****		AR	\$ 25,000	\$ 0
5	****		VP	\$ 25,000	\$ 0
6	****		EB		\$ 19,242
Total Premium					\$ 179,596

Terrorism insurance was rejected like last year.

\$184,589 Quoted, total premium
 \$(4,993) Rejecting the Terrorism insurance

\$179,596 Adjusted premium without Terrorism

COMPREHENSIVE PROPERTY DAMAGE POLICY
DECLARATIONS PAGE (cont.)
Renewal

Subject to the Following Form(s) and Endorsements:

VFIC-01 (06/04)	VFIC-01-CA (06/04)	VFIC-01-CA-NOT (06/04)
VFIC-02 (06/04)	VFIC-04-SCH (06/04)	VFIC-04 (06/04)
VFIC-09-SCH (06/04)	VFIC-09 (06/04)	VFIC-12-SCH (06/04)
VFIC-12 (06/04)	VFIC-13 (06/04)	VFIC-24-SCH (06/04)
VFIC-24 (06/04)	VFIC-29 (01/15)	VFIC-31 (01/15)

Deductible: \$5,000

Deductible Exceptions:

See form(s):

VFIC-04-SCH (06/04)	VFIC-09-SCH (06/04)	VFIC-12-SCH (06/04)
VFIC-24-SCH (06/04)		

Additional Interests (Subject to Loss Payable Clause in Policy):

None

Special Provisions:

Coverage for solar panels and solar panel related equipment is excluded under this policy.

Coverage for vacant and/or idle buildings is not provided under this policy.

Broker, Address and Contact:

Cohn-Reid-O'Neill Insurance Services
2000 Alameda De Las Pulgas, Suite 101
San Mateo, CA 94403

June Tong, CISR
650-762-0413

Fax: 650-288-4938

Date: 6/18/15


Authorized Signature



STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Interim Executive Director & Facility Operations Contract Manager
Date: July 28, 2016 Board of Directors Meeting
Subject: Resolution Approving Payment to SBR for Transfer Station Pump Replacement

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2016-28 attached hereto authorizing the following action:

Authorize the Interim Executive Director to reimburse SBR for the purchase and replacement of a pump for the transfer station in the amount of \$39,278.88.

Analysis

The abrasive nature of solid waste that falls into the transfer station tunnel during tractor trailer loading caused the failure of the main sump pump that clears waste contaminated water from the transfer station tunnel. After the pump failed in April, standing water accumulated in the tunnel and created an odor and health concern and there was an urgent need to replacement the pump and remove the water. Under direction from SBWMA staff, SBR immediately replaced the pump and cleared the water from the tunnel without violation or complaint.

SBR hired Simonds Machinery to remove the existing sump pump and install a new above-ground pump manufactured by Weir with new controls and float system for a total cost of \$39,278.88. SBR has submitted a request to the SBWMA for reimbursement of the cost of the pump and controls. Since the sump pump failure created an urgent need for replacement, in order to avoid potential health concerns and violations, the pump was replaced without following the standard public bid process.

Background

Since purchasing the Shoreway facility in 2000 the SBWMA has the responsibility for maintaining the buildings, site and infrastructure for proper functioning of the transfer station and MRF.

Fiscal Impact

\$40,000 in capital was budgeted in the FY16/17 Budget for unanticipated large capital repair projects such as this transfer station tunnel sump pump replacement project. There are sufficient funds in this budget line to pay for the repair of the transfer station pump

Attachments:

Resolution 2016-28



RESOLUTION NO. 2016-28

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING A PAYMENT TO SBR FOR TRANSFER STATION PUMP REPLACEMENT

WHEREAS, the SBWMA is responsible for maintaining the Shoreway facilities in good working order and in compliance with regulations,

WHEREAS, the transfer station tunnel sump pump failed and waste water created an urgent need of replacement,

WHEREAS, SBR acting on direction from the SBWMA, replaced the pump and is requesting reimbursement for the replacement cost,

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves a payment to SBR for transfer station sump pump replacement in the amount of \$39,278.88.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 28th day of July, 2016, 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. 2016-28 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on July 28, 2016.

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary



ADMINISTRATION AND FINANCE



STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Interim Executive Director & Facility Operations Contract Manager
Date: July 28, 2016 Board of Directors Meeting
Subject: Resolution Approving Shoreway Tip Fee Increase

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2016-29 attached hereto authorizing the following action:

Increase the Franchise and Non-Franchise Tip Fee at Shoreway by \$10.00 per Ton for FY16/17.

Summary

The FY16/17 Budget approved by the Board in June 2016 proposed a Shoreway tip fee increase for franchise and non-franchise customers of \$10.00 per ton. At the June Board meeting, there was further discussion about the amount of the tip fees increase. Specifically, there was discussion about lowering the franchise tip fee from the recommended \$10 per ton to \$9.00 per ton for franchise tonnage and to amend the Budget if necessary. The two points raised in support of lowering the franchise tip fee were as follows:

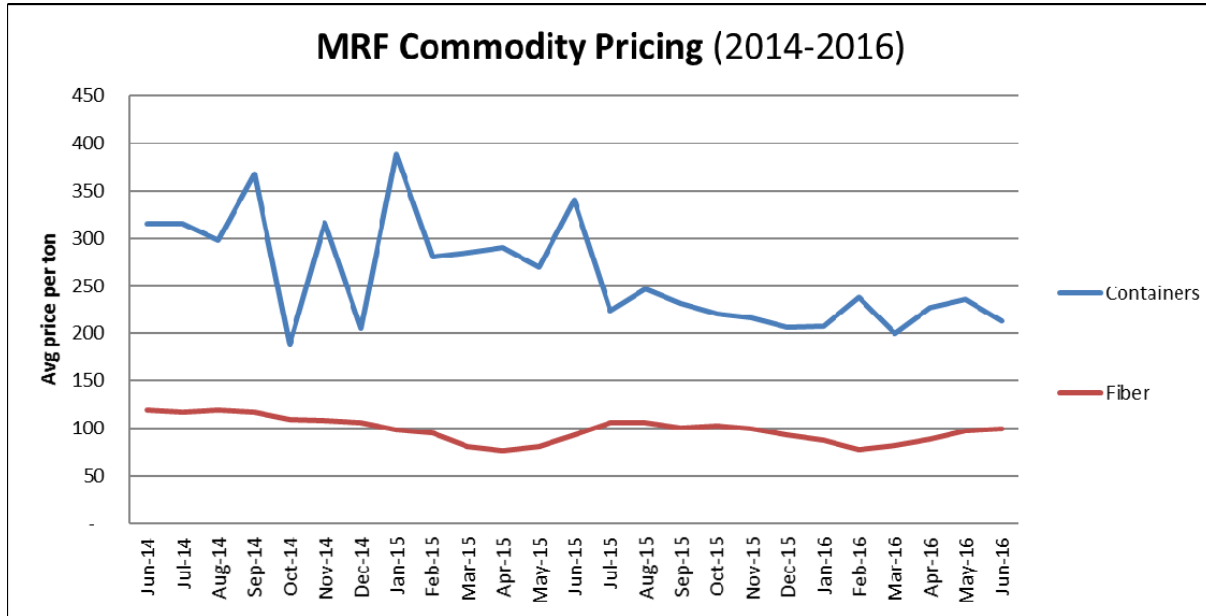
1. If commodity values have improved since the FY16/17 Budget was prepared in March, should franchise tip fees be lowered to reflect an updated commodity market forecast?
2. Can non-franchise tip fees be raised more than budgeted so that franchise tip fees can be less than \$10 per ton?

Analysis of FY16/17 Budgeted Tip Fees

The FY16/17 Budget recommended a tip fee increase of \$10 per ton for franchise and non-franchise/self-haul tonnage delivered to Shoreway. The dollar amount of the proposed tip fee increase was based on the budget goals of: 1) creating a balanced operating budget, 2) maintaining Reserves balances, and 3) replacing a gap in revenue resulting from lower commodity revenues. The proposed \$10 per ton across-the-board tip fee increase in the FY16/17 Budget forecasts meets these goals by 1) providing a near-breakeven Operating Budget with an end of year Cash Flow projection of -\$267,232 on a total budget amount of \$44,667,519, 2) maintaining an Undesignated Reserve balance of \$2,968,453, and 3) replaces the revenue loss from declining commodity prices.

Budgeted Commodity Revenue Forecast

When the FY16/17 Budget was prepared and first presented to the Board in March, commodity markets were at the bottom of a two-year price decline. Since March, commodity prices seem to have stabilized and have shown slight signs of recovery. At the June Board meeting, there was a discussion and a request to update the budget forecast using recent commodity prices and analyze the impact of the commodity revenue updated on the FY16/17 Budget.



As illustrated in the graph above (MRF Commodity Pricing), commodity prices have shown signs of recovery in the second quarter of 2016 (For example, the price per ton for containers averaged \$225 in Q2 vs. \$215 in Q1 and the price per ton for fiber averaged \$100 in Q2 vs. \$83 in Q1). If the favorable commodity pricing trend continues over the next 12 months, the SBWMA could expect an increase in commodity revenues over what was forecast in the FY16/17 Budget. As shown in **Table 1**, staff forecasts that there could be a positive revenue variance of \$413,154 for FY16/17 over what was forecasted in the Budget report.

Commodity Type	Tons/Year	Original Budget	Update From	Variance
		March-16	June-16	
		Price /ton	Price /ton	
Containers	18,145	\$226.65	\$213.32	\$ (13.33)
Fiber	53,190	\$82.59	\$94.91	\$ 12.31
Annual Forecasted Commodity Revenue		\$ 8,505,782	\$ 8,918,936	\$ 413,154

Since commodity sales revenues help offset Shoreway operating expenses, the improved commodity revenue forecast would result in improved Net Cash Flow. Specifically, the FY16/17 Budget projected an end of year Net Cash Flow of -\$267,232 (see FY16/17 Budget report, Table 1-Summary). An updated budget forecast based on June's commodity pricing would revise the estimated Net Cash Flow to positive \$145,922 for the fiscal year.

To relate updated commodity forecast to its impact on the franchise tip fee structure, staff has calculated that a franchise tip fee reduction of -\$1.00 per ton would result in a loss of revenue of -\$284,206 on a calendar year basis (note that the tip fee increase on franchise tonnage becomes effective January 1, 2017 and therefore impacts only 6 months of the budgeted annual revenues). As shown in **Table 2**, the variance from the commodity update and tip fee reduction would result in a forecasted end-of-year FY16/17 Net Income of -\$128,948.

Net Income from FY16/17 Budget	(\$267,232)
Variance from Commodity Update	\$145,922
Variance from Tip Fee Reduction	(\$284,206)
Updated FY16/17 Net Income	(\$405,516)

Effect of Non-Franchise Tip Fee Adjustments on the Budget

When the FY16/17 Budget was prepared, staff assigned the same \$10.00 per ton tip fee increase on all tonnage entering Shoreway without distinction between franchise and non-franchise customers. The non-franchise tip fee increase was scheduled in two phases so to minimize “rate-shock” to the self-haul customers and reduce the risk of customers leaving Shoreway for other disposal locations (the first installment was made on July 1st with a \$5.00 per ton increase and a second \$5.00 per ton tip fee increases is scheduled for January 2017).

At the June Board meeting there was discussion about shifting more of the tip fee rate increase onto non-franchise customer with the goal of reducing the burden on franchise customers. Specifically, there was a recommendation of lowering the franchise tip fee \$1.00 per ton (from \$10 to \$9). In the sections below, Staff has analyzed several aspects of the non-franchise tonnage in an attempt to provide information to the Board Members about non-franchise tip fee adjustment options.

Non-Franchise Revenues Contribution to the Budget

As shown in Table 5, non-franchise tip fee revenues account for \$8.11M of the \$36.50M budgeted Total Tip Fee Revenues - Non-Franchise tip fees contribute 22% while Franchise tip fees contribute 78% of the total Tip Fee Revenues. (note table is unchanged from the original Budget staff report).

Revenues	FY15/16 Adopted Budget	FY15/16 Mid-Year Projections	FY16/17 Preliminary Budget	Variance	Variance %
Tip Fee Revenues	\$33,602,300	\$34,171,148	\$36,508,044	\$2,905,744	9%
Non Franchised	6,982,300	7,434,730	8,114,936	1,132,636	16%
Franchised	26,620,000	26,736,417	28,393,108	1,773,108	7%
Net Commodity Sales Revenues*	7,668,100	6,999,627	6,943,411	(724,689)	-9%
MRF - Host Fees	443,500	400,000	403,070	(40,430)	-9%
Interest Income	48,200	54,508	78,940	30,740	64%
HHW and Other Revenue	761,800	757,800	734,054	(27,746)	-4%
Total Revenues:	\$42,523,900	\$42,383,083	\$44,667,519	\$2,143,619	5%

*Gross commodity sales – 28% revenue share with SBR and buyback payments.

Non-Franchise Tip Fees Are Set to Cover Costs

The tip fees charged non-franchise/self-haul customers are set at a level equal to the cost of handling materials at Shoreway and disposing of the materials. While there is no positive cash flow benefit to the SBWMA from non-franchise tonnage, the incremental revenues from non-franchise tip fees does contribute to defraying some of Shoreway’s fixed costs. Staff analyzed the benefit of the non-franchise revenues and estimates that \$897,200 or 10% of the non-franchise tip fee revenue is applied to fixed costs of Shoreway. If there is a change in non-franchise tip fee revenues, (resulting from an increase or decrease in tip fee or in tonnage delivered to Shoreway), franchise tip fees would require a corresponding adjustment.

Balancing Franchise and Non-Franchise Revenues

Shoreway tip fee revenue is comprised of 22% non-franchise revenue and 78% franchise revenue (Table 5). Therefore, a decrease of \$1.00 in franchise tip fee would require a corresponding increase of ~\$5.00 in non-franchise tip fees to balance-out revenues. This would require raising the non-franchise tip fee \$15 on self-haul customers instead of the planned \$10 per ton. In preparing the FY16/17 Budget, staff anticipated that the \$10 per ton tip fee increase will result in a 20% loss in self-haul customer tonnage. If the non-franchise tip fee is increased an additional \$5.00 there would likely be a larger self-haul customer defection rate as customers could choose to drive to local competitor facilities (Ox Mtn Landfill or Zanker located roughly 15 miles from Shoreway).

Budget Impact of a Revenue Surplus or Deficit

FY16/17 budgeted Net Income is tied to the Undesignated Reserve account: at the end of FY16/17 the Net Income position of the Agency will impact the Undesignated Reserve by increasing or decreasing the Undesignated Reserve balance. As presented in the Budget staff report, the Undesignated Reserve functions as a savings account for the Agency and in the past the Undesignated Reserve account balance has been used to cover imbalances between expenses and revenues. **Table 3** shows the historic and proposed FY16/17 Undesignated Reserve balances and the relationship to tip fee adjustments (*table is unchanged from the original budget staff report*).

Table 3. Undesignated Reserve Trend and Tip Fee Adjustments (Past 3 budget years)				
	FY13/14 Actual	FY14/15 Actual	FY15/16 Adopted	FY16/17 Proposed
Undesignated Reserve Balance	\$ 5,952,546	\$ 5,023,699	\$ 3,175,018	\$ 2,968,453
Net Change in Reserves	\$ -	\$ (928,847)	\$ (1,848,681)	\$ (206,565)
Approved tip fee increase	3.2% tip fee increase	No tip fee increase	2% tip fee increase	10% (\$10.00) tip fee increase
Collection Rate Impact of tip fee change	Unreported	0.00%	0.60%	2.80%
Reason for change in net income	Unreported	Expenses exceed revenues	Expenses exceed revenues, Comm. price drop midyear	Low commodity prices forecasted

Non-Franchise Tonnage vs. "Third-Party Recyclables"

To clarify a point discussed at the June Board meeting, Third-Party Recyclables are a category of materials that are separate from Non-Franchise materials. The term "Third-Party Recyclables" is used to refer to single-stream recyclable materials delivered to the Shoreway MRF by other Recology operations outside of the SBWMA. The third-party recyclables are delivered under an agreement between SBR and Recology (the SBWMA is not a party to the agreement). SBR and the SBWMA have a separate agreement that establishes the payment of a "Host Fee" that SBR pays to the SBWMA for the privilege of using the Shoreway MRF. The budgeted host fee revenues forecast for FY16/17 are \$403,070 (Table 5). The host fee revenues are used by the Agency to offset facility operating expenses and thereby reduce tip fees.

Tip Fee Increase Effect on Residential Collection Rates

The FY16/17 Budget forecasts an average residential collection rate increase of \$0.93 per month for a 32 gallon garbage can (see **Table 4** *unchanged from original budget staff report*). Staff calculated that a franchise tip fee increase of \$9 vs. \$10 per ton would the effect of lowering Member Agency's collection rates, roughly \$0.10 (from the budget forecasted amount of \$0.93 to \$0.84 per month).

Table 4. Estimated Franchise Collection Rate Impact		
<i>Based on \$10.00 Shoreway Tip Fee Increase (effective 1/1/17)</i>		
2016 Collection Rate Impact	% Increase *	Resi. Rate Impact (32 gal.) Cost/Mo.
Atherton	3.1%	\$ 1.72
Belmont	2.3%	\$ 0.81
Burlingame	2.8%	\$ 0.67
East Palo Alto ¹	3.5%	\$ 1.44
Foster City	2.8%	\$ 0.61
Hillsborough	2.3%	\$ 1.19
Menlo Park	2.8%	\$ 0.66
N. Fair Oaks	3.2%	\$ 0.87
Redwood City	3.0%	\$ 0.81
San Carlos	2.5%	\$ 0.79
City San Mateo	2.7%	\$ 0.58
West Bay Sanitary	2.7%	\$ 1.00
County San Mateo (CFA)	2.6%	\$ 0.92
TOTAL SBWMA AVERAGE	2.8%	\$0.93
¹ All residential accounts receive a 96-gallon garbage cart.		
* The rate increase % is for total collection revenue. Member Agencies decide how to allocate the actual rate increase across residential and commercial account service levels.		

Background

The SBWMA FY16/17 Budget was presented to the Board in April, in May, and was approved at the June Board meeting. In the June budget discussion there was interest by Board Members to analyze the tip fee structure and the proposed FY16/17 Budget tip fee increase of \$10.00 per ton.

Fiscal Impact

The FY16/17 Budget staff report forecasted an annual Net Income for FY16/17 of -\$267,232. Adjusting the Shoreway tip fees will have fiscal impacts and alter the assumptions in the FY16/17 Budget.

Attachments:

Resolution 2016-29



RESOLUTION NO. 2016-29

**RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
BOARD OF DIRECTORS TO
INCREASE THE FRANCHISE AND NON-FRANCHISE TIP FEE AT SHOREWAY BY \$10.00
PER TON**

WHEREAS, the SBWMA is responsible for setting the Shoreway Tip Fees for Franchise and Non-Franchise tonnage to meet the Revenue Requirements of the Agency,

WHEREAS, the FY16/17 Budget was approved by the Board of Directors on June 23rd, 2016 and a tip fee increase of \$10 per ton was included in the budget revenue projections,

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves a FY16/17 Franchise tip fee increase of \$10 per ton to be effective January 1st, 2017 and a Non-Franchise tip fee increase of \$5.00 per ton effective July 1st, 2016 and a \$5.00 per ton increase effective January 1st, 2017.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 28th day of July, 2016, 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. 2016-29 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on July 28, 2016.

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary



STAFF REPORT

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Hilary Gans, Shoreway Facility Manager
Date: July 28, 2016 Board of Directors Meeting
Subject: Resolution Approving Findings from Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Audits for 2015

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2016-30 attached hereto authorizing the following action:

Approve the Findings from Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Audits for calendar year 2015.

Summary

The Agreements with Recology SBR prescribe standards for reporting and operating performance. The information collected and reported to the SBWMA by the contractors is substantially self-reported (e.g., all Shoreway tonnage data and the collection route and call center performance). To ensure the integrity of the reported data, the SBWMA conducts an annual third-party audit. The auditing work reveals how well both Recology and SBR obtained, compiled and reported data to the SBWMA and Member Agencies. R3 conducted the audit and prepared a report of Recology's and SBR's performance for 2015 (see Exhibit A). Overall, the audit found that both companies are in substantial compliance with requirements of the Agreements audited and it recommended only minor financial and operational corrections.

Analysis

In April 2016, R3 Consulting (R3) commenced the annual auditing project to conduct a Review of Collection Services and Facility Operations reports, tonnage data and customer service systems audits that covered the calendar year 2015; and concluded with submittal of a final report in June 2016. The goal of the audit is to review the largely self-reported financial and operational information provided by the contractors to ensure the accuracy of the information and to make sure proper management controls are in place. While the SBWMA conducts this audit annually, the scope of work varies somewhat depending upon the follow up items from the previous year's audit findings and as staff adjusts the audit scope to address areas of concern.

R3 identified several areas where both Recology and SBR were found to be compliant and non-compliant with the operational and reporting requirements of the Franchise and Facility Operations Agreements for calendar year 2015. The results of this auditing work are summarized in the Recommendations Section of the report (see Section 9 in **Exhibit A - Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Audits for Calendar Year 2015**).

Recology

The primary emphasis of the auditing work was related to assessment of the information provided in *Recology's Annual Report for 2015* issued to the Member Agencies on February 15, 2016. The auditing focused on:

- tons collected,
- customer service data, and
- calculation of liquidated damages and performance incentive/disincentive payments.

The Recology Franchise Agreement(s) are structured to place a high priority on customer service and diversion program performance and include performance standards and incentives for high performance (meeting or not meeting these standards has financial implications to both the Member Agencies and Recology). Specifically, Recology can earn incentive payments through annual diversion from landfill achieved, and if certain customer service and operational performance standards are not met, then Recology must pay liquidated damages.

The information used to determine compliance with the performance standards and the performance standards are measured from the customer service call center data compiled and self-reported by Recology. The audit revealed the company under reported the number of complaints collection quality, including: missed pick up initial complaints, improper placement of containers, excessive noise and unacceptable employee behavior. **Table 1** below summarizes the corrections that should be made to Recology's Annual Report. The adjustments to payments to/from the Member Agencies will be captured in the revised *Recology's 2017 Application for an Adjustment to Contractor's Compensation* due to the Member Agencies and SBWMA on July 22, 2016.

Table 1

Adjustment of Liquidated Damages and Performance Incentives/Disincentives Paid to the Member Agencies	
Performance Standard	Owed to Member Agencies
Unacceptable Employee Behavior	\$1,462
Missed Pick Up Collection Events*	-\$50
Unauthorized Collection Hours and Property Damage Complaints	\$809
Vehicle Fluid Spills	\$875
	\$3,096

*Negative value denotes overpayment by Recology.

Recology is provided an allowance that must be exceeded before being deemed non-compliant for some performance standards (e.g., unauthorized collection hours, improper placement of containers, excessive noise complaints), for others there is zero tolerance (e.g., unacceptable employee behavior, missed pick-ups, vehicle fluid spills). As customer calls and complaints are received by Recology, these calls are given a "Reason Code," which then necessitates a variety of follow-up measures. Recology ultimately uses the Reason Code data to report on its compliance with the various performance standards and resultant Liquidated Damages payments to the Member Agencies and the Performance Incentive/Disincentive payments to/from the Member Agencies). While Recology has made improvements implementing recommendations from the annual operational audit process, there are still issues related to Recology not consistently coding and reporting customer inquiries and complaints. As a result, the R3 audit report includes recommendations for Recology to improve call handling. Staff has worked with Recology to develop the prior and current recommendations, which the company has agreed to implement.

South Bay Recycling (SBR)

Tonnage, material category, and tip fee payment information recorded by the scales by SBR serves as the "base-data" for all of Recology's and SBR's waste handling functions (e.g., tonnage for all vehicles entering and leaving the Shoreway facility is recorded by SBR and provided to Recology's for use in the Annual Report for 2015 that is issued to the Member Agencies). It is therefore critical that accurate information be collected, recorded, and reported by SBR. The SBWMA staff review the tonnage information reported by SBR on a monthly basis and verify its accuracy. The audit serves as an important third-party check on the data and data management performed by SBR and the R3 audit of SBR's operations relates specifically to assessing the accuracy of tonnage information recording at the scales and ensuring that reported tonnage data is used consistently by SBR and Recology. The scope of the annual operational audit includes the following components:

- Verify Accuracy of SBR's reported In-Bound Tonnage Data
- Verify SBR's reported data (from franchised services) is consistent with Recology's reports
- Verify all other SBR tonnage is also accurate
 - o Franchised Inbound Tons (Recology)
 - o Member Agency Vehicles Inbound Tons
 - o Recology Maintenance Box Trucks
 - o Self-Haul Tons
 - o Buyback & Drop-Off Tons
 - o South Bay Internal Tons
 - o Non-Franchised Tons

The audit did not find any material inaccuracies in SBR's reporting for 2015 and therefore no recommendations for follow up by SBR are included in the R3 report.

An additional audit task performed by R3 included the verification of contractual requirements that are tied to Liquidated Damages. Specifically, R3 verified SBR's procedures to identify and report events which would trigger Liquidated Damages and then verified that Liquidated Damages payments were properly calculated and tie to the reported events. The audit did not find any instances of non-compliance by SBR and no material recommendations were made by in the report.

Background

The Collection Services Franchise Agreements with Recology and the Facility Operations Agreement with SBR prescribe standards for reporting and operating performance. The information contained in the contractor's reports is substantially self-reported by both companies (e.g., all tonnage data from the Shoreway scales and the collection route and call center performance data as well as the collection Liquidated Damage events identified in attachment J of the Franchise Agreements. To ensure the integrity of the data reported by Recology and SBR, the SBWMA conducts a third-party audit of the data managed and reported by both companies (the audit included assessing Recology's call center functions to ensure the accuracy of transcribing and reporting information, complaints and requests for service from customers. The scope of auditing SBR's operations was limited to the scale house operations (i.e., tonnage reporting) and reporting of commodity revenues). The auditing work reveals how well both Recology and SBR obtained, compiled and reported data to the Member Agencies per the requirements prescribed in the Franchise Agreement(s) and Shoreway Facility Operations Agreement, respectively.

Fiscal Impact

The cost for R3 to conduct this audit was \$34,816 for FY15/16. The audit fiscal impact results in revisions to the Liquidated Damages and Performance Disincentive payments calculated by Recology in its 2015 Annual

Report. The audit results in increased Liquidated Damages and Performance Disincentive payments owed by Recology to the Member Agencies totaling \$3,096 (the will be credited to the Member Agencies in the Recology 2016 Compensation Application for calendar year 2017). Prior years audit expense are as follows: \$36,159 for FY14/15, \$46,000 for FY13/14 and the audits resulted in payments by Recology of \$8,426 for calendar year 2014 and \$16,650 for calendar year 2013).

Attachments:

Resolution 2016-30

[Exhibit A - R3 Report: Collection Services and Facility Operations Reports, Systems, Tonnage, Data and Customer Service Systems Auditing Project for 2015](#) (Available online only at www.rethinkwaste.org)



A Public Agency

RESOLUTION NO. 2016-30

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING THE FINDINGS FROM REVIEW OF COLLECTION SERVICES AND FACILITY OPERATIONS REPORTS, TONNAGE DATA AND CUSTOMER SERVICE SYSTEM AUDITS FOR 2015

WHEREAS, the South Bayside Waste Management Authority (SBWMA) Board of Directors has authorized an annual audit of Recology San Mateo County and South Bay Recycling:

WHEREAS, at the February 25, 2016 SBWMA Board of Directors meeting, the Board approved Resolution Number 2016-12 authorizing staff to contract with R3 Consultants to perform the audit of Recology and SBR for calendar year 2015; and,

WHEREAS, the audit results found in Exhibit A increase Liquidated Damages and Performance Disincentives payments due to the Member Agencies from Recology totaling \$3,096,

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the Findings from Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Audits for calendar year 2015.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 28th day of July, 2016, by the following vote:

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

I HEREBY CERTIFY that the foregoing Resolution No. 2016-30 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on July 28, 2016.

ATTEST:

Bob Grassilli, Chairperson of SBWMA

Cyndi Urman, Board Secretary



A Public Agency

STAFF REPORT

To: SBWMA Board Members
From: Farouk Fakira, Finance Manager
Date: July 28, 2016 Board of Director's Meeting
Subject: Resolution Approving Findings from 2015 Financial and Accounting Systems Audit of Recology and SBR

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2016-31 attached hereto authorizing the following action:

Approve the Report on the 2015 Financial and Accounting Systems Audit of Recology and SBR

Summary

On an annual basis, the SBWMA hires a third-party auditor to review significant financial transactions and the financial systems of Recology and SBR to ensure the integrity of the financial information from the contractors. R3 Consultants have completed an audit of year 2015 and have provided the agency with a Report (See Exhibit A). The Audit Report indicate that no substantial financial errors were found with either contractor's financial reports and payments. By approving this Resolution, the Board is also approving the revenue reconciliation balances that are owed to/from Recology to each Member Agency: shown in **Table 1**. (Note that these approved balances will be incorporated into the annual Revenue Requirement figures to be considered for approval by the Board at the September 22, 2016 Board meeting).

Analysis

The financial audit work performed by R3 Consulting covering calendar year 2015 (The work commenced in April 2016 and concluded with submittal of the final audit report titled "R3 Financial Systems Audit of 2015 Collection Services and Facility Operations Contractors Report" (see **Exhibit A**). This audit work is an important part of our fiduciary responsibilities to our Member Agencies as it relates to monitoring contractor financial compliance with their respective agreements (i.e., Member Agency Franchise Agreement and Shoreway Operations Agreement). An important part of this audit process is to verify that all information from the contractor's is properly reported by Member Agency. While errors in allocation of financial data between Member Agencies would have no impact on Recology, it could have a big impact on individual agencies.

R3 reviewed the reporting of financial data and payments to the SBWMA and our Member Agencies by Recology and SBR as applicable and the Audit Report makes separate recommendations for Recology and SBR. Specifically, there was ~\$100 million of rate payer's gross billings that flowed through Recology's financial reporting system and another ~\$17 million was paid by SBR to the SBWMA for recycling commodities and gate revenue collected from public customers using the Shoreway Environmental Center.

Recology

For Recology, the primary focus of the audit is the 2015 Revenue Reconciliation which is submitted by Recology on March 31 each year for the prior calendar year. This report reconciles the amount paid to Recology from customer billings (less the payments to Member Agencies for franchise fees and to the SBWMA for tip fees at the Shoreway

Environmental Center) compared to the Board approved compensation owed to Recology for providing collection services by the Member Agencies. The result is a surplus or shortfall owed to/from Recology by Member Agency. In total, the 2015 surplus is \$121,886 which is less than 1% of gross revenue as shown in Table 1.

Table 1

2015 Revenue RECONCILIATION FINAL	RECOLOGY BILLING	RECOLOGY PAYMENTS & ADJUSTMENTS				NET AMOUN "PAID" TO RECOLOGY	AMOUNT OWED TO RECOLOGY	BALANCE DUE (TO)/FROM RECOLOGY
Service Area	Revenue Billed	Less: Expenses Disposal/ Processing	Agency Fees	"Extra" Services by Recology	Other, 2013 Balance	Subtotal Revenue less Expenses	Recology Base Services	FINAL Surplus/ (Shortfall)
Atherton	\$ 3,188,740	\$ (936,889)	\$ (334,074)	\$ (32,077)	\$ (145,437)	\$ 1,740,263	\$ 1,461,074	\$ 279,189
Belmont	6,558,771	(1,377,409)	(1,629,298)	(68,608)	(940,070)	2,543,386	3,620,978	(1,077,592)
Burlingame	10,690,190	(3,114,083)	(1,790,549)	(102,721)	41,259	5,724,096	5,729,318	(5,222)
East Palo Alto	4,594,914	(1,492,457)	(781,018)	(49,392)	134,974	2,407,021	2,410,949	(3,928)
Foster City	5,778,606	(1,453,745)	(412,566)	(22,262)	(333,499)	3,556,534	3,466,353	90,181
Hillsborough	3,151,168	(718,197)	(303,128)	(13,388)	356,908	2,473,363	1,967,587	505,776
Menlo Park	10,321,736	(2,752,608)	(1,707,583)	(134,731)	(160,011)	5,566,803	5,838,582	(271,779)
North Fair Oaks	2,695,770	(774,828)	(142,617)	(35,560)	17,634	1,760,399	1,770,658	(10,259)
Redwood City	18,466,567	(5,055,914)	(2,635,148)	(141,917)	144,629	10,778,217	10,561,173	217,044
San Carlos	8,228,769	(1,887,223)	(953,958)	(98,767)	(97,186)	5,191,635	5,090,254	101,381
San Mateo	21,929,464	(5,467,271)	(2,960,056)	(355,012)	(433,685)	12,713,440	12,662,789	50,651
West Bay	1,504,471	(388,516)	(82,588)	(16,972)	15,717	1,032,112	996,526	35,586
County	3,199,374	(760,360)	(179,181)	(19,146)	117,433	2,358,120	2,147,262	210,858
SBWMA Total	\$ 100,308,540	\$ (26,179,500)	\$ (13,911,764)	\$ (1,090,553)	\$ (1,281,334)	\$ 57,845,389	\$ 57,723,503	\$ 121,886
%	100%	26%	14%	1%	1%	58%	58%	0%

The Audit of Recology's Revenue Reconciliation Report found that "The balances reported by Recology in their Revenue Reconciliation report are verified as accurate". Note that the Shoreway tip fee expense is a pass-through expense for Recology between the Member Agencies and the SBWMA and this has no impact on Recology's Revenue Reconciliation. The 2015 Revenue Reconciliation from Recology is found in **Attachment A**.

Regarding the account balances between Recology and the Member Agencies, eight Member Agencies have a 2015 surplus balance with Recology and can be reimbursed from Recology (as noted in the MOU, Section E.3 (see **Attachment B**), Agencies with surplus balances can request by July 31, 2016, a refund from Recology of the surplus balance). Since these funds belong to the rate payers and not to the Member Agency so care must be taken to keep these funds separate from the Member Agency general fund. If a refund is not requested, the balance will be retained by Recology and credited towards future Agency balances (all balances held by Recology are "owned" by the rate payers and not Recology). All balances (surplus or shortfall) will be part of the draft Total Revenue Requirement reported by the SBWMA to the Member Agencies on August 12, 2016 in the *Draft Report Reviewing Recology's 2017 Compensation Application*.

Table 2 below compares the final 2015 surplus/shortfall balance to what was estimated in the 2016 Total Rate Report issued by the SBWMA in September 2015 and the ending balances for most Member Agencies are close to the SBWMA's projections with the following notable variances;

- Negative variances were due to lower billed revenue and were experienced in Burlingame, Menlo Park, and Redwood City.
- Negative variances due to slightly higher disposal tonnage were experienced in Burlingame and Menlo Park.
- And, positive variance due to lower franchise fees was experienced in Burlingame.

(The 2015 estimate is from the September 24, 2015 Board package, 6A staff report on the 2016 Recology Compensation Application, Exhibit A, Table 8.)

Table 2

2015 SURPLUS/ (SHORTFALL)	ESTIMATE @ Sept. 2015	Final @ June 2016	Variance
Member Agency:			<i>Better/(Worse)</i>
Atherton	\$ 277,572	279,189	\$ 1,617
Belmont	(1,260,543)	(1,077,592)	182,951
Burlingame	140,417	(5,222)	(145,639)
East Palo Alto	(65,403)	(3,928)	61,475
Foster City	31,623	90,181	58,558
Hillsborough	501,837	505,776	3,939
Menlo Park	(137,597)	(271,779)	(134,182)
North Fair Oaks	(29,735)	(10,259)	19,476
Redwood City	326,799	217,044	(109,755)
San Carlos	50,887	101,381	50,494
San Mateo	24,310	50,651	26,341
West Bay	31,409	35,586	4,177
County	197,757	210,858	13,101
SBWMA Total	\$ 89,333	\$ 121,886	\$ 32,553
			36%

SBR

For SBR, the financial audit report verified that payments made by SBR to the SBWMA for public revenue and gross commodity revenue were accurate. In addition, the audit reviewed the scale house procedures and has made recommendations on various improvements.

Background

The information and data contained in both contractors' reports are substantially self-reported by the companies and the annual audit performed by a third-party consultant serves a critical function of helping to ensure the accuracy of financial transactions. The general purpose of the audit was to perform an evaluation and verification of financial reporting systems, processes and record keeping, analysis and audit of billing and revenue, and analyze and audit the allocation of revenue and costs to the twelve Member Agencies.

The Agreements with Recology prescribe numerous reporting and payment requirements including paying franchise fees to the Member Agencies and payments to the SBWMA of tipping fees at the Shoreway facility for disposal and processing expenses. Recology also must track collected tonnage by material type and by Member Agency, allocate disposal cost to Member Agencies and prepare an annual revenue reconciliation report showing the net surplus/shortfall owed to/from Recology by each Member Agency. This project also entailed a review of Recology 2015 Annual Revenue Reconciliation, Attachment Q revenue and costs, and customer billing rates.

The Shoreway Facility Operations Agreement with SBR requires the company to pay to the SBWMA all commodity revenue (from the sale of commodities) and public gate revenue. The SBR review included a verification of public revenue and commodity revenue reported and paid to the SBWMA for 2015. Tonnage reporting and commodity prices are reviewed.

Fiscal Impact

The cost of the Financial Audit work performed by R3 under this contract was \$35,743 on a budget amount of \$40,000. The actual cost is lower due to negotiating a lower cost proposal from R3 than last year's audit cost.

Attachments:

[Exhibit A - R3 Financial Systems Audit of 2015 Collection Services and Facility Operations Contractors Report](#) (Available online only at www.rethinkwaste.org)

Attachment A – Recology Revenue Reconciliation (3/31/2016)

Attachment B – MOU with Recology on Interest Calculation on Surplus/Shortfall Balances



RESOLUTION NO. 2016-31

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING FINDINGS FROM 2015 FINANCIAL AND ACCOUNTING SYSTEMS AUDIT OF RECOLOGY AND SBR

WHEREAS, the South Bayside Waste Management Authority Board of Directors previously approved the need for an annual Financial Systems audit of our contractors – Recology and SBR, and

WHEREAS, the South Bayside Waste Management Authority Board of Directors approved the selection of R3 Consultants to perform the audit, and

WHEREAS, R3 has submitted their audit report to the SBWMA staff, and

WHEREAS, the SBWMA staff has reviewed the audit report and recommends the South Bayside Waste Management Authority Board of Directors to approve the audit report and the recommendations in Attachment A.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the Financial Systems audit report prepared by R3 and agrees to their recommendations.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 28th day of July, 2016, 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. 2016-31 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on July 28, 2016.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cyndi Urman, Board Secretary



March 31, 2016

Hilary Gans
Interim Executive Director
SBWMA/RethinkWaste
610 Elm Street, Suite 202
San Carlos, CA 94070

Dear Mr. Gans:

Enclosed is a copy of the Revenue Reconciliation Rate Year 2015 in accordance with Attachment K, Section 8 of the Agreement. Recology will send electronic copies to each jurisdiction.

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

Sincerely,

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

Mario Puccinelli
General Manager
Recology San Mateo County

cc: Cliff Feldman
Farouk Fakira



RECOLOGY SAN MATEO COUNTY

REVENUE RECONCILIATION RATE YEAR 2015

**Submitted
MARCH 31, 2016**



REVENUE RECONCILIATION RATE YEAR 2015

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Recology San Mateo County
 Revenue Reconciliation
 Rate Year 2015
 Revenue Reconciliation of Gross Revenue
 Billed to Approved Contractor's Compensation
 and Surplus/Shortfall

	<u>Atherton</u>	<u>Belmont</u>	<u>Burlingame</u>	<u>E Palo Alto</u>	<u>Foster City</u>	<u>Hillsborough</u>	<u>Menlo Park</u>	<u>North Fair Oaks</u>	<u>Redwood City</u>	<u>San Carlos</u>	<u>San Mateo</u>	<u>West Bay</u>	<u>Unincorporated County</u>	<u>Member Agency Total</u>
Gross Revenue Billed	\$ 3,188,740	6,558,771	10,690,190	4,594,914	5,778,606	3,151,168	10,321,736	2,695,770	18,466,567	8,228,769	21,929,464	1,504,471	3,199,374	100,308,540
Less:														
Pass-Through Costs	1,270,963	3,006,707	4,904,632	2,273,475	1,866,311	1,021,325	4,460,191	917,445	7,691,062	2,841,181	8,427,327	471,104	939,541	40,091,264
Unscheduled and Intermittent Services	<u>32,077</u>	<u>68,608</u>	<u>102,721</u>	<u>49,392</u>	<u>22,262</u>	<u>13,388</u>	<u>134,731</u>	<u>35,560</u>	<u>141,917</u>	<u>98,767</u>	<u>355,012</u>	<u>16,972</u>	<u>19,146</u>	<u>1,090,553</u>
Net Revenue Billed	1,885,700	3,483,456	5,682,837	2,272,047	3,890,033	2,116,455	5,726,814	1,742,765	10,633,588	5,288,821	13,147,125	1,016,395	2,240,687	59,126,723
Approved Contractor's Compensation	1,461,074	3,620,978	5,729,318	2,410,949	3,466,353	1,967,587	5,838,582	1,770,658	10,561,173	5,090,254	12,662,789	996,526	2,147,262	57,723,503
2013 (Surplus)/Shortfall	136,721	883,732	(41,259)	(134,974)	333,499	(356,908)	150,422	(17,634)	(144,629)	91,362	433,685	(14,775)	(117,433)	1,201,809
Interest on 2013 (Surplus)/Shortfall	8,716	56,338	—	—	—	—	9,589	—	—	5,824	—	(942)	—	79,525
Total Due Recology San Mateo County for Rate Year 2015	<u>1,606,511</u>	<u>4,561,048</u>	<u>5,688,059</u>	<u>2,275,975</u>	<u>3,799,852</u>	<u>1,610,679</u>	<u>5,998,593</u>	<u>1,753,024</u>	<u>10,416,544</u>	<u>5,187,440</u>	<u>13,096,474</u>	<u>980,809</u>	<u>2,029,829</u>	<u>59,004,837</u>
 Surplus/(Shortfall) for Rate Year 2015	 <u>\$ 279,189</u>	 <u>(1,077,592)</u>	 <u>(5,222)</u>	 <u>(3,928)</u>	 <u>90,181</u>	 <u>505,776</u>	 <u>(271,779)</u>	 <u>(10,259)</u>	 <u>217,044</u>	 <u>101,381</u>	 <u>50,651</u>	 <u>35,586</u>	 <u>210,858</u>	 <u>121,886</u>

Note: In accordance with the Memorandum of Understanding, interest is applied to the shortfall between net revenue billed and the approved amount due Recology if rates are set below those recommended in the SBWMA report approved by the SBWMA Board. Interest is applied to 50% of the difference during the rate year in which the difference occurred (2015) because the difference occurs throughout the year and to 100% of the difference in the immediately following year (2016) because the difference exists the entire year. The interest applied to both years is the prime rate in effect when the SBWMA issued the report for that year plus one percent (1%). The prime rate for Rate Year 2015 is 3.25%.

Recology San Mateo County
Revenue Reconciliation
Rate Year 2015
Statement of Gross Revenue Billed

	Atherton	Belmont	Burlingame	E Palo Alto	Foster City	Hillsborough	Menlo Park	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County	Member Agency Total	Other	Total
Revenues:																
Refuse Collection operations																
Residential	\$ 2,912,664	2,797,229	2,080,231	2,119,253	1,924,576	3,045,971	2,901,421	1,028,788	9,226,025	3,318,180	6,421,590	1,161,299	2,440,794	41,378,021	—	41,378,021
Commercial & Multi-Family Dwelling	276,001	3,476,849	6,552,072	2,179,691	3,191,135	105,197	7,174,209	1,666,982	8,144,600	4,336,763	14,256,756	329,093	758,580	52,447,928	—	52,447,928
Debris Box		218,997	1,883,047	295,832	662,895		246,106		1,095,942	577,444	1,251,026			6,231,289	—	6,231,289
Hauling revenue adjustments	(452,523)	(237,288)	27,593	37,924	(464,942)	(857,235)	55,170	26,012	(116,524)	(8,867)	(530,106)	1,501	(89,190)	(2,608,475)	—	(2,608,475)
Other	75	—	169	138	—	—	—	—	—	158	92	—	—	632	779,422	780,054
Total operating revenues	\$ 2,736,217	6,255,787	10,543,112	4,632,838	5,313,664	2,293,933	10,376,906	2,721,782	18,350,043	8,223,678	21,399,358	1,491,893	3,110,184	97,449,395	779,422	98,228,817

RECONCILIATIONS:

2015 revenue adjustment	(1) \$ 362,047		(21,081)	(20,411)	89,173	531,797	(282,572)	(19,247)	204,708	92,756	15,804	42,793	190,307	1,186,074	—	1,186,074
2014 (incentives)/disincentives	(444)	(1,909)	(6,337)	(3,134)	(3,022)	(496)	(4,148)	(1,520)	(10,129)	(3,485)	(11,429)	(428)	(822)	(47,303)	—	(47,303)
2014 Surplus Adjustments	(49,480)		(23,249)						18,387			(207,486)		(261,828)	—	(261,828)
2013 (surplus)/shortfall	136,721	883,732	(41,259)	(134,974)	333,499	(356,908)	150,422	(17,634)	(144,629)	91,362	433,685	(14,775)	(117,433)	1,201,809	—	1,201,809
Interest on 2013 (surplus)/shortfall	8,716	56,338	—	—	—	—	9,589	—	—	5,824	—	(942)	—	79,525	—	79,525
	457,560	938,161	(91,926)	(158,519)	419,650	174,393	(126,709)	(38,401)	68,337	186,457	438,060	(180,838)	72,052	2,158,277	—	2,158,277
Rate Stabilization account		65,696	174,671									14,079		254,446	—	254,446
Adjustment to booked 2013 (surplus)/shortfall (timing difference)	(5,037)	(700,873)	64,333	120,595	45,292	682,842	71,539	12,389	48,187	(177,590)	92,046	179,337	17,138	450,198	—	450,198
Adjustment to booked San Carlos Compactor billing										(3,776)				(3,776)	—	(3,776)
SBWMA Reimbursement of Repairs														—	(96,991)	(96,991)
SBR Fuel Revenue														—	(677,863)	(677,863)
Total Billings	\$ 3,188,740	6,558,771	10,690,190	4,594,914	5,778,606	3,151,168	10,321,736	2,695,770	18,466,567	8,228,769	21,929,464	1,504,471	3,199,374	100,308,540	4,568	100,313,108

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

Recology San Mateo County
 Revenue Reconciliation
 Rate Year 2015
 Statement of Pass-Through Costs

	Atherton	Belmont	Burlingame	E Palo Alto	Foster City	Hillsborough	Menlo Park	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County	Member Agency Total	Other	Total
Disposal Fees:																
Residential																
MSW	\$ 157,198	306,775	344,632	631,237	295,314	212,261	406,504	260,343	933,344	399,489	1,168,276	103,726	247,117	5,466,216	—	5,466,216
Organics	674,770	358,695	443,582	333,093	234,011	394,291	707,295	182,803	1,093,908	531,991	1,204,566	218,193	365,176	6,742,374	—	6,742,374
Commercial																
MSW	33,892	179,171	682,105	127,960	201,150	13,288	791,467	177,219	1,307,533	501,600	1,170,301	35,065	75,914	5,296,665	27,093	5,323,758
Organics	36,363	57,270	205,450	35,776	179,829	19,172	377,689	46,252	331,866	105,504	285,089	12,233	26,368	1,718,861	—	1,718,861
Multi-Family Dwelling																
MSW		188,326	265,565	231,492	286,568		204,740	91,395	654,587	142,653	980,321	2,529	39,277	3,087,453	—	3,087,453
Organics		6,630	5,447	7,145	3,478		11,210	399	9,911	11,209	29,289	165	354	85,237	—	85,237
Debris Box																
MSW	409	44,429	728,519	83,690	102,978		46,789		364,251	79,306	388,514			1,838,885	—	1,838,885
Organics				9,951	53,269		24,017		59,549		229			147,015	—	147,015
City Facilities																
MSW	8,751	19,082	156,810	20,644	36,263	53,052	100,156	16,043	201,410	68,637	185,548	1,574		867,970	—	867,970
Organics	25,506	11,852	107,302	11,469	7,389	26,133	82,741	374	84,213	16,560	40,982	952	6,154	421,627	—	421,627
City Self Hauled																
MSW		128,152			46,780				1,705	29,821	14,156			220,614	—	220,614
Organics		11,331			6,716				13,637	453	—			32,137	—	32,137
Total Disposal	\$ 936,889	1,311,713	2,939,412	1,492,457	1,453,745	718,197	2,752,608	774,828	5,055,914	1,887,223	5,467,271	374,437	760,360	25,925,054	27,093	25,952,147
Franchise and Other Fees																
Franchise Fees	\$ 285,474	581,041	698,684	348,482	268,358	283,004	603,489	127,677	2,402,736	728,502	758,858	70,396	151,245	7,307,946	—	7,307,946
Allied Balancing Account														—	—	—
Street Sweeping Fee	24,000	394,174	234,960	232,536	94,000					89,900	320,000			1,389,570	—	1,389,570
Management Fee							300,000							300,000	—	300,000
AB939 Fee	14,000	229,935							74,096		903,000			1,221,031	—	1,221,031
Administration Fee			174,671						46,310					220,981	—	220,981
Landfill Closure Fee			436,678				749,158				978,198			2,164,034	—	2,164,034
HHW Fee	10,600	62,822	55,356		50,208	20,124	54,936	14,940	112,006	55,056		12,192	27,936	476,176	—	476,176
Rate Stabilization Fee														—	—	—
Collection Vehicle Fee		164,239												164,239	—	164,239
Litter Control Fee		131,391		200,000										331,391	—	331,391
NDPES Litter Impact Fee		65,696												65,696	—	65,696
Steam Cleaning Fee			75,000							10,000				85,000	—	85,000
Resource Conservation Fee														—	—	—
City Manager Fee			115,200							32,300				147,500	—	147,500
Asst City Manager Fee										38,200				38,200	—	38,200
Franchise and Other Fees	\$ 334,074	1,629,298	1,790,549	781,018	412,566	303,128	1,707,583	142,617	2,635,148	953,958	2,960,056	82,588	179,181	13,911,764	—	13,911,764
RECONCILIATIONS:																
Rate Stabilization Fee		65,696	174,671									14,079		254,446	—	254,446
Total Franchise and Other Fees	334,074	1,694,994	1,965,220	781,018	412,566	303,128	1,707,583	142,617	2,635,148	953,958	2,960,056	96,667	179,181	14,166,210	—	14,166,210
Total Pass-Through Costs	\$ 1,270,963	3,006,707	4,904,632	2,273,475	1,866,311	1,021,325	4,460,191	917,445	7,691,062	2,841,181	8,427,327	471,104	939,541	40,091,264	27,093	40,118,357

Recology San Mateo County
 Revenue Reconciliation
 Rate Year 2015
 Statement of Revenue Billed
 for Unscheduled and
 Intermittent Services

	<u>Atherton</u>	<u>Belmont</u>	<u>Burlingame</u>	<u>E Palo Alto</u>	<u>Foster City</u>	<u>Hillsborough</u>	<u>Menlo Park</u>	<u>North Fair Oaks</u>	<u>Redwood City</u>	<u>San Carlos</u>	<u>San Mateo</u>	<u>West Bay</u>	<u>Unincorporated County</u>	<u>Total</u>
Revenue Billed														
Attachment Q revenues	\$ 62,506	95,744	125,411	49,483	22,262	48,231	154,635	36,184	141,917	112,112	377,400	21,504	23,037	1,270,426
Less:														
Back yard collection fees	<u>27,377</u>	<u>3,030</u>	<u>5,692</u>	<u>—</u>	<u>—</u>	<u>33,581</u>	<u>—</u>	<u>624</u>	<u>—</u>	<u>3,468</u>	<u>8,188</u>	<u>4,532</u>	<u>3,891</u>	<u>90,383</u>
Total Unscheduled Services	<u>35,129</u>	<u>92,714</u>	<u>119,719</u>	<u>49,483</u>	<u>22,262</u>	<u>14,650</u>	<u>154,635</u>	<u>35,560</u>	<u>141,917</u>	<u>108,644</u>	<u>369,212</u>	<u>16,972</u>	<u>19,146</u>	<u>1,180,043</u>
Less Included Agency Fees	3,052	24,106	16,998	91	—	1,262	19,904	—	—	9,877	14,200	—	—	89,490
Unscheduled Services less Agency Fees	<u>\$ 32,077</u>	<u>68,608</u>	<u>102,721</u>	<u>49,392</u>	<u>22,262</u>	<u>13,388</u>	<u>134,731</u>	<u>35,560</u>	<u>141,917</u>	<u>98,767</u>	<u>355,012</u>	<u>16,972</u>	<u>19,146</u>	<u>1,090,553</u>

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

Exhibit A

MEMORANDUM OF UNDERSTANDING

This is a Memorandum of Understanding by and between Recology San Mateo County (Recology) and the South Bayside Waste Management Authority, a California JPA (SBWMA).

A. Recology is the Franchisee for each of the twelve (12) JPA Member Agencies of the SBWMA for the collection of solid waste and recyclables pursuant to Franchise Agreements (the Franchise Agreements) entered into with each respective Member Agency.

B. Article 11 of the Franchise Agreements all provide that the SBWMA shall annually review the Recology Application for an Adjustment to Contractor's Compensation and provide a report to the SBWMA Board of Directors for consideration of a binding vote to approve the recommended Recology compensation for the subsequent rate year.

C. Article 11 of the Franchise Agreements also provides for an Annual Revenue Reconciliation that reconciles the amount owed to Recology compared to the amount retained by Recology for the prior year which generates a surplus or shortfall by agency. It also calculates interest owed to Recology for a shortfall.

D. In 2012 and 2013, the SBWMA Board approved Recology compensation for rate years 2013 and 2014, respectively, that included a reconciliation of:

1. Any surplus paid to Recology and any shortfall owed to Recology by a Member Agency for 2011 and 2012 were included in setting Recology's total compensation for 2013 and 2014, respectively.

2. Recology submitted to the SBWMA an interest calculation for both years which was charged to Member Agencies on any shortfall and credited interest to Member Agencies on any surplus. The SBWMA reports to the Board included this interest charge or credit by Member Agency in both years.

E. Recology and the SBWMA Board have reviewed their prior understanding regarding the payment of interest and reviewed the language and intent of the Franchise Agreements. Commencing with

the Recology Application, due in June 2014, for an Adjustment to Contractor's Compensation for 2015, they desire to clarify the process to calculate interest and conform to the intent of the Agreements as follows:

1. Any Member Agency that has generated a surplus balance with Recology for 2013 can receive a refund from Recology provided it requests the refund in writing on or before July 31, 2014, provided the surplus balance was generated due to the Member Agency setting rates higher than those recommended by the SBWMA. If it does not request a refund by July 31, 2014, any such surplus will be accounted for in the Recology Application for an Adjustment in Contactor's Compensation for 2015 and applied to the rate setting recommended for 2015.

2. Any Member Agency that generated a shortfall balance with Recology for 2013 will have the shortfall accounted for in the 2013 Revenue Reconciliation and recommended 2015 rates. However, if the shortfall was the result of the Member Agency setting rates lower in 2013 than had been recommended in the SBWMA Report approved by the SBWMA Board, it shall be charged the prevailing interest rate (prime plus 1%) on the shortfall balance delineated in the 2013 Revenue Reconciliation.

3. No interest will be credited to a Member Agency on any surplus balance for 2013 and in all future years. Member Agencies may request by July 31 of each year and Recology will comply with the request for a refund in a reasonable time frame. Any surplus not requested to be refunded will be credited in the next Revenue Reconciliation and applied to the next Recology Application for an Adjustment to Contractor's Compensation.

4. Recology shall not receive any interest on shortfalls in 2014 and in future years unless the Member Agency adjusts its rates below the rate adjustment recommended in the SBWMA Report and approved by the SBWMA Board.

SBWMA

RECOLOGY

Kevin McCarthy Date
Executive Director

Mario Puccinelli Date
General Manager



STAFF REPORT

To: SBWMA Board Members
 From: Farouk Fakira, Finance Manager
 Date: July 28, 2016 Board of Directors Meeting
 Subject: Staff Update on 2017 Contractor Compensation Adjustment Applications

Recommendation

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

Summary

This staff report provides an update on the SBWMA's review of the annual compensation adjustment applications submitted by Recology San Mateo County (Recology) and by South Bay Recycling (SBR). The SBWMA has conducted a preliminary review of the compensation application and, while there will be small change to the compensation as a result of corrections to the applications, the compensation amount estimated by Recology and SBR in their applications is not expected to change substantially.

Analysis

Recology's 2017 Compensation Application

As prescribed in the Franchise Agreements, Recology submitted its Application for Compensation Adjustment for calendar year 2017 on June 15th; comments and questions on the application were submitted to Recology on June 29th by the SBWMA; and a revised application is to be issued by Recology on July 22nd, 2016. There were only minor changes recommended by the SBWMA (with input from the Member Agencies) to the Recology Application for Compensation Adjustment report.

The Recology 2017 compensation application indicates that the company's Total Compensation will decrease by - \$1,114,090 (-1.9% over prior year) due primarily to the below reasons (Table 1 provides a summary of the dollar amounts of the major elements impacting the reduction in Recology's compensation adjustment for 2017).

- Lower fuel cost in 2017 due to -38.3% reduction in the Fuel Index compared to prior year.
- A scheduled reduction in Interest Expense that is -24.7% lower than prior year.
- Reduced payment to Recology of diversion based Incentive/Disincentive.

Table 1. Summary of Recology Compensation Adjustments

	2016 Compensation	2017 Compensation	Y-Y Change	% Change
Total Annual Cost of Operations	\$ 50,681,506	\$ 49,987,543	\$ (693,963)	-1.4%
Recology Profit	5,320,158	5,247,311	(72,847)	-1.4%
<i>Operating Ratio</i>	<i>90.5%</i>	<i>90.5%</i>		
Total Operating Costs	56,001,664	55,234,855	(766,810)	-1.4%
Total Contractor Pass-Through Costs	1,261,152	952,180	(308,971)	-24.5%
Base Recology Compensation	57,262,816	56,187,035	(1,075,781)	-1.9%
Incentive/Disincentive Payments	26,604	(11,706)	(38,309)	
Total Recology Compensation	\$ 57,289,420	\$ 56,175,329	\$ (1,114,090)	-1.9%

(Note: on July 8th, 2015, the Board and TAC Members were sent a revision to the Memorandum of Understanding (MOU) with Recology establishing guidelines regarding future interest calculations on surplus revenue which was previously approved by the Board at the March 17, 2014 Board meeting. This revision clarifies that interest will not be charged to a Member Agency that pays Recology by September 30 the amount of any shortfall for the previous year as determined by the Board approved Revenue Reconciliation Report).

SBR 2017 Compensation Application

As prescribed in the Facility Operations Agreement, SBR submitted its Application for Compensation Adjustment for calendar year 2017 on June 30th; comments and questions on the application were submitted to SBR on June 29th by the SBWMA; and a revised application is to be issued by SBR on July 22nd, 2016. There were only minor changes recommended by the SBWMA to the SBR Application for Compensation Adjustment report (no input was received from the Member Agencies).

The SBR 2017 Compensation Application indicates that the company’s Total Compensation will decrease by - \$327,948 (-1.8% over prior year) due primarily to the below reasons (Table 2 provides a summary of the specific dollar amounts of the major elements impacting the reduction in SBR Compensation adjustment for 2017).

- Lower fuel cost in 2017 due to -38.3% reduction in the Fuel Index compared to prior year causing a net decrease of -6.0% in transportation cost net of labor.
- A scheduled reduction in Interest Expense that is -20.1% lower than prior year.

Table 2. SBR 2017 Compensation Adjustment Summary

	2016 Compensation	2017 Compensation	Y-Y Change	% Change
Cost per Ton Fees				
Transfer Station	\$ 12.84	\$ 12.92	\$ 0.09	0.7%
MRF (net residue)	\$ 79.76	\$ 80.67	\$ 0.91	1.1%
Transportation (cost / ton-mile)	\$ 1.08	\$ 1.02	\$ (0.06)	-6.0%
Transportation (cost / ton)	\$ 18.31	\$ 17.21	\$ (1.10)	-6.0%
Total Cost Estimate by LOB				
Transfer Station	\$ 4,591,441	\$ 4,621,962	\$ 30,521	0.7%
MRF (net residue)	5,903,812	5,971,246	67,433.64	1.1%
Transportation	6,548,766	6,156,049	(392,717.05)	-6.0%
Total Operating Cost	\$ 17,044,019	\$ 16,749,257	\$ (294,762)	-1.7%
Pass-Through Costs				
Total Interest	\$ 164,898	\$ 131,712	\$ (33,186)	-20.1%
Buyback Payment (estimate)	800,000	800,000	-	0.0%
Total Pass-Through Cost	\$ 964,898	\$ 931,712	\$ (33,186)	-3.4%
Total Estimated Compensation	\$ 18,008,917	\$ 17,680,969	\$ (327,948)	-1.8%

Recology and SBR 2017 Compensation Adjustment Application Review Schedule

Table 3 provides the complete schedule to review Recology's and SBR's compensation applications and approve the recommended rate adjustments for calendar year 2017.

Due Date	Contractor Compensation Adjustment Process and Milestone
June 15, 2016	Recology 2017 Compensation Adjustment Application submitted to MAs & SBWMA
June 29, 2016	MAs & SBWMA comments due to Recology
July 1, 2016	SBR 2017 Compensation Adjustment Application submitted to SBWMA
July 22, 2016	Revised Recology 2017 Compensation Adjustment Application submitted to MAs & SBWMA
August 12, 2016	SBWMA issues to MAs Draft Review of 2017 Recology Compensation Adjustment Application
August 15, 2016	SBWMA Issues to MAs Draft Review of 2017 SBR Compensation Adjustment Application
August 26, 2016	MAs written comments on SBWMA Draft Reports (Recology and SBR) due to SBWMA
September 8, 2016	TAC Meeting: Staff Update and discussion
September 15, 2016	SBWMA Final Reports (Recology and SBR) Issued to MAs and Board of Directors
September 22, 2016	SBWMA Board Meeting: Consideration of Final Reports

Background

The Franchise Agreements between the Member Agencies and Recology and the Shoreway Operations Agreement between SBR and SBWMA both prescribe the process for submittal and review of the company's applications for an annual adjustment to their compensation. The JPA is charged with performing a detailed review of the applications and providing a recommendation on the adjustment to compensation for the subsequent year for the Board's consideration at the Board meeting in September each year. In addition to the SBWMA reports providing a review of the respective contractor's compensation applications, the SBWMA also provides a report providing a projection of the base collection rate percentage adjustment needed to collect the revenues required for the next year to cover all collection costs including Recology services, disposal and processing expense at Shoreway, and agency fees paid to each Member Agency.

Fiscal Impact

There is an information item only and no fiscal impact is associated with this staff report.



INFORMATIONAL ITEMS ONLY



STAFF UPDATE

To: SBWMA Board Members
From: Farouk Fakira, Finance Manager
Date: July 28, 2016 Board of Directors Meeting
Subject: 2016 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 2016. 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 2016:

January 2016

- Approval of FY14/15 audited Financial Statement. *(Completed)*

February 2016

- Mid-Year review of FY15/16 Operating Budget. *(Completed)*

March 2016

- Recology submittal of the unaudited 2015 Revenue Reconciliation Report. *(Submitted)*

April 2016

- Review of Preliminary16/17 SBWMA Budget at April 28, 2016 Board meeting. *(Completed)*
- Approval of unaudited calendar year financial statement for bond reporting requirements. *(Completed)*
- Approval of the revenue transfer from reserves for calendar year 2015. *(Completed)*

June 2016

- Review and approval of Final FY16/17 SBWMA Operating Budget at June 26, 2016 Board meeting. *(Completed)*
- Recology's 2017 Compensation Application due to the SBWMA and Member Agencies *(June 15)*. *(Received)*
- SBWMA and Member Agency comments are due to Recology on its 2016 Compensation Application *(June 29)*. *(Completed)*
- SBWMA issues a letter requesting feedback from all Member Agencies on estimated 2017 Member Agency fees (e.g., franchise fees) to be included in their 2017 solid waste rates. *(Completed)*

July 2016

- Board approval of Recology and SBR Financial Systems Audit Report.
- SBR's 2017 Compensation Application due to the SBWMA *(July 7)*. *(Received)*
- Recology revised 2017 Compensation Application due to SBWMA & Member Agencies *(July 22)*.
- SBWMA issues the following reports to the Board and Member Agency staff for review and comment:
 - Estimated 2016 and 2017 residential and commercial base revenue.
 - Estimated collected tonnage for 2016 and 2017.
 - Residential rates vs cost analysis.

- Estimated residential revenue changes due to cart migration (i.e., lost revenue) by Member Agency since July 2015.
- Summary of 2017 Member Agency fees to be used in the 2017 cost projections based on Member Agency feedback.

August 2016

- SBWMA issues Draft Report Reviewing Recology's 2017 Compensation Application, recommended total Revenue Requirement, and Rate Adjustment (*August 12*).
- SBWMA issues the Draft Report Reviewing SBR's 2017 Compensation Application (August 15)
- Comments due back from Member Agencies on draft Reports Reviewing Recology's & SBR's 2017 Compensation Application (*August 26*).

September 2016

- SBWMA issues Final Report Reviewing Recology's 2017 Compensation Application including the recommended total Collection Rate Adjustment for 2017. (*September BOD Packet*).
- SBWMA issues Final Report Reviewing SBR's 2017 Compensation Application. (*September BOD Packet*).
- Approval of the SBR 2017 Compensation Application (*September 22 BOD Meeting*).
- Approval of the Recology 2017 Compensation Application and total recommended Revenue Requirement (*September 22 BOD Meeting*).

September – December 2016

- Member Agencies issue Prop. 218 notice and approve final 2017 solid waste rates.

November 2016

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



STAFF REPORT

To: SBWMA Board Members
From: Farouk Fakira, Finance Manger
Date: July 28, 2016 Board of Directors Meeting
Subject: Check Register for June 2016

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 June 2016 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 June 2016 was \$307,582.02 as detailed in **Attachment A**. SBR monthly contractual payment for \$1,633,550.65 for May was not made in June and Ox Mountain, Newby, and Zanker's disposal invoices for \$1,216,879.84 for the month of May were not received timely in June and all they are not reflected on this check register run. 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 – June 2016 Check Registers

06/10/2016 13:20 | CITY OF SAN CARLOS
 lchen | A/P CASH DISBURSEMENTS JOURNAL S061016

| P 2
 | apcshdsb

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

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
								INVOICE DTL DESC
								CHECK 7110 TOTAL: 363.78
7111	06/10/2016	PRTD	1250 FEDEX KINKO'S OFFICE & PRINT SERV	075600004584	11/13/2015		S061016	221.27
			Invoice: 075600004584	221.27 S0113010 522718	ACCT # 0000567017		EDUCATION CENTER OPERATIONS	
								CHECK 7111 TOTAL: 268.83
7111	06/10/2016	PRTD	FEDEX KINKO'S OFFICE & PRINT SERV	075600004597	11/30/2015		S061016	47.56
			Invoice: 075600004597	47.56 S0113010 522718	ACCT # 0000567017		EDUCATION CENTER OPERATIONS	
								CHECK 7112 TOTAL: 3,715.00
7112	06/10/2016	PRTD	1496 HF&H CONSULTANTS LLC	9714026	05/20/2016		S061016	3,715.00
			Invoice: 9714026	3,715.00 S0113010 520309HDV01	RATE SURVEY		BUSINESS CONSULTANT (HFH)	
								CHECK 7113 TOTAL: 547.59
7113	06/10/2016	PRTD	7802 KBA DOSUSYS INC	41250213	05/25/2016		S061016	547.59
			Invoice: 41250213	547.59 S0113010 520215	OFFICE EQUIPMENT		OFFICE EQUIPMENT COSTS	
								CHECK 7114 TOTAL: 750.00
7114	06/10/2016	PRTD	4383 MARSHALL MORAN	02	05/27/2016		S061016	750.00
			Invoice: 02	750.00 S0113010 520309HFM01	PROF SVCS 5/1/16 - 5/31/16		BUSINESS CONSULTANT (HFH)	
								CHECK 7115 TOTAL: 1,223.79
7115	06/10/2016	PRTD	6667 RG CREATIONS INC	14058	05/19/2016		S061016	1,223.79
			Invoice: 14058	1,223.79 S0113010 522714	SHOREWAY FACILITY COST		SHOREWAY FACILITY COST	
								CHECK 7116 TOTAL: 108.55
7116	06/10/2016	PRTD	4519 SHRED-IT USA LLC	9410595377	05/09/2016		S061016	108.55
			Invoice: 9410595377	108.55 S0113010 520201	ACCT # 11574392		OFFICE SUPPLIES	
								CHECK 7116 TOTAL: 108.55

06/10/2016 13:20
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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S061016

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

INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

7117 06/10/2016 PRD 5443 SPECIALTY'S CAFE & BAKERY INC T2423-13692075 05/26/2016 S061016 109.70
Invoice: T2423-13692075

109.70 S0113010 520300 BOARD MEETING COOKIES
BOARD ADMINISTRATION

CHECK 7117 TOTAL: 109.70

7118 06/10/2016 PRD 3622 WELLS FARGO PAYMENT REMITTANCE CT 52616 05/26/2016 S061016 2,249.91
Invoice: 52616

1,252.00 S0113010 522718 ACCT # 4856200225791295 EDUCATION CENTER OPERATIONS
3.00 S0113010 520604RES01 PUBLIC EDUCATION/OUTREACH/WORK
699.00 S0113010 522706 COMPUTER PURCHASE FOR OFFICE
9.09 S0113010 520201 OFFICE SUPPLIES
133.71 S0113010 522706 COMPUTER PURCHASE FOR OFFICE
84.80 S0113010 520201 OFFICE SUPPLIES
68.31 S0113010 522718 EDUCATION CENTER OPERATIONS

CHECK 7118 TOTAL: 2,249.91

NUMBER OF CHECKS 16 *** CASH ACCOUNT TOTAL *** 46,335.70

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	10	9,378.13
TOTAL EFT'S	6	36,957.57

*** GRAND TOTAL *** 46,335.70

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

PREPARED BY: *[Signature]* DATE: 6/10/16

APPROVED BY: *[Signature]* DATE: 6/10/16

FUNDS TRANSFERRED BY: *[Signature]* DATE: 6/10/16

[Signature] ACHS6101000L.TXT 6/13/16

06/23/2016 15:31 | CITY OF SAN CARLOS
 lchen | A/P CASH DISBURSEMENTS JOURNAL S062316

IP 2
 |apcshdsb

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

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
INVOICE DTL DESC								
CHECK 7122 TOTAL:								2,626.80
7123	06/23/2016	EFT	725 CITY OF SAN CARLOS	10788	06/08/2016		S062316	387.09
			Invoice: 10788		APRIL 2016 BANK FEES			
				387.09	S0113010 520202			
BANK FEES AND SERVICES								
CHECK 7123 TOTAL:								387.09
7124	06/23/2016	EFT	44 TYLER TECHNOLOGIES INC	045-162312	05/31/2016		S062316	250.00
			Invoice: 045-162312		CHECK LOGO DIGITIZATION			
				250.00	S0113010 520201			
OFFICE SUPPLIES								
CHECK 7124 TOTAL:								250.00
7125	06/23/2016	PRTD	88 READYREFRESH BY NESTLE	06F0028452035	06/10/2016		S062316	80.89
			Invoice: 06F0028452035		5/9/16-6/8/16 OFFICE SUPPLY WATER			
				80.89	S0113010 520201			
OFFICE SUPPLIES								
CHECK 7125 TOTAL:								80.89
7126	06/23/2016	PRTD	5640 BIO FUEL SYSTEMS INC	051605	06/01/2016		S062316	6,302.24
			Invoice: 051605		DISPOSAL PROCESSING MAY 2016 BIOFUEL			
				6,302.24	S0113010 522713			
DISPOSAL & PROCESSING COSTS								
CHECK 7126 TOTAL:								6,302.24
7127	06/23/2016	PRTD	7722 CAL-WEST PLUMBING	52799	06/18/2016		S062316	6,420.00
			Invoice: 52799		REROUTE SEWER LINE			
				6,420.00	S0113010 522714			
SHOREWAY FACILITY COST								
CHECK 7127 TOTAL:								6,420.00
7128	06/23/2016	PRTD	7504 E-RECYCLING OF CALIFORNIA	64321	06/10/2016		S062316	133.64
			Invoice: 64321		6/4/16 SHRED EVENT PASS THRU			
				133.64	S0113010 522719			
SHRED EVENT SVCS (PASS THRU)								
			Invoice: 64092		E-RECYCLING OF CALIFORNIA			
				207.28	S0113010 480025			
05/14/16 E WASTE E-RECYCLING								
CHECK 7128 TOTAL:								340.92
7129	06/23/2016	PRTD	449 PITNEY BOWES	3100222744	05/26/2016		S062316	128.29
			Invoice: 3100222744		06/20/16-09/19/16 OFFICE EQUIPT. COST			
				128.29	S0113010 520215			
OFFICE EQUIPMENT COSTS								



STAFF REPORT

To: SBWMA Board Members
From: Cyndi Urman, Office Manager/Board Secretary
Date: July 28, 2016 Board of Directors Meeting
Subject: Technical Consulting Contracts – 2nd Quarter 2016

Recommendation

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

Summary

The purpose of this report is to provide an update to the Board on a quarterly basis on the technical consulting contracts that have been issued. All contracts issued in the 2nd Quarter 2016 are listed on the attached report for review.

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

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

Attachments:

Attachment A – Technical Consulting Contracts – 2nd Quarter 2016

Technical Consultant Contracts - 2nd Quarter 2016

January 28, 2016

<u>Vendor Name</u>	<u>Amount of Contract</u>	<u>Scope of Work</u>	<u>Date of Award</u>	<u>Contract Procedures Used</u>	<u>Budget Line Item</u>	<u>Budget Line Item Description</u>
Tanner Pacific	\$ 16,080.00	On Call Construction Advisory Services	04/13/16	Single Source	520308	Facility Improvement Oversight
Sloan/Vazquez*	\$40,000.00	Conduct a Cost Assessment of Recology's Services	05/02/16	Single Source	520309-HCM01 & 520309-HCS02	Contract Management Support & Collection Service Franchise Administration
Ascent Environmental*	\$25,000.00	2015 Annual Agency EAR Cal Recycle Reports	05/02/16	Single Source	520311	CIWMB Annual Reports

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

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

Contracts marked with an * have been adopted by the Board of Directors with the passage of a resolution.



STAFF UPDATE

Potential Future Board Agenda Items

(Meetings at San Carlos Library Conference Room)

August, 2016 - No Board Meeting

September 22, 2016

- Resolution Approving Agreement with OneWorld Communications for Public Education
- Approval of Quarterly Investment Report as of 6/30/16
- Resolution Authorizing Update to 401(a) Retirement Plan Trustees
- Resolution Approving 2016 Recology San Mateo County Compensation Application
- Resolution Approving 2016 South Bay Recycling Compensation Application
- Discussion of SBR's Contract with the San Mateo County Vocational Rehabilitation Services for MRF Sort Labor
- Discussion of expiring Agreement with WM Curbside to Provide Household Hazardous Waste Collection Services
- Update on Franchise Agreement Negotiations

October 27, 2016

- Status Report on Zero Landfill Working Group
- Approval of Executive Director's Goals for FY16/17
- 2017 Annual Public Education Plan
- Approval of 2017 Merit Increase Pool for Unrepresented Employees

November 17*, 2016 (*Third Thursday due to Thanksgiving Holiday)

- Approval of 2017 Board Meeting Calendar
- Discussion on Board Agenda Setting Process and Procedures
- Update on Franchise Agreement Decisions
- Approval of Shoreway Facility Tipping Fee Adjustments Effective 1/1/17
- Update on Franchise Agreement Negotiations

December, 2016 – No Board Meeting