



A Public Agency

BOARD OF DIRECTORS

THURSDAY, September 24, 2015 at 2:00 p.m.

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

1. **Roll Call**

2. **Public Comment**

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

Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting.

If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

3. **Executive Director's Report**

4. **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 July 23, 2015 BOD Meeting Minutes
- B. Resolution Approving Agreement with OneWorld Communications for Public Education and Outreach Collateral and Campaign Development for RethinkWaste Programs and Services
- C. Resolution Approving 5th Amendment to Executive Director's Employment Agreement
- D. Approval of Quarterly Investment Report as of 6/30/15
- E. Resolution Authorizing Update to 401(a) Retirement Plan Trustees

5. **Administration and Finance:**

- A. Consideration of Approval of Executive Director's Goals for FY1516 (Approval item)

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

- A. Resolution Approving 2016 Recology San Mateo County Compensation Application (Approval item)

7. **Shoreway Operations and Contract Management:**

- A. Resolution Approving 2016 South Bay Recycling Compensation Application (Approval item)

8. **Informational Items Only (no action required)**

- A. Staff Update on Implementation of Commercial Recycling Hauler Reporting System Ordinance
- B. 2015 Finance and Rate Setting Calendar
- C. Check Register for July and August 2015
- D. Technical Consulting Contracts for 3rd Quarter 2015
- E. Potential Future Board Agenda Items

9. **Board Member Comments**

10. **Adjourn**

MEMBER AGENCIES

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



EXECUTIVE DIRECTOR'S REPORT

Agenda Item 3

STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Date: September 24, 2015 Board of Directors Meeting
Subject: Executive Director's Report

Key Board Agenda/Packet Items

- Consideration of approval of 2016 contractor compensation applications for Recology and South Bay Recycling. The overall (service area-wide) recommended base compensation adjustment for Recology is -0.4%. This will be the third year in a row, fourth year for some Member Agencies, that no solid waste rate adjustment is required.

SBR's recommended compensation adjustment is 1.52% which compares favorably to last year's adjustment of 1.3%.
- Consideration of approval of Executive Director's goals for FY1516.
- Staff update on implementation of Commercial Recycling Hauler Reporting System Ordinance. Very high reported tonnage but low compliance rate to date for registrants.

Program and Operational Update

The co-collection (dual compartment) pilot on two residential routes will start the week of September 28th in Menlo Park and continue through the week of October 23rd. Affected customers will be informed of the pilot through a letter from Recology, robocalls and door hangers placed at homes. The pilot will then shift to the City of San Mateo for a one-month period ending before Thanksgiving.

The recruitment for filling the vacant Recycling Outreach and Sustainability position is going well with final interviews scheduled.

Announcements

I made it back safe and sound from the Sierras and had a wonderful experience, particularly hiking with my two boy's ages 11 and 13.



News of Interest

California Legislature OKs Bill on Recycling, Composting Equipment Tax Exemption.

<http://waste360.com/composting/california-legislature-oks-bill-recycling-composting-equipment-tax-exemption>



CONSENT CALENDAR

Agenda Item 4



DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 MEETING OF THE BOARD OF DIRECTORS
 July 23, 2015 – 2:00 p.m.
 San Carlos Library Conference Room A/B

Call To Order: 2:01 PM

1. Roll Call

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

2. **Adjourn to Closed Session** – Pursuant to Government Code Section 54954.5: Public Employee Performance Evaluation: Executive Director

Regular Session Call To Order: 2:58 PM

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	

3. Report from Closed Session

Chair Widmer noted that the Board gave direction to the Chair and the Vice Chair to meet with the Executive Director to go over the Boards response.

4. 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.

None

5. Executive Director's Report

Executive Director McCarthy noted that he would be hiking the Sierras for three weeks, and noted that he would send an email about who to contact while different members of the JPA staff are on vacation.

Executive Director McCarthy also presented Marshall Moran with a plaque and recognition in honor of his retirement.

Chair Widmer asked for an update on the hiring of a new Recycling Outreach and Sustainability Manager.

Executive Director McCarthy answered that he had received about 10 resumes so far, and some screening interviews of 3 candidates would take place next week, and in September a committee that includes TAC Member Murray from San Mateo, and Tammy Del Bene from Recology along with staff will conduct the final interviews.

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. Approve the June 25, 2015 BOD Meeting Minutes
- B. Resolution Approving Agreement with S. Groner Associates, Inc. for Public Education and Outreach Collateral and Campaign Development and Social Media Services

Member Brownrigg made a motion to approve the consent items.

Member Stone seconded the motion

Voice Vote: All in favor, Foster City Abstained from 6A due to absence at the June 2015 meeting

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		X(6A)		County of San Mateo				X
Hillsborough				X	West Bay Sanitary Dist.	X			

7. Administration and Finance:

- A. Staff Update on 2016 Contractor Compensation Adjustment Applications (Discussion item)

Staff Feldman gave an overview of the staff report which was meant to give a high level update and review of the compensation application review process. He also noted the due dates listed in the staff report.

Member Olbert asked why some of the cost factors in table 3 went up by around 2%, while a number of them didn't change at all or went down.

Staff Moran answered that both contractor's contracts are adjusted by the same index, but they have a different weight of the various cost components. He gave the example that Recology is much more affected by fuel index which went down 18%, and has much larger depreciation expense which has no change so it helped to flatten Recology's adjustment compared to SBR.

B. Review of Unrestricted Cash Reserve Policy (Discussion item)

Executive Director McCarthy noted that at the request of the Board, staff looked at the 3 reserve categories to answer questions raised around reserving the right amount and why the reserve policy doesn't have a minimum. He noted that two particular reserve categories have raised these questions, the rate stabilization reserve, and the emergency reserve. Both are funded based on a percentage of operating expense. He added that the conclusion that staff drew during this review is that 10% of operating expenses has historically given the right amount of money, and it's probably not the right way to determine the reserve amount. He noted that the rate stabilization reserve is largely about commodity revenue impacts, reserve levels should be around looking at historical trends in the commodity prices. He added that there seems to be an opportunity to lower what is reserved in the rate stabilization reserve if it is based on these historical trends. He also noted that more research would need to be done around what a minimum reserve level would be. He then noted that 10% of operating expense is probably a fair way to calculate the emergency reserve fund. He added that the most likely scenario where those funds would be needed would be a seismic event, and that staff will continue to do modeling around what the impact of a seismic event would be.

Member Olbert asked if there was hypothetically another crash in commodity prices in the middle of a fiscal year what would be the JPA's obligations to SBR.

Executive Director McCarthy gave background that SBR has a commodity revenue guarantee of \$5.5M. He explained that when SBR sells the commodities the money is wired to the JPA, until SBR meets the \$5.5M guarantee; they don't get any share in the commodity revenue, above that they get a 28% share in the revenue. He noted that SBR has always met the guarantee, but that the timing issue is crucial depending on whether or not the \$5.5M guarantee had been met. He added that in the 4th quarter of 2008 was the last time the JPA experienced a commodity price crash, and the fiscal year had a \$3.56M drop. He also noted that it could also be a timing issue with meeting the bond covenant requirements, so there are a lot of variables in place.

Member Olbert commented that he was glad to hear staff was looking into getting information on seismic insurance.

Executive Director McCarthy noted that the MRF building and part of the transfer station are brand new, and commented that part of the building that is of concern in an earthquake is the tunnels and columns where the trash is processed and if there was a collapse there we need to determine what those capitol repairs might look like.

Member Brownrigg asked for clarification if the rate stabilization reserve fund and emergency reserve fund were balances being held and don't have an impact on the budget unless there was an adjustment, but the equipment replacement fund is an annual charge to the budget, and the undesignated fund is a general fund.

Executive Director McCarthy answered yes, but only if the funds are used for capitol repairs, and the undesignated reserve is the excess above what the Board designates as the reserve level needed.

Member Brownrigg noted that he would not recommend reducing the reserve balances because in the case of the rate stabilization fund, as the Agencies move toward a renegotiation of contracts, having a healthy reserve could be valuable in a future scenario where rates could jump, and secondly having a reserve that already exists and maintaining it so that if the Agency wanted to invest in future technologies to achieve future goals would be useful.

Chair Widmer commented that he thought a minimum balance should be maintained, and the Board should identify what that would be especially in an emergency situation. He thought the minimum should be revisited after the staff does the seismic research to have a better understanding of what the minimum reserve levels should be.

Member Olbert asked what scenarios would trigger board decision in an emergency if there was no rate stabilization fund.

Executive Director McCarthy answered the real world situation is the commodity prices, because it is the most volatile part of the business, but noted that commodity revenue is only about 25% of the total revenue. He also noted that the current adopted budget just meets the bond covenant test requirement, so if there was a shock to commodity prices a transfer from the reserve would be required. He also noted that with the current contracts there is a lot of protection around cost containment, but certainly with future contracts it's an open issue.

Member Olbert commented that he supported going forward with consideration of decreasing the rate stabilization fund.

Member Bonilla commented that he would like to maintain current levels because in cases when it needs to be dealt with swiftly the SBWMA could act quickly.

Chair Widmer commented that the rate stabilization fund is a buffer against the commodity prices, which is different from each Member Agency setting up a fund to protect themselves from the Recology costs.

Executive Director McCarthy added that historically before the Recology contracts there were years when tipping fees went up \$6 to \$8 or dropped \$3 to \$4. Because there was a cost plus contract, so there was a see sawing of rates.

Executive Director McCarthy also commented regarding a seismic event that there could be costs associated with huge amounts of material from damage that are not budgeted and who pays for that effort, and he thought county wide it was something all the communities need to think more about, and do some more planning on what that might look like.

Member Brownrigg commented that he found the average commodity price chart to be interesting, and noted that he would like to see an axis on income added to that chart, and he thought that would help Board Members understand the relevance of commodity prices.

8. Collection and Recycling Program Support and Compliance:

A. No items

9. Shoreway Operations and Contract Management:

A. Update on SBR Compliance with Terms and Conditions Associated with Board Approval of Consent to Assignment of Majority Interest in South Bay Recycling, LLC to Recology, Inc. (Discussion item)

Executive Director McCarthy gave an introduction of the item and introduced Dan Domonoske from SBR and asked him to give an overview of the attachment to the staff report.

Member Abrica now absent 3:29PM

Dan Domonoske summarized the letter and attachment giving background that for the first three years of SBR's contract the VRS program worked pretty well, but there were times when the program was unable to supply sufficient workers, and during the contract's renegotiation some conditions were added to the contract including liquidated damages for failure to deliver the right number of workers, and increasing the rate of pay for the VRS workers. He noted that since that renegotiation, the VRS partnership is greatly improved. He added SBR is here to serve the needs to the Member Agencies, and SBR remains indifferent with respect to the labor that is used in the MRF.

Chair Widmer added that during the negotiations with the County VRS program it was pointed out that there is a substantial amount of overhead cost associated with the VRS contract, so the Board asked SBR to fully explore what other local low cost labor sources are available.

Dan Domonoske commented that there was a shared disappointment in the inability to achieve some conditions that were hoped for, and therefore there is an ongoing interest in keeping options open to meet the needs of the Member Agencies.

Member Bronitsky asked what the next steps would be.

Chair Widmer noted that it was just an update and SBR will continue to research any alternative available, and if your Agency has a group that might be interested in providing labor they would be interested in exploring that possibility, but noted that it needs to be a low cost labor force.

10. Informational Items Only (no action required)

- A. 2015 Finance and Rate Setting Calendar
- B. Check Register for June 2015
- C. Technical Consulting Contracts for 2nd Quarter 2015
- D. Potential Future Board Agenda Items

Vice Chair Dehn noted that during Staff Feldman's presentation he noted a special meeting in September, but that it the agenda item was listed in September and she asked for clarification if there would be a special meeting in September.

Executive Director McCarthy answered that last year there was a special meeting to discuss the compensation adjustments, but currently there is not a special meeting planned, it would be discussed at the September TAC meeting.

11. Board Member Comments

Member Brownrigg noted that he was appreciative of the Board's support of an adhoc group on future zero landfill, and would like to work with Executive Director McCarthy to set up a meeting schedule. He asked if the group had been comprised at this point.

Executive Director McCarthy noted that he had 5 board members interested in joining the committee - Member Brownrigg, Bill Widmer, Fran Dehn, Charles Stone and Rick Bonilla - and he noted the calendaring process could be started in his absence.

Member Brownrigg noted that he would connect with Executive Director McCarthy upon his return and discuss what he would like to see accomplished in the first few meetings.

Chair Widmer asked if Member Brownrigg would be the chair of the adhoc subcommittee.

Member Brownrigg answered yes, he would be the chair.

12. Adjourn 3:39PM



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Date: September 24, 2015 Board of Director's Meeting
Subject: Resolution Approving Agreement with OneWorld Communications for Public Education and Outreach Collateral and Campaign Development for RethinkWaste Programs and Services

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2015-22 attached hereto authorizing the following action:

Authorizing the Executive Director to execute a contract with OneWorld Communications to provide Public Education and Outreach Collateral and Campaign Development for RethinkWaste programs and services for FY1516 with a not to exceed budget of \$109,000.

Analysis

RethinkWaste is primarily charged with developing and implementing a variety of public education and public awareness activities to support the programs and services provided to residents and businesses in the service area to increase program awareness, participation and diversion. As of 2013, RethinkWaste also became primarily responsible for developing and implementing the public education activities associated with the Franchise Agreements.

While staff is responsible for public outreach and education efforts, RethinkWaste does not have the resources or the capabilities, such as various design software and commercial printers, to design and produce the required materials. As such, RethinkWaste is seeking to contract with OneWorld to assist with designing and producing such collateral as newsletters, bill inserts, brochures and advertisements, among others, for the residential sector as detailed in the scope of services (**Exhibit A.**) OneWorld will also support specific projects including our Long Range Plan every other week collection pilot, development of truck signs and ongoing public education materials such as our Annual Report and annual service notice.

Staff will work with OneWorld to develop and implement strategies to measure the effectiveness of RethinkWaste public education and outreach efforts. Staff will also continue to work collaboratively with the adhoc Public Education Subcommittee and Recology San Mateo County in developing outreach materials and efforts.

Background

OneWorld was previously selected through a Request for Qualifications (RFQ) process conducted in late 2013/early 2014 in which 8 firms submitted proposals. In July 2014, the Board approved a FY1415 contract for \$150,000 with OneWorld. This past fiscal year OneWorld was successful in developing a refreshed Annual Report and a new CartSMART residential collection program guide and accompanying postcard.

RethinkWaste has historically used outside firms to assist with its public education and outreach efforts, including developing strategies and campaigns, designing and producing collateral materials due to a lack of the necessary in-house resources and tools. The previous Request for Proposals for public education and outreach services was issued in April 2009 in preparation for the roll out of new services in January 2011.

Fiscal Impact

The SBWMA FY1516 budget includes \$185,000 for Commercial Programs, \$80,000 for the HHW program, and \$240,000 for Residential Programs. The contract with OneWorld Communications for a not-to-exceed amount of \$109,000 for FY1516 will be paid with these funds.

Attachments:

Resolution 2015-22

Exhibit A – OneWorld Communications Scope of Services



RESOLUTION NO. 2015-22

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH ONEWORLD COMMUNICATIONS FOR PUBLIC EDUCATION AND OUTREACH COLLATERAL AND CAMPAIGN DEVELOPMENT FOR RETHINKWASTE PROGRAMS AND SERVICES

WHEREAS, the South Bayside Waste Management Authority (SBWMA) Board of Directors has considered entering into an agreement with OneWorld Communications for the purpose of providing the following services:

Public Education and Outreach Services as attached hereto as **Exhibit A**.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby authorizes the Executive Director to execute a contract with OneWorld Communications with a not-to-exceed budget of \$109,000.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24th day of September, 2015, 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. 2015-22 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on September 24, 2015.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cyndi Urman, Board Secretary



AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement is made and entered into as of the 25th day of September, 2015 by and between the **South Bayside Waste Management Authority** hereinafter "SBWMA", and **OneWorld Communications** hereinafter "Consultant".

RECITALS

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

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

TERMS AND CONDITIONS

1. Services

The services to be performed by Consultant under this Agreement shall be to provide **Public Education and Outreach Collateral and Campaign Development** as outlined in Exhibit A.

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

2. Term of Agreement

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

3. Compensation

Payment under this Agreement shall be as per Exhibit A, not to exceed \$ 109,000.00. Invoices for payment shall be submitted monthly to SBWMA and shall contain the information shown in Exhibit B hereto.

4. Authorization and Termination

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

5. Reliance of Professional Skill of Consultant

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

6. Relationship to Parties

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

7. Nonassignment

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

8. Amendments

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

9. Validity

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

10. Government Law/Litigation

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

11. Mediation

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

12. Entire Agreement

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

13. Indemnity

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

14. Insurance

Consultant shall not commence work under this Agreement until all insurance required under this Paragraph has been obtained. Consultant shall furnish SBWMA with certificates of insurance evidencing the required coverage. The insurance shall be with a carrier that is licensed and in good standing in the State of California, and has an A.M. Best Co. rating of A/5 or better. The SBWMA will be named as additional insured in the policy. These certificates shall specify or be endorsed to provide that thirty (30) days notice must be given, in writing, to the SBWMA office of any pending change in the limits of liability or of any cancellation or modification of the policy.

a. Worker’s Compensation and Employer’s Liability Insurance

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

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

b. Liability Insurance



Consultant shall take out and maintain during the life of this Agreement such bodily injury and property damage liability insurance as shall insure the Consultant and SBWMA, its employees, officers and member entities while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims due to consultant's negligence or willful misconduct for property damage which may arise from Consultant's work under this Agreement, whether such work be by Consultant or by any subcontractor or by anyone directly or indirectly employed by either of them. The amounts of such insurance shall be One Million and no/100 Dollars (\$1,000,000.00) combined single limit bodily injury and property damage for each occurrence.

15. Ownership of Materials

All materials developed by the Consultant or any other person engaged directly or indirectly by the Consultant to perform the services required hereunder shall be and remain the property of the SBWMA without restriction or limitation upon their use.

16. Notice

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

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

Consultant: **OneWorld Communications**
Jonathan Villet
2001 Harrison Street,
San Francisco CA 94110
Phone: 415.355.1935
FAX: 415.355.1930
jonathan.villet@owcom.com

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

SBWMA

BY: _____
Kevin McCarthy, EXECUTIVE DIRECTOR

DATED: _____, 2015

APPROVED AS TO FORM:

Robert J. Lanzone, SBWMA ATTORNEY

DATED: _____, 2015

CONSULTANT:

BY: _____
Jonathan Villet, AGENCY PRESIDENT

DATED: _____, 2015

NOTICE TO PROCEED

BY: _____
Cyndi Urman, Board Secretary

DATED: _____, 2015



EXHIBIT A – Scope of Services for FY1516

- a. Newsletters** **\$31,000**
Development of the content for three newsletters. This includes print costs for two newsletters.
Budget Line Item: 520604 QLN01 & QNLMP
- b. Bill Inserts** **\$6,000**
Develop and produce a minimum of two additional bill inserts. This includes print costs.
Budget Line Item: 520604 RES01 & COE01
- c. Signs/Posters/Banners** **\$3,000**
Develop and produce signs, posters or banners as needed for display at meetings and events throughout the term of the contract.
Budget Line Item: 520604 RES01 & COE01
- d. Advertising** **\$4,000**
Develop and produce artwork for electronic and print media as needed. This does not include actual costs for media buy.
Budget Line Item: 520604 RES01 & COE01
- e. Brochures/Collateral/Other Marketing Materials** **\$37,500**
Develop and produce brochures, collateral and other marketing materials as needed; and update existing marketing materials as needed. These may include, but are not limited to the CartSMART and BizSMART programs. Specific projects may include development of public education materials to support three collection program pilots (every other week collection, co-collection vehicles, and truck signs).
Budget Line Item: 520604 RES01 & COE01
- f. CartSMART Annual Service Notice** **\$12,000**
Develop and produce the annual CartSMART Service Notice. This includes print costs.
Budget Line Item: 520604 RES01
- g. Annual Report** **\$5,000**
Develop and produce the RethinkWaste Annual Report. This includes print costs.
Budget Line Item: 520341
- h. Website** **\$2,500**
Develop and produce content as needed for the RethinkWaste website.
Budget Line Item: 520604 RES01 & COE1
- i. Account Management** **\$8,000**
All of the Consultant’s day-to-day management of the account, interfacing with RethinkWaste and the Consultant’s art department, managing vender relationships, media planning and execution, billing and negotiations, travel expenses, electronic fees, and other related expenses.
Budget Line Item: 520604 RES01 & COE1

Total Amount Not to Exceed: \$109,000

OneWorld Communications

Market Price List for South Bayside Waste Management Autl

Labor Category		Year 15	Year 16
		8/14/14 thru 8/13/15	8/14/15 thru 8/13/16
AD 1	Adm Supp Svces I	75.38	78.61
AD 2	Adm Supp Svces II	46.21	48.19
CD 1	Creative Direction I	316.13	329.66
CD 2	Creative Direction II	243.19	253.61
CD 3	Creative Direction III	162.92	169.89
CW 1	Copywriting/Scripting I	316.13	329.66
CW 2	Copywriting/Scripting II	243.19	253.61
CW 3	Copywriting/Scripting III	194.53	202.86
CW 4	Copywriting/Scripting IV	162.92	169.89
EAC	Extra Accountancy	121.58	126.79
GD 1	Graphic Design I	267.48	278.93
GD 2	Graphic Design II	182.39	190.20
GD 3	Graphic Design III	126.47	131.88
MB 1	Media Buying I	316.13	329.66
MB 2	Media Buying II	126.47	131.88
MB 3	Media Buying III	99.71	103.98
MP 1	Marketing Planning I	364.75	380.37
MP 2	Marketing Planning II	303.97	316.99
MP 3	Marketing Planning III	126.47	131.88
MPR 1	Media Production I	316.13	329.66
MPR 2	Media Production II	218.86	228.23
MPR 3	Media Production III	162.92	169.89
MPR 4	Media Production IV	126.47	131.88
MR 1	Media Research I	243.19	253.61
MR 2	Media Research II	218.86	228.23
MR 3	Media Research III	158.05	164.83
MR 4	Media Research IV	99.71	103.98
PE	Photo Editing	158.05	164.83
PH 1	Photography I	243.19	253.61
PH 2	Photography II	170.23	177.51
PM 1	Proj Mgmt I	364.75	380.37
PM 2	Proj Mgmt II	218.86	228.23
PM 3	Proj Mgmt III	126.47	131.88
PM 4	Proj Mgmt IV	85.12	88.77

9/4/2015

OneWorld Communications

Market Price List for South Bayside Waste Management Autf

Labor Category		Year 15	Year 16
		8/14/14 thru 8/13/15	8/14/15 thru 8/13/16
PR 1	PR/Media Relations I	218.86	228.23
PR 2	PR/Media Relations II	182.39	190.20
PR 3	PR/Media Relations III	126.47	131.88
QR 1	Qual/Quan Research I	364.75	380.37
QR 2	Qual/Quan Research II	303.97	316.99
QR 3	Qual/Quan Research III	194.53	202.86
QR 4	Qual/Quan Research IV	99.71	103.98
Media Studio			
	B&W Copies - Letter	0.10	0.10
	B&W Copies - Tabloid	1.13	1.18
	Color Copies - Letter	1.22	1.27
	Color Copies - Tabloid	2.42	2.52
	Digital/Audio Recording Studio	352.59	367.69
	Music/Art Selection	389.09	405.75
	Narration	320.99	334.74
	Video Editing w/Avid Equipment I	389.09	405.74
	Video Editing w/Final Cut	255.32	266.25
	Video Graphics/Animation	335.57	349.93

9/4/2015

EXHIBIT B (Sample Invoice)

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

INVOICE

Your Company Name
 Address
 City State Zip
 Phone Number

Date:
 Project Number:
 Invoice Number:

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

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

TASK 1 TITLE/Description

Professional Personnel:	Hours:	Rate:	Amount:
John Doe	1.5	\$200.00	\$300.00
Jane Smith	1.0	\$100.00	\$100.00
TOTALS:	2.0		\$400.00

TOTAL THIS TASK: \$400

TASK 2 TITLE/Description

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

TOTAL THIS TASK: \$600.00

TOTAL THIS INVOICE \$1,000.00

BILLING LIMITS:

Total Contract Amount		\$10,000.00
Prior Invoices	0%	\$0.00
Current Contract Balance	100%	\$10,000.00
This Invoice	10%	\$1,000.00
Contract Balance	90%	\$9,000.00





STAFF REPORT

To: SBWMA Board Members
From: Robert J. Lanzone, SBWMA Legal Counsel
Date: September 24, 2015 Board of Director's Meeting
Subject: Resolution Approving Fifth Amendment to the Executive Director's Employment Agreement

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2015-23 attached hereto authorizing the following action:

Approval of Fifth Amendment to the Executive Director's Employment Agreement (the Agreement).

Analysis

Attached hereto is a fifth Amendment to the Agreement which reflects the Board's direction from its July 23, 2015 closed session. The following changes are to be made and are reflected in the Resolution attached to this report:

1. Section 1, "Salary" is modified changing the Executive Director's salary to \$196,730 effective July 1, 2015.

Background

On August 10, 2006 the SBWMA entered into an agreement with Regional Government Services (RGS), a joint powers authority, for the services of Kevin McCarthy as Executive Director. That agreement was amended once in May 2007 to increase Mr. McCarthy's salary from \$158,000 per year to \$174,000 per year. As of October 1, 2008, as a result of converting employees from RGS/ LGS contract employees to being directly employed by SBWMA, the Executive Director had an employment agreement approved by the Board, with his salary remaining at the same level. The Agreement was amended for a first time in 2009, increasing the Executive Director's salary five percent (5%) to \$182,700 effective July 1, 2009. It was amended a third time in 2012, increasing the Executive Director's salary one and half percent (1.5%) to \$185,441 effective July 1, 2012. It was amended a fourth time in 2013 increasing the salary by 3.5% to \$191,932 effective October 24, 2013.

Attached as Exhibit A is a copy of the Executive Director Agreement dated October 1, 2008 (the Agreement).

Fiscal Impact

The increase in the Executive Director's salary by 2.5% was not included in the Administrative Staff line item in the adopted FY1516 budget. The budget impact is an increase to the Administrative Staff line item of \$4,798.

Attachments:

Resolution 2015-23 and Fifth Amendment to Employment Agreement
Exhibit A – Executive Director's Agreement



RESOLUTION NO. 2015-23

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
APPROVING THE FIFTH AMENDMENT TO THE EMPLOYMENT
AGREEMENT FOR THE EXECUTIVE DIRECTOR

WHEREAS, the Authority has completed its annual performance review of the Executive Director and determined to amend the Employment Agreement of the Executive Director (the Agreement);

NOW, THEREFORE, BE IT RESOLVED that the Employment Agreement, **Exhibit A** hereto, is modified as follows:

1. Section 1 "Salary" is amended to change the salary for the Executive Director to \$196,730 commencing July 1, 2015.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on this 24th day of September, 2015, 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. 2015-23 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on September 24, 2015.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cyndi Urman, Board Secretary

**FIFTH AMENDMENT TO THE
EMPLOYMENT AGREEMENT- EXECUTIVE DIRECTOR**

This is the Fifth Amendment to the Executive Director Employment Agreement (the Agreement) by and between the South Bayside Waste Management Authority (SBWMA) and Kevin McCarthy (Executive Director), a joint powers authority, collectively the Parties.

RECITALS

- A. The Agreement was entered by the Parties on or about October 1, 2008, and provides for the services of Kevin McCarthy as the Executive Director of the SBWMA. The Agreement has been amended on July 1, 2009, September 22, 2011, October 25, 2012, and October 24, 2013.
- B. The SBWMA Board has met and reviewed the performance of the Executive Director.
- C. The Parties desire to make certain changes to the Agreement effective July 1, 2015.

TERMS AND CONDITIONS

- 1. Section 1, of Exhibit A to the Agreement Salary as contained in the Agreement is amended to provide that the salary of the Executive Director shall be increased by two and a half percent (2.5%) from \$191,932 per annum to \$196,730 effective July 1, 2015.
- 2. All other terms and conditions of the Agreement shall remain the same.

Dated: _____, 2015

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

By: _____
Bill Widmer, Chair of the Board of Directors

Dated: _____, 2015

EMPLOYEE

By: _____
Kevin McCarthy, Executive Director

APPROVED AS TO FORM:

Robert Lanzone, SBWMA Counsel

Dated: _____, 2015



STAFF REPORT

To: SBWMA Board Members
From: Farouk Fakira, Finance Manager
Date: September 24, 2015 Board of Director's Meeting
Subject: Approval of Quarterly Investment Report for the Quarter Ended June 30, 2015

Recommendation

It is recommended that the SBWMA Board review and accept the Quarterly Investment Report.

Analysis

The primary objective of the Investment Policy for the SBWMA is safety of principal, while meeting the cash flow needs of the Authority, through prudent investment of unexpended cash. As of June 30, 2015, the investment portfolio was in compliance with the Investment Policy. The portfolio contains sufficient liquidity to meet the next six months of expected expenditures by the Authority as well as by other third parties.

Fiscal Impact

The attached Investment Portfolio Summary indicates that as of June 30, 2015, funds in the amount of \$19,986,362 were invested producing a weighted average yield of 0.33%. Below is a summary of the changes from the last quarter.

	Qtr Ended 6/30/15	Qtr Ended 3/31/15	Increase (Decrease)
Total Portfolio	\$ 19,986,362	\$ 21,829,734	\$ (1,843,372)
Weighted Average Yield	0.33%	0.37%	-0.04%
Interest Earnings	\$ 17,026	\$ 16,555	\$ 471
Lehman Recovery Payment	\$ 10,087	\$ -	\$ 10,087

The overall portfolio balance decreased by \$1,843,372, primarily due to timing of disbursement of \$1.5 million made to SBR that hit early due to having an extra check run and \$175K payment for compensation to SBR for the port of Oakland delays. Although total portfolio balance decreases and the weighted average yield is slightly lower than the previous quarter, the interest earnings in this quarter is better mainly because of higher interest earnings from the County Investment Pool.

In March 2015, the County Treasurer provided an update on the remaining Lehman litigation against Ernst & Young. A mediator's proposal of \$6.5 million was accepted by Ernst & Young. In May 2015, SBWMA received \$10,087 from the County Treasurer for the Authority's share of the settlement. Of the total Lehman investment loss of \$382,898 in 2009, \$175,506 or 45.8% has been recovered. Based on the information from the County Treasurer's Office, there are no further settlements pending.

A table comparison of the portfolio components is provided below:

	6/30/2015 Balance	% of Total	3/31/2015 Balance	% of Total	Change over Prior Quarter
SM County Pool	\$ 5,719,002	29%	\$ 5,700,859	26%	\$ 18,143
LAIF	7,971,342	40%	10,864,026	50%	(2,892,684)
Bond Account	6,296,018	31%	5,264,849	24%	1,031,169
Total Portfolio	\$ 19,986,362	100%	\$ 21,829,734	100%	\$ (1,843,372)

Note: There may be minor differences in totals as individual amounts are rounded to the nearest dollar

Due to arbitrage restrictions, bond investments are not included in our LAIF rate or investment pool comparison. As of June 30, 2015, the bond reserve and payment accounts of approximately \$6.3 million were invested with the trustee in short-term investments.

After the SBWMA Board approved its Audit Committee recommendation to increase the investment balance in the County Investment Pool to no less than 30% of the total investment pools in January, \$3.1 million was transferred to the County Investment Pool to meet the requirement. As of June 30, 2015, investments in the County Investment Pool totaled 42% of SBWMA's funds available for investment pools (see Attachment 1).

The average yield of the portfolio in the quarter excluding the bond proceeds was 0.45%. LAIF is used as a benchmark and the average LAIF yield for the quarter ending June 30, 2015, was 0.28%. The San Mateo County Pool average yield for the quarter was 0.68%.

The Investment Advisory Committee, consisting of Jeff Maltbie, City Manager of San Carlos; Michael Galvin, City Treasurer for San Carlos; and Rebecca Mendenhall, Administrative Services Director of San Carlos, have reviewed this report before presentation to the Board.

Attachments

- A – Summary of All Investments for Quarter Ending June 30, 2015
- B – Investment Portfolio 6/30/2015 - Chart
- C – Historical Summary of Investment Portfolio

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

SUMMARY OF ALL INVESTMENTS

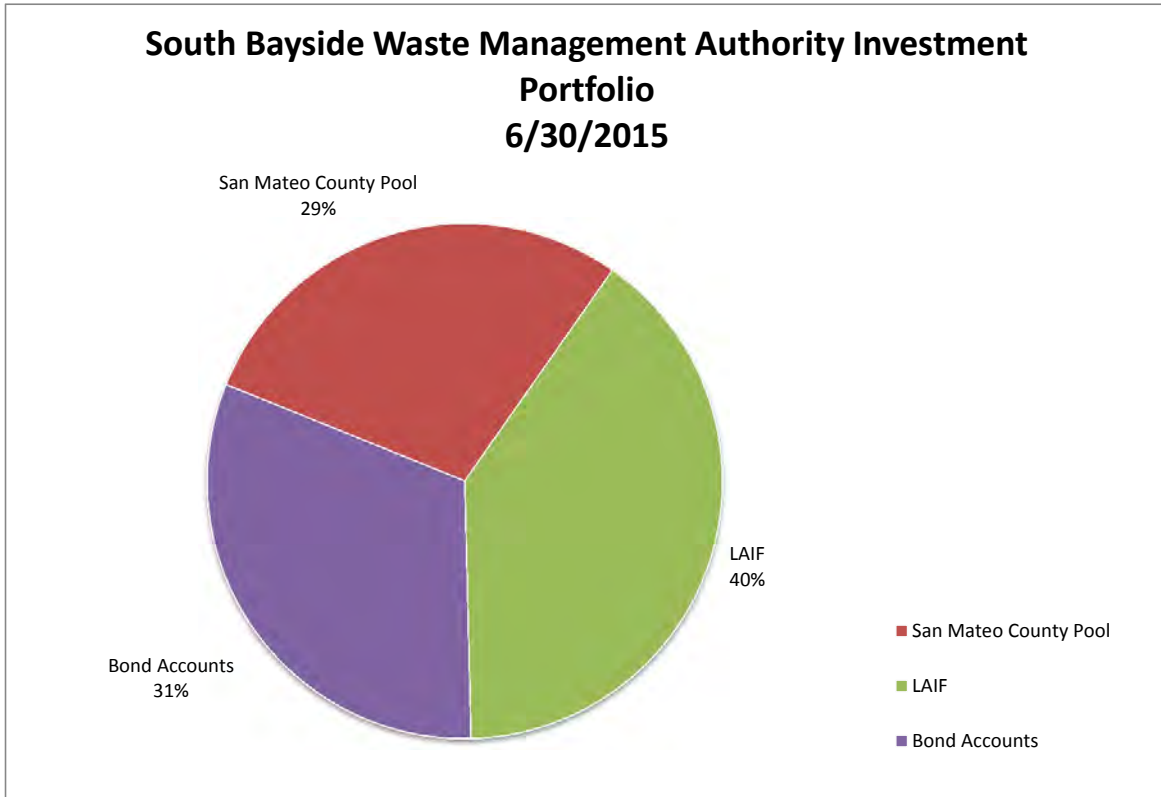
For Quarter Ending June 30, 2015

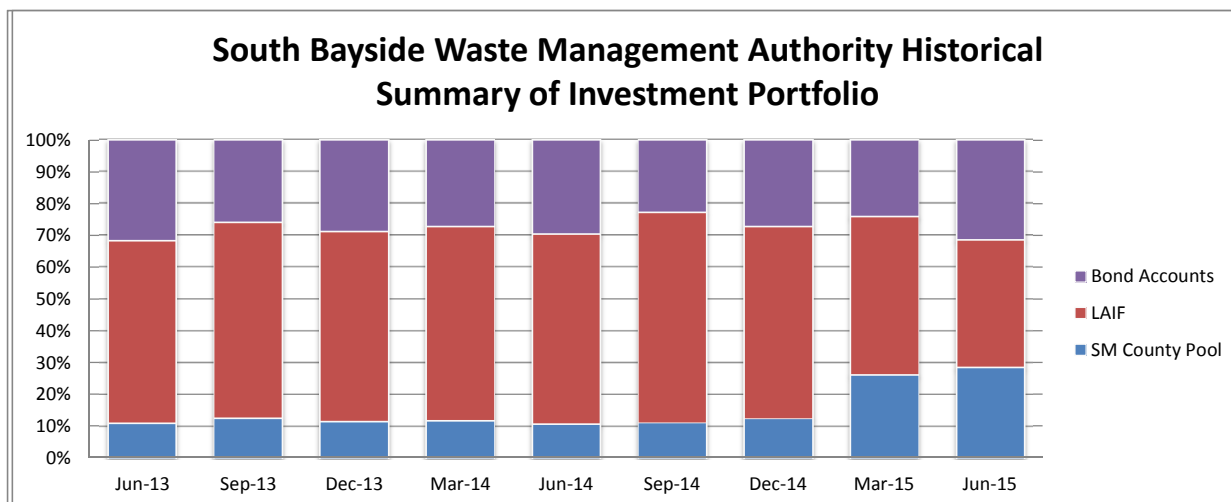
Category	Weighted Average Interest Rate	Historical Book Value	% of Portfolio	GASB 31 ADJ Market Value	Interest Earned
Liquid Investments:					
San Mateo County Investment Pool (COPOOL)	0.68%	\$ 5,719,002	42%	5,718,430	9,745
Local Agency Investment Fund (LAIF)	0.28%	7,971,342	58%	7,974,339	6,827
Total - Investments	0.45%	13,690,344	100.00%	13,692,769	16,572
Bond Accounts - Cash with Fiscal Agents					
BNY Western Trust - Certificates of Deposit 2009A Reserve Fund Account	0.40%	1,240,000		1,240,000	454
BNY Western Trust - Dreyfus Cash Mgmt 670 Inv 2009A Reserve Fund Account	0.00%	3,014,661		3,014,661	-
BNY Western Trust - Dreyfus Cash Mgmt 670 Inv 2009A Payment Fund Account	0.00%	2,041,357		2,041,357	-
Total - Bond Accounts	0.08%	6,296,018		6,296,018	454
GRAND TOTAL OF PORTFOLIO	0.33%	19,986,362		19,988,787	17,026
Total Interest Earned This Quarter				17,026	
Total Interest Earned Fiscal Year-to-Date				60,072	

Note: SBWMA Board approved the following investment mix at its January 22, 2015 meeting:

LAIF - 50% to 70%

COPOOL - 30% to 50%





South Bayside Waste Management Authority Portfolio

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
SM County Pool	2,167,040	2,265,903	2,269,668	2,286,013	2,289,604	2,293,037	2,596,754	5,700,859	5,719,002
LAIF	11,313,693	10,921,027	11,628,111	11,584,976	12,591,585	13,448,147	12,456,035	10,864,026	7,971,342
Bond Accounts	6,223,842	4,619,074	5,653,984	5,226,893	6,257,859	4,628,312	5,659,274	5,264,849	6,296,018
Grand Total	\$ 19,704,575	\$ 17,806,004	\$ 19,551,763	\$ 19,097,882	\$ 21,139,048	\$ 20,369,496	\$ 20,712,063	\$ 21,829,734	\$ 19,986,362



STAFF REPORT

To: SBWMA Board Members
From: Farouk Fakira, Finance Manager
Date: September 24, 2015 Board of Director's Meeting
Subject: Resolution Authorizing Update to 401(a) Retirement Plan Trustees

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2015-27 attached hereto authorizing the following action:

Appointing Kevin McCarthy and Farouk Fakira as Trustees of the 401(a) Plan.

Analysis

Upon the retirement of Marshall Moran, one of the two Trustees for the 401(a) Plan, it became incumbent to appoint a new Trustee for the 401(a) Plan. Farouk Fakira is the new Finance Manager and he will execute all the functions that Marshall did.

Duties of The Trustee:

Under section 10.02 of Article 10 Trust Fund, In general. The Trustee is not a party to, and has no duties or responsibilities under the plan other than those that may be expressly contained in this Article. The Trustee shall have no duties, responsibilities or liability with respect to the acts or omissions of any prior trustee. The Trustee shall discharge its assigned duties and responsibilities under this Article and the Plan with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Fiscal Impact

There is no fiscal impact associated with the retirement plan Trustee change.

Attachments:

Resolution No. 2015-27



RESOLUTION NO. 2015-27

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (SBWMA) BOARD OF DIRECTORS APPOINTING TRUSTEES FOR THE SBWMA 401(a) PLAN

WHEREAS, on September 25, 2008, the SBWMA Board of Directors adopted a 401(a) Plan by Resolution No. 2008-08 (the "401(a) Plan"); and

WHEREAS, Marshall Moran has retired and the Board wishes to appoint a new Trustee for the 401(a) Plan.

NOW, THEREFORE, BE IT RESOLVED that the SBWMA Board of Directors hereby appoints Kevin McCarthy and Farouk Fakira as Trustees of the 401(a) Plan and that the Trustees for the 401(a) Plan hereby are, authorized and directed to take any and all actions and execute and deliver such documents as they may deem necessary, appropriate or convenient to effect the foregoing resolutions including, without limitation, causing to be prepared and filed such reports documents or other information as may be required under applicable law.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24th day of September, 2015, by the following vote:

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

I HEREBY CERTIFY that the foregoing Resolution No. 2015-27 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on September 24, 2015.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cyndi Urman, Board Secretary



ADMINISTRATION AND FINANCE

Agenda Item 5



STAFF REPORT

To: SBWMA Board Members
From: Bill Widmer, Board Chair
Date: September 24, 2015 Board of Director's Meeting
Subject: Consideration of Approval of Executive Director's Goals for FY1516

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2015-24 attached hereto authorizing the following action:

Approval of Executive Director's Goals for FY1516 as detailed in **Exhibit A**

Analysis

The Executive Director's goals were developed through a collaborative, multi-step process that captured feedback from the Board Members during the FY1415 performance review process. These were discussed with the Executive Director resulting in minor adjustments for clarity but in keeping with the Board's input. These modifications were made through discussions with the Executive Director and the Board Chair, and both agree these goals represent key focus areas for the coming year.

The goals cover the full scope of the JPA's legal obligations and responsibilities to manage a nearly \$100 million per year recycling, composting and solid waste collection system including ownership of the nationally recognized Shoreway Environmental Center in San Carlos. The goals also address forward-looking planning efforts, a review of major policies, and improved Board communications.

Fiscal Impact

There is no fiscal impact associated with this item.

Attachments:

Resolution 2015-24

Exhibit A – Executive Director FY1516 Goals



RESOLUTION NO. 2015-24

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING THE EXECUTIVE DIRECTOR'S GOALS FOR FY1516

WHEREAS, input for the Goals were provided during the FY1415 Executive Director's performance review process, and whereas the Board Chair and the Executive Director have discussed these and agree that they are appropriate goals which improve Board communication, focus on near term planning activities and build on the approved Long Range Strategic Plan.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the Executive Director's Goals for FY1516 as detailed in **Exhibit A**.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24th day of September, 2015, 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. 2015-24 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on September 24, 2015.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cyndi Urman, Board Secretary

FY1516 Executive Director Goals

1. Further streamline the Budget and mid-year adjustment documents and incorporate an update on the Long Range Plan as part of budgeting process which should begin no later than March with a status update on the Long Range Plan projects and any proposed new capital projects.
2. Evaluate current and any proposed new outreach programs in terms of their value in supporting existing and/or new proposed programs. All programs, inclusive of outreach programs, should have identified performance metrics (e.g., diversion, cost effectiveness, etc.) and such programs are to be measured against the performance metrics. Adjust the budget plan in concert with the performance results to increase/decrease program expenditures as influenced by the diversion impact.
3. Work with the Board to begin the plan for assisting Member Agencies with renewing and modifying the existing franchise agreements or deciding to conduct a competitive procurement process. Prepare and present the baseline performance data. Identify required (by law) services, including services that support meeting the Board adopted 75% diversion goal, and optional items as applicable. Initiate activities to identify what alternatives and costs we can expect with the new agreements, including a revenue requirement projection model, and timeline for Member Agency decision points.
4. Provide more concise staff reports. Provide more cost benefit analysis alternatives within items for action for Board analysis and consideration as applicable. Include explanation as to the rationale for the selected action.
5. Work with Recology on development of cost savings suggestions for inclusion in the current contract as well as potential next generation contract consideration.
6. Provide staff support for the Zero Landfill Working group, including developing and hosting a one-day workshop on emerging technologies with input from the Working Group.
7. Obtain Board input on HHW contract renewal and initiate new contract discussions with a Board approved list of must have and nice to have requirements in preparation for upcoming negotiations and/or RFP development.
8. Complete and report on the research work with the Silicon Valley Clean Water Organics-to-Energy project. If results are positive prepare follow-on budget projections.
9. Continue management of the RethinkWaste Team to ensure efficient operation of the organization, applicable project coordination and execution and budget control. Manage the Shoreway facility; Recology contract and other major contracts. Continue to review SBWMA procedures including, at a minimum, the purchasing policy.



COLLECTION AND RECYCLING PROGRAM SUPPORT AND COMPLIANCE

Agenda Item 6



STAFF REPORT

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Farouk Fakira, Finance Manager
Date: September 24, 2015 Board of Director's Meeting
Subject: Resolution Approving 2016 Recology San Mateo County Compensation Application

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2015-25 attached hereto authorizing the following actions:

1. Approve the SBWMA Final Report Reviewing the 2016 Recology San Mateo County (Recology) Compensation Application (**Exhibit A** - Final Report) which delineates the recommended base contractor's compensation due to Recology for 2016 as follows:
 - a. Total Contractor's Compensation = \$57,344,842

This Final Report (Exhibit A) addresses Recology's compensation due for 2016 and provides **Appendix D** which delineates the Total Revenue Requirement. The Member Agencies are obligated to set rates to generate revenue to match the 2016 Total Revenue Requirement. Any shortfall in net revenue to Recology will result in an interest payment to Recology in the subsequent rate year (e.g., 2015 final surplus or shortfall is determined in 2016 and included in 2017 revenue requirement).

Analysis

SBWMA Review of 2016 Recology Compensation Application

The results of implementing the cost adjustment methodology prescribed in the Member Agency's Franchise Agreements for Solid Waste, Recyclable Materials and Organic Materials Collection Service (Agreements) with Recology to determine the Rate Year Six (i.e., 2016) compensation includes the following:

- Total 2016 Base Contractor's Compensation = \$57,262,816
- Other Adjustments¹ = \$82,026
- Total 2016 Contractor's Compensation = \$57,344,842

Recology's 2016 compensation is compared to 2015 in **Table 1** on the next page.

¹ The "Other Adjustments" include payments for 2014 performance incentives/disincentives (\$26,604) and compensation to conduct the Split Body Vehicle Residential Collection Pilot (\$55,422) included in SBWMA Long Range Plan approved by the Board on June 25, 2015.

Table 1

Total Contractor's Compensation	Recology Compensation			
	2015 Cost	2016 Cost	Change	%
Base Compensation	\$57,470,292	\$57,262,816	\$ (207,476)	-0.4%
Incentives / Disincentives	\$253,210	\$26,604	\$ (226,606)	-89.5%
Split-Body Collection Vehicle Pilot Program	\$0	\$55,422	\$ 55,422	100.0%
Total Contractor's Compensation	\$57,723,502	\$57,344,842	\$ (378,660)	-0.7%

These adjustments represent a decrease in the base compensation of 0.4% or \$207,476 from 2015. The results of the adjustment process are detailed by expense category in Table 3 of **Exhibit A**.

As discussed in detail in Section 3.A of the Final Report (**Exhibit A**), Recology's 2016 compensation includes several cost or revenue adjustments such as including the prior year's under or over payments to/from Recology. These include:

- Performance Incentive/Disincentive payments (and additional Liquidated Damages) for 2014
- Split-Body Vehicle Residential Collection Pilot Project
- 2013 Revenue Reconciliation surplus plus interest of \$1,281,334
- 2014 Revenue Reconciliation shortfall plus interest of \$3,033,742

The 2013 and 2014 Revenue Reconciliation balances owed to/from Recology are a true-up of what was paid to Recology versus what was owed and the resulting interest payment for any shortfall. This is not due to any change in Recology compensation but rather due to more or less revenue generated to pay the approved compensation.

Changes from August 14, 2015 SBWMA Draft Report to September 17, 2015 SBWMA Final Report (Exhibit A)

- Table 8 has been revised to omit lines "F" (i.e., the projected 2016 surplus/shortfall balance held by Recology) and "G" (i.e., the 2014 surplus refunds). Thus, line "H" in the Draft August 14 version is now line "F" in the Final September 17 version. This change was made to more accurately represent accounting for the projected surplus/shortfall balance for 2016.
- The 2016 cost reduction for the Town of Hillsborough was changed to \$423,671 in Section 3 - Recurring Items.
- The surplus refund for 2014 for the Town of Atherton of \$895,936 was added to Table 8 (i.e., line "E.1").
- The Agency Fees for the City of Belmont denoted in Table 8 were removed due to the City's arrangement with Recology.

Rate Setting and Approval Process

This SBWMA Final Report and recommendation is to determine the compensation owed to Recology for collection services in 2016. The Final Report also provides **Table 8** which establishes the final Revenue Requirement that will be used as the basis for recommending the 2016 rate adjustments. The Revenue Requirement includes compensation to Recology for solid waste, recyclables and organic materials collection and Pass-Through costs, which include Agency fees, and disposal and processing costs at the Shoreway Environmental Center.

Article 11 of the Franchise Agreements states the following:

- Each Member Agency is obligated to set rates as necessary to generate annual gross revenues billed by Recology equal to the approved compensation amount plus all approved pass-through costs.
- If an Agency sets a rate that is below the approved recommendation contained in the Final Report, or if an Agency delays imposing a rate increase effective January 1, 2016, and net revenues billed by Recology in 2016 are less than

needed to cover the approved total contractor's compensation delineated in the Final Report, the Agency will be obligated to pay interest to Recology on the difference.

Background

In 2005, the SBWMA and its Member Agencies initiated a five and a half year collection services contractor selection process that resulted in Recology and the Member Agencies executing Franchise Agreements ("Agreements") for Collection Services. Eleven of the twelve SBWMA Member Agency Agreements have the same methodology used to calculate the compensation paid to Recology. One Member Agency (i.e., City of Belmont) used a different compensation methodology; however, use of this different methodology has no bearing on the costs or services provided to the other 11 Member Agencies. Inclusion of the City of Belmont in the cost calculations with the other 11 Member Agencies is necessary in order to accurately implement the cost allocation process prescribed in the Agreements.

The compensation adjustment methodology provisions in the Member Agency Agreements are contained in Article 11, Attachment K and Attachment N. Article 11 provides an overview of the methodology and describes the process by which aspects of the compensation adjustment process shall be implemented.

Note: In this staff report and all attachments, the term "cost" and "compensation" are intended to have the same meaning. The term "cost" is not intended to mean Recology's true operating cost which is unknown, but rather what the company is paid to perform the services.

Fiscal Impact

Variance Analysis

Rate revenue from the total SBWMA Member Agencies is calculated to require a weighted average decrease of 4.2% (see **Exhibit A**, Table 8, C.3) for 2016 rates to cover the Total Revenue Requirement for the Recology cost, pass through costs, and the prior year's revenue reconciliation surplus/shortfall (please refer to Table 8, row B1 and B2) in the **Exhibit A** (SBWMA Final Report). Tables comparing 2016 costs to 2015 costs and showing the components of the 2016 rate adjustments by Member Agency are included in the Final Report as **Appendix D – Member Agency Variance Analysis of Total Collection Cost and Rate Impact**.

Total Collection Rate Adjustment

The total rate adjustment is provided in the Final Report in **Table 8**. This table presents the Total Collection Rate Adjustment from all sources that impact rates by Member Agency, as follows:

- **Section A** provides the 2016 estimated Revenue at 2015 rates (**A.1**), Total Revenue Requirement (**A.7**), Revenue Surplus/Shortfall (**A.8**), and the Rate Adjustment Percentage (**A.10**). *The total SBWMA rate adjustment is negative 1.2%.*
- **Section B** provides the results of the 2014 Recology Revenue Reconciliation Surplus/Shortfall that must be added to the 2016 revenue requirement. *The total SBWMA rate adjustment is negative 3.0%.*
- **Section C** is the 2016 Rate Adjustment before the estimated 2015 balance which is the sum of sections A and B. **The total SBWMA rate adjustment is negative 4.2%.**
- **Section D** provides the "2015 Estimated Revenue Reconciliation" Surplus/Shortfall balance. Also in this section is the 2013 surplus/shortfall which would have been included in the 2015 rate adjustment. The total for all SBWMA Member Agencies is an \$89,334 estimated surplus. The 2015 Revenue Reconciliation will be finalized in 2016, similar to how the 2014 Revenue Reconciliation was finalized in 2015.

- **Section E** denotes refunds of 2014 surplus balances to various Member Agencies that requested a refund and an adjustment for Belmont.
- **Section F** provides the "Total Rate Adjustment" which includes the result of Sections D and E. The total SBWMA rate adjustment is a decrease of 3.0%. The Member Agencies are obligated to set rates to generate the revenue needed as denoted in Section F per the MOU between Recology and SBWMA approved by the Board on March 27, 2014 (agenda item 8A, Resolution No. 2014-06). Agencies that set rates lower than delineated in Section F and experience a shortfall in revenue are potentially liable for future interest charges from Recology.

Attachments:

Resolution No. 2015-25

Exhibit A – SBWMA Final Report Reviewing the 2016 Recology San Mateo County Compensation Application



RESOLUTION NO. 2015-25

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING THE SBWMA FINAL REPORT REVIEWING THE 2016 RECOLOGY SAN MATEO COUNTY COMPENSATION APPLICATION

WHEREAS, On February 28, 2013, the South Bayside Waste Management Authority (SBWMA) Board of Directors approved modifications to the schedule prescribed in the Member Agencies Franchise Agreements for Collection of Recyclable Materials, Organic Materials and Solid Waste with Recology San Mateo County (Recology) specifying that the SBWMA Board of Directors' was required to submit comments, questions and concerns on the Draft Report to the SBWMA by August 30 each year; and

WHEREAS, The SBWMA prepared and issued to the SBWMA Board of Director's on August 14, 2015 the SBWMA Draft Report Reviewing the 2016 Recology Compensation Application (Report); and

WHEREAS, The Draft Report issued by the SBWMA on August 14, 2015 was updated based on feedback from Member Agencies and the SBWMA subsequently issued the Final Report (**Exhibit A**) to the Board of Directors on September 17, 2015; and

WHEREAS, The Final Report recommends a 0.7% decrease in the total contractor's compensation when compared to the 2015 costs approved by the SBWMA Board of Director's on September 25, 2014 per Resolution No. 2014-20. Total 2016 contractor's compensation is \$57,344,842.

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

1. The SBWMA Final Report Reviewing the 2016 Recology San Mateo County Compensation Application.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24th day of September, 2015, 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. 2015-25 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on September 24, 2015.

ATTEST:

Cyndi Urman, Board Secretary

Bill Widmer, Chairperson of SBWMA



SBWMA FINAL REPORT REVIEWING THE 2016 RECOLOGY SAN MATEO COUNTY COMPENSATION APPLICATION

September 17, 2015

TABLE OF CONTENTS

SECTION 1	EXECUTIVE SUMMARY	iii
1.A	Summary	iii
1.B	Compensation Application Process and Issuance of SBWMA Report	iii
1.C	Summary of Notable Items in the 2016 Recology Compensation Application	iv
1.D	Recology Cost Allocation Process by Member Agency	iv
1.E	Recommendation	v
SECTION 2	BACKGROUND	1
2.A	Franchise Agreement Terms	1
2.B	Annual Revenue Reconciliation	1
2.C	Review of Compensation Application by SBWMA for Accuracy and Completeness, and Issuance of Final Report.....	1
SECTION 3	2016 RECOLOGY SAN MATEO COUNTY COMPENSATION APPLICATION	2
3.A	Description of Compensation Adjustments.....	2
3.B	Adjustment of 2015 Compensation to 2016.....	4
3.C	Recommended Adjustment to Recology’s Compensation for 2016	7
3.D	Recology Cost Allocation Process by Member Agency	7
3.E	Results of Cost Allocation.....	8
SECTION 4	2015 MEMBER AGENCY REVENUE REQUIREMENT OBLIGATIONS	10
4.A	Components of Member Agency Revenue Requirement.....	10
4.B	Pass-Through Costs	10
4.C	Cost Variance from 2015 to 2016	10
4.D	Total Recommended Rate Adjustment.....	12
SECTION 5	CONCLUSION	15

APPENDICES

- APPENDIX A** – Recology 2016 Compensation Application Issued on August 7, 2015 Reflecting Redline Changes from the Versions Submitted on June 15 and July 24, 2015 (Part I Sections 1 – 4 Only)
- APPENDIX B** – SBWMA Questions and Comments on Recology 2016 Compensation Application issued June 29, 2015 (with Recology’s Responses submitted on July 24, 2015 and SBWMA Part II Questions and Comments; SBWMA July 31 follow-up questions and Recology response)
- APPENDIX C** – Member Agency Questions and Comments on Recology 2016 Compensation Application (with Recology’s Responses Submitted on July 24, 2015)
- APPENDIX D** – Member Agency Variance Analysis of Total Collection Cost and Rate Impact

SECTION 1 EXECUTIVE SUMMARY

1.A Summary

The South Bayside Waste Management Authority (SBWMA/RethinkWaste) is required to review the Recology San Mateo County (Recology) 2016 Compensation Application (Application) for completeness, accuracy and consistency as prescribed in the Franchise Agreements between the SBWMA Member Agencies and Recology. The Application is to document the results of Recology following the prescribed compensation adjustment process detailed in Article 11, and Attachments K and N of the Member Agency Franchise Agreements. Specifically, this process entails including the index based cost adjustments, allocation of cost to Member Agencies and prior year revenue reconciliation balances.

This Final Report provides the results of SBWMA's review of Recology's 2016 Application and the critical analysis by the SBWMA of all components that make-up the total revenue requirement for Member Agencies to set solid waste rates, including other pass through costs (i.e., Member Agency fees, disposal and processing costs, and any Member Agency specific contract changes) and prior year surplus/shortfalls owed to/from Recology.

Also included is a variance summary to facilitate the understanding by the Member Agencies of the year over year changes in the Total Revenue Requirement including compensation paid to Recology and pass-through costs (**Appendix D**). In addition, the SBWMA provides the total rate impact for each Member Agency (see **Table 8 on pages 13 and 14**) and recommended rate adjustment for 2016, which consolidates all the revenue and cost components associated with the solid waste rate setting process by Member Agency.

1.B Compensation Application Process and Issuance of SBWMA Report

The 2016 Recology Compensation Application was submitted to the SBWMA and Member Agencies on June 15, 2015. On June 29, 2015 the SBWMA and four Member Agencies (i.e., submitted questions and comments to Recology. On July 24, 2015 Recology submitted a revised 2016 Compensation Application and responses to the SBWMA and Member Agency's questions and comments. A subsequent revision was submitted on August 7 that added the approved compensation for the Split-Body Collection Vehicle Pilot Program. **Appendix A** provides Recology's revised August 7 (redlined) version of its 2016 Compensation Application which addresses the SBWMA's questions/comments (**Appendix A** provides the redline comparison). In addition, included in **Appendix A** are the SBWMA's questions and comments to Part 2 of Recology's Compensation Application, which are primarily addressed in the tables submitted by Recology on July 24.

Several questions and comments submitted by the SBWMA on June 29 are not included in the August 7 revised version of the 2016 Recology Compensation Application. **Appendix B** provides these questions and comments and Recology's response submitted on July 24. In addition, the SBWMA issued several follow up questions to Recology on July 31, 2015. These follow up questions and Recology's response is also provided in **Appendix B**. **Appendix C** provides the questions and comments submitted by Member Agencies on June 29 and Recology's July 24 response. The SBWMA provided all Member Agencies their detailed revenue, disposal and processing cost projections on July 17, 2015. Any changes to these projections submitted to the SBWMA by Member Agencies are captured in this Final Report.

Table 1 below shows the complete schedule to review and comment on Recology’s Compensation Application. This Final Report provides all the necessary information for Member Agencies to adjust solid waste rates for 2016, if necessary.

**Table 1
2015 Schedule to Approve Recology 2016 Compensation**

Due Date	Milestone
June 15, 2015	Recology 2016 Compensation Application Submitted to Member Agencies and SBWMA
June 29, 2015	Member Agencies and SBWMA Comments Due to Recology
July 24, 2015	Revised Recology 2016 Compensation Application Submitted to Member Agencies and SBWMA
August 14, 2015	SBWMA Draft Report Reviewing the 2016 Recology Compensation Application Issued to Member Agencies
August 28, 2015	Member Agencies Written Comments on SBWMA Draft Report Due to SBWMA
September 10, 2015	SBWMA TAC Meeting: Staff Update and Discussion
September 17, 2015	SBWMA Final Report Issued to Member Agencies/Board
September 24, 2015	SBWMA Board Meeting: Consideration of Final Report

1.C Summary of Notable Items in the 2016 Recology Compensation Application

Notable items included in the 2016 Recology Compensation Application include:

- 2014 revenue reconciliation of surplus/shortfall and interest payments due to/from Recology (Table H in Recology Application).
- Adjustment to Performance Incentive/Disincentive and Liquidated Damages payments (Table F in Recology Application).

1.D Recology Cost Allocation Process by Member Agency

The process to allocate Recology’s cost equitably across all Member Agencies is prescribed in Article 11 and Attachment K of the Franchise Agreements. The collection cost per Member Agency varies based on topography, housing density, traffic patterns, customer subscription levels, etc., even though the services provided are uniform across the Member Agencies. For these reasons, the cost to provide service is allocated to the individual Member Agencies based on operational metrics. Specifically, Recology’s costs are broken into nine cost categories and each is allocated based on four operational statistics specific to each Member Agency. These operational statistics are updated annually in April/May and include:

1. Annual route labor hours
2. Annual route hours
3. Number of containers in service
4. Number of customer accounts serviced

Per section 7.12 of the Franchise Agreements, Recology conducted its Annual Route Assessment over a four week period in April/May 2015. The statistics compiled from this Route Assessment are used to allocate costs for 2016. The cost allocation process is similar to the practice used under the Allied Waste/Republic Services compensation methodology. Year to year variances are the result of several

factors addressed by Recology in section 3.2 of its Application. Recology is currently reviewing options for how to “automate” the compilation of route assessment statistics so a larger pool of data may be used in future annual route assessments.

1.E Recommendation

Based on the net results of the cost adjustments calculated in the 2016 Recology Compensation Application, SBWMA is recommending that the Board approve an adjustment to Recology's 2016 compensation as delineated in the **Table 2** below. **Table 2** summarizes the adjusted 2016 costs and changes from 2015. The total change in Recology’s compensation for 2016 is a decrease of \$378,660 or 0.7% from 2015.

Table 2 – Summary of Adjusted 2015 Costs to 2016 Costs

RECOLOGY COMPENSATION SUMMARY	2015 Cost	2016 Cost	% of Total Cost	\$ Change	% Change
Total Annual Cost of Operations	50,595,200	50,681,507	88.4%	86,307	0.2%
Profit	5,311,098	5,320,158	9.3%	9,060	0.2%
Operating Ratio	90.5%	90.5%			
Total Operating Costs	55,906,299	56,001,665	97.7%	95,367	0.2%
Contractor Pass-Through Costs					
Interest Expense	1,935,353	1,629,656	2.8%	(305,696)	-15.8%
Interest Expense on Implementation Cost	63,894	53,748	0.1%	(10,146)	-15.9%
Contract Changes to Specific Agencies	(435,254)	(422,253)	-0.7%	13,001	-3.0%
Total Contractor Pass-Through Costs	1,563,993	1,261,152	2.2%	(302,841)	-19.4%
BASE CONTRACTOR'S COMPENSATION	57,470,292	57,262,817	99.9%	(207,475)	-0.4%
Other Adjustments					
Performance Incentives / Disincentives	253,210	26,604	0.0%	(226,606)	-89.5%
Split-Body Collection Vehicle Pilot Program	-	55,422	0.1%	55,422	#DIV/0!
Total Other Adjustments	253,210	82,026	0.1%	(171,184)	-67.6%
TOTAL CONTRACTOR'S COMPENSATION	\$ 57,723,502	\$ 57,344,842	100.0%	\$ (378,660)	-0.7%

Note: Includes Agency specific contract changes (Hillsborough, Menlo Park, San Carlos).

SECTION 2 BACKGROUND

2.A Franchise Agreement Terms

Eleven of the twelve SBWMA Member Agency Agreements use the same methodology to calculate the compensation paid to Recology. One Member Agency (i.e., City of Belmont) uses a different compensation methodology; however, using this different methodology has no bearing on the costs (compensation) or services provided to the other eleven Member Agencies.

The compensation adjustment methodology is detailed in Article 11, Attachment K and Attachment N in the Member Agency Franchise Agreements. Article 11 describes the methodology and process by which the compensation adjustment process shall be implemented. Attachment K provides more detail on this process and how costs (compensation) will be allocated amongst the Member Agencies. Attachment N includes a series of forms (worksheets) that breakout Recology's compensation and data used in the cost allocation process.

Cost Adjustment Process

Attachment K, Table 1 of the Franchise Agreements prescribes a detailed process to adjust Recology's costs during the full ten-year term of the Franchise Agreements. A flowchart in Recology's Compensation Application (see table D) illustrates graphically the cost adjustment process that is conducted each year.

2.B Annual Revenue Reconciliation

For rate years 2012 through 2019 there is an annual revenue reconciliation process to determine the net revenue Recology retained versus the amount actually owed to the company. The calculation compares the approximately \$100 million gross revenue billed, less contractor paid pass-through expenses for Member Agency fees and disposal expense at the Shoreway facility (owned by SBWMA/RethinkWaste), versus the approved contractor's compensation. This revenue reconciliation process results in a surplus or shortfall owed to/from Recology by Member Agency. This surplus or shortfall will be added to or subtracted from the Recology's compensation for the subsequent rate year (in this case for 2016).

The Recology 2014 Revenue Reconciliation Report was submitted to the SBWMA and Member Agencies on March 31, 2015. Staff reviewed this 2014 Revenue Reconciliation Report and contracted an independent firm (i.e., R3 Consultants), to thoroughly review it, which included validating the accuracy of the results by Member Agency. On June 25, 2015 the Board approved agenda item 7D which included the audit findings and results (i.e., final 2014 surplus/shortfall and interest) of the revenue reconciliation that will be added to or subtracted from Recology's 2016 compensation unless it was requested to be refunded directly back to an agency.

2.C Review of Compensation Application by SBWMA for Accuracy and Completeness, and Issuance of Final Report

The Franchise Agreements state that the SBWMA is responsible for annually conducting a review and analysis of Recology's Compensation Application. The SBWMA staff conducts a thorough review of the data, calculations, index adjustments, and the cost allocation process. This review is used to draft the analysis contained in this report including any changes and adjustments to Recology's compensation. Recology is obligated to promptly provide to the SBWMA any missing information, explanations and agreed changes upon request during the Compensation Application review process (i.e., June 15 – July 9). Recology submitted a revised Compensation Application on July 24 based on staff and Member Agency

comments. The questions and comments submitted to the company during the initial review period from June 15 – June 29, and additional questions submitted in July are provided in **Appendices B and C**.

SECTION 3 2016 RECOLOGY SAN MATEO COUNTY COMPENSATION APPLICATION

3.A Description of Compensation Adjustments

The 2016 Recology Compensation Application is based on adjusting 2015 cost categories by applying the changes in several indices to arrive at the 2016 compensation by cost category. In the Compensation Application, the term “cost” really refers to “compensation.” Please note this does not mean Recology’s “true” cost as this is an index based compensation approach and not a “cost plus” approach. The SBWMA moved from a “cost plus” compensation model to a new “fixed price plus index adjustment” compensation methodology with the new Recology contract that started on January 1, 2011.

The Franchise Agreements with Recology also provide for additional compensation adjustments for special issues related to performance incentive/disincentive payments (and liquidated damages) and a negotiated cost adjustment for Hillsborough. The contract also entitled Recology to receive two cost adjustments in 2011 and 2013 to address service level changes to the number of residential customer accounts and commercial service levels.

Changes to Annual Adjustment to Wages and Benefits Per the Collective Bargaining Agreements (CBA). The 2016 Compensation Application is the third one whereby the CBA wages and benefits costs are adjusted based on a pre-determined CPI index. The Franchise Agreements prescribe that when the CBA’s in effect at the start of the contract were either amended or expired, the annual adjustment to wages would then be tied to a CPI index and not subject to the terms (i.e., increases) in the CBA. The three CBA’s expired in 2013, therefore the adjustment to CBA wages is now limited to a pre-determined Federal labor CPI index. In 2011, 2012 and 2013 of the Recology contract, and throughout the term of the previous Allied Waste/Republic Services contract(s), the actual wage and benefit rate increases specified in the CBA were used to adjust these cost categories.

Recology Annual Revenue Reconciliation Report for 2014. Recology submitted a Revenue Reconciliation Report to the SBWMA on March 31, 2015 which compares the approved compensation owed to Recology for 2014 with the actual net funds retained by Recology after paying for pass-through costs for disposal at Shoreway and Agency fees (e.g., Franchise Fees) paid to each Member Agency. The SBWMA reviews this Report and it is audited by an independent third party firm. The audit results are then provided to the Board for consideration and approval. Each Member Agency annually generates a surplus or shortfall which is added to or subtracted from the next year’s Revenue Requirement. The report was thoroughly reviewed by staff and an independent firm (i.e., R3) as part of the Financial Audit. The total 2014 surplus including interest is \$3,033,742 (\$3,104,353 surplus less interest due to Recology of \$70,611), see **Tables 6 and 8**.

Interest Payment to Recology for 2014 Revenue Reconciliation Shortfall. The Franchise Agreement(s) with Recology provide for an interest charge at the rate of prime plus one percent (i.e., currently 4.25%) for the shortfall identified in the 2014 Revenue Reconciliation Report described above. The calculation of interest on shortfalls was clarified and approved by the Board on March 27, 2014 (agenda item 8A), authorizing the Executive Director to execute a Memorandum of Understanding (MOU) with Recology establishing guidelines regarding future interest calculations on surplus revenue.

The net amount of interest charged to some Member Agencies from Recology for 2014 is \$70,611 (Table H in the Recology Application).

In addition, on July 8, 2015, the SBWMA Board of Directors and Technical Advisory Committee (TAC) Members were provided a revision to the MOU with Recology which 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.

Performance Incentive/Disincentive Payments (and Liquidated Damages). As proscribed in the Franchise Agreement(s) with Recology, the company included the 2014 Performance Incentives/Disincentives and Liquidated Damages calculations in the 2014 Annual Report submitted on March 31, 2015. The Board approved additional disincentive payments and liquidated damages of \$20,700 be paid by Recology at the June 25, 2015 Board meeting. The 2014 incentive payment is primarily due to an increase in recycling achieved during 2014 over that achieved in 2013. The total annual Recology recycling diversion incentive payments (not net of additional liquidated damages and disincentive payments per the annual audit) to date are as follows:

- 2011 - \$913,060
- 2012 - \$489,164
- 2013 - \$257,650
- 2014 – \$42,217

The year-over-year change in the diversion payment from 2013 to 2014 is an 84% reduction. The diversion achieved annually is leveling off as programs mature.

The Performance Incentive/Disincentive payments are allocated to the Member Agencies based on the quantity of solid waste tons disposed by each. Per the Franchise Agreements, the Liquidated Damages reported by Recology are not allocated but applied specifically to each Member Agency with the exception of the additional liquidated damages approved by the Board on June 25, 2016.

Recology Split-Body Residential Collection Services Pilot Project. The SBWMA's Long Range Plan approved by the Board of Directors on June 23, 2015 includes a pilot project with Recology to provide collection services with split-body vehicles to approximately 16,000 customers located in two Member Agencies over two four-week periods in 2016. The intent of this project is to test a different collection vehicle to ascertain its suitability in providing routing efficiencies and other benefits to the residential sector. The cost for Recology to conduct this pilot project is \$55,422 and this amount has been included as additional compensation in Recology's 2016 Compensation Application.

Recurring Items

Three cities also have unique cost adjustments: Menlo Park has an additional cost for customer billing services (\$24,429) that was done in-house prior to 2011, Hillsborough has a cost reduction for not buying new organics carts at the start of the contract (\$17,186),¹ and San Carlos has a cost reduction for

¹ The 2016 Application includes depreciation for replacement organic carts from 2011 through 2013. This depreciation totals \$12,283, which reduces the Town's savings (originally calculated at \$32,502) for purchasing used carts. This new depreciation expense commencing in 2015 was approved by the Town

residential food scraps kitchen pails bought by the City prior to the start of the new contract with Recology (\$5,825).

The Town of Hillsborough also negotiated a reduction in the cost of back yard service which is adjusted each year. The 2016 cost reduction is \$423,671.

3.B Adjustment of 2015 Compensation to 2016

As prescribed in Article 11, Attachment K and Attachment N of the Franchise Agreements, the adjustment of the 2015 compensation to 2016 compensation is predominantly based on the annual percentage change in select CPI indices applied to various cost categories. As previously explained, the Recology drivers, mechanics and office clerical CBA related expenses have all reverted to a CPI index adjustment commencing last year (rate year 2015).

Table 3 on the following page provides the detailed results from making all compensation adjustments from 2015 to 2016. The application of all adjustment factors to the costs approved in the company's 2016 Compensation Application results in an overall decrease in Recology's base 2016 compensation totaling \$207,476 or 0.4% from 2015. Performance Incentive payments declined by \$226,606 (90%) and the split-body vehicle residential collection pilot program approved by the Board added \$55,422 in compensation for 2016. The result is a net decrease in total contractor's compensation of \$378,660 or 0.7% for 2016 from 2015. Please refer to **Table 3** on the next page.

contingent on Recology's compliance with conditions put forth by the Town related to reporting and ownership of the containers upon expiration of the Franchise Agreement.

Table 3 – Results of Adjustments of 2015 Costs to 2016 Costs

RECOLOGY COMPENSATION DETAIL	Costs - 2015	Costs - 2016	% of Total Cost	\$ Change	% Change
Annual Cost of Operations					
Direct Labor-Related Costs					
Wages	16,087,056	16,469,842	28.7%	382,785	2.4%
Benefits	6,402,691	6,555,040	11.4%	152,350	2.4%
Payroll Taxes	1,338,443	1,370,291	2.4%	31,848	2.4%
Workers Compensation Insurance	1,417,940	1,452,653	2.5%	34,713	2.4%
Total Direct Labor Related-Costs	25,246,130	25,847,826	45.1%	601,696	2.4%
Direct Fuel Costs	4,108,341	3,348,085	5.8%	(760,256)	-18.5%
Other Direct Costs	2,150,774	2,169,270	3.8%	18,497	0.9%
Depreciation					
- Collection Vehicles	4,016,792	4,016,792	7.0%	-	0.0%
- Containers	1,882,550	1,882,550	3.3%	-	0.0%
Total Depreciation	5,899,342	5,899,343	10.3%	(0)	0.0%
Allocated Indirect Costs excluding Depreciation					
General and Administrative	7,055,693	7,181,152	12.5%	125,459	1.8%
Operations	1,750,219	1,777,985	3.1%	27,766	1.6%
Vehicle Maintenance	3,005,558	3,067,890	5.3%	62,332	2.1%
Container Maintenance	1,039,517	1,050,330	1.8%	10,813	1.0%
Total Allocated Indirect Costs excluding Depreciation	12,850,988	13,077,358	22.8%	226,370	1.8%
Total Allocated Indirect Depreciation Costs	152,451	152,451	0.3%	-	0.0%
Annual Implementation Cost Amortization	187,175	187,175	0.3%	-	0.0%
Total Annual Cost of Operations	50,595,200	50,681,507	88.4%	86,307	0.2%
Profit	5,311,098	5,320,158	9.3%	9,060	0.2%
Operating Ratio	90.5%	90.5%			
Total Operating Costs	55,906,299	56,001,664	97.7%	95,366	0.2%
Contractor Pass-Through Costs					
Interest Expense	1,935,353	1,629,656	2.8%	(305,696)	-15.8%
Interest Expense on Implementation Cost	63,894	53,748	0.1%	(10,146)	-15.9%
Contract Changes to Specific Agencies	(435,254)	(422,253)	-0.7%	13,001	-3.0%
Total Contractor Pass-Through Costs	1,563,993	1,261,152	2.2%	(302,841)	-19.4%
BASE CONTRACTOR'S COMPENSATION	57,470,292	57,262,816	99.9%	(207,476)	-0.4%
Other Adjustments					
Performance Incentives / Disincentives	253,210	26,604	0.0%	(226,606)	-89.5%
Split-Body Collection Vehicle Pilot Program	-	55,422	0.1%	55,422	
Total Other Adjustments	253,210	82,026	0.1%	(171,184)	-67.6%
TOTAL CONTRACTOR'S COMPENSATION	\$ 57,723,502	\$ 57,344,842	100.0%	\$ (378,660)	-0.7%

Table 4 below denotes the total cost adjustment to each cost category and the specific index prescribed in the Franchise Agreement(s).

Table 4 – Results of Cost Adjustments

Cost Category	Cost Adjustment	Index	Explanation
CBA Wages and Benefits (Drivers, Mechanics, Clerical)	2.38%	Index #1	The CBA wage & benefits adjustment is based on the change in a CPI Index.
Payroll Tax	2.38%	n/a	The payroll tax rate is adjusted by changes in Federal or state payroll tax rates. There are no tax rate changes for 2015; therefore, the payroll tax expense changes in accordance with change in wages.
Worker's Compensation Insurance	2.45%	Index #2	The Worker's Comp Insurance adjustment is based on the change in a CPI Index.
Depreciation – Collection Vehicles	0.0%	n/a	No adjustment in 2015.
Depreciation - Containers	0.0%	n/a	No adjustment in 2015.
Non-CBA Labor	2.38%	Index #1	The Non-CBA Labor cost (management and supervisors) adjustment is based on the change in a CPI index.
Fuel	-18.51%	Index #3	The Fuel expense is adjusted by the change in a fuel index.
Other Indirect Cost	0.86%	Index #4	The Other Operating cost (insurance, general office expense, safety, etc.) is adjusted by 80% of a change in a CPI index.
Application of Index to the Cost Categories	Cost Adjustment	Reference	Specific Index Prescribed in the Franchise Agreement(s)
CBA & non-CBA Wages & Benefits	2.38%	Index #1	U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. cis201s000000000i successor to Ecs12102i ended 2005).
Worker's Compensation Insurance	2.45%	Index #2	U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Private Industry (Not seasonally adjusted, total compensation, series no. CIU203000000000A).
Fuel	-18.51%	Index #3	U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, series no. wpu057303).
Other Operating Expense	0.86%	Index #4	U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. cuur0000sao).

3.C

3.C Recommended Adjustment to Recology's Compensation for 2016

Based on the net results of the compensation adjustments previously described and the analysis of the 2016 Recology Compensation Application, SBWMA is recommending that the SBWMA Board approve an adjustment to Recology's 2016 compensation as delineated in **Table 5 – Comparison of 2015 Compensation to 2016 Compensation**. The total adjustment to Recology's contractor's compensation is a 0.7% reduction.

Table 5 – Comparison of 2015 and 2016 Compensation

RECOLOGY COMPENSATION SUMMARY	2015 Cost	2016 Cost	% of Total Cost	\$ Change	% Change
Total Annual Cost of Operations	50,595,200	50,681,507	88.4%	86,307	0.2%
Profit	5,311,098	5,320,158	9.3%	9,060	0.2%
Operating Ratio	90.5%	90.5%			
Total Operating Costs	55,906,299	56,001,665	97.7%	95,367	0.2%
Contractor Pass-Through Costs					
Interest Expense	1,935,353	1,629,656	2.8%	(305,696)	-15.8%
Interest Expense on Implementation Cost	63,894	53,748	0.1%	(10,146)	-15.9%
Contract Changes to Specific Agencies	(435,254)	(422,253)	-0.7%	13,001	-3.0%
Total Contractor Pass-Through Costs	1,563,993	1,261,152	2.2%	(302,841)	-19.4%
BASE CONTRACTOR'S COMPENSATION	57,470,292	57,262,817	99.9%	(207,475)	-0.4%
Other Adjustments					
Performance Incentives / Disincentives	253,210	26,604	0.0%	(226,606)	-89.5%
Split-Body Collection Vehicle Pilot Program	-	55,422	0.1%	55,422	
Total Other Adjustments	253,210	82,026	0.1%	(171,184)	-67.6%
TOTAL CONTRACTOR'S COMPENSATION	\$ 57,723,502	\$ 57,344,842	100.0%	\$ (378,660)	-0.7%

Note: Includes Agency specific contract changes (Hillsborough, Menlo Park, San Carlos).

3.D Recology Cost Allocation Process by Member Agency

Section 3 of the Recology Compensation Application describes how compensation is allocated to each Member Agency after the total compensation is adjusted. Article 11 and Attachment K of the Franchise Agreements prescribe the process to allocate the company's compensation equitably across the Member Agencies. Nine cost categories across seventeen lines of business are allocated to each Member Agency by four agency specific operational statistics. These four operational statistics are:

1. Annual route labor hours
2. Annual route hours
3. Number of containers in service
4. Number of customer accounts serviced

The statistics used to allocate costs for 2016 are based on operational metrics compiled for each Member Agency by Recology in April/May 2015. The cost allocation process is similar to the process used under the previous contract with Allied Waste/Republic Services.

While the services provided by Recology are uniform across the Member Agencies, the cost to provide these services vary by Member Agency based on topography, housing density, traffic patterns, and customer subscription levels, etc. For these reasons, the cost to provide service is reallocated annually to the individual Member Agencies based on current operational metrics.

The metric used by Recology to allocate costs for the Venues and Events line of business across the Member Agencies, is different than that prescribed in the Franchise Agreements. Recology and the SBWMA agree that if the method prescribed for this line of business were used, the allocation of these costs would not be equitable. Thus, the company has allocated these specific costs based on the number of single-family accounts in service and not the route labor hours or route hours expended to provide this service during April/May when the operational metrics are compiled. This approach was approved by the Board and has been applied to the compensation adjustment since Rate Year Two (2012). For 2016, it applies to approximately 0.09% of the total base compensation.

3.E Results of Cost Allocation

The cost allocation by Member Agency for each cost category and the total contactor's compensation is provided in **Table 6 – Member Agency Cost Allocation**. The cost allocation by line of business (Residential, Commercial/MFD and Agency Facility) for each Member Agency is found in Recology's Compensation Application as Appendix 3-3, 3-4 and 3-5.

Table 6 – Member Agency Cost Allocation

2016 Costs														
BASE COLLECTION COSTS	2016 Total	Atherton	Belmont	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorp. County
Annual Cost of Operations														
Direct Labor-Related Costs														
Wages for CBAs	\$16,469,842	\$422,156	\$1,083,405	\$1,718,105	\$643,977	\$920,855	\$720,580	\$1,634,722	\$518,368	\$2,865,729	\$1,396,132	\$3,674,460	\$289,609	\$581,743
Benefits for CBAs	\$6,555,040	\$170,333	\$433,526	\$668,995	\$258,473	\$363,294	\$291,589	\$645,429	\$207,190	\$1,142,566	\$556,130	\$1,465,706	\$116,541	\$235,268
Payroll Taxes	\$1,370,291	\$35,123	\$90,139	\$142,946	\$53,579	\$76,615	\$59,952	\$136,009	\$43,128	\$238,429	\$116,158	\$305,715	\$24,095	\$48,401
Workers Compensation Insurance	\$1,452,653	\$37,234	\$95,557	\$151,538	\$56,799	\$81,220	\$63,556	\$144,184	\$45,721	\$252,760	\$123,140	\$324,090	\$25,544	\$51,310
Total Direct Labor Related-Costs	\$25,847,826	\$664,848	\$1,702,628	\$2,681,583	\$1,012,829	\$1,441,985	\$1,135,677	\$2,560,344	\$814,406	\$4,499,484	\$2,191,560	\$5,769,972	\$455,789	\$916,722
Direct Fuel Costs	\$3,348,085	\$92,024	\$208,528	\$324,251	\$138,736	\$197,194	\$163,247	\$354,205	\$98,945	\$594,440	\$288,332	\$699,956	\$61,127	\$127,100
Other Direct Costs	\$2,169,270	\$57,544	\$135,465	\$216,194	\$88,778	\$127,069	\$101,318	\$231,374	\$63,307	\$384,851	\$187,739	\$457,319	\$38,467	\$79,845
Depreciation														
- Collection Vehicles	\$4,016,792	\$114,144	\$248,687	\$385,803	\$161,869	\$240,962	\$196,401	\$439,694	\$115,694	\$714,716	\$349,722	\$821,732	\$73,666	\$153,702
- Containers	\$1,882,550	\$58,574	\$125,694	\$160,486	\$84,248	\$116,321	\$59,220	\$180,649	\$57,992	\$340,735	\$168,571	\$411,669	\$36,198	\$82,192
Total Depreciation	\$5,899,342	172,718	374,381	546,290	246,117	357,284	255,621	620,343	173,686	1,055,451	518,293	1,233,400	109,864	235,894
Allocated Indirect Costs														
General and Administrative	\$7,181,152	\$112,074	\$444,657	\$674,545	\$358,174	\$443,676	\$170,371	\$759,943	\$211,197	\$1,328,967	\$683,705	\$1,612,601	\$111,055	\$270,186
Operations	\$1,777,985	\$51,111	\$108,072	\$186,164	\$69,866	\$110,166	\$88,114	\$196,226	\$48,541	\$311,929	\$152,132	\$355,017	\$32,866	\$67,779
Vehicle Maintenance	\$3,067,890	\$88,192	\$186,476	\$321,224	\$120,553	\$190,091	\$152,404	\$338,586	\$83,757	\$538,230	\$262,502	\$612,578	\$56,710	\$116,952
Container Maintenance	\$1,050,330	\$24,908	\$67,635	\$95,994	\$49,431	\$66,300	\$26,242	\$116,262	\$29,826	\$191,093	\$94,573	\$233,149	\$16,438	\$38,478
Total Allocated Indirect Costs	\$13,077,358	\$276,285	\$806,840	\$1,277,927	\$598,023	\$810,233	\$436,768	\$1,411,017	\$373,322	\$2,370,220	\$1,192,913	\$2,813,345	\$217,069	\$493,395
Total Allocated Indirect Depreciation Costs	\$152,451	\$4,378	\$9,209	\$16,079	\$6,000	\$9,492	\$7,507	\$16,778	\$4,087	\$26,860	\$13,108	\$30,376	\$2,790	\$5,787
Annual Implementation Cost Amortization	\$187,175	\$5,679	\$11,300	\$17,984	\$8,227	\$10,854	\$9,990	\$19,236	\$5,354	\$33,616	\$15,736	\$37,982	\$3,572	\$7,645
Total Annual Cost of Operations	\$50,681,506	1,273,476	3,248,351	5,080,309	2,098,708	2,954,110	2,110,129	5,213,298	1,533,107	8,964,921	4,407,681	11,042,350	888,678	1,866,387
Profit	\$5,320,158	\$133,680	\$340,987	\$533,292	\$220,306	\$310,100	\$221,505	\$547,252	\$160,934	\$941,069	\$462,685	\$1,159,142	\$93,287	\$195,919
Operating Ratio	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%
Total Operating Cost	\$56,001,664	\$1,407,156	\$3,589,338	\$5,613,601	\$2,319,015	\$3,264,210	\$2,331,634	\$5,760,551	\$1,694,041	\$9,905,990	\$4,870,366	\$12,201,492	\$981,965	\$2,062,306
Contractor Pass-Through Costs														
Interest Expense	\$1,629,656	\$43,595	\$103,100	\$157,725	\$66,956	\$98,566	\$63,855	\$175,356	\$48,817	\$291,823	\$143,909	\$346,930	\$28,372	\$60,653
Interest Expense on Implementation Cost	\$53,748	\$1,447	\$3,215	\$5,533	\$2,340	\$3,114	\$2,504	\$5,594	\$1,597	\$9,702	\$4,516	\$11,272	\$935	\$1,980
Contract Changes to Specific Agencies	(\$422,253)	\$0	\$0	\$0	\$0	\$0	(\$440,857)	\$24,429	\$0	\$0	(\$5,825)	\$0	\$0	\$0
BASE COMPENSATION	\$57,262,816	\$1,452,198	\$3,695,653	\$5,776,859	\$2,388,311	\$3,365,890	\$1,957,135	\$5,965,930	\$1,744,455	\$10,207,515	\$5,012,966	\$12,559,694	\$1,011,272	\$2,124,939
Incentives and Disincentives	\$26,604	\$192	\$929	\$3,745	\$1,774	\$1,763	\$185	\$2,255	\$848	\$5,802	\$1,968	\$6,556	\$241	\$345
Split-Body Collection Vehicle Pilot Program	\$55,422	\$1,406	\$3,577	\$5,591	\$2,312	\$3,258	\$1,894	\$5,774	\$1,688	\$9,879	\$4,852	\$12,156	\$979	\$2,057
Total Contractor Adjustments	\$82,026	\$1,598	\$4,506	\$9,336	\$4,085	\$5,021	\$2,079	\$8,029	\$2,537	\$15,682	\$6,820	\$18,712	\$1,220	\$2,402
TOTAL CONTRACTOR'S COMPENSATION	\$57,344,842	\$1,453,796	\$3,700,159	\$5,786,195	\$2,392,396	\$3,370,911	\$1,959,215	\$5,973,959	\$1,746,991	\$10,223,197	\$5,019,785	\$12,578,406	\$1,012,492	\$2,127,340
Prior Year's Surplus/Shortfall to/from Recology														
Revenue Reconciliation 2014 (Surplus)/Shortfall	(\$3,104,353)	(\$895,936)	\$452,805	(\$1,223,751)	(\$81,081)	\$155,870	(\$448,106)	\$176,439	(\$83,311)	(\$1,294,907)	(\$328,781)	\$355,349	(\$32,545)	\$143,602
Interest on 2014 (Surplus)/Shortfall	\$70,611	\$0	\$28,866	\$0	\$0	\$9,937	\$0	\$0	\$0	\$0	\$22,653	\$0	\$0	\$9,155
Sub-Total	(\$3,033,742)	(\$895,936)	\$481,671	(\$1,223,751)	(\$81,081)	\$165,807	(\$448,106)	\$176,439	(\$83,311)	(\$1,294,907)	(\$328,781)	\$378,002	(\$32,545)	\$152,757
TOTAL BALANCE TO CONTRACTOR 2016	\$54,311,100	\$557,860	\$4,181,830	\$4,562,444	\$2,311,315	\$3,536,718	\$1,511,109	\$6,150,398	\$1,663,680	\$8,928,290	\$4,691,004	\$12,956,408	\$979,947	\$2,280,097
TOTAL BALANCE TO CONTRACTOR - 2015	\$59,004,838	\$1,606,512	\$4,561,048	\$5,688,059	\$2,275,975	\$3,799,852	\$1,610,679	\$5,998,592	\$1,753,024	\$10,416,544	\$5,187,441	\$13,096,474	\$980,809	\$2,029,829
Change in Contractor's Compensation	(\$4,693,738)	(\$1,048,652)	(\$379,219)	(\$1,125,615)	\$35,340	(\$263,134)	(\$99,570)	\$151,806	(\$89,344)	(\$1,488,254)	(\$496,437)	(\$140,066)	(\$862)	\$250,269
Percentage Change in Compensation	-7.95%	-65.28%	-8.31%	-19.79%	1.55%	-6.92%	-6.18%	2.53%	-5.10%	-14.29%	-9.57%	-1.07%	-0.09%	12.33%

SECTION 4 2015 MEMBER AGENCY REVENUE REQUIREMENT OBLIGATIONS

4.A Components of Member Agency Revenue Requirement

The compensation to Recology for 2016 collection service is only one of several components that make up the total collection cost reflected in the Member Agency's solid waste collection rates. In addition to the Recology compensation for collection service, there are pass-through costs (discussed below) that are also included in the Member Agency's Revenue Requirement (see **Table 8 –Member Agency Projected Rate Impacts**).

4.B Pass-Through Costs

The pass-through costs are the following:

1. Disposal and processing expense – Disposal and processing expenses are based on projected tonnage and estimated 2016 tip fees at the Shoreway Environmental Center. Tonnage assumptions were provided to Member Agencies on July 24 with any comments due back on August 7.
2. Franchise fee – Franchise and other Member Agency fees and programs (e.g., Curbside Inc. Door-to-Door HHW Collection Service). Fee assumptions used for 2016 were provided by Member Agencies on July 10.
3. Agency specific changes – Agency specific changes made in 2011 to the Franchise Agreements are noted and applied to each Member Agency. These changes were: Recology billing service for Menlo Park, credit for Hillsborough purchase of organics carts and reduced cost for back yard service, and a credit for San Carlos for City-purchased kitchen pails.

4.C Cost Variance from 2015 to 2016

The variance in Total Revenue Requirement from 2015 to 2016 is shown in **Table 7** by cost category and the rate impact of each change. The 2016 total collection cost which includes the Recology compensation and other pass-through costs shows an average SBWMA rate reduction of 1.3%. This rate adjustment can be further broken down into the following individual components:

1. The 2016 projected revenue before 2016 rate increases of \$99,479,968 is compared to the current estimated revenue requirement for 2015 (i.e., \$98,108,856). This shows a base revenue surplus of \$1,371,112 due to revenue exceeding the 2015 base total cost. Rates could decrease by 1.4% due to this surplus.
2. Recology Base Compensation decreased \$220,477 or 0.4% from 2015 compensation.
3. Incentive payments owed to Recology decreased by \$226,606 or 90.0% from 2015.
4. A new split-body vehicle residential collection pilot program was added for \$55,422.
5. The net compensation due to Recology decreased \$378,659 from 2015 with an estimated rate impact of a 0.4% decrease.
6. Disposal and Processing Fees at Shoreway increased by 1.6% due to tip fee increases planned for 2016 with a rate impact of 0.4%.
7. Total Member Agency fees increased slightly from the prior year (i.e., 0.5% increase) and reflect feedback received from each Member Agency.

The variance summary for each Member Agency is contained in **Appendix D** and will vary in accordance with the specific circumstances for each Member Agency. The issues that may affect Member Agencies include: fluctuations in revenue, changes in Recology's cost allocation, changes in Member Agency fees

and changes in collected tons. For the details on operational statistics and compensation by Member Agency, including year over year changes, please refer to Part II section 1 of Recology's Application.

Table 7 – Recology and Other Pass-Through Costs Variance and Rate Adjustment

COLLECTION RATE VARIANCE ANALYSIS <small>estimated 8/13/2015</small>	SBWMA TOTAL				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$99,479,968			
Projected Collection Revenue (After Rate Increase)	\$99,499,341				
2015 Base Revenue Surplus / <Shortfall>			\$1,371,112		-1.4%
Total Contractor's Compensation					
Base Compensation	\$57,905,546	\$57,685,069	-\$220,477	-0.4%	-0.2%
Agency Specific Contract Changes	(\$435,254)	(\$422,253)	\$13,001	-3.0%	0.0%
Incentives / Disincentives	\$253,210	\$26,604	-\$226,606	-89.5%	-0.2%
Split-Body Collection Vehicle Pilot Program	\$0	\$55,422	\$55,422	0.0%	0.1%
Total Contractor's Compensation	\$57,723,502	\$57,344,843	-\$378,659	-0.7%	-0.4%
Other Pass-Through Costs					
Disposal & Processing Fees	\$26,271,800	\$26,689,994	\$418,194	1.6%	0.4%
Agency Franchise & Other Fees	\$14,113,554	\$14,181,586	\$68,032	0.5%	0.1%
Subtotal Other Pass-Through Costs	\$40,385,354	\$40,871,580	\$486,225	1.2%	0.5%
TOTAL REVENUE REQUIREMENT	\$98,108,856	\$98,216,423	\$107,566	0.1%	0.1%
2015 Estimated Surplus / <Shortfall>	\$1,390,484				
2016 Estimated Surplus / <Shortfall>		\$1,263,546			
Required Revenue Adjustment					-1.3%

All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.

4.D Total Recommended Rate Adjustment

The SBWMA is responsible for compiling all the components that make up the recommended rate adjustment for 2016 and are summarized in **Table 8**. The amounts shown in Table 8 reflect estimated balances at December 31, 2016 before any 2016 Member Agency solid waste rate adjustments are applied. The purpose of this table is to assist Member Agencies with determining their rate adjustment(s) for 2016. The recommended rate adjustment is derived from comparing the 2016 base revenue at 2015 rates (i.e., \$99,479,968) on line A.1 to the total revenue impact on line F.1 (i.e., \$96,468,652), which in total results in a surplus balance of \$3,011,316 on line F.2 and a 3.0% recommended rate reduction (line H.3). The following provides an explanation of the sections in **Table 8**.

- **Section A** - The estimated 2016 Surplus/Shortfall balance with Recology (**A.8**), Agency Fees on shortfalls (**A.9**) and the Rate Adjustment Percentage (**A.10**) from changes in the Total Contractor's (i.e., Recology) Compensation for 2016 and the other Pass-Through cost components of disposal expense and agency fees. *The total SBWMA rate adjustment is negative 1.2%.*
- **Section B** - The results of the 2014 Recology Revenue Reconciliation surplus/shortfall that must be added to the 2016 rate adjustment. *The total SBWMA rate adjustment is negative 3.0%.*
- **Section C** - The 2016 Required Rate Adjustment which is the sum of sections A and B. **The total SBWMA rate adjustment is negative 4.2%.**
- **Section D** - The "2015 Estimated Surplus/Shortfall" balance with Recology. Also in this section is the final 2013 surplus/shortfall which would have been included in the 2015 rate adjustment. The total estimated surplus for all SBWMA Member Agencies is \$89,334 (D.4). The 2015 Revenue Reconciliation will be finalized in 2016, similar to how the 2014 Revenue Reconciliation was finalized in 2015.
- **Section E** - The amount of surplus balances (E.1) which Member Agencies have requested Recology to refund (i.e., Atherton, Burlingame, Redwood City and West Bay Sanitary District). It also includes an adjustment for Belmont's unique agreement with Recology.
- **Section F** - The "Total Rate Adjustment" and the cumulative surplus/shortfall of \$3,011,016 (F.2) which includes the result of Sections D and E. **The total SBWMA recommended rate adjustment is a decrease of 3.0% (F.3). The Member Agencies are obligated to set rates to generate the revenue needed as denoted in Section F per the MOU between Recology and SBWMA. Agencies that set rates lower than delineated in Section H and experience a shortfall in revenue are liable for future interest charges from Recology.**

Table 8 – Total Collection Rate Adjustment (Part 1 of 2)

SBWMA									
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY									
2016 Rate Year									
	2016 Total	Atherton	Belmont	Burlingame	East Palo Alto	Foster City	Hillsborough	Menlo Park	
A. 2016 RATE YEAR									
A.1	2016 Collection Revenue @ 2015 Rates	\$99,479,968	\$3,166,449	\$6,478,278	\$10,640,785	\$4,583,066	\$5,748,700	\$3,109,177	\$10,300,014
A.2	Total Contractor's Compensation	\$ 57,344,842	\$ 1,453,795	\$ 3,700,159	\$ 5,786,195	\$ 2,392,396	\$ 3,370,911	\$ 1,959,215	\$ 5,973,959
A.3	Other Pass-Through Costs								
A.4	Disposal & Processing Fees	\$ 26,689,994	\$ 949,176	\$ 1,429,657	\$ 2,887,154	\$ 1,552,246	\$ 1,519,306	\$ 698,451	\$ 2,775,769
A.5	Agency Franchise Fees	\$ 14,181,586	\$ 336,363	\$ 1,768,730	\$ 1,955,912	\$ 780,411	\$ 416,405	\$ 302,038	\$ 1,712,220
A.6	Total Other Pass-Through Costs	\$ 40,871,580	\$ 1,285,539	\$ 3,198,386	\$ 4,843,065	\$ 2,332,656	\$ 1,935,710	\$ 1,000,489	\$ 4,487,988
A.7	2016 REVENUE REQUIREMENT	\$98,216,422	\$2,739,334	\$6,898,545	\$10,629,260	\$4,725,052	\$5,306,621	\$2,959,704	\$10,461,947
A.8	Surplus/(Shortfall) estimated	\$1,263,547	\$427,116	(\$420,267)	\$11,525	(\$141,986)	\$442,079	\$149,472	(\$161,933)
A.9	Agency Fees on A.8	(\$36,663)	\$0		\$0	(\$13,639)	\$0	\$0	(\$21,051)
A.10	Rate Adjustment Percentage <i>(See Rate Variance Analysis for detail.)</i>	-1.2%	-13.5%		-0.1%	3.4%	-7.7%	-4.8%	1.8%
B. 2014 Final Surplus/(Shortfall)									
B.1	Surplus/<Shortfall>, incl Interest	\$3,033,742	\$895,936	(\$481,671)	\$1,223,751	\$81,081	(\$165,807)	\$448,106	(\$176,439)
B.2	Agency Fees on B.1	(\$53,985)	\$0		\$0	\$0	(\$8,290)	\$0	(\$22,937)
B.3	Rate Adjustment Percentage	-3.0%	-28.3%		-11.5%	-1.8%	3.0%	-14.4%	1.9%
C. 2016 REQUIRED REVENUE ADJUSTMENT									
C.1	Cumulative Revenue Requirement (A7-B1-B2)	\$95,273,327	\$1,843,398	\$7,380,216	\$9,405,509	\$4,657,610	\$5,480,718	\$2,511,598	\$10,682,375
C.2	SubTotal Surplus/(Shortfall) (A8+A9+B1+B2)	\$4,206,641	\$1,323,052	(\$901,938)	\$1,235,276	(\$74,543)	\$267,982	\$597,578	(\$382,361)
C.3	Rate Adjustment Percentage	-4.2%	-41.8%		-11.6%	1.6%	-4.7%	-19.2%	3.7%
D. 2015 Estimated Surplus/(Shortfall)									
D.1	Surplus/(Shortfall), 2015 estimated	\$1,390,484	\$423,009	(\$320,473)	\$99,158	(\$182,816)	\$365,122	\$144,929	\$22,414
D.2	Agency Fees on D.1	(\$19,817)	\$0	\$0	\$0	(\$17,561)	\$0	\$0	\$0
D.3	Surplus/(Shortfall), 2013 FINAL (incl. Interest)	(\$1,281,334)	(\$145,437)	(\$940,070)	\$41,259	\$134,974	(\$333,499)	\$356,908	(\$160,011)
D.4	Net 2013 / 2015 Surplus/(Shortfall)	\$89,334	\$277,572	(\$1,260,543)	\$140,417	(\$65,403)	\$31,623	\$501,837	(\$137,597)
D.5	Rate Adjustment Percentage	-0.1%	-8.8%		-1.3%	1.4%	-0.6%	-16.1%	1.3%
E. Adjustments									
E.1	Adjustments, refund of surplus balance, etc.	(\$1,284,659)	(\$895,936)	\$2,162,480	(\$1,223,751)				
F. TOTAL RATE ADJUSTMENT (C.1 - D.4 - E.1)									
F.1	TOTAL REVENUE ADJUSTMENT	\$96,468,652	\$2,461,762	\$6,478,278	\$10,488,843	\$4,723,013	\$5,449,095	\$2,009,761	\$10,819,972
F.2	Total Year Surplus/(Shortfall)	\$3,011,316	\$704,688	\$0	\$151,942	(\$139,946)	\$299,605	\$1,099,415	(\$519,958)
F.3	Cumulative Rate Adjustment Percentage	-3.0%	-22.3%		-1.4%	3.1%	-5.2%	-35.4%	5.0%

Table 8 – Total Collection Rate Adjustment (Part 2 of 2)

SBWMA							
TOTAL COLLECTION RATE ADJUSTMENT BY MEMBER AGENCY							
2016 Rate Year							
	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County - Total	
A. 2016 RATE YEAR							
A.1	2016 Collection Revenue @ 2015 Rates	\$2,666,640	\$18,412,581	\$8,063,506	\$21,636,401	\$1,486,913	\$3,187,457
A.2	Total Contractor's Compensation	\$ 1,746,991	\$ 10,223,197	\$ 5,019,785	\$ 12,578,406	\$ 1,012,492	\$ 2,127,340
A.3 Other Pass-Through Costs							
A.4	Disposal & Processing Fees	\$ 813,571	\$ 5,260,582	\$ 1,968,102	\$ 5,668,186	\$ 380,620	\$ 787,176
A.5	Agency Franchise Fees	\$ 143,035	\$ 2,528,993	\$ 1,075,642	\$ 2,886,213	\$ 95,841	\$ 179,784
A.6	Total Other Pass-Through Costs	\$ 956,605	\$ 7,789,575	\$ 3,043,745	\$ 8,554,399	\$ 476,462	\$ 966,960
A.7	2016 REVENUE REQUIREMENT	\$2,703,597	\$18,012,773	\$8,063,530	\$21,132,805	\$1,488,954	\$3,094,300
A.8	Surplus/(Shortfall) estimated	(\$36,956)	\$399,808	(\$24)	\$503,596	(\$2,040)	\$93,157
A.9	Agency Fees on A.8	(\$1,848)	\$0	(\$2)	\$0	(\$122)	\$0
A.10	Rate Adjustment Percentage	1.5%	-2.2%	0.0%	-2.3%	0.1%	-2.9%
	<i>(See Rate Variance Analysis for detail.)</i>						
B. 2014 Final Surplus/(Shortfall)							
B.1	Subtotal Year Surplus/<Shortfall> , incl Interest	\$83,311	\$1,294,907	\$328,781	(\$378,002)	\$32,545	(\$152,757)
B.2	Agency Fees on B.1	\$0	\$0	\$0	(\$15,120)	\$0	(\$7,638)
B.3	Rate Adjustment Percentage	-3.1%	-7.0%	-4.1%	1.8%	-2.2%	5.0%
C. 2016 REQUIRED REVENUE ADJUSTMENT							
C.1	Cumulative Revenue Requirement (A7-B1-B2))	\$2,622,133	\$16,717,866	\$7,734,751	\$21,525,927	\$1,456,531	\$3,254,695
C.2	SubTotal Surplus/(Shortfall) (A8+A9+B1+B2)	\$44,507	\$1,694,715	\$328,754	\$110,474	\$30,382	(\$67,238)
C.3	Rate Adjustment Percentage	-1.7%	-9.2%	-4.1%	-0.5%	-2.0%	2.1%
D. 2015 Estimated Surplus/(Shortfall)							
D.1	Surplus/(Shortfall), 2015 estimated	(\$45,113)	\$182,170	\$148,073	\$457,995	\$15,692	\$80,324
D.2	Agency Fees on D.1	(\$2,256)	\$0	\$0	\$0	\$0	\$0
D.3	Surplus/(Shortfall), 2013 FINAL (incl. Interest)	\$17,634	\$144,629	(\$97,186)	(\$433,685)	\$15,717	\$117,433
D.4	Net 2013 / 2015 Surplus/(Shortfall)	(\$29,735)	\$326,799	\$50,887	\$24,310	\$31,409	\$197,757
D.5	Rate Adjustment Percentage	1.1%	-1.8%	-0.6%	-0.1%	-2.1%	-6.2%
E. Adjustments							
E.1	Adjustments, refund of surplus balance, etc.		(\$1,294,907)			(\$32,545)	
F TOTAL RATE ADJUSTMENT (C.1 - D.4 - E.1)							
F.1	TOTAL REVENUE ADJUSTMENT	\$2,651,868	\$17,685,974	\$7,683,864	\$21,501,617	\$1,457,667	\$3,056,938
F.2	Total Year Surplus/(Shortfall)	\$14,772	\$726,607	\$379,642	\$134,784	\$29,246	\$130,519
F.3	Cumulative Rate Adjustment Percentage	-0.6%	-3.9%	-4.7%	-0.6%	-2.0%	-4.1%

SECTION 5 CONCLUSION

The SBWMA's review of the 2016 Recology Compensation Application results in the recommendation to adjust the 2016 compensation to Recology (i.e., Total Contractor's Compensation) by a 0.7% (i.e., \$378,660) decrease over approved 2015 compensation, as provided in the Executive Summary and Tables A, B and E in Recology's Application.

The Member Agency snapshot report prepared by the SBWMA, and updated by Recology annually, can be found in the Recology Application as Appendix 3. Each snapshot report includes six tables for each Member Agency including: 1) a three year summary of major statistics used to allocate costs; 2) detailed comparison of Recology costs for 2016 vs. 2015; 3) detailed cost comparison of 2016 vs. 2015 by Recology service sectors; and, 4) three tables showing the actual cost allocation process by service sector and the seventeen lines of business.

APPENDIX A

RECOLOGY 2016 COMPENSATION
APPLICATION ISSUED ON
August 7, 2015 REFLECTING REDLINE
CHANGES FROM THE VERSIONS
SUBMITTED ON JUNE 15, 2015 AND
July 24, 2015(PART I NARRATIVE
SECTIONS 1 – 4 ONLY)

SBWMA FINAL REPORT REVIEWING
THE RECOLOGY 2016
COMPENSATION APPLICATION

September 17, 2015

Table of Contents – Part 1

EXECUTIVE SUMMARY 1

1. CALCULATION OF CONTRACTOR’S COMPENSATION FOR THE 2016 RATE YEAR AND VARIANCE ANALYSIS..... 5

1.1. Annual Adjustment To Contractor’s Base Compensation..... 5

 1.1.1. OVERVIEW OF ANNUAL CONTRACTOR’S COMPENSATION ADJUSTMENT 5

 1.1.2. TOTAL CONTRACTOR’S COMPENSATION ADJUSTMENT 6

 1.1.3. COST ADJUSTMENT PROCESS 8

 1.1.4. DIRECT LABOR-RELATED COSTS..... 10

 1.1.5. DIRECT FUEL COSTS 11

 1.1.6. OTHER DIRECT COSTS..... 11

 1.1.7. DEPRECIATION ON COLLECTION VEHICLES, CONTAINERS AND EQUIPMENT 11

 1.1.8. INDIRECT COSTS EXCLUDING DEPRECIATION 11

 1.1.9. ANNUAL IMPLEMENTATION COST AMORTIZATION..... 12

 1.1.10. PROFIT..... 12

 1.1.11. CONTRACTOR PASS-THROUGH COSTS 12

1.2. Specific Issues For 2016 14

 1.2.1. PERFORMANCE INCENTIVES AND DISINCENTIVES 14

 1.2.2. Split-Body Collection Vehicle Pilot Program 14

1.3. Member Agency Specific Issues..... 16

 1.3.1. TOWN OF HILLSBOROUGH BACKYARD SERVICE ADJUSTMENT 16

 1.3.2. CITY OF SAN CARLOS KITCHEN PAIL ADJUSTMENT 16

 1.3.3. CITY OF MENLO PARK BILLING ADJUSTMENT 16

 1.3.4. TOWN OF HILLSBOROUGH USED GREEN WASTE CARTS ADJUSTMENT 16

 1.3.5. CITY OF BELMONT UNIQUE FRANCHISE AGREEMENT 17

2. ANNUAL REVENUE RECONCILIATION 18

2.1. Revenue Reconciliation for 2014 to Account for Any Shortfall or Surplus in Compensation Paid to Recology	18
2.2. Interest Associated with a Shortfall or Surplus in Required Revenues	20
3. ALLOCATION OF COSTS TO THE MEMBER AGENCIES	23
3.1. Explanation of Cost Allocation Process	23
3.2. Cost Allocation Variances For Member Agencies	27
3.3. Individual Member Agency Variances	28
3.4. Operational Information for Cost Allocation.....	29
3.4.1. ANNUAL ROUTE HOURS BY LINE OF BUSINESS	29
3.4.2. ANNUAL ROUTE LABOR HOURS BY LINE OF BUSINESS	30
3.4.3. NUMBER OF CONTAINERS IN SERVICE BY LINE OF BUSINESS	30
3.4.4. NUMBER OF ACCOUNTS BY LINE OF BUSINESS	30
3.5. Description of Other Operational Information.....	30
4. COST ADJUSTMENT CALCULATIONS IN TOTAL AND BY MEMBER AGENCY	31
APPENDICES.....	33
APPENDIX 1. SUMMARY SERVICE METRICS (ATT. N – J).....	33
APPENDIX 1-1. METRICS SUMMARY USED FOR COST ALLOCATION	33
APPENDIX 1-2. ANNUAL ROUTE LABOR HOURS BY LINE OF BUSINESS.....	34
APPENDIX 1-3. ANNUAL ROUTE HOURS BY LINE OF BUSINESS.....	35
APPENDIX 1-4. NUMBER OF CONTAINERS IN SERVICE BY LINE OF BUSINESS.....	36
APPENDIX 1-5. NUMBER OF ACCOUNTS BY LINE OF BUSINESS	37
APPENDIX 2. TOTAL SBWMA COST ADJUSTMENT PER ATTACHMENT N SUMMARY	38
APPENDIX 2-1. CONTRACTOR’S TOTAL COMPENSATION DETAIL	38
APPENDIX 2-2. CONTRACTOR’S COMPENSATION BY SERVICE SECTOR	39
APPENDIX 2-3. TOTAL CONTRACTOR’S COMPENSATION BY MEMBER AGENCY.....	40
APPENDIX 2-4. SINGLE-FAMILY DWELLING COST ALLOCATION	41

APPENDIX 2-5. COMMERCIAL & MULTI-FAMILY DWELLING COST ALLOCATION 42

APPENDIX 2-6. MEMBER AGENCY FACILITIES COST ALLOCATION..... 43

APPENDIX 3. COST ADJUSTMENT AND SNAPSHOT FOR EACH MEMBER AGENCY44

APPENDIX 3-1. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – TOWN OF ATHERTON 44

APPENDIX 3-2. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – BELMONT..... 50

APPENDIX 3-3. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – BURLINGAME 56

APPENDIX 3-4. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – EAST PALO ALTO 62

APPENDIX 3-5. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – FOSTER CITY 68

APPENDIX 3-6. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – HILLSBOROUGH..... 74

APPENDIX 3-7. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – MENLO PARK 80

APPENDIX 3-8. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – REDWOOD CITY..... 86

APPENDIX 3-9. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – SAN CARLOS..... 92

APPENDIX 3-10. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – SAN MATEO..... 98

APPENDIX 3-11. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – NORTH FAIR OAKS..... 104

APPENDIX 3-12. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – WEST BAY SANITARY DISTRICT..... 110

APPENDIX 3-13. CONTRACTOR’S BASE COMPENSATION, CONTRACTOR’S COMPENSATION BY SERVICE SECTOR, Allocated Costs (SFD, Commercial & MFD, Agency Facilities), & Member Agency Snapshot – UNINCORPORATED COUNTY 116

APPENDIX 4 – AUDITED FINANCIAL STATEMENTS AND COMPILATION 122

EXECUTIVE SUMMARY

Overview of the Application

Recology San Mateo County (Recology) is pleased to submit our 2016 Application for a Contractor's Compensation Adjustment per Section 11.04 of the Franchise Agreements with the twelve South Bayside Waste Management Authority (SBWMA) Member Agencies. The format of this Application is similar to the prior year submittals, which had been modified, with the assistance of the SBWMA and feedback from Board members, in an effort to provide a more user friendly and easier to understand Application.

Prior year feedback received identified that the Application would be best presented in two parts. Part I is made up of the report summarizing the components of the Calculation of Contractor's Compensation, the supporting tables and charts and describing identified cost allocation variances. Part 2 is made up of the source files and contains the data used to create the Application as well as other specific data identified in Article 11 of the Franchise Agreement as required information needed to be included in the Application.

Section 1 of this Application (Calculation of Contractor's Compensation for the 2016 Rate Year and Variance Analysis) explains the first step in calculating the annual adjustment to Recology's compensation. This section provides the results of our calculations and explains how the base compensation is adjusted using the indices prescribed in the Franchise Agreements. Also included are explanations on special issues such as Incentive and Disincentive payments and sections pertaining to several Member Agencies that have unique cost adjustments.

Section 2 (Annual 2014 Revenue Reconciliation) details the annual process to determine what net revenue Recology retained in compensation versus the amount actually owed to the company. This reconciliation of revenues billed by Recology calculates the surplus or shortfall due to/from each Member Agency for 2014.

Section 3 (Allocation of Costs to the Member Agencies) explains the second step in the compensation adjustment process which is to allocate contractor's compensation across all Member Agencies equitably as prescribed in the Franchise Agreements. This section provides the details of the operational metrics used to allocate costs, the results of the cost allocation and explanations for jurisdictions with allocation changes of 3% or more.

Section 4 (Cost Adjustment Calculations in Total and by Member Agency) consists of several Appendices which provide statistical tables and various cost adjustment tables. These tables provide a summary of the detailed calculations and steps taken to derive the compensation adjustment for 2016 by Member Agency.

Results of Index and Non-Indexed Based Cost Adjustments (Section 1)

Section 1 provides the results of the index and non-index based cost adjustments for the ten cost categories which ranged from -18.51% (i.e., Fuel) to a 2.45% increase (i.e., Worker's Compensation Insurance (Drivers)). The changes for the ten cost categories can be seen on **Table C**, page 9. The total adjustment for index-based cost adjustments is a 0.2% increase in compensation before interest and incentives/disincentives adjustments.

Specific Issues for 2016 (Section 1)

Section 1.2 describes the specific issues for 2016 which include a calculation of performance incentives and disincentives. The net performance incentive payment is calculated at \$26,604. The Member Agency specific issues are discussed in detail in Section 1.3.

Results of the 2014 Revenue Reconciliation (Section 2)

Recology issued its 2014 Revenue Reconciliation Report to the SBWMA and its Member Agencies on March 31, 2015, per Section 11.03 of the Franchise Agreement(s). The Revenue Reconciliation compares the amount owed to Recology to the amount paid to Recology by Member Agency. The result was a surplus due from Recology of \$3,104,353 in 2014 before adjustment for interest. The impact across the Member Agencies ranged from shortfalls in the Cities of Belmont of \$452,805 and San Mateo of \$355,349 to a surplus in the City of Redwood City of \$1,294,907. The following table provides the results of the 2014 Revenue Reconciliation. Please note that the detailed Revenue Reconciliation information is provided in **Table H** on page 22.

Member Agency	2014 Surplus or (Shortfall)	Interest Due (to)/from Recology	Total
Atherton	\$895,936	\$0	\$895,936
Belmont	(\$452,805)	(\$28,866)	(\$481,671)
Burlingame	\$1,223,751	\$0	\$1,223,751
East Palo Alto	\$81,081	\$0	\$81,081
Foster City	(\$155,870)	(\$9,937)	(\$165,807)
Hillsborough	\$448,106	\$0	\$448,106
Menlo Park	(\$176,439)	\$0	(\$176,439)
North Fair Oaks	\$83,311	\$0	\$83,311
Redwood City	\$1,294,907	\$0	\$1,294,907
San Carlos	\$328,781	\$0	\$328,781
City of San Mateo	(\$355,349)	(\$22,653)	(\$378,002)
West Bay Sanitary District	\$32,545	\$0	\$32,545
County of San Mateo	(\$143,602)	(\$9,155)	(\$152,757)
Total	\$3,104,353	(\$70,611)	\$3,033,742

Results of the 2016 Cost Allocation (Section 3)

Section 3 provides the details of the allocation of total Contractor collection costs to the Member Agencies. This cost allocation process resulted in year-over-year variances ranging from an increase in Menlo Park of 3.00% or \$172,995 to a decrease in Redwood City of 2.48% or \$259,547. The biggest factor of the cost allocation is driver hours attributed to each Member Agency which can fluctuate for a variety of reasons. The following table provides the percentage and dollar variance in the allocation of total compensation for 2016 compared to 2015.

Percentage of Total Contractor's Compensation Total Cost Allocation					
	2015	2016	Difference %	Variance %	Difference \$
Atherton	2.52%	2.52%	0.00%	-0.06%	\$ (927)
Belmont	6.23%	6.41%	0.17%	2.77%	\$ 99,698
Burlingame	9.84%	10.01%	0.18%	1.82%	\$ 103,209
East Palo Alto	4.14%	4.14%	0.01%	0.12%	\$ 2,902
Foster City	5.96%	5.83%	-0.12%	-2.09%	\$ (71,996)
Hillsborough	4.18%	4.16%	-0.02%	-0.45%	\$ (10,893)
Menlo Park	10.00%	10.30%	0.30%	3.00%	\$ 172,995
North Fair Oaks	3.04%	3.02%	-0.02%	-0.68%	\$ (11,898)
Redwood City	18.15%	17.70%	-0.45%	-2.48%	\$ (259,547)
San Carlos	8.77%	8.70%	-0.07%	-0.79%	\$ (40,136)
San Mateo	21.76%	21.77%	0.01%	0.04%	\$ 5,410
West Bay Sanitary	1.72%	1.75%	0.03%	2.03%	\$ 20,110
County of San Mateo	3.70%	3.68%	-0.02%	-0.42%	\$ (8,929)
Totals	100%	100%	0.00%	N/A	\$ 0

Note: Dollar difference amounts in parentheses are a reduction in total cost allocation.
Year 2015 and 2016 percentages are shown rounded to two decimal places.

2016 Total Adjustment to Contractor's Compensation (Section 4)

The calculated adjustment for the Total Contractor's Compensation for Rate Year 2016 decreased by \$378,660 or -0.7% compared to the compensation approved for 2015. This total contractor's compensation adjustment for the SBWMA service area as a whole is summarized in the table on the next page.

	Compensation - 2015	Compensation - 2016	Change	% Change
Total Annual Cost of Operations	50,595,200	50,681,506	86,306	0.2%
Profit	5,311,098	5,320,158	9,060	0.2%
Operating Ratio	90.5%	90.5%		
Total Operating Costs	55,906,299	56,001,664	95,366	0.2%
Total Contractor Pass-Through Costs	1,563,993	1,261,152	(302,841)	-19.4%
BASE CONTRACTOR'S COMPENSATION	57,470,292	57,262,816	(207,476)	-0.4%
Other Adjustments				
Incentive / Disincentives	253,210	26,604	(226,606)	
Split-Body Collection Vehicle Pilot Program	-	55,422	55,422	
Total Other Adjustments	253,210	82,026	(171,184)	
TOTAL CONTRACTOR'S COMPENSATION	57,723,502	57,344,842	(378,660)	-0.7%

Revised Table 8/7/2015

This table provides the year-over-year comparison of the percentage change in total Contractor's Compensation due to Recology for collection services. **These figures do not include disposal and processing costs, franchise fees or the annual Revenue Reconciliation Surplus/Shortfall.**

1. CALCULATION OF CONTRACTOR'S COMPENSATION FOR THE 2016 RATE YEAR AND VARIANCE ANALYSIS

1.1. ANNUAL ADJUSTMENT TO CONTRACTOR'S BASE COMPENSATION

The process to adjust Recology's compensation entails several steps which are explained in detail in this report.

The first step is to adjust the prior year's costs by the various indices prescribed in the Franchise Agreements (refer to section 1.1.3.). The second step is to add specific adjustments to the Base Contractor's Compensation. These include Incentive/Disincentive payment owed to/from Recology and other specific adjustments that may arise in the normal course of this contract. The final step is the calculation of the Surplus/Shortfall due to/from Recology for the prior year's compensation. Since this is a revenue issue and not a cost issue, it is dealt with separately in this report (refer to Section 2).

1.1.1. Overview of Annual Contractor's Compensation Adjustment

The annual compensation adjustment process is prescribed in the Member Agency Franchise Agreements in Article 11 (Contractor's Compensation, Pass-Through Costs and Rates), Attachment K (Contractor's Compensation and Rate Setting Process) and Attachment N (Contractor's Compensation and Rate Setting Statistics). Article 11 provides an overview of the compensation methodology. Attachment K explains the detailed process and specific rules used to adjust the various cost categories and the allocation of costs to the Member Agencies. The tables that comprise Attachment N are used to calculate the specific cost adjustments prescribed in Attachment K. Therefore, the process to annually adjust Contractor's Compensation is implemented by following the provisions in Article 11, Attachment K and Attachment N.

1.1.2. Total Contractor's Compensation Adjustment

The calculated adjustment for the Total Contractor's Compensation for Rate Year 2016 decreased by **\$378,660 (-0.7%)**, to **\$57,344,842** compared to the compensation approved for 2015. This total cost adjustment for the SBWMA service area as a whole is summarized in **Table A** below.

Table A

	Compensation - 2015	Compensation - 2016	Change	% Change
Total Annual Cost of Operations	50,595,200	50,681,506	86,306	0.2%
Profit	5,311,098	5,320,158	9,060	0.2%
Operating Ratio	90.5%	90.5%		
Total Operating Costs	55,906,299	56,001,664	95,366	0.2%
Total Contractor Pass-Through Costs	1,563,993	1,261,152	(302,841)	-19.4%
BASE CONTRACTOR'S COMPENSATION	57,470,292	57,262,816	(207,476)	-0.4%
Other Adjustments				
Incentive / Disincentives	253,210	26,604	(226,606)	
Split-Body Collection Vehicle Pilot Program	-	55,422	55,422	
Total Other Adjustments	253,210	82,026	(171,184)	
TOTAL CONTRACTOR'S COMPENSATION	57,723,502	57,344,842	(378,660)	-0.7%

Revised Table A 8/7/2015

The adjusted Total Contractor's Compensation for each Agency is provided in **Table B** on the next page.

Please note that the figures in the above **Table A** and **Table B** do not include disposal and processing costs, franchise fees or the annual Revenue Reconciliation **Surplus/Shortfall**. **Table A** (above) and **Table B** (on the next page) only pertain to Recology's Base Compensation.

Table B

BASE COLLECTION COSTS	2016 Costs													
	2016 Total	Atherton	Belmont	Burlingame	E Palo Alto	Foster City	Hillsborough	Menlo Park	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County
Annual Cost of Operations														
Direct Labor-Related Costs														
Wages for CBAs	\$16,469,842	\$422,156	\$1,083,405	\$1,718,105	\$643,977	\$920,855	\$720,580	\$1,634,722	\$518,368	\$2,865,729	\$1,396,132	\$3,674,460	\$289,609	\$581,743
Benefits for CBAs	\$6,555,040	\$170,333	\$433,526	\$668,995	\$258,473	\$363,294	\$291,589	\$645,429	\$207,190	\$1,142,566	\$556,130	\$1,465,706	\$116,541	\$235,268
Payroll Taxes	\$1,370,291	\$35,123	\$90,139	\$142,946	\$53,579	\$76,615	\$59,952	\$136,009	\$43,128	\$238,429	\$116,158	\$305,715	\$24,095	\$48,401
Workers Compensation Insurance	\$1,452,653	\$37,234	\$95,557	\$151,538	\$56,739	\$81,220	\$63,556	\$144,184	\$45,721	\$252,760	\$123,140	\$324,090	\$25,544	\$51,310
Total Direct Labor Related-Costs	\$25,847,826	\$664,848	\$1,702,628	\$2,681,583	\$1,012,829	\$1,441,985	\$1,135,677	\$2,560,344	\$814,406	\$4,499,484	\$2,191,560	\$5,769,972	\$455,789	\$916,722
Direct Fuel Costs	\$3,348,085	\$92,024	\$208,528	\$324,251	\$138,736	\$197,194	\$163,247	\$354,205	\$98,945	\$594,440	\$288,332	\$699,956	\$61,127	\$127,100
Other Direct Costs	\$2,169,270	\$57,544	\$135,465	\$216,194	\$88,778	\$127,069	\$101,318	\$231,374	\$63,307	\$384,851	\$187,739	\$457,319	\$38,467	\$79,845
Depreciation														
- Collection Vehicles	\$4,016,792	\$114,144	\$248,687	\$385,803	\$161,869	\$240,962	\$196,401	\$439,694	\$115,694	\$714,716	\$349,722	\$821,732	\$73,666	\$153,702
- Containers	\$1,882,550	\$58,574	\$125,694	\$160,486	\$84,248	\$116,321	\$59,220	\$180,649	\$57,892	\$340,735	\$168,571	\$411,669	\$36,198	\$82,192
Total Depreciation	\$5,899,342	172,718	374,381	546,290	246,117	357,284	255,621	620,343	173,686	1,055,451	518,293	1,233,400	109,864	235,894
Allocated Indirect Costs														
General and Administrative	\$7,181,152	\$112,074	\$444,657	\$674,545	\$358,174	\$443,676	\$170,371	\$759,943	\$211,197	\$1,328,967	\$683,705	\$1,612,601	\$111,055	\$270,186
Operations	\$1,777,985	\$51,111	\$108,072	\$186,164	\$69,866	\$110,166	\$88,114	\$196,226	\$48,541	\$311,929	\$152,132	\$355,017	\$32,866	\$67,779
Vehicle Maintenance	\$3,067,890	\$88,192	\$186,476	\$321,224	\$120,553	\$190,091	\$152,040	\$338,586	\$83,757	\$538,230	\$262,502	\$612,578	\$56,710	\$116,952
Container Maintenance	\$1,050,330	\$24,908	\$67,635	\$95,994	\$49,431	\$66,300	\$26,242	\$116,262	\$29,826	\$191,093	\$94,573	\$233,149	\$16,438	\$38,478
Total Allocated Indirect Costs	\$13,077,358	\$276,285	\$806,840	\$1,277,927	\$598,023	\$810,233	\$436,768	\$1,411,017	\$373,322	\$2,370,220	\$1,192,913	\$2,813,345	\$217,069	\$493,395
Total Allocated Indirect Depreciation Costs	\$152,451	\$4,378	\$9,209	\$16,079	\$6,000	\$9,492	\$7,507	\$16,778	\$4,087	\$26,860	\$13,108	\$30,376	\$2,790	\$5,787
Annual Implementation Cost Amortization	\$187,175	\$5,679	\$11,300	\$17,984	\$8,227	\$10,854	\$9,990	\$19,236	\$5,354	\$33,616	\$15,736	\$37,982	\$3,572	\$7,645
Total Annual Cost of Operations ³	\$50,681,506	1,273,476	3,248,351	5,080,309	2,098,708	2,954,110	2,110,129	5,213,298	1,533,107	8,964,921	4,407,681	11,042,350	888,678	1,866,387
Profit	\$5,320,158	\$133,680	\$340,987	\$533,232	\$220,306	\$310,100	\$221,505	\$547,252	\$160,934	\$941,069	\$482,685	\$1,159,142	\$93,287	\$195,919
Operating Ratio	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%	90.5%
Total Operating Cost	\$56,001,664	\$1,407,156	\$3,589,338	\$5,613,601	\$2,319,015	\$3,264,210	\$2,331,634	\$5,760,551	\$1,694,041	\$9,905,990	\$4,870,366	\$12,201,492	\$981,965	\$2,062,306
Contractor Pass-Through Costs														
Interest Expense	\$1,629,656	\$43,595	\$103,100	\$157,725	\$66,956	\$98,566	\$63,855	\$175,356	\$48,817	\$291,823	\$143,909	\$346,930	\$28,372	\$60,653
Interest Expense on Implementation Cost	\$53,748	\$1,447	\$3,215	\$5,533	\$2,340	\$3,114	\$2,504	\$5,594	\$1,597	\$9,702	\$4,516	\$11,272	\$935	\$1,980
Contract Changes to Specific Agencies	(\$422,253)	\$0	\$0	\$0	\$0	\$0	(\$440,857)	\$24,429	\$0	(\$5,825)	\$0	\$0	\$0	\$0
BASE COMPENSATION	\$57,262,816	\$1,452,198	\$3,695,653	\$5,776,859	\$2,388,311	\$3,365,890	\$1,957,135	\$5,965,930	\$1,744,455	\$10,207,515	\$5,012,966	\$12,559,694	\$1,011,272	\$2,124,939
Incentives and Disincentives	\$26,604	\$192	\$929	\$3,745	\$1,774	\$1,763	\$185	\$2,255	\$848	\$5,802	\$1,968	\$6,556	\$241	\$345
Split-Body Collection Vehicle Pilot Program	\$55,422	\$1,406	\$3,577	\$5,591	\$2,312	\$3,258	\$1,894	\$5,774	\$1,688	\$9,879	\$4,852	\$12,156	\$979	\$2,057
Total Contractor Adjustments	\$82,026	\$1,598	\$4,506	\$9,336	\$4,085	\$5,021	\$2,079	\$8,029	\$2,537	\$15,682	\$6,820	\$18,712	\$1,220	\$2,402
TOTAL CONTRACTOR'S COMPENSATION	\$57,344,842	\$1,453,796	\$3,700,159	\$5,786,195	\$2,392,396	\$3,370,911	\$1,959,215	\$5,973,959	\$1,746,991	\$10,223,197	\$5,019,785	\$12,578,406	\$1,012,492	\$2,127,340

Revised Table B 8/7/2015

1.1.3. Cost Adjustment Process

The 2016 Recology Compensation Application adjusts 2015 costs by applying the year-over-year changes in several United States Department of Labor indices. Additional compensation adjustments have been made for the 2014 Revenue Reconciliation Surplus/Shortfall, interest payments due to/from Recology and 2014 performance incentive/disincentive payments. In addition, several Agencies have specific adjustments (i.e., the Town of Hillsborough, the City of San Carlos, and the City of Menlo Park – see Section 1.3 for more information on this).

The percentage increase and explanation of the various adjustments by cost categories used as the basis for the 2016 adjustment to Recology's compensation are provided in **Table C** on the following page.

Table C

Cost Category	Cost Adjustment	Explanation
CBA Wages (Drivers)	2.38%	The wages adjustment is based on the CPI index described in Table 1 of Attachment K.
CBA Benefits (Drivers)	2.38%	The benefits adjustment is based on the CPI index described in Table 1 of Attachment K.
Payroll Tax (Drivers)	2.38%	The payroll tax rate is adjusted by changes in Federal or state payroll tax rates. There are no tax rate changes for 2016; therefore, the payroll tax expense changes in accordance with change in wages.
Worker's Compensation Insurance (Drivers)	2.45%	The workers compensation insurance adjustment is based on an index which increased 2.45%.
Depreciation – Collection Vehicles	0.0%	No adjustment in 2016.
Depreciation - Containers	0.0%	No adjustment in 2016.
CBA (Mechanics and Clerical) Wages and Benefits	2.38%	The wages and benefits adjustments are based on the CPI index described in Table 1 of Attachment K.
Non-CBA Labor	2.38%	The adjustment is based on the CPI index described in Table 1 of Attachment K.
Fuel	-18.51%	The Fuel expense is adjusted by the change in a fuel index of -18.51%.
Other Indirect	0.86%	The Other Indirect expense includes insurance, general office expense, safety, etc. Other Indirect expenses are adjusted by 80% of a CPI index change of 1.07%.

The flowchart provided as **Table D** illustrates graphically the cost adjustment process that is conducted each year.

Table D

SBWMA - CONTRACTOR COST ADJUSTMENT PROCESS					
Collection and Shoreway Operations Contracts					
2015 APPROVED COSTS (not actual costs)			ADJUSTMENT		2016 CONTRACTORS COMPENSATION
CBA (wages & benefits)	+		Index adjustment beginning Rate Year 2015	=	Base plus Adjustment
Other Cost	+		Index	=	Base plus Adjustment
Fuel	+		Index	=	Base plus Adjustment
Depreciation	+		No Change	=	Last Year's Depreciation
Allowable Profit					Profit calculated on total approved costs at Operating ratio in Proposal
Contractor Pass-Through Cost					
Interest			Interest is fixed on sliding scale based on final capital cost		Annual Interest Expense per Interest Schedule
Other			Actual cost; ie, regulatory fees, etc.		Actual Cost
2015 TOTAL BASE CONTRACTOR COMPENSATION	+		Total of all Costs Above	=	2016 TOTAL BASE CONTRACTOR COMPENSATION
<i>Note: The "CBA (wages & benefits)" row applies to the Collective Bargaining Agreements covering drivers, mechanics and clerical employees. Simplified - for illustration only.</i>					

The result of the Cost Adjustment Process is provided in **Table E** on page 13.

1.1.4. Direct Labor-Related Costs

Total Direct Labor and related costs increased by \$601,696 or 2.4%, from the approved 2015 costs. This change is the result of applying an increase for changes in indices, as

described in Table 1 of Attachment K. The four specific costs that are adjusted which comprise the Direct Labor cost category increased as follows:

- 1) Wages for CBAs \$382,785.
- 2) Benefits for CBAs \$152,350.
- 3) Payroll tax expense has increased by \$31,848 due to the increase in wages described above. The actual payroll tax rate is unchanged from 2015.
- 4) The final component of Direct Labor-Related Costs, Workers' Compensation Insurance, increased by \$34,713 as a result of applying the change in the Employment Cost Index.

1.1.5. Direct Fuel Costs

Direct Fuel Costs are adjusted based on the change in the Producer Price Index - Commodity Index for #2 diesel fuel. The adjustment for 2016 is a decrease of 18.5% or \$760,256 from 2015. In 2012, this index experienced a 25.55% increase, which is indicative of the volatility of this index and the actual cost of fuel.

1.1.6. Other Direct Costs

Other Direct Costs are adjusted based on applying 80% of the change in a Federal Consumer Price Index. The result is an increase of 0.9% or \$18,497.

1.1.7. Depreciation on Collection Vehicles, Containers and Equipment

There is no cost adjustment for depreciation expense unless a change is approved to the base capital for trucks, containers and equipment. Therefore depreciation expense for Rate Year 2016 is the same as for Rate Year 2015.

1.1.8. Indirect Costs Excluding Depreciation

Allocated Indirect Costs Excluding Depreciation include overhead costs, as follows: General and Administrative costs, Operations (Supervisory) costs, Vehicle Maintenance costs and Container Maintenance costs. These overhead cost categories each include labor and related costs, fuel costs, and other costs. Each cost category is separately adjusted as explained above. Allocated Indirect Costs Excluding Depreciation, increased by 1.8% or \$226,370.

1.1.9. Annual Implementation Cost Amortization

The Implementation or start-up costs for Recology to roll-out the services are amortized over the ten year Term of the Franchise Agreements and are fixed costs. The annual cost is \$187,175.

1.1.10. Profit

Allowable Profit is calculated by applying the Operating Ratio (OR) of ninety and one-half percent (90.5%) to the Contractor's approved Total Annual Costs of Operations. The Total Annual Cost of Operations is not the actual cost of operations. The Total Annual Cost of Operations is determined by increasing the certain line items included in the prior year approved Total Costs of Operations by the index identified in Attachment K. The Total Contractor's Compensation for Rate Year 2016 is made up of annual approved increases added to the amounts originally included in Recology's 2008 RFP submittal.

The compensation for Total Annual Cost of Operations increased 0.2% or \$86,306 and is made up of the items discussed. Applying the prescribed OR to the Total Annual Cost of Operations results in an increase in Profit for 2016 of 0.2%, or \$9,060.

1.1.11. Contractor Pass-Through Costs

Contractor Pass-Through Costs are made up of any new Regulatory Agency Fees (no changes for 2016), Interest Expense (on capital for trucks and equipment), and Interest Expense on Implementation Costs. Interest expense is adjusted based on the ten year debt service schedule approved at the start of the contract. Interest expense decreased by \$305,696 to \$1,629,656 for 2016. Interest Expense on Implementation Costs decreased by \$10,146 to \$53,748.

Table E

	Compensation - 2015	Compensation - 2016	Change	% Change
Annual Cost of Operations				
Direct Labor-Related Costs				
Wages for CBAs	16,087,056	16,469,842	382,785	2.4%
Benefits for CBAs	6,402,691	6,555,040	152,350	2.4%
Payroll Taxes	1,338,443	1,370,291	31,848	2.4%
Workers Compensation Insurance	1,417,940	1,452,653	34,713	2.4%
Total Direct Labor Related-Costs	25,246,130	25,847,826	601,696	2.4%
Direct Fuel Costs	4,108,341	3,348,085	(760,256)	-18.5%
Other Direct Costs	2,150,774	2,169,270	18,497	0.9%
Depreciation				
- Collection Vehicles	4,016,792	4,016,792	-	0.0%
- Containers	1,882,550	1,882,550	-	0.0%
Total Depreciation	5,899,342	5,899,342	-	0.0%
Allocated Indirect Costs				
General and Administrative	7,055,693	7,181,152	125,459	1.8%
Operations	1,750,219	1,777,985	27,766	1.6%
Vehicle Maintenance	3,005,558	3,067,890	62,332	2.1%
Container Maintenance	1,039,517	1,050,330	10,813	1.0%
Total Allocated Indirect Costs	12,850,988	13,077,358	226,370	1.8%
Total Allocated Indirect Depreciation Costs	152,451	152,451	-	0.0%
Annual Implementation Cost Amortization	187,175	187,175	-	0.0%
Total Annual Cost of Operations	50,595,200	50,681,506	86,306	0.2%
Profit	5,311,098	5,320,158	9,060	0.2%
Operating Ratio	90.5%	90.5%		
Total Operating Costs	55,906,299	56,001,664	95,366	0.2%
Contractor Pass-Through Costs				
Regulatory Agency Fees	-	-	-	
Interest Expense	1,935,353	1,629,656	(305,696)	-15.8%
Interest Expense on Implementation Cost	63,894	53,748	(10,146)	-15.9%
Contract Changes to Specific Agencies	(435,254)	(422,253)	13,001	
Total Contractor Pass-Through Costs	1,563,993	1,261,152	(302,841)	-19.4%
BASE CONTRACTOR'S COMPENSATION	57,470,292	57,262,816	(207,476)	-0.4%
Other Adjustments				
Incentive / Disincentives	253,210	26,604	(226,606)	
Split-Body Collection Vehicle Pilot Program	-	55,422	55,422	
Total Other Adjustments	253,210	82,026	(171,184)	
TOTAL CONTRACTOR'S COMPENSATION	57,723,502	57,344,842	(378,660)	-0.7%

Revised Table E 8/7/2015

1.2. SPECIFIC ISSUES FOR 2016

1.2.1. Performance Incentives and Disincentives

The Franchise Agreements prescribe numerous performance standards and also require Recology to compile information and submit monthly, quarterly and annual reports. The information and data contained in these reports are primarily self-reported by Recology. All of the Performance Incentives and Disincentives (Attachment I) with the exception of disincentives related to contamination are self-reported by Recology. The incentives and disincentives self-reported by Recology are currently being audited and may be adjusted pending the results of the audit. The contamination related disincentives are calculated by the SBWMA and payment is remitted directly to the SBWMA so these amounts are not presented.

The calculated Performance Incentives/Disincentives payment for 2014 (includes additional Liquidated Damages and Performance Disincentive payments) was an incentive payment to Recology of \$26,604.

Table F provides a breakdown by Member Agency. The payment for Performance Incentives/Disincentives (includes additional Liquidated Damages and Disincentives per the SBWMA audit) to Recology for 2013 was \$253,210 (applied to 2015 rates); therefore, the compensation for Performance Incentives/Disincentives from Recology for 2014 (applied to 2016 rates) is reduced by \$226,606 when compared to Incentives/Disincentives from Recology for 2013 (applied to 2015 rates).

1.2.2. Split-Body Collection Vehicle Pilot Program

The cost of the Split-Body Collection Vehicle Pilot Program, \$55,422, is included in Total Contractor's Compensation. The program is described in detail in the SBWMA's Long Range Plan approved by the SBWMA Board of Directors June 25, 2015. There is no Pilot Program cost in 2015. The total cost and distribution to the Member Agencies is presented in **Table B**, page 7 and in **Appendix 2-3**, page 40.

Table F

Performance Incentive/Disincentive Payments 2014						
Performance Incentives and Disincentives*						
Member Agency	SFD Missed P/U Events	Average Speed of Answer	90 Second Max Hold Time	Diversion	Additional Disincentives & Liquidated Damages Per Audit	Net Incentives and Disincentives
Atherton	\$200	(\$131)	\$0	(\$513)	\$252	(\$192)
Belmont	\$600	(\$510)	\$0	(\$1,998)	\$980	(\$929)
Burlingame	\$300	(\$1,351)	\$0	(\$5,286)	\$2,592	(\$3,745)
East Palo Alto	\$350	(\$709)	\$0	(\$2,775)	\$1,361	(\$1,774)
Foster City	\$200	(\$656)	\$0	(\$2,566)	\$1,258	(\$1,763)
Hillsborough	\$300	(\$162)	\$0	(\$634)	\$311	(\$185)
Menlo Park	\$700	(\$987)	\$0	(\$3,862)	\$1,893	(\$2,255)
North Fair Oaks	\$200	(\$350)	\$0	(\$1,370)	\$672	(\$848)
Redwood City	\$950	(\$2,255)	\$0	(\$8,825)	\$4,327	(\$5,802)
San Carlos	\$400	(\$791)	\$0	(\$3,094)	\$1,517	(\$1,968)
San Mateo	\$1,050	(\$2,540)	\$0	(\$9,940)	\$4,874	(\$6,556)
SM County	\$400	(\$249)	\$0	(\$974)	\$477	(\$345)
WBSD	\$50	(\$97)	\$0	(\$380)	\$187	(\$241)
Total	\$5,700	(\$10,787)	\$0	(\$42,217)	\$20,700	(\$26,604)
*Negative number in parenthesis denotes Incentive payment due to Recology.						
*The payment calculated includes a reduction in the incentive/disincentive payment as delineated in the SBWMA audit of Recology's 2014 Annual Report approved by the SBWMA Board of Director's on June 25, 2015.						

1.3. MEMBER AGENCY SPECIFIC ISSUES

1.3.1. Town of Hillsborough Backyard Service Adjustment

In 2008, the Town of Hillsborough (Hillsborough) initiated a backyard collection fee designed to encourage Single Family Dwelling customers to bring their garbage carts to the curb for collection. As a result of the new fees imposed by Hillsborough, fewer customers requested backyard service. This decrease in backyard collection data was not reflected in Recology's 2008 proposal submittal. Since the data had changed from the time of RSMC's 2008 proposal submittal, Hillsborough requested that Recology review the data included in the proposal and update the assumptions to more accurately reflect the migration to curbside service.

Recology agreed that the decrease in backyard service should in fact reduce the estimated number of Route Hours and the number of Route Labor Hours (two key metrics for cost allocations) needed to service Hillsborough. Therefore, Recology reduced Hillsborough's and the other SBWMA Member Agencies Total Single Family Dwelling Route Labor Hours and Route Hours for Solid Waste, Recyclable Materials, and Organic Materials collection. These changes were only made in the Town of Hillsborough and no other Member Agencies were affected by the changes.

The reduction in hours reduced the Total 2016 Contractor's Compensation for Hillsborough's Single Family Dwelling costs by \$423,671, slightly higher than last year, and is combined with the greenwaste cart cost adjustment described in **1.3.4** below.

1.3.2. City of San Carlos Kitchen Pail Adjustment

A deduction will be made for the City of San Carlos which had already purchased their kitchen pails prior to the roll-out of new services by Recology in 2011. This cost of \$5,825, page 7 in **Table B**, will be deducted from Recology's compensation and is adjusted annually.

1.3.3. City of Menlo Park Billing Adjustment

The City of Menlo Park requested that starting in 2011 Recology add the service of directly billing its customers who had previously been billed by the City. This cost of \$24,429, page 7 in **Table B**, will be added to Recology's compensation and adjusted annually.

1.3.4. Town of Hillsborough Used Green Waste Carts Adjustment

The Town of Hillsborough decided to use their previously owned organics containers and not purchase new ones. Starting in 2011 with the roll-out of new services by

Recology, the cost of new carts in the amount of \$17,186 will be deducted from Recology's compensation and is adjusted annually. This amount can be found on page 7 in **Table B** and is combined with the backyard service adjustment described in section **1.3.1** above for a total of \$440,857.

As part of the agreement to use used green waste carts, the annual depreciation of any new carts requested by residents of Hillsborough would need to be added to Contractor's Compensation (\$12,283 for Rate Year 2016). The staff report for the July 12, 2010 Town Council agenda is included on page 90 of Part 2. The residents have requested 2,463 new green waste carts since January 1, 2011. An additional depreciation schedule can be found on page 93 of Part 2.

1.3.5. City of Belmont Unique Franchise Agreement

Eleven of the twelve SBWMA Member Agency Franchise Agreements use the same compensation methodology to calculate the annual adjustment to the compensation paid to Recology. One Member Agency (i.e., City of Belmont) used a different compensation adjustment methodology; however, use of this different methodology does not impact the costs or services provided to the other eleven Member Agencies. Including the City of Belmont in the cost calculations with the other eleven Member Agencies is necessary in order to accurately implement the cost allocation process prescribed in the Franchise Agreements.

2. ANNUAL REVENUE RECONCILIATION

2.1. REVENUE RECONCILIATION FOR 2014 TO ACCOUNT FOR ANY SHORTFALL OR SURPLUS IN COMPENSATION PAID TO RECOLOGY

For rate years 2013 through 2020, there is an annual revenue reconciliation process to determine what net revenue Recology retained in compensation versus the amount actually owed to the Company. The calculation compares gross revenue billed, less Contractor paid Pass-Through expenses for Agency fees and disposal expense at Shoreway, versus the approved Contractor's Compensation. This reconciliation of what was owed versus what was paid to Recology results in a surplus or shortfall owed to/from Recology by each Member Agency. The 2014 Revenue Reconciliation was submitted on March 31, 2015 and has been audited by a third party firm hired by the SBWMA. The submitted results are included in Recology's 2016 total compensation.

Table G illustrates how the Revenue Reconciliation process is conducted each year.

Table G

2014 REVENUE RECONCILIATION PROCESS	
January 1, 2014 ¹	December 31, 2014
Approved 2014 Recology Compensation	2014 Actual Revenue Billed
+↓	-↓
2014 <u>Estimated</u> Disposal Expense	2014 <u>Actual</u> Disposal ² Expense Paid to SBWMA
+↓	-↓
2014 <u>Estimated</u> Agency Fees	2014 <u>Actual</u> Agency Fees Paid to Agency
+↓	-↓
Prior Period Surplus/Shortfall	Approved 2014 Recology Compensation (no changes)
=↓	=↓
2014 Approved Revenue Requirement	<u>Actual</u> Revenue Surplus/Shortfall Applied to 2016 Rates

¹ SBWMA Board approves Total Revenue Requirement in September for Member Agencies to set rates effective January 1.

² Also includes Organics and Food Scraps Processing costs (tons by Member Agency x contractor rates/ton).

This surplus or shortfall will be added to or subtracted from the Company's compensation for the subsequent rate year (2016) by Member Agency. The Recology 2014 Revenue Reconciliation Report was submitted on March 31, 2015 and has been audited by a third party firm hired by the SBWMA.

Included in the Revenue Reconciliation is a review of revenue received by Recology to provide backyard service. The Franchise Agreement identifies that revenues billed for providing backyard service for the first twenty percent (20%) of single family dwelling

(SFD) customers is to be excluded from contractor's compensation. Currently, no Member Agency has over 20% of their SFD customers subscribing to backyard service, Therefore, 100% of all backyard service revenue (\$89,014) is credited back to the Member Agencies for Rate Year 2014.

The final Revenue Reconciliation Report for Rate Year 2014 submitted by Recology on March 31, 2015 finds that Member Agencies in total have a surplus balance with Recology of \$3,033,742 including interest. (Refer to page 22 for the Recology Revenue Reconciliation summary table.) Member Agencies with a surplus balance may request a refund from Recology if requested by July 31, 2015 as further explained below.

2.2. INTEREST ASSOCIATED WITH A SHORTFALL OR SURPLUS IN REQUIRED REVENUES

Section 11.07.B of the Franchise Agreement prescribes that interest shall be applied to any surplus or shortfall as calculated in the Revenue Reconciliation Report. The interest is applied to fifty percent (50%) of the difference during the Rate Year in which the difference in revenue occurred (Rate Year 2014) and one hundred percent (100%) of the difference during the immediately following Rate Year (Rate Year 2015). The interest rate is set at the prime rate plus one percent (1%). The prime rate in effect since December 16, 2008 is 3.25%. Therefore interest is calculated at 4.25%.

In March 2014, a Memorandum of Understanding (MOU) between Recology San Mateo County and the SBWMA was approved by the SBWMA Board to clarify the issue of Shortfall and Surplus balances and interest payments for Rate Year 2013 and beyond (see Part 2, page 86). This MOU described that shortfall amounts that are a result of a Member Agency setting rates lower than had been recommended by the SBWMA Board shall have interest applied as described in Section 11.07.B of the Franchise Agreement.

The MOU describes that no interest will be applied to shortfall or surplus amounts that were generated if the Member Agency set rates as recommended by the SBWMA Board. If a Member Agency sets rates above those recommended by the SBWMA Board and a surplus is generated, that Member Agency can have the amount of the surplus refunded to the Member Agency. The refund must be requested in writing by July 31 of each year and Recology will comply with the request for refund in a reasonable time frame. If a Member Agency elects to have the surplus amount refunded, that surplus amount will not be subtracted from the company's compensation for the subsequent rate year as described in Section 2.1 above.

The MOU was updated in July 2015 to include shortfall amounts generated due to a Member Agency setting rates lower than recommended by the SBWMA Board can be

paid to Recology by that Member Agency and avoid the interest charge described above. The Member Agency must notify Regology in writing of its intent to pay the shortfall amount by July 31 of each year. The payment must be received by Recology prior to September 30 of that year. If a Member Agency elects to pay the shortfall, that shortfall amount will not be added to the company's compensation for the subsequent rate year as described in Section 2.1 above. The amended MOU is included on Part 2, page 94.

The interest to be charged on the 2014 Revenue Reconciliation shortfall amounts and included in the Rate Year 2016 Total Contractor's Compensation is included in **Table H**, page 22.

**Recology San Mateo County
Rate Year 2016 Application for Contractor's Compensation Adjustment**

June 15, 2015

Table H

Recology San Mateo County
Revenue Reconciliation and Interest
Rate Year 2014

	Atherton	Belmont	Burlingame	E Palo Alto	Foster City	Hillsborough	Menlo Park	North Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Unincorporated County	Member Agency Total
Gross Revenue Billed	\$ 3,171,510	7,082,709	10,843,338	4,709,232	5,098,547	3,208,385	10,230,283	2,683,045	18,105,131	8,233,855	21,740,840	1,518,900	3,207,739	99,833,514
Less:														
Pass-Through Costs	1,276,596	3,152,451	4,863,078	2,295,616	1,852,457	1,008,214	4,399,382	905,524	7,460,839	2,817,730	8,442,520	481,995	950,849	39,907,252
Unscheduled and Intermittent Services	28,355	76,581	96,060	57,139	18,566	9,784	129,546	32,404	112,591	95,039	331,476	16,000	19,047	1,022,588
Net Revenue Billed	1,866,559	3,853,677	5,884,200	2,356,477	3,227,524	2,190,387	5,701,355	1,745,117	10,531,701	5,321,086	12,966,844	1,020,904	2,237,843	58,903,674
Contractor's Compensation	1,500,193	3,661,970	5,702,623	2,381,568	3,641,950	1,995,295	5,803,085	1,697,075	10,259,750	5,213,150	12,567,686	988,359	2,188,212	57,600,916
Agency Specific Contract Changes						(32,502)	23,919			(6,303)				(14,886)
Approved Contractor's Compensation	1,500,193	3,661,970	5,702,623	2,381,568	3,641,950	1,962,793	5,827,004	1,697,075	10,259,750	5,206,847	12,567,686	988,359	2,188,212	57,586,030
2012 (Surplus)/ Shortfall	(497,833)	605,887	(979,717)	(99,809)	(243,061)	(200,778)	47,746	(33,155)	(961,651)	(214,542)	709,290	(187,547)	181,653	(1,873,517)
Interest on 2012 (Surplus)/Shortfall	(31,737)	38,625	(62,457)	(6,363)	(15,495)	(19,734)	3,044	(2,114)	(61,305)	—	45,217	(11,956)	11,580	(112,695)
Combine 2012 Surplus with 2013 Shortfall												199,503		199,503
Total Due Recology San Mateo County for Rate Year 2014	970,623	4,306,482	4,660,449	2,275,396	3,383,394	1,742,281	5,877,794	1,661,806	9,236,794	4,992,305	13,322,193	988,359	2,381,445	55,799,321
Surplus/(Shortfall) for Rate Year 2014	\$ 895,936	(452,805)	1,223,751	81,081	(155,870)	448,106	(176,439)	83,311	1,294,907	328,781	(355,349)	32,545	(143,602)	3,104,353
Interest to Recology	(1)	(28,866)		(9,937)							(22,653)		(9,155)	(70,611)
TOTAL REVENUE RECONCILIATION	895,936	(481,671)	1,223,751	81,081	(165,807)	448,106	(176,439)	83,311	1,294,907	328,781	(378,002)	32,545	(152,757)	3,033,742

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

3. ALLOCATION OF COSTS TO THE MEMBER AGENCIES

3.1. EXPLANATION OF COST ALLOCATION PROCESS

The process to allocate Recology's cost equitably across all Member Agencies is prescribed in Article 11 and Attachment K of the Agreements. Recology's sixteen cost categories are allocated based on four operational statistics for each of the 17 service sectors specific to each Member Agency. These operational statistics are:

- Annual route labor hours
- Annual route hours
- Number of containers in service
- Number of customer accounts serviced

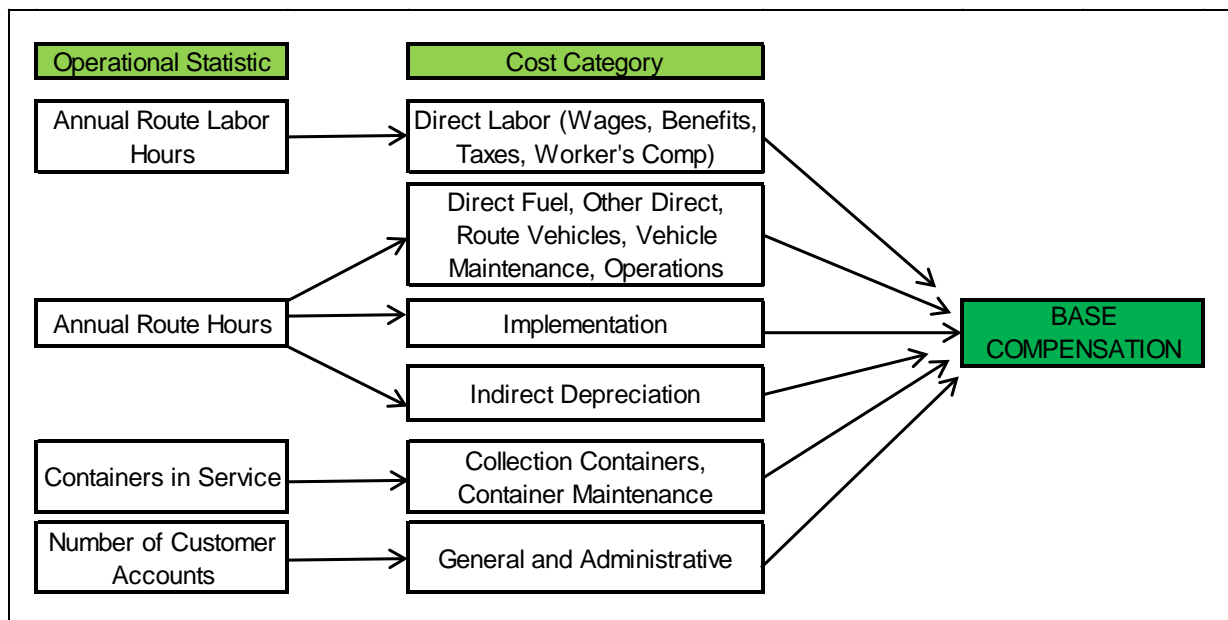
Recology conducted its Annual Route Assessment over a four week period in April and May 2015 to determine the statistics that will be applied to each Member Agency. A summary of the metrics used for the cost allocation process are provided in Appendix 1-1. Refer to Appendix 1-2 and Appendix 1-3 on pages 34 and 35 for two of the statistics comparing 2015 to 2016 data by Member Agency (route labor hours and route hours).

Table I details which operational statistics are applied to allocate each of the cost categories. **Table J** is a graphical representation of **Table I**.

Table I

<u>Cost Category</u>	<u>Operational Statistic</u>
COST OF OPERATIONS	
Wages for Direct Labor	Annual Route Labor Hours
Benefits for Direct Labor	Annual Route Labor Hours
Payroll Taxes	Annual Route Labor Hours
Worker's Compensation Expense	Annual Route Labor Hours
Direct Fuel Costs	Annual Route Hours
Other Direct Costs	Annual Route Hours
Route Vehicles	Annual Route Hours
Collection Containers	Containers in Service
Other	Annual Route Hours
INDIRECT COSTS	
General and Administrative	Number of Customer Accounts
Vehicle Maintenance	Annual Route Hours
Container Maintenance	Number of Containers in Service
Operations	Annual Route Hours
IMPLEMENTATION	Annual Route Hours
INDIRECT DEPRECIATION	Annual Route Hours

Table J



In an effort to illustrate how the cost allocation process is conducted, an example for the City of Menlo Park residential solid waste line of business is provided in **Table K** on page 25. The first section of this table outlines Menlo Park's share of the four operating statistics (i.e., number of accounts, total route labor hours per year, route hours per year and total containers in service.) The second section shows how the allocation of these operational statistics is applied to the cost categories (i.e., direct labor, direct fuel, etc.).

It is important to note that this process is conducted for seventeen lines of business (e.g., Single-Family solid waste, recycling, organics; Commercial/MFD solid waste, recycling, organics, etc.) and **Table K**, below, only represents the calculation for one service sector (i.e., Single-Family Dwelling) in one line of business (i.e., Solid Waste collection service). **Table L**, on page 26, provides a list of all seventeen lines of business.

Table K

Example of Cost Allocation Calculation - 2016			
City of Menlo Park Allocated Cost for SFD, Solid Waste Line of Business			
			Statistics
1	# of Accounts - City		7,874
	# of Accounts - Total SBWMA		94,453
	% of Accounts - City		8.3%
2	Total Route Labor hours year - City		3,869
	Total Route Labor hours year - Total SBWMA		46,656
	% Total Route Labor hours year - City		8.3%
3	# of route hours/year - City		3,641
	# of route hours/year - Total SBWMA		42,664
	% Total Route Labor hours year - City		8.5%
4	Total Containers in Service - City		8,106
	Total Containers in Service - Total SBWMA		96,614
	% Total Containers in Service - City		8.4%
		a	b
			c
Service Sector: SFD	Line of Business		
	Solid Waste	Solid Waste	Solid Waste
	SBWMA Total	% to MP	MP Cost Allocation
Annual Cost of Operations			(a x b)
Direct Labor-Related Costs			
Wages for CBAs	\$3,302,219	8.3%	\$273,809
Benefits for CBAs	\$1,306,623	8.3%	\$108,341
Payroll Taxes	\$274,745	8.3%	\$22,781
Workers Compensation Insurance	\$291,266	8.3%	\$24,151
Total Direct Labor Related-Costs	\$5,174,851		\$429,081
Direct Fuel Costs	\$655,254	8.5%	\$55,923
Other Direct Costs	\$403,974	8.5%	\$34,477
Depreciation - Collection Vehicles	\$803,031	8.5%	\$68,535
Depreciation - Containers	\$428,963	8.4%	\$35,990
Depreciation for Collection Equipment	\$1,231,994		\$104,526
Allocated Indirect Costs			
General and Administrative	\$1,346,977	8.3%	\$112,290
Operations	\$333,499	8.5%	\$28,463
Vehicle Maintenance	\$575,448	8.5%	\$49,112
Container Maintenance	\$197,011	8.4%	\$16,529
Total Allocated Indirect Costs	\$2,452,935		\$206,394
Total Allocated Indirect Depreciation Costs (Form 9)	\$28,295	8.5%	\$2,415
Annual Implementation Cost Amortization (Form A)	\$40,497	8.5%	\$3,456
Total Annual Cost of Operations	\$9,987,801		\$836,272
Profit (from Operating Ratio below)	\$1,048,443		\$87,785
	50.5%	50.5%	50.5%
Total Costs before Pass-Through Cost	\$11,036,244		\$924,058
Contractor Pass-Through Costs			
Interest Expense	\$305,419	see note	\$25,913
Interest Expense on Implementation Cost	\$10,110	see note	\$863
Total Contractor Pass-Through Costs	\$315,529		\$26,775
BASE CONTRACTOR'S COMPENSATION - 2	\$11,351,773		\$950,833
<i>Note: Interest Expense is allocated based on the % of each agency's depreciation expense to the total. Interest Expense on Implementation Cost is allocated based on route hours. Calculation is not</i>			

See Appendix 3-7, page 82 column A to trace the example identified in **Table K** to the Single-Family solid waste cost allocation to the actual Member Agency cost worksheet.

Table L

Attachment N Reference	<u>Line of Business</u>	<u>Service Sector</u>
A	Solid Waste (1)	Single-Family Residential
B	Recyclable Materials (2)	
C	Organic Materials (3)	
D	Weekly Battery and Cell Phone Collection (4)	
E	Weekly Used Motor Oil and Filters (5)	
F	Twice Annual Bulky Item Collection (6)	
E	Cart and Bin Solid Waste (7)	Commercial/MFD
F	Cart and Bin Recyclable Materials (8)	
G	Cart and Bin Organic Materials (9)	
H	Drop Box Solid Waste (10)	
H	Drop Box Recyclable Materials (11)	
H	Drop Box Organic Materials (12)	
J	Twice Annual Bulky Item Collection (13)	
E	Solid Waste (14)	Agency Facility
G	Organic Materials (15)	
I	Public Litter and Recycling Cans (16)	
I	Venues and Events (17)	

3.2. COST ALLOCATION VARIANCES FOR MEMBER AGENCIES

Total Contractor's Compensation is allocated each year based on the new operational statistics compiled from the annual route assessment conducted by Recology each year in April/May. Therefore, the percent of cost allocated to each Member Agency changes each year. **Table M** below shows the total cost allocation percent by Member Agency in 2015 and 2016, the allocation percentage difference, the total cost percent change, and the total cost variance attributed to the change in cost allocation percent.

Table M

	Percentage of Total Contractor's Compensation				
	Total Cost Allocation				
	2015	2016	Difference %	Variance %	Difference \$
Atherton	2.52%	2.52%	0.00%	-0.06%	\$ (927)
Belmont	6.23%	6.41%	0.17%	2.77%	\$ 99,698
Burlingame	9.84%	10.01%	0.18%	1.82%	\$ 103,209
East Palo Alto	4.14%	4.14%	0.01%	0.12%	\$ 2,902
Foster City	5.96%	5.83%	-0.12%	-2.09%	\$ (71,996)
Hillsborough	4.18%	4.16%	-0.02%	-0.45%	\$ (10,893)
Menlo Park	10.00%	10.30%	0.30%	3.00%	\$ 172,995
North Fair Oaks	3.04%	3.02%	-0.02%	-0.68%	\$ (11,898)
Redwood City	18.15%	17.70%	-0.45%	-2.48%	\$ (259,547)
San Carlos	8.77%	8.70%	-0.07%	-0.79%	\$ (40,136)
San Mateo	21.76%	21.77%	0.01%	0.04%	\$ 5,410
West Bay Sanitary	1.72%	1.75%	0.03%	2.03%	\$ 20,110
County of San Mateo	3.70%	3.68%	-0.02%	-0.42%	\$ (8,929)
Totals	100%	100%	0.00%	N/A	\$ 0

Note: Dollar difference amounts in parentheses are a reduction in total cost allocation.

Year 2015 and 2016 percentages are shown rounded to two decimal places.

The Total SBWMA year-over-year percentage change in the cost categories for the three service sectors (i.e., Residential, Commercial/Multi-Family and Member Agency Facilities) is provided as **Appendix 2-2**, page 39. For each Agency, the year-over-year changes in the main operational statistics are shown in the Member Agency Snapshot Summary table and the associated cost adjustments are provided in detail in **Appendix 3**. Additionally, the bottom of the Attachment N, Schedule B, shows the change in allocation in percent and cost by Line of Business (cost from allocation change only).

The primary factor that is attributable to the year-over-year cost allocation variances is the number of labor hours used to service each Member Agency. Because all Member

Agencies comprise 100% of the total allocation of costs, a reduction or increase in the allocation of one Member Agency affects the other Member Agencies.

Changes in each Member Agency's percent of route hours results in changes in the allocation of costs which can be impacted by several possible factors. Allocation changes can be the result of changes in route drivers, changes in traffic patterns, changes in set-out locations for containers, new service time constraints due to noise, street sweeping, requested collection times, etc.

In looking at the change in statistics from one year to the next, it is important to point out that it is not just how one Member Agency's statistics change but how the Agency's statistics change in comparison to the total. For example, if an Agency has a 10% reduction in hours but the total SBWMA also has a 10% reduction, then the cost allocation percent to this Agency will not change. If an Agency has a 10% reduction but the total SBWMA has a 15% reduction, then the Agency will actually have a larger cost allocation percent than the previous year. So the Agency's statistical changes in comparison to the total are what really affect changes to the cost allocation percent. The tables in Appendix 1 provide a useful comparison of how each Member Agency statistics change in comparison to other Member Agencies and to the total SBWMA.

3.3. INDIVIDUAL MEMBER AGENCY VARIANCES

As in prior year compensation applications, Recology focuses the variance analysis on jurisdictions that had individual allocation changes over 3% on the total of the Contractors Compensation cost allocation. The 3% benchmark is used as anything less than 3% could be driven by a variety of "soft factors". Factors such as traffic, relief driver impact, proper/improper set outs, and seasonality can attribute to variances of less than 3%. For Rate Year 2016 only the City of Menlo Park had a year-over-year allocation variance of more than 3%. Of the twelve remaining jurisdictions, seven saw year-over-year changes in their cost allocations of less than 1%, one saw changes between 1% and 2% and four jurisdictions saw changes of more than 2%.

Menlo Park

The City of Menlo Park experienced an overall cost allocation variance percentage increase (unfavorable) of 3.0% or \$172,995. The City had increases in both route hours and route labor hours compared to those in the prior year. This increase in hours can be attributed to an annualized increase commercial bin lifts of 6,630 lifts over the bin in the prior year. The majority of these lifts, 54%, can be attributed to one account, Facebook, which had an annualized increase in lifts of 3,588 over the prior year.

3.4. OPERATIONAL INFORMATION FOR COST ALLOCATION

Operational information used to allocate Contractor's Compensation can be found in the following tables provided in **Appendix 1**:

- A summary of major statistics (Appendix 1-1)
- Number of Route Labor Hours by Line of Business (Appendix 1-2)
- Number of Route Hours by Line of Business (Appendix 1-3)
- Number of Containers in Service by Line of Business (Appendix 1-4)
- Number of accounts by Line of Business and account type (i.e., container size, collection frequency, and material type) (Appendix 1-5)

All data provided is a result of the Annual Route Assessment conducted in April and May of 2015.

3.4.1. Annual Route Hours by Line of Business

Annual Route Hours by Line of Business identifies the time spent by each route servicing customers by Member Agency, Service Sector (i.e., Single-Family Dwelling, Multi-Family Dwelling, Commercial and Agency Facility), and Line of Business (e.g., solid waste collection, organic materials collection). This information was gathered over the four week period from April 13, 2015 to May 10, 2015 using the Route Time and Distance Reports from our Routeware on-board computer system.

It should be noted that in order to optimize routing efficiencies we maintain some collection routes that include stops in the territory of more than one Member Agency. For such routes our data management systems (Routeware System) enable us to accurately identify route hours to the appropriate Member Agencies. In instances where Routeware was not available on an individual truck on an individual day, route hours for that route and that day from another week in the four week period were used.

Route Hours are made up of the hours route vehicles spend servicing the customers in each jurisdiction. Route Labor Hours includes the employee actual worked hours spent servicing customers in each jurisdiction as well as any off route time. Off route time, which includes paid breaks, pre and post trip inspection of vehicles as well as travel time to and from the route, is allocated to each jurisdiction based on that jurisdictions percentage of route time for each specific route each day. Additionally, certain commercial routes are two man routes and include 2 employees. In these cases, the route labor hours will be doubled to include both employees.

3.4.2. Annual Route Labor Hours by Line of Business

The Annual Route Labor Hours by Line of Business were generated by using information gathered during the four week period from April 13, 2015 through May 10, 2015 using the daily Route Time & Distance by Franchise reports from our Routeware on-board computer system.

3.4.3. Number of Containers in Service by Line of Business

The Number of Containers in Service by Line of Business table is the number of containers, both carts and bins, located at active accounts at a point in time, that being May 8, 2015.

3.4.4. Number of Accounts by Line of Business

The Number of Accounts by Line of Business table is not an annualized report. This particular report represents active accounts at a point in time, which was May 8, 2015.

3.5. DESCRIPTION OF OTHER OPERATIONAL INFORMATION

The tables included in **Appendix 1** (Operational Information) of this Compensation Application include other data required in the Agreements. These tables provide a breakdown of the data by Member Agency, Service Sector, and Line of Business. For the complete list of statistical tables, see Part 2, Section 1, including these same tables and additional statistical tables (e.g., list of vehicles, personnel, set-outs).

4. COST ADJUSTMENT CALCULATIONS IN TOTAL AND BY MEMBER AGENCY

Attachment N of the Franchise Agreement illustrates the calculation process to derive the actual total compensation adjustment and allocation to each Member Agency. A summary of the tables from the Attachment N adjustment process are found in **Appendix 2**.

As previously shown in **Section 1.1.11 Table E**, the table provided as **Appendix 2-1** shows the results of all the cost adjustments, as previously described, in total for the combined SBWMA service area. In **Appendix 2-1**, each cost category is broken out with this year's cost, next year's cost, the dollar variance and the percent variance. In total, there was a **-\$378,660 (-0.7%)** compensation adjustment including Performance Incentives/Disincentives and the Split-Body Collection Vehicle Pilot Program (Pilot Program).

Appendix 2-2 breaks out the Base Contractor's costs by line of business and shows a decrease in compensation of -0.4% before the Performance Incentives/Disincentives and Pilot Program adjustment. Single Family collection costs decreased by -0.4%, Commercial and Multi-Family costs decreased by -0.3% and Agency Facilities costs decreased by -0.3 %.

Appendix 2-3 shows the 2016 total costs including special and one-time adjustments by Member Agency. At the bottom of the table is a comparison to the 2015 total costs and the percentage change. The variance by Member Agency is primarily due to changes in the cost allocation percent versus last year and specific adjustments to individual Member Agencies.

Appendices 2-4, 2-5 and 2-6 provide the 2016 costs by line of business and service sector. Costs are adjusted and allocated at the level of detail shown in this table. At the bottom of each table is the 2015 total cost, the dollar change and the percentage change. The variance by service sector reflects changes in operating hours, which impacts how the total cost is allocated.

Appendix 3 provides six tables for each Agency:

1. Contractor's Base Compensation – Detail
2. Contractor's Compensation by Service Sector
3. Allocated Costs – SFD
4. Allocated Costs – MFD & Commercial
5. Allocated Costs – Agency Facilities
6. The Snapshot Report for the Member Agency

Contractor's Compensation by Service Sector shows the 2016 total costs including special adjustments by Member Agency. At the bottom of this table is a comparison to the 2015 total costs and the change in percentage. Also included at the bottom is a comparison of the total cost allocation by line of business for this year, next year, the dollar impact of the allocation change and the percentage change. For example, on page 87, Redwood City had a 17.6% allocation of the 2015 Single Family Dwelling cost but 17.5% for 2016 with a 0.1% year-over-year allocation decrease. This decrease resulted in a cost allocation decrease of \$34,382. Multi-Family and Commercial had an 18.7% allocation in 2015 and 17.8% for 2016, a 0.8% decrease, which resulted in a cost decrease of \$194,545. Similarly, the Agency Facilities cost allocation declined 3.1%, or \$30,823. The result was a total cost allocation decrease of 0.45% or \$259,751.

Allocated Costs by Service Sector and Line of Business provide the 2016 costs by line of business and service sector. Costs are adjusted and allocated at the seventeen lines of business shown in these tables. For comparison purposes, at the bottom of each column, is also the 2015 total cost, the dollar change and the percentage change. Provided at the top of each column are the operational statistics and percent of the total attributed to that specific Member Agency for each line of business. The color coding denotes the statistic used to adjust each cost category

Member Agency Snapshot is a summary and comparison of the basic operating statistics and includes three years of data. It includes the four statistics used to allocate costs as described in Section 3 of this Application, as follows:

1. Number of Accounts
2. Total Route Labor hours
3. Total Route Hours
4. Total Number of Solid Waste Containers

APPENDIX B

ADDITIONAL SBWMA QUESTIONS AND COMMENTS ON THE JUNE 15, 2015 RECOLOGY 2016 COMPENSATION APPLICATION NOT ADDRESSED IN THE JULY 24, 2015 REVISED APPLICATION AND FOLLOW-UP QUESTIONS AND COMMENTS

SBWMA FINAL REPORT REVIEWING THE 2016 RECOLOGY COMPENSATION APPLICATION

September 17, 2015



**Recology San Mateo County
Response to Questions from the SBWMA Regarding
Recology 2016 Compensation Application**

SBWMA Comments: Please explain the following variances for 2015 to 2016 listed below.

Appendix 1-1 (page 33) - "SERVICE METRICS USED FOR COST ALLOCATION BY MEMBER AGENCY"

SINGLE-FAMILY DWELLING

Agency: Belmont

1. # of SFD Account increase of 0.4%
2. Route Labor Hours increase of **5.1%**
3. # of Route Hours increase of 0.6%
4. Why was there an increase in Labor Hours of 5.1% with only a 0.5% increase in Route Hours and a 0.4% increase in Accounts?

The increase in Route Labor Hours is attributed to a driver who was pulled off the route for a medical issue, which increased the off-route time, thus affecting the Route Labor Hours.

Additionally, a commercial route was inadvertently coded as residential rather than commercial. The commercial hours have since been adjusted and as such, there will be a slight adjustment to the allocation variances.

Agency: East Palo Alto

1. # of SFD Account increase of 0.2%
2. Route Labor Hours increase of 2.6%
3. # of Route Hours increase of 6.8%
4. Why was there an increase in Route Hours of 6.8% with only a 0.2% increase in Accounts?

The increase in Route Hours is attributed to an increase in Bulky Item Collections.



Agency: North Fair Oaks

1. # of SFD Account decrease of 0.2%
2. Route Labor Hours decrease of 11.6%
3. # of Route Hours decrease of 9.6%
4. Why was there a decrease in Labor Hours of 11.6% with only a 0.2% decrease in Accounts?

The 0.2% decrease in SFD Accounts, which equates to 4 accounts, may not necessarily correlate to the decrease in Route Hours and Route Labor Hours. The change, however, can be attributed to route efficiencies, including improved/improper cart set-outs, favorable/unfavorable on-route and off-route traffic conditions, seasonality, and the proficiency of the collection vehicle operator.

COMMERCIAL & MFD

Agency: Atherton

1. # of Accounts increase of 14.3%
2. Route Labor Hours increase of 11.0%
3. # of Route Hours decrease of 3.5%
4. Why were there substantive increases in Accounts (14.3%) and Labor Hours (11.0%) and a 3.5% decrease in Route Hours?
5. How can Accounts and Labor Hours increase substantively while Route Hours decreased?

We identified one collection day where hours were inadvertently attributed to Atherton. Subsequently, we updated the Route Labor Hours now reflect a nominal decrease of 0.1% and Route Hours realized a decrease of 0.8%.

Agency: East Palo Alto

1. # of Accounts increase of 3.2%
2. Route Labor Hours decrease of 7.8%
3. # of Route Hours decrease of 4.0%
4. Why were there decreases in Labor Hours (7.8%) and Route Hours (4.0%), yet a 3.2% increase in Accounts?
5. Why wouldn't more Accounts result in increases in Labor and Route Hours, instead of the reverse?



The 3.2% increase in Accounts, which equates to 28 accounts, may not necessarily correlate to the change in Route Hours and Route Labor Hours. The change, however, can be attributed to route efficiencies, including improved/improper cart/bin set-outs, favorable/unfavorable on-route and off-route traffic conditions, seasonality, and the proficiency of the collection vehicle operator.

Agency: Hillsborough

1. # of Accounts decrease of 12.5%
2. Route Labor Hours increase of 42.8%
3. # of Route Hours increase of 27.8%
4. Why were there increases in Route Labor Hours (42.8%) and Route Hours (27.8%), yet a 12.5% decrease in accounts (i.e., 3 Accounts fewer)?
5. Why wouldn't fewer Accounts result in decreases in Route and Labor Hours instead of substantive increases?

The 12.5% decrease in accounts, which equates to 3 accounts, may not necessarily correlate to the change in Route Hours and Route Labor Hours. The change, however, can be attributed to route efficiencies, including improved/improper cart/bin set-outs, favorable/unfavorable on-route and off-route traffic conditions, seasonality, and the proficiency of the collection vehicle operator.

Agency: North Fair Oaks

1. # of Accounts increase of 5.0%
2. Route Labor Hours increase of 9.5%
3. # of Route Hours increase of 2.3%
4. Why was there an increase in Labor Hours of 9.5% with only a 5.0% increase in Accounts? Why are Route Hours and Route Labor Hour increases out of sync?

The increase in the number of accounts may not necessarily correlate to the change in Route Hours and Route Labor Hours. The change, however, can be attributed to route efficiencies, including improved/improper cart/bin set-outs, favorable/unfavorable on-route and off-route traffic conditions, seasonality, and the proficiency of the collection vehicle operator. In this particular case, we identified one day where we had a vehicle breakdown. This would not affect the Route Hours, but would affect the Route Labor Hours.



[MEMBER] AGENCY FACILITY SERVICES

Agency: Burlingame

1. # of Lifts increase of 11.3%
2. Route Labor Hours decrease of 19.5%
3. # of Route Hours decrease of 19.9%
4. Why did the # of lifts increase by 11.3%, while both Route Labor Hours (19.5%) and route hours (19.9%) decreased?
5. Why wouldn't an increase in Lifts correlate to increases in Route Labor and Route Hours?

The decrease in Route Hours and Route Labor Hours is attributed to the re-opening of Burlingame Avenue after the streetscape improvements and the efficiencies regained in the collection of City Cans and neighboring collection areas.

Agency: Foster City

1. # of Lifts increase of 14.9%
2. Route Labor Hours increase of 66.3%
3. # of Route Hours increase of 61.7%
4. Why was there increases in Route Labor Hours (66.3%) and # of Route Hours (61.7%), but only a 14.9% increase in # of Lifts?

The increase in Route Hours and Route Labor Hours can be attributed to the additional time required to service Windsurf Park, which was opened in January 2015.

Agency: Hillsborough

1. # of Lifts increase of 7.1%
2. Route Labor Hours increase of 63.0%
3. # of Route Hours increase of 73.8%
4. Why is there a 7.1% increase in Lifts but 63% increase in Route Labor Hours and 73.8% increase in Route Hours?

The increase in the number of accounts may not necessarily correlate to the change in Route Hours and Route Labor Hours. The change, however, can be attributed to route efficiencies, including improved/improper cart/bin set-outs, favorable/unfavorable on-



route and off-route traffic conditions, seasonality, and the proficiency of the collection vehicle operator.

In the case of Hillsborough Member Agency Facility, the 63% increase in Route Labor Hours and 73.8% in Route Hours equates to less than 10 minutes per week.

Agency: Redwood City

1. # of Lifts decrease of 1.2%
2. Route Labor Hours decrease of 15.9%
3. # of Route Hours decrease of 15.3%
4. Why did Route Labor Hours (15.9%) and # of Route Hours (15.3%) decrease substantively, with only a 1.2% decrease in Lifts?

The increase in the number of accounts may not necessarily correlate to the change in Route Hours and Route Labor Hours. The change, however, can be attributed to route efficiencies, including improved/improper cart/bin set-outs, favorable/unfavorable on-route and off-route traffic conditions, seasonality, and the proficiency of the collection vehicle operator.

SBWMA Comment:

While the Compensation Application as presented establishes a threshold of cost allocation variances equal to or less than 3% as the threshold for Recology to provide a detailed analysis of why the variance occurred, we respectfully request that a threshold of \$50,000 be applied in lieu of a 3% fixed percentage. In the 2016 Compensation Application all cost allocation variances are less than 3%, thus no analysis was provided of the specific cause for any variances for individual Member Agencies. However, five Member Agencies experienced variances greater than \$50,000 both positive and negative.

Please provide a detailed analysis of the cost allocation variance for the following five Member Agencies which experienced substantive changes in their cost allocation exceeding \$50,000:

- Belmont – increase of \$98,962
- Burlingame – increase of \$101,756
- Foster City – decrease of \$73,303
- Menlo Park – increase of \$170,748



- Redwood City – decrease of \$264,278

Using a fixed dollar amount as a threshold for required additional detailed analysis does not reflect an equitable nor substantive change in cost allocations. As an example, a \$50,000 variance in Hillsborough would be more significant than a \$50,000 variance in San Mateo. Therefore, we will continue to use the 3% threshold variance, as previously agreed upon.

SBWMA Comment: In Section 3.3 it states a cost allocation variance under 3% is due to “soft factors” which includes “seasonality.” Please explain how “seasonality” can impact variances in cost allocation given that all Member Agencies likely experience any seasonal changes or events uniformly and the cost allocation data is collected during the same time period annually.

Seasonality is a contributing factor, especially in the residential and commercial organic sectors, as environmental conditions, such as the current drought or forecasted El Niño, will impact commodity volumes and service times and affect jurisdictions differently.

APPENDIX C

MEMBER AGENCY QUESTIONS AND COMMENTS ON RECOLOGY 2016 COMPENSATION APPLICATION WITH RECOLOGY'S RESPONSES

SBWMA FINAL REPORT REVIEWING THE 2016 RECOLOGY COMPENSATION APPLICATION

September 17, 2015

COUNTY OF SAN MATEO
DEPARTMENT OF PUBLIC WORKS

James C. Porter
Director

County Government Center
555 County Center, 5th Floor
650-363-4100 T
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www.smcgov.org

June 29, 2015

Mr. Kevin McCarthy
Executive Director
South Bayside Waste Management Authority
610 Elm Street, Suite 202
San Carlos, CA 94070

Re: County of San Mateo Comments on the Recology San Mateo County Rate Year 2016 Application for Contractor's Compensation Adjustment June 15, 2015.

Dear Mr. McCarthy:

The purpose of this correspondence is to provide comments from the County of San Mateo on the following report: **Recology San Mateo County Rate Year 2016 Application for Contractor's Compensation Adjustment June 15, 2015.**

We understand that the SBWMA Board Members and member agencies are required to submit their comments to SBWMA in writing on or before June 29, 2015. Our questions, comments, and concerns are contained in the attached table.

If you have any questions, please do not hesitate to contact Joe La Mariana, Lillian Clark, or me a call at (650)363-4100.

Very truly yours,



Ann M. Stillman
Deputy Director
Engineering and Resource Protection

AMS:LC

F-246 (8)

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Encl: County of San Mateo Comments on: Recology San Mateo County Rate Year 2016 Application For Contractor's Compensation Adjustment June 15, 2015

cc: Mario Puccinelli, General Manager, Recology San Mateo County
James C. Porter, P.E., Director, Department of Public Works
Joe La Mariana, Waste Management and Environmental Services Manager
Lillian Clark, Resource Conservation Programs Manager
Colleen Costine and Rick Simonson, H F & H Consultants



**County of San Mateo Comments on:
 Recology San Mateo County Rate Year 2016 Application For Contractor's Compensation Adjustment
 June 15, 2015**

Section	Comment	Response from Recology
<p>Operation Information, <i>Annual Route Hours by Line of Business, Appendix 1- Summary Service Metrics, Metrics Summary Used for Cost Allocation, Part 1: Attachment N, page 33, (Page 1 of 1) Appendix 1-1.</i></p>	<p>1. Please provide an explanation of the new single family accounts listed for 2016 for the Unincorporated County areas and an explanation on why the Route Labor Hours decreased, if there is an anticipated increase in SFD accounts?</p> <p>2. Agency Facility Services - please provide an explanation for the agency lifts decrease anticipated for 2016 when the Labor hours and # of route hours per year will increase for 2016?</p>	
<p>Operation Information, <i>Annual Route Hours by Line of Business, Appendix 1- Summary Service Metrics, Annual Route Hours by Line of Business, page 35, Part 1: Table 7 (Page 1 of 1) Appendix 1-3. and Operational Information, Table 1, Number of Accounts by Line of Business page 37, (Page 1 of 1) the chart on page 37 Appendix 1-5, Part 1: Table 1</i></p>	<p>Please provide an explanation for the annual route labor hours for Single Family Dwelling's Recyclable Materials and Organic Materials in North Fair Oaks which is projected to increase in 2016 as shown in the information provided in Table 7. However, the total number of accounts are projected to decrease (Number of Accounts by Line of Business, page 37, (Page 1 of 1) Appendix 1-5).</p>	
<p>Recology San Mateo County's Annual Revenue <i>Reconciliation and Interest Rate Year 2014, Part 1: Table H, Annual Revenue Reconciliation page 21, (Page 4 of 4)</i></p>	<p>Please provide the detailed calculation used to determine the interest to Recology for the Unincorporated County areas for Rate Year 2014 (\$9,155).</p>	
<p>Operational Information, <i>Operational Information Roster of Personnel, Part 2: Table 10, page 10, (Page 1 of 1)</i></p>	<p>Does Recology envision the General Manager position to be a 1.0 FTE, and dedicated to this business unit in 2016?</p> <p>Were there any additional salary savings for wages, benefits, or payroll taxes due to some positions that were not fully staffed as FTE's in 2015?</p>	

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Cliff Feldman

From: Lillian Clark <lclark@smcgov.org>
Sent: Monday, June 29, 2015 5:55 PM
To: Kevin McCarthy
Cc: Jim Porter; Joe La Mariana; ccostine@hfh-consultants.com; mpucchinelli@recology.com; rsimonson@hfh-consultants.com
Subject: County of San Mateo Comments on the Recology San Mateo County Rate Year 2016 Application
Attachments: Letter San Mateo County Rate Year 2016 Application for Contractor's Compensation Adjustment 15, 2015.pdf; Table of County of San Mateo Comments on the Recology San Mateo County Rate Year 2016 Application.pdf

Kevin,
Attached you find our comments or question to the Recology San Mateo County Rate Year 2016 Application.

Sincerely,
Lillian Clark
County of San Mateo
RecycleWorks
(650) 599-1447





**Recology San Mateo County
Response to Questions from the County of San Mateo Regarding
Recology 2016 Compensation Application**

Operation Information

Annual Route Hours by Line of Business, Appendix 1- Summary Service Metrics, Metrics Summary Used for Cost Allocation, Part 1: Attachment N, page 33, (Page 1 of 1)

Appendix 1-1.

1. Please provide an explanation of the new single family accounts listed for 2016 for the Unincorporated County areas and an explanation on why the Route Labor Hours decreased, if there is an anticipated increase in SFD accounts?

Unincorporated County SFD Accounts increased by 15 accounts. The increase in the number of accounts may not necessarily correlate to the change in Route Hours and Route Labor Hours. The change, however, can be attributed to route efficiencies, including improved/improper cart/bin set-outs, favorable/unfavorable on-route and off-route traffic conditions, seasonality, and the proficiency of the collection vehicle operator.

2. Agency Facility Services - please provide an explanation for the agency lifts decrease anticipated for 2016 when the Labor hours and # of route hours per year will increase for 2016?

The increase in Route Labor Hours equates to approximately 16 minutes per week. Hour changes can be attributed to route efficiencies, including improved/improper cart/bin set-outs, favorable/unfavorable on-route and off-route traffic conditions, seasonality, and the proficiency of the collection vehicle operator.

Operation Information

Annual Route Hours by Line of Business, Appendix 1- Summary Service Metrics, Annual Route Hours by Line of Business, page 35, Part 1: Table 7 (Page 1 of 1)



Appendix 1-3. and Operational Information, Table 1, Number of Accounts by Line of Business page 37, (Page 1 of 1) the chart on page 37 Appendix 1-5, Part 1: Table 1

Please provide an explanation for the annual route labor hours for Single Family Dwelling's Recyclable Materials and Organic Materials in North Fair Oaks which is projected to increase in 2016 as shown in the information provided in Table 7. However, the total number of accounts are projected to decrease (Number of Accounts by Line of Business, page 37, (Page 1 of 1) Appendix 1-5).

The Rate Years on Table 7 were reversed and the Route Hours for 2016 are decreasing.

Recology San Mateo County's Annual Revenue

Reconciliation and Interest Rate Year 2014, Part 1: Table H, Annual Revenue Reconciliation page 21, (Page 4 of 4)

Please provide the detailed calculation used to determine the interest to Recology for the Unincorporated County areas for Rate Year 2014 (\$9,155).

Interest is calculated on the Shortfall at the Prime Rate plus 1% (3.25% plus 1% = 4.25%) for one-half year for 2014 and for the full year of 2015. Schedule included

Operational Information

Operational Information Roster of Personnel, Part 2: Table 10, page 10, (Page 1 of 1) Does Recology envision the General Manager position to be a 1.0 FTE, and dedicated to this business unit in 2016?

Yes, Recology envisions the General Manager position to be 1.0 FTE, dedicated to this unit in 2016 along with the addition of the Senior Administrative Manager and the Senior Finance Manager (50% Recology, 50% SBR)

Were there any additional salary savings for wages, benefits, or payroll taxes due to some positions that were not fully staffed as FTE's in 2015?

There were no additional salary savings/nor expenses for wages, benefits or payroll taxes. Although staffing may vary throughout the year, all services are provided to customers. Any lapse in service, whether or not it is attributed to staffing, is subject to Liquidated Damages and/or Disincentives.

Cliff Feldman

From: Laura Galli <lgalli@fostercity.org>
Sent: Monday, June 29, 2015 6:13 PM
To: Mario Puccinelli
Cc: Charlie Bronitsky; Jeff Moneda; Kevin McCarthy
Subject: FW: Recology 2016 Compensation Application Review Schedule

Mario,

Following are questions/comment from Foster City pertaining to the compensation application:

Part 1:

Appendix 1-1 through Appendix 1-5 pages 33-37:

Appendix 1-1

1. Why did the City's route labor hours (100 hrs to 166 hrs- a 66.3% increase) and route hours (94 hrs to 152 hrs- a 61.7% increase) increase by so much?
2. Why did the # lifts in the same category go up by 14.9% (3,133 lifts to 3,601 lifts?)

Appendix 1-2 (Route Labor Hours) and Appendix 1-3 (Route Hours)

3. Column for "Member Agency Facilities Recyclable materials":
 - Route Labor Hours increased by 549.3% (9 hrs to 63 hrs)
 - Route Hours increased by 514.5% (9 hrs to 57 hrs)Are these type o's? If not please explain the incredible increase in route labor hours attributed to the Agency's recycling
4. Columns for "MFD and Commercial Family Organics carts and bins",
 - Route Labor Hours increased by 22.6%.
 - Route Hours increased by 22.4%What is attributed to these increases in hours? added organics accounts? Which ones?
5. Column for "Member Agency solid waste",
 - Route Labor Hours increased by 17.6%
 - Route hours increased by 15.6%Why so many more hours attributed to servicing FC Agency trash accounts? We added 4 accounts total.

Appendix 1-4 (Containers)

6. Why doesn't this table show a year over year comparison similar to the other tables?

Appendix 1-5 (Accounts)

7. Column for "multi-family and commercial organics carts"
 - 5 accounts were added. Which accounts?
8. Column for "Member agency solid waste, organics, and recyclables"
 - Relates to route hours above. The City added one account. Why were so many more hours charged?
9. Column for "member agency facilities roll-off and compactor"
 - Relates to route hours above. The City added 3 accounts. How can this equate to so many additional route hours and route labor hours?

- Where are these three new accounts?
10. Would it be possible to include just one set of the Appendix 3 data sheets for each of the member agencies and reference them accordingly?. Part 1, pages 44-121, contain the identical Allocated costs tables for SFD, MFD and Commercial, and Agency Facilities for each member Agency listed in Part 2, pages 30-71.
 11. Similarly, tables are duplicated in report. Is it necessary to include the same tables and label them differently? Example: Appendix 1-5 in Part 1 is the same table as Table 1 in Part 2. Can we streamline this so there are so many redundancies?

Comments on Part 1 – Report:

1. Page 7 of 13 (page 11 of packet): the narrative references 4 specific costs. 1) wages, 2) benefits. Please number Payroll tax expenses 3) and Direct Labor- Related costs 4).
2. Page 10 of 13 (page 14 of packet): Last paragraph. Please clarify. It is unclear to me what the point of the paragraph is.
3. Will the revised report include the audited data?

Thanks,
Laura

From: Cyndi Urman [mailto:curman@rethinkwaste.org]
Sent: Wednesday, June 24, 2015 1:22 PM
To: Cyndi Urman
Cc: Cliff Feldman; Farouk Fakira; Faustina Mututa; Heather Co; Hilary Gans; Kevin McCarthy; Marshall Moran; Monica Devincenzi
Subject: Recology 2016 Compensation Application Review Schedule

Good afternoon Board Members and TAC:

This is a friendly reminder regarding this year’s schedule to review and approve Recology’s 2016 Compensation Application (which is required to set rates for 2016).

This schedule is provided monthly in the Board of Director’s packet in the item titled “2015 Finance and Rate Setting Calendar”. The specific schedule to review Recology’s 2016 Compensation Application is consolidated below for your convenience. This schedule is similar to the one used in past years and provides our Member Agencies two-week periods to review both the original Recology Compensation Application and the SBWMA Report Reviewing the Compensation Application.

Please note that your agency’s comments on the Recology 2016 Compensation Application are due to Recology by close of business on Monday, June 29. We would appreciate it if you cc myself and Marshall on any comments submitted to Recology.

If you have any questions for us, please do not hesitate to ask.

Thank you,
Cliff

Due Date	Milestone
June 15, 2015	Recology 2016 Compensation Application Submitted to Member Agencies and SBWMA
June 29, 2015	Member Agencies and SBWMA Comments Due to Recology

July 24, 2015	Revised Recology 2016 Compensation Application Submitted to Member Agencies and SBWMA
August 14, 2015	SBWMA Draft Report Reviewing the 2016 Recology Compensation Application Issued to Member Agencies
August 28, 2015	Member Agencies Written Comments on SBWMA Draft Report Due to SBWMA
September 10, 2015	SBWMA Special Board Meeting: Staff Update and Discussion
September 17, 2014	SBWMA Final Report Issued to Member Agencies/Board
September 24, 2014	SBWMA Board Meeting: Consideration of Final Report

Cliff Feldman, Recycling Programs Manager
 Phone: 650.802.3502 Fax: 650.802.3501
 610 Elm Street, Suite 202, San Carlos, CA 94070



**Recology San Mateo County
Response to Questions from the City of Foster City Regarding
Recology 2016 Compensation Application**

Part 1:

Appendix 1-1 through Appendix 1-5 pages 33-37:

Appendix 1-1

1. Why did the City's route labor hours (100 hrs to 166 hrs- a 66.3% increase) and route hours (94 hrs to 152 hrs- a 61.7% increase) increase by so much?

The increase in MA Route Labor Hours is attributed in part to the addition of Windsurf Park, which is in a remote location and has multiple carts with multiple services per week

2. Why did the # lifts in the same category go up by 14.9% (3,133 lifts to 3,601 lifts?)

The increase in percentage is driven by the increase in the number of lifts.

Appendix 1-2 (Route Labor Hours) and Appendix 1-3 (Route Hours)

1. Column for "Member Agency Facilities Recyclable materials":
 - Route Labor Hours increased by 549.3% (9 hrs to 63 hrs)
 - Route Hours increased by 514.5% (9 hrs to 57 hrs)

Are these typo's? If not please explain the incredible increase in route labor hours attributed to the Agency's recycling

The increase in MA Route Labor Hours is attributed in part to the addition of Windsurf Park, which is in a remote location and has multiple carts with multiple services per week

1. Columns for "MFD and Commercial Family Organics carts and bins",
 - Route Labor Hours increased by 22.6%.
 - Route Hours increased by 22.4%



What is attributed to these increases in hours? Added organics accounts? Which ones?

The increase in hours is attributed to added organic accounts. Below are the accounts with the most significant service level new starts or increases for organics. The accounts that are new organic starts are highlighted:

Buon Hospitality, 981 E Hillsdale Blvd (+25.98 yds/month)

SVBIO, 348 Hatch Dr (+2.08 yds/month)

Woodstock Development, 363 Vintage Park Dr (+8.66 yds/month)

Gilead Sciences, 101 Lincoln Centre Dr (+34.64 yds/month)

Parkside Towers, 1001 E Hillsdale Blvd (+34.64 yds/month)

Westlake Development, 1088 Shell Blvd (+75.86 yds/month)

TWM Industries, 1140 Triton Dr (+12.47 yds/month)

Woodstock Development, 323 Vintage Park Dr (+5.54 yds/month)

Westlake Development, 1088 Shell Blvd (5.54 yds/month)

Equity Office BPC (4.33 yds/month)

Woodstock Development, 393 Vintage Park (8.66 yds/month)

DWF IV Century Base Plaza, 1065 E Hillsdale Blvd (+12.47 yds/month)

Hudson Metro Center, 989 E Hillsdale (+4.33 yds/month)

1. Column for "Member Agency solid waste",
 - Route Labor Hours increased by 17.6%
 - Route hours increased by 15.6%



Why so many more hours attributed to servicing FC Agency trash accounts? We added 4 accounts total.

Although there were only 4 accounts, one of the new accounts is Windsurf Park, which is in a remote location and has multiple carts with multiple services per week. .

Appendix 1-4 (Containers)

1. Why doesn't this table show a year over year comparison similar to the other tables?

This Appendix was not designed to include year-over-year comparisons.

Appendix 1-5 (Accounts)

1. Column for "multi-family and commercial organics carts"
 - 5 accounts were added. Which accounts?

Below are the 5 new accounts, include container size, quantity and frequency of service:

ACCT #	Name	Address		Size (gal)	# Conts	Frequency
938332	WESTLAKE DEVELOPMENT CO	1088	SHELL BLVD	32	3	4
1465087	WOODSTOCK DEVELOPMENT, INC	323	VINTAGE PARK DR	64	2	2
1554567	DWF IV CENTURY BASE PLAZA LLC	1065	E HILLSDALE BLVD	64	3	3
1497817	SVBIO	348	HATCH DR	96	1	1
1521970	T W M INDUSTRIES	1140	TRITON DR	96	2	3

2. Column for "Member agency solid waste, organics, and recyclables"
 - Relates to route hours above. The City added one account. Why were so many more hours charged?



The increase in the number of accounts may not necessarily correlate to the change in Route Hours and Route Labor Hours. The change, however, can be attributed to route efficiencies, including improved/improper cart/bin set-outs, favorable/unfavorable on-route and off-route traffic conditions, seasonality, and the proficiency of the collection vehicle operator. However, as stated previously, Windsurf Park is in a remote location and has multiple carts with multiple services per week, thus affecting the Route Hours.

3. Column for “member agency facilities roll-off and compactor”
 - Relates to route hours above. The City added 3 accounts. How can this equate to so many additional route hours and route labor hours?
 - Where are these three new accounts?

The three new accounts were temporary accounts, which include Spinnaker Cove (BIC), The Plaza (BIC) and Foster City Art & Wine Festival. The Member Agency roll-off account information provided is for informational purposes only and does not affect the Member Agency cost allocation.

4. Would it be possible to include just one set of the Appendix 3 data sheets for each of the member agencies and reference them accordingly?. Part 1, pages 44-121, contain the identical Allocated costs tables for SFD, MFD and Commercial, and Agency Facilities for each member Agency listed in Part 2, pages 30-71.
5. Similarly, tables are duplicated in report. Is it necessary to include the same tables and label them differently? Example: Appendix 1-5 in Part 1 is the same table as Table 1 in Part 2. Can we streamline this so there are so many redundancies?

The Rate Application was modified by the SBWMA to improve the presentation of the data provided. Part 2 is submitted because information included in Part 2 is required per the Franchise Agreement.

Comments on Part 1 – Report:

1. Page 7 of 13 (page 11 of packet): the narrative references 4 specific costs. 1) wages, 2) benefits. Please number Payroll tax expenses 3) and Direct Labor-Related costs 4).

This has been revised



1. Page 10 of 13 (page 14 of packet): Last paragraph. Please clarify. It is unclear to me what the point of the paragraph is.

This has been revised

1. Will the revised report include the audited data?

The audited data will not be included, but the result of the audit is included.

Cliff Feldman

From: Jan Cooke <JCooke@HILLSBOROUGH.NET>
Sent: Monday, June 29, 2015 4:33 PM
To: Mario Puccinelli; Mike Kelly (mkelly@recology.com); Gino Gasparini
Cc: Kevin McCarthy; Cliff Feldman; Marshall Moran; Cyndi Urman
Subject: FW: SBWMA Questions/Comments on the Recology 2016 Compensation Application

Hello:

On the 2016 Recology Compensation for Town of Hillsborough: My question is on page 79, the commercial/multifamily accounts and number of carts are going down, yet the route hours are going up. Can you explain that.

Thanks
Jan Cooke

Jan Cooke, C.P.A.
Finance Director
Town of Hillsborough
1600 Floribunda Avenue
Hillsborough, CA 94010
Tel. (650) 375-7408
Fax (650) 375-7417
jcooke@hillsborough.net

www.hillsborough.net

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From: Cyndi Urman [<mailto:curman@rethinkwaste.org>]
Sent: Monday, June 29, 2015 11:11 AM
To: Cyndi Urman
Cc: Cliff Feldman; Marshall Moran; Farouk Fakira; Kevin McCarthy
Subject: SBWMA Questions/Comments on the Recology 2016 Compensation Application

Good afternoon Board Members and TAC:

Attached please find the SBWMA's questions and comments on Recology's 2016 Compensation Application which were sent to Recology today.

If your Agency submitted comments to Recology, please also forward a copy.

Per the below schedule, the next step in this process is for Recology to issue its revised and final 2016 Compensation Application on July 24.

If you have any questions for us, please do not hesitate to ask.

Thank you,
Cliff

Cliff Feldman, Recycling Programs Manager
Phone: 650.802.3502 Fax: 650.802.3501
610 Elm Street, Suite 202, San Carlos, CA 94070



From: Cyndi Urman
Sent: Wednesday, June 24, 2015 1:22 PM
To: Cyndi Urman
Cc: Cliff Feldman; Farouk Fakira; Faustina Mututa; Heather Co; Hilary Gans; Kevin McCarthy; Marshall Moran; Monica Devincenzi
Subject: Recology 2016 Compensation Application Review Schedule

Good afternoon Board Members and TAC:

This is a friendly reminder regarding this year's schedule to review and approve Recology's 2016 Compensation Application (which is required to set rates for 2016).

This schedule is provided monthly in the Board of Director's packet in the item titled "2015 Finance and Rate Setting Calendar". The specific schedule to review Recology's 2016 Compensation Application is consolidated below for your convenience. This schedule is similar to the one used in past years and provides our Member Agencies two-week periods to review both the original Recology Compensation Application and the SBWMA Report Reviewing the Compensation Application.

Please note that your agency's comments on the Recology 2016 Compensation Application are due to Recology by close of business on Monday, June 29. We would appreciate it if you cc myself and Marshall on any comments submitted to Recology.

If you have any questions for us, please do not hesitate to ask.

Thank you,
Cliff

Due Date	Milestone
June 15, 2015	Recology 2016 Compensation Application Submitted to Member Agencies and SBWMA
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September 24, 2014	SBWMA Board Meeting: Consideration of Final Report

Cliff Feldman, Recycling Programs Manager

Phone: 650.802.3502 Fax: 650.802.3501
610 Elm Street, Suite 202, San Carlos, CA 94070



Recology San Mateo County
Response to Questions from the Town of Hillsborough Regarding
Recology 2016 Compensation Application

On the 2016 Recology Compensation for Town of Hillsborough: My question is on page 79, the commercial/multifamily accounts and number of carts are going down, yet the route hours are going up. Can you explain that.

The increase in the number of accounts may not necessarily correlate to the change in Route Hours and Route Labor Hours. The change, however, can be attributed to route efficiencies, including improved/improper cart/bin set-outs, favorable/unfavorable on-route and off-route traffic conditions, seasonality, and the proficiency of the collection vehicle operator.

Cliff Feldman

From: Abrams, Heather <habrams@menlopark.org>
Sent: Monday, June 29, 2015 9:19 PM
To: Cyndi Urman; Cliff Feldman; Farouk Fakira; Faustina Mututa; Heather Co; Hilary Gans; Kevin McCarthy; Marshall Moran; Monica Devincenzi; Gino Gasparini; Yvette Madera
Cc: McIntyre, Alex D; Cat Carlton; Quirion, Jesse T
Subject: RE: Recology 2016 Compensation Application Review Schedule

RethinkWaste and Recology Team,

Thank you for the opportunity to review the Rate Year 2016 Application for Contractor's Compensation Adjustment.

To summarize and review, overall in the Rethink Waste (SBWMA) area, Recology is requesting a smaller compensation amount as compared with last year, based primarily on the following factors:

- Decrease in fuel expense
- Decrease in interest expense
- Decrease in incentive payments

However, labor hours and route hours increased in Menlo Park in 2015 as compared with 2014. These increases were not seen in neighboring cities and they do not correspond to increases in collection accounts or bins/carts collected. The labor hours and route hours are collected using an on-board GPS system mounted in the collection trucks, measured in April. These increases could be attributed to the following possible causes:

- Errors
- Routing and/or travel time to Atherton and/or Redwood City being mistakenly attributed to Menlo Park
- Traffic delays within Menlo Park
- Menlo Park's direction to Recology to follow Menlo Park's street sweeping days, which caused re-routing by Recology (Recology to confirm this action)
- Menlo Park's direction to Recology to bill customers directly (at a cost of approximately \$25,000)

Please look into these increases in labor and route hours to determine the causes.

Menlo Park Observations:

- Menlo Park showed a \$176, 439 shortfall in rate year 2014 as shown in part 2, attachment NC. For rate year 2015, RethinkWaste recommended a small rate increase (approximately 2.5%), however the City did not adopt a rate increase based on a recommendation from the City's Finance Department.
- Part 1 shows a similar rate year 2016 shortfall, which will likely result in a small total recommended rate increase for Menlo Park (approximately 2-3%) for rate year 2016. Decreases in expenses listed above were outweighed by increases in labor and route hours as described above. Please investigate the changes in labor and route hours, and confirm the recommended rate increase.
- A small number of single family residents have solid waste containers, but no recycling containers and, a few hundred additional single family customers do not have organics service. Please provide an excel sheet showing which residential customers do not have recycling and/or organics service and why. I understand Recology and RethinkWaste are working with commercial and multi-family dwellings to increase participation in recycling and organics.
- Safety is a priority - Please review safety protocol with the Recology driver who was driving the wrong way for a short distance on Willow at Alma this morning at 7am. Unfortunately, I did not see his truck number.

Process Next Steps:

- Recology to confirm that the City requested route changes based on street sweeping schedule
- Recology to confirm labor and route hours increase

- SBWMA review and consider compensation application
- City to consider modest rate increase (via City Council)

Please let me know if you would like to discuss this further.

Thanks,

Heather Abrams

Environmental Programs Manager

City of Menlo Park

habrams@menlopark.org

(650)330-6765

From: Quirion, Jesse T
Sent: Monday, June 29, 2015 8:27 AM
To: Cat Carlton; McIntyre, Alex D
Cc: Abrams, Heather
Subject: RE: Recology 2016 Compensation Application Review Schedule

Our Environmental Services Manager, Heather Abrahams is working on this. Comments are due today, so she will send them directly to Recology and include you on the message.

-Jesse Q.

From: Cat Carlton [<mailto:cat.carlton@me.com>]
Sent: Thursday, June 25, 2015 3:15 PM
To: McIntyre, Alex D; Quirion, Jesse T
Subject: Fwd: Recology 2016 Compensation Application Review Schedule

Who is our tech on this committee? I would like his or her opinion on the below.

Catherine

Begin forwarded message:

From: Cyndi Urman <curman@rethinkwaste.org>
Subject: Recology 2016 Compensation Application Review Schedule
Date: June 24, 2015 at 1:22:03 PM PDT
To: Cyndi Urman <curman@rethinkwaste.org>
Cc: Cliff Feldman <cfeldman@rethinkwaste.org>, Farouk Fakira <ffakira@rethinkwaste.org>, Faustina Mututa <fmututa@rethinkwaste.org>, Heather Co <heatherco@rethinkwaste.org>, Hilary Gans <hgans@rethinkwaste.org>, Kevin McCarthy <kmccarthy@rethinkwaste.org>, Marshall Moran <mmoran@rethinkwaste.org>, Monica Devincenzi <mdevincenzi@rethinkwaste.org>
Resent-From: ccarlton@menlopark.org

Good afternoon Board Members and TAC:

This is a friendly reminder regarding this year's schedule to review and approve Recology's 2016 Compensation Application (which is required to set rates for 2016).

This schedule is provided monthly in the Board of Director's packet in the item titled "2015 Finance and Rate Setting Calendar". The specific schedule to review Recology's 2016 Compensation Application is consolidated below for your convenience. This schedule is similar to the one used in past years and provides our Member Agencies two-week periods to review both the original Recology Compensation Application and the SBWMA Report Reviewing the Compensation Application.

Please note that your agency's comments on the Recology 2016 Compensation Application are due to Recology by close of business on Monday, June 29. We would appreciate it if you cc myself and Marshall on any comments submitted to Recology.

If you have any questions for us, please do not hesitate to ask.

Thank you,
Cliff

Due Date	Milestone
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September 24, 2014	SBWMA Board Meeting: Consideration of Final Report

Cliff Feldman, Recycling Programs Manager
Phone: 650.802.3502 Fax: 650.802.3501
610 Elm Street, Suite 202, San Carlos, CA 94070



**Recology San Mateo County
Response to Questions from the City of Menlo Park Regarding
Recology 2016 Compensation Application**

To summarize and review, overall in the Rethink Waste (SBWMA) area, Recology is requesting a smaller compensation amount as compared with last year, based primarily on the following factors:

- Decrease in fuel expense
- Decrease in interest expense
- Decrease in incentive payments

However, labor hours and route hours increased in Menlo Park in 2015 as compared with 2014. These increases were not seen in neighboring cities and they do not correspond to increases in collection accounts or bins/carts collected. The labor hours and route hours are collected using an on-board GPS system mounted in the collection trucks, measured in April. These increases could be attributed to the following possible causes:

- Errors
- Routing and/or travel time to Atherton and/or Redwood City being mistakenly attributed to Menlo Park
- Traffic delays within Menlo Park
- Menlo Park's direction to Recology to follow Menlo Park's street sweeping days, which caused re-routing by Recology (Recology to confirm this action)
- Menlo Park's direction to Recology to bill customers directly (at a cost of approximately \$25,000)

Please look into these increases in labor and route hours to determine the causes.



The increase in Route Hours and Route Labor Hours is attributed to the growth in Commercial sector. There is a year-over-year increase of approximately 6600 lifts for bin service, and an additional 91 exchanges in roll-off.

Menlo Park Observations:

- Menlo Park showed a \$176, 439 shortfall in rate year 2014 as shown in part 2, attachment NC. For rate year 2015, RethinkWaste recommended a small rate increase (approximately 2.5%), however the City did not adopt a rate increase based on a recommendation from the City's Finance Department.
- Part 1 shows a similar rate year 2016 shortfall, which will likely result in a small total recommended rate increase for Menlo Park (approximately 2-3%) for rate year 2016. Decreases in expenses listed above were outweighed by increases in labor and route hours as described above. Please investigate the changes in labor and route hours, and confirm the recommended rate increase.
- A small number of single family residents have solid waste containers, but no recycling containers and, a few hundred additional single family customers do not have organics service. Please provide an excel sheet showing which residential customers do not have recycling and/or organics service and why. I understand Recology and RethinkWaste are working with commercial and multi-family dwellings to increase participation in recycling and organics.
- Safety is a priority - Please review safety protocol with the Recology driver who was driving the wrong way for a short distance on Willow at Alma this morning at 7am. Unfortunately, I did not see his truck number.

The issue reported about Willow Road and Alma Street was immediately addressed in a Driver Tailgate meeting. Please note that Safety and Tailgate meetings and Route Supervisor driver observations are conducted on a regular basis, to ensure drivers are continually informed/trained on safety matters.

Process Next Steps:

- Recology to confirm that the City requested route changes based on street sweeping schedule.



Yes, the request to change routing based upon street sweeping schedule was initiated by Rebecca Fotu.

- Recology to confirm labor and route hours increase

The increases were confirmed.

- SBWMA review and consider compensation application
- City to consider modest rate increase (via City Council)

APPENDIX D

MEMBER AGENCY VARIANCE ANALYSIS OF TOTAL COLLECTION COST AND RATE ADJUSTMENT

SBWMA FINAL REPORT REVIEWING THE 2016 RECOLOGY COMPENSATION APPLICATION

September 17, 2015

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015		SBWMA TOTAL				% Rate Impact
		2016 Variance				
		2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	
Estimated Revenue (Before Rate Increase)			\$99,479,968			
Projected Collection Revenue (After Rate Increase)		\$99,499,341				
2015 Base Revenue Surplus / <Shortfall>				\$1,371,112		-1.4%
Total Contractor's Compensation						
Base Compensation		\$57,905,546	\$57,685,069	-\$220,477	-0.4%	-0.2%
Agency Specific Contract Changes		(\$435,254)	(\$422,253)	\$13,001	-3.0%	0.0%
Incentives / Disincentives		\$253,210	\$26,604	-\$226,606	-89.5%	-0.2%
Split-Body Collection Vehicle Pilot Program		\$0	\$55,422	\$55,422	0.0%	0.1%
Total Contractor's Compensation		\$57,723,502	\$57,344,843	-\$378,659	-0.7%	-0.4%
Other Pass-Through Costs						
Disposal & Processing Fees		\$26,271,800	\$26,689,994	\$418,194	1.6%	0.4%
Agency Franchise & Other Fees		\$14,113,554	\$14,181,586	\$68,032	0.5%	0.1%
Subtotal Other Pass-Through Costs		\$40,385,354	\$40,871,580	\$486,225	1.2%	0.5%
TOTAL REVENUE REQUIREMENT		\$98,108,856	\$98,216,423	\$107,566	0.1%	0.1%
2015 Estimated Surplus / <Shortfall>		\$1,390,484				
2016 Estimated Surplus / <Shortfall>			\$1,263,546			
Required Revenue Adjustment			-1.3%			-1.3%

All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	Atherton				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$3,166,449			
Projected Collection Revenue (After Rate Increase)	\$3,167,017				
2015 Base Revenue Surplus / <Shortfall>			\$422,442		-13.3%
Total Contractor's Compensation					
Base Compensation	\$1,458,679	\$1,452,198	(\$6,481)	-0.4%	-0.2%
Incentives / Disincentives	\$2,395	\$192	(\$2,203)	-92.0%	-0.1%
Split-Body Collection Vehicle Pilot Program		\$1,406	\$1,406	\$0	0.0%
Total Contractor's Compensation	\$1,461,074	\$1,453,796	-\$7,278	-0.5%	-0.2%
Other Pass-Through Costs					
Disposal & Processing Fees	\$949,659	\$949,176	(\$484)	-0.1%	0.0%
Agency Franchise & Other Fees	\$333,274	\$336,363	\$3,089	0.9%	0.1%
Subtotal Other Pass-Through Costs	\$1,282,933	\$1,285,539	\$2,605	0.2%	0.1%
TOTAL REVENUE REQUIREMENT	\$2,744,008	\$2,739,335	(\$4,673)	-0.2%	-0.1%
2015 Estimated Surplus / <Shortfall>	\$423,009				
2016 Estimated Surplus / <Shortfall>		\$427,115			
Required Revenue Adjustment		-13.5%			-13.5%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	Belmont				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$6,478,278			
Projected Collection Revenue (After Rate Increase)	\$6,479,810				
2015 Base Revenue Surplus / <Shortfall>			(\$322,005)		5.0%
Total Contractor's Compensation					
Base Compensation	\$3,609,698	\$3,695,653	\$85,954	2.4%	1.3%
Incentives / Disincentives	\$11,280	\$929	(\$10,351)	-91.8%	-0.2%
Split-Body Collection Vehicle Pilot Program		\$3,577	\$3,577	0.0%	0.1%
Total Contractor's Compensation	\$3,620,978	\$3,700,159	\$79,180	2.2%	1.2%
Other Pass-Through Costs					
Disposal & Processing Fees	\$1,411,823	\$1,429,657	\$17,834	1.3%	0.3%
Agency Franchise & Other Fees	\$1,767,482	\$1,768,730	\$1,248	0.1%	0.0%
Subtotal Other Pass-Through Costs	\$3,179,305	\$3,198,386	\$19,082	0.6%	0.3%
TOTAL REVENUE REQUIREMENT	\$6,800,283	\$6,898,545	\$98,262	1.4%	1.5%
2015 Estimated Surplus / <Shortfall>	(\$320,473)				
2016 Estimated Surplus / <Shortfall>		(\$420,267)			
Required Revenue Adjustment		6.5%			6.5%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	Burlingame				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$10,640,785			
Projected Collection Revenue (After Rate Increase)	\$10,672,706				
2015 Base Revenue Surplus / <Shortfall>			\$67,237		-0.6%
Total Contractor's Compensation					
Base Compensation	\$5,695,334	\$5,776,859	\$81,524	1.4%	0.8%
Incentives / Disincentives	\$33,983	\$3,745	(\$30,238)	-89.0%	-0.3%
Split-Body Collection Vehicle Pilot Program		\$5,591	\$5,591	0.0%	0.1%
Total Contractor's Compensation	\$5,729,318	\$5,786,195	\$56,877	1.0%	0.5%
Other Pass-Through Costs					
Disposal & Processing Fees	\$2,880,710	\$2,887,154	\$6,444	0.2%	0.1%
Agency Franchise & Other Fees	\$1,963,521	\$1,955,912	(\$7,609)	-0.4%	-0.1%
Subtotal Other Pass-Through Costs	\$4,844,231	\$4,843,065	(\$1,166)	0.0%	0.0%
TOTAL REVENUE REQUIREMENT	\$10,573,548	\$10,629,260	\$55,712	0.5%	0.5%
2015 Estimated Surplus / <Shortfall>	\$99,158				
2016 Estimated Surplus / <Shortfall>		\$11,525			
Required Revenue Adjustment			-0.1%		-0.1%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	E Palo Alto				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$4,583,066			
Projected Collection Revenue (After Rate Increase)	\$4,528,497				
2015 Base Revenue Surplus / <Shortfall>			(\$128,246)		2.8%
Total Contractor's Compensation					
Base Compensation	\$2,394,526	\$2,388,311	(\$6,215)	-0.3%	-0.1%
Incentives / Disincentives	\$16,423	\$1,774	(\$14,650)	-89.2%	-0.3%
Split-Body Collection Vehicle Pilot Program		\$2,312	\$2,312	0.0%	0.1%
Total Contractor's Compensation	\$2,410,949	\$2,392,396	(\$18,553)	-0.8%	-0.4%
Other Pass-Through Costs					
Disposal & Processing Fees	\$1,526,644	\$1,552,246	\$25,601	1.7%	0.6%
Agency Franchise & Other Fees	\$773,719	\$780,411	\$6,691	0.9%	0.1%
Subtotal Other Pass-Through Costs	\$2,300,364	\$2,332,656	\$32,293	1.4%	0.7%
TOTAL REVENUE REQUIREMENT	\$4,711,312	\$4,725,052	\$13,740	0.3%	0.3%
2015 Estimated Surplus / <Shortfall>	(\$182,816)				
2016 Estimated Surplus / <Shortfall>		(\$141,986)			
Required Revenue Adjustment		3.1%			3.1%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	Foster City				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$5,748,700			
Projected Collection Revenue (After Rate Increase)	\$5,749,071				
2015 Base Revenue Surplus / <Shortfall>			\$364,751		-6.3%
Total Contractor's Compensation					
Base Compensation	\$3,451,025	\$3,365,890	(\$85,136)	-2.5%	-1.5%
Incentives / Disincentives	\$15,327	\$1,763	(\$13,564)	-88.5%	-0.2%
Split-Body Collection Vehicle Pilot Program		\$3,258	\$3,258	0.0%	0.1%
Total Contractor's Compensation	\$3,466,353	\$3,370,911	(\$95,442)	-2.8%	-1.7%
Other Pass-Through Costs					
Disposal & Processing Fees	\$1,505,950	\$1,519,306	\$13,356	0.9%	0.2%
Agency Franchise & Other Fees	\$411,647	\$416,405	\$4,758	1.2%	0.1%
Subtotal Other Pass-Through Costs	\$1,917,597	\$1,935,710	\$18,113	0.9%	0.3%
TOTAL REVENUE REQUIREMENT	\$5,383,949	\$5,306,621	(\$77,328)	-1.4%	-1.3%
2015 Estimated Surplus / <Shortfall>	\$365,122				
2016 Estimated Surplus / <Shortfall>		\$442,079			
Required Revenue Adjustment		-7.7%			-7.7%

All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	Hillsborough				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$3,109,177			
Projected Collection Revenue (After Rate Increase)	\$3,109,372				
2015 Base Revenue Surplus / <Shortfall>			\$144,734		-4.7%
Total Contractor's Compensation					
Base Compensation	\$1,964,709	\$1,957,135	(\$7,573)	-0.4%	-0.2%
Incentives / Disincentives	\$2,878	\$185	(\$2,693)	-93.6%	-0.1%
Split-Body Collection Vehicle Pilot Program		\$1,894	\$1,894	0.0%	0.1%
Total Contractor's Compensation	\$1,967,587	\$1,959,215	(\$8,372)	-0.4%	-0.3%
Other Pass-Through Costs					
Disposal & Processing Fees	\$695,185	\$698,451	\$3,266	0.5%	0.1%
Agency Franchise & Other Fees	\$301,671	\$302,038	\$367	0.1%	0.0%
Subtotal Other Pass-Through Costs	\$996,856	\$1,000,489	\$3,633	0.4%	0.1%
TOTAL REVENUE REQUIREMENT	\$2,964,443	\$2,959,704	(\$4,739)	-0.2%	-0.2%
2015 Estimated Surplus / <Shortfall>	\$144,929				
2016 Estimated Surplus / <Shortfall>		\$149,472			
Required Revenue Adjustment			-4.8%		-4.8%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	Menlo Park				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$10,300,014			
Projected Collection Revenue (After Rate Increase)	\$10,302,605				
2015 Base Revenue Surplus / <Shortfall>			\$19,823		-0.2%
Total Contractor's Compensation					
Base Compensation	\$5,814,754	\$5,965,930	\$151,176	2.6%	1.5%
Incentives / Disincentives	\$23,827	\$2,255	(\$21,572)	-90.5%	-0.2%
Split-Body Collection Vehicle Pilot Program		\$5,774	\$5,774	0.0%	0.1%
Total Contractor's Compensation	\$5,838,582	\$5,973,959	\$135,377	2.3%	1.3%
Other Pass-Through Costs					
Disposal & Processing Fees	\$2,730,494	\$2,775,769	\$45,275	1.7%	0.4%
Agency Franchise & Other Fees	\$1,711,116	\$1,712,220	\$1,104	0.1%	0.0%
Subtotal Other Pass-Through Costs	\$4,441,610	\$4,487,988	\$46,379	1.0%	0.5%
TOTAL REVENUE REQUIREMENT	\$10,280,191	\$10,461,947	\$181,756	1.8%	1.8%
2015 Estimated Surplus / <Shortfall>	\$22,414				
2016 Estimated Surplus / <Shortfall>		(\$161,933)			
Required Revenue Adjustment		1.6%			1.6%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	North Fair Oaks				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$2,666,640			
Projected Collection Revenue (After Rate Increase)	\$2,661,922				
2015 Base Revenue Surplus / <Shortfall>			(\$40,395)		1.5%
Total Contractor's Compensation					
Base Compensation	\$1,763,066	\$1,744,455	(\$18,611)	-1.1%	-0.7%
Incentives / Disincentives	\$7,592	\$848	(\$6,744)	-88.8%	-0.3%
Split-Body Collection Vehicle Pilot Program		\$1,688	\$1,688	0.0%	0.1%
Total Contractor's Compensation	\$1,770,658	\$1,746,991	(\$23,667)	-1.3%	-0.9%
Other Pass-Through Costs					
Disposal & Processing Fees	\$793,883	\$813,571	\$19,688	2.5%	0.7%
Agency Franchise & Other Fees	\$142,494	\$143,035	\$541	0.4%	0.0%
Subtotal Other Pass-Through Costs	\$936,377	\$956,605	\$20,228	2.2%	0.8%
TOTAL REVENUE REQUIREMENT	\$2,707,035	\$2,703,597	(\$3,438)	-0.1%	-0.1%
2015 Estimated Surplus / <Shortfall>	(\$45,113)				
2016 Estimated Surplus / <Shortfall>		(\$36,956)			
Required Revenue Adjustment		1.4%			1.4%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	Redwood City				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$18,412,581			
Projected Collection Revenue (After Rate Increase)	\$18,414,833				
2015 Base Revenue Surplus / <Shortfall>			\$179,918		-1.0%
Total Contractor's Compensation					
Base Compensation	\$10,507,068	\$10,207,515	(\$299,552)	-2.9%	-1.6%
Incentives / Disincentives	\$54,105	\$5,802	(\$48,303)	-89.3%	-0.3%
Split-Body Collection Vehicle Pilot Program		\$9,879	\$9,879	0.0%	0.1%
Total Contractor's Compensation	\$10,561,173	\$10,223,197	(\$337,976)	-3.2%	-1.8%
Other Pass-Through Costs					
Disposal & Processing Fees	\$5,142,497	\$5,260,582	\$118,085	2.3%	0.6%
Agency Franchise & Other Fees	\$2,528,993	\$2,528,993	\$0	0.0%	0.0%
Subtotal Other Pass-Through Costs	\$7,671,490	\$7,789,575	\$118,085	1.5%	0.6%
TOTAL REVENUE REQUIREMENT	\$18,232,663	\$18,012,773	(\$219,890)	-1.2%	-1.2%
2015 Estimated Surplus / <Shortfall>	\$182,170				
2016 Estimated Surplus / <Shortfall>		\$399,808			
Required Revenue Adjustment			-2.2%		-2.2%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	San Carlos				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$8,063,506			
Projected Collection Revenue (After Rate Increase)	\$8,095,406				
2015 Base Revenue Surplus / <Shortfall>			\$116,172		-1.4%
Total Contractor's Compensation					
Base Compensation	\$5,072,191	\$5,012,966	(\$59,226)	-1.2%	-0.7%
Incentives / Disincentives	\$18,063	\$1,968	(\$16,095)	-89.1%	-0.2%
Split-Body Collection Vehicle Pilot Program		\$4,852	\$4,852	0.0%	0.1%
Total Contractor's Compensation	\$5,090,254	\$5,019,785	(\$70,469)	-1.4%	-0.9%
Other Pass-Through Costs					
Disposal & Processing Fees	\$1,911,562	\$1,968,102	\$56,540	3.0%	0.7%
Agency Franchise & Other Fees	\$945,516	\$1,075,642	\$130,126	13.8%	1.6%
Subtotal Other Pass-Through Costs	\$2,857,079	\$3,043,745	\$186,666	6.5%	2.3%
TOTAL REVENUE REQUIREMENT	\$7,947,333	\$8,063,530	\$116,197	1.5%	1.4%
2015 Estimated Surplus / <Shortfall>	\$148,073				
2016 Estimated Surplus / <Shortfall>		(\$24)			
Required Revenue Adjustment		0.0%			0.0%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	San Mateo				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$21,636,401			
Projected Collection Revenue (After Rate Increase)	\$21,643,030				
2015 Base Revenue Surplus / <Shortfall>			\$451,365		-2.1%
Total Contractor's Compensation					
Base Compensation	\$12,602,268	\$12,559,694	(\$42,574)	-0.3%	-0.2%
Incentives / Disincentives	\$60,521	\$6,556	(\$53,965)	-89.2%	-0.2%
Split-Body Collection Vehicle Pilot Program		\$12,156	\$12,156	0.0%	0.1%
Total Contractor's Compensation	\$12,662,789	\$12,578,406	(\$84,383)	-0.7%	-0.4%
Other Pass-Through Costs					
Disposal & Processing Fees	\$5,563,923	\$5,668,186	\$104,262	1.9%	0.5%
Agency Franchise & Other Fees	\$2,958,323	\$2,886,213	(\$72,110)	-2.4%	-0.3%
Subtotal Other Pass-Through Costs	\$8,522,247	\$8,554,399	\$32,152	0.4%	0.1%
TOTAL REVENUE REQUIREMENT	\$21,185,035	\$21,132,805	(\$52,231)	-0.2%	-0.2%
2015 Estimated Surplus / <Shortfall>	\$457,995				
2016 Estimated Surplus / <Shortfall>		\$503,596			
Required Revenue Adjustment		-2.3%			-2.3%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	West Bay				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$1,486,913			
Projected Collection Revenue (After Rate Increase)	\$1,487,233				
2015 Base Revenue Surplus / <Shortfall>			\$15,372		-1.0%
Total Contractor's Compensation					
Base Compensation	\$994,950	\$1,011,272	\$16,322	1.6%	1.1%
Incentives / Disincentives	\$1,576	\$241	(\$1,335)	-84.7%	-0.1%
Split-Body Collection Vehicle Pilot Program		\$979	\$979	0.0%	0.1%
Total Contractor's Compensation	\$996,526	\$1,012,492	\$15,966	1.6%	1.1%
Other Pass-Through Costs					
Disposal & Processing Fees	\$378,466	\$380,620	\$2,154	0.6%	0.1%
Agency Franchise & Other Fees	\$96,549	\$95,841	(\$708)	-0.7%	0.0%
Subtotal Other Pass-Through Costs	\$475,015	\$476,462	\$1,446	0.3%	0.1%
TOTAL REVENUE REQUIREMENT	\$1,471,541	\$1,488,954	\$17,412	1.2%	1.2%
2015 Estimated Surplus / <Shortfall>	\$15,692				
2016 Estimated Surplus / <Shortfall>		(\$2,040)			
Required Revenue Adjustment		0.1%			0.1%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					

COLLECTION RATE VARIANCE ANALYSIS estimated 8/13/2015	Unincorporated County				
	2016 Variance				
	2015 Estimated	2016 Estimated	2016 vs 2015 Change	2016 vs 2015 %	% Rate Impact
Estimated Revenue (Before Rate Increase)		\$3,187,457			
Projected Collection Revenue (After Rate Increase)	\$3,187,838				
2015 Base Revenue Surplus / <Shortfall>			\$79,943		-2.5%
Total Contractor's Compensation					
Base Compensation	\$2,142,023	\$2,124,939	(\$17,084)	-0.8%	-0.5%
Incentives / Disincentives	\$5,239	\$345	(\$4,894)	-93.4%	-0.2%
Split-Body Collection Vehicle Pilot Program		\$2,057	\$2,057	0.0%	0.1%
Total Contractor's Compensation	\$2,147,262	\$2,127,340	(\$19,921)	-0.9%	-0.6%
Other Pass-Through Costs					
Disposal & Processing Fees	\$781,004	\$787,176	\$6,172	0.8%	0.2%
Agency Franchise & Other Fees	\$179,248	\$179,784	\$536	0.3%	0.0%
Subtotal Other Pass-Through Costs	\$960,252	\$966,960	\$6,708	0.7%	0.2%
TOTAL REVENUE REQUIREMENT	\$3,107,513	\$3,094,300	(\$13,213)	-0.4%	-0.4%
2015 Estimated Surplus / <Shortfall>	\$80,324				
2016 Estimated Surplus / <Shortfall>		\$93,157			
Required Revenue Adjustment		-2.9%			-2.9%
All numbers above are current estimates except 2015 Contractor's (Recology) Compensation which is final and 2016 Contractor's Compensation which is subject to Board Approval.					



SHOREWAY OPERATIONS AND CONTRACT MANAGEMENT

Agenda Item 7



STAFF REPORT

To: SBWMA Board Members
 From: Hilary Gans, Facility Operations Contracts Manager
 Farouk Fakira, Finance Manager
 Date: September 24, 2015 Board of Directors Meeting
 Subject: Resolution Approving 2016 South Bay Recycling Compensation Application

Recommendation

Staff recommends the Board approve of Resolution 2015-26 attached hereto authorizing the following action:

- Approval of 2016 South Bay Recycling (SBR) Compensation Application.

Exhibit A contains the SBWMA Final Report - Review of 2016 South Bay Recycling Compensation Application for Board consideration.

Analysis

The recommended 2016 overall compensation adjustment for SBR is 1.52% which compares closely to last year's adjustment of 1.3%. The modest increase in 2016 is the result of a decrease in fuel cost index and modest increases in labor and other indexes which govern the rate of SBRs' costs adjusted as established in the Operations Agreement.

The SBWMA staff conducted the review of the SBR Compensation Application and worked closely with the company to ensure that questions and concerns were answered and their application was modified as necessary to address any changes. Staff has verified that the SBR Compensation Application is complete and meets the requirements of the Agreement. The results of the review and recommended rate adjustment are summarized in **Table 1** below.

Table 1 2015 Payment vs. 2016 Payment					
Cost Category	2015		Rate Adjustment	2016	
	Total Cost	Payment/Ton	%	Total Cost	Payment/Ton
Operating Cost					
Transfer Station Fee	\$ 4,502,919	\$ 12.59	1.97%	\$ 4,591,441	\$ 12.84
MRF Fee (net of residue)	\$ 5,777,977	\$ 78.06	2.17%	\$ 5,903,812	\$ 79.76
Transport Fee (cost/ton-mile)	\$ 6,508,106	\$ 1.075	0.62%	\$ 6,548,766	\$ 1.081
Transport (cost/ton)	-	\$ 18.19	0.62%	-	\$ 18.31
Total Operating Cost	\$ 16,789,002		1.52%	\$ 17,044,019	

(Note: the total costs shown in the above table are for illustration purposes only. SBR is paid the approved fee per ton on the **actual** tons received at the Shoreway facility).

Background

Each year, the SBR Final Rate Report is brought forward to the Board simultaneously with the Recology San Mateo County (RSMC) Rate Report.



On July 1, 2015 SBR submitted a 2016 Compensation Application report to the SBWMA as required under the Shoreway Operations Agreement in Article 7.12 (which prescribes the process by which this application is reviewed and the company's compensation is approved). The SBWMA staff reviewed the SBR 2016 Compensation Application for completeness, accuracy and consistency and issued a SBWMA Draft Report Review of 2016 South Bay Recycling Compensation Application on August 14th. The SBWMA staff requested that Member Agencies provide input on the Draft Report by August 28th. No comments were received from Board Members or Member Agency staff and no changes were made to the Compensation Application.

It is important to note that the approved compensation for SBR will be part of the calculation to arrive at the 2016 tipping fees to be charged at the Shoreway Facility. The Shoreway tip fees are based on all the SBWMA operating costs (composed of disposal and processing expense, franchise fees to City of San Carlos, SBWMA program budget and debt service payments) less commodity revenue. Disposal and processing expense based on estimated Shoreway tipping fees are included as a pass-through expense in the calculation of each Member Agency's total Revenue Requirement (*shown as "Disposal and Processing Fees" in Table 8, line A4 of the SBWMA Report Reviewing the 2016 Recology San Mateo County Compensation Application*) for setting solid waste collection rates.

Fiscal Impact

The recommended 2016 overall compensation adjustment for SBR is 1.52% which compares closely to last year's adjustment of 1.3%. Details of SBR compensation can be found in Exhibit A: SBWMA Final Report - Review of 2016 South Bay Recycling Compensation Application.

Attachments:

Resolution 2015-26

Exhibit A - SBWMA Final Report - Review of 2016 South Bay Recycling Compensation Application



RESOLUTION NO. 2015-26
RESOLUTION OF THE SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY BOARD OF DIRECTORS
APPROVING 2016 SOUTH BAY RECYCLING COMPENSATION APPLICATION

WHEREAS, The South Bayside Waste Management Authority (SBWMA) prepared and issued to the SBWMA Board of Director's on August 14, 2015 the SBWMA Draft Report on Review of 2016 South Bay Recycling (SBR) Compensation Application (Report); and

WHEREAS, SBWMA staff requested Board Member and Member Agency review of a Draft Report concurrent with review of the Draft Report on 2016 RSMC Compensation Application and requested comments, questions and concerns to be submitted by August 28, 2015; and

WHEREAS, SBWMA revised the Draft Report based on any comments received from Board Members and Member Agencies and additional information provided by SBR and issued the Final Report (**Exhibit A**) to the Board of Directors; and

WHEREAS, the Final Report recommends adjustments to SBR's compensation from its 2015 base costs to 2016.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the SBWMA Final Report on Review of 2016 South Bay Recycling Compensation Application.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24th day of September, 2015, 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. 2015-26 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on September 24, 2015.

 Bill Widmer, Chairperson of SBWMA

ATTEST:

 Cyndi Urman, Board Secretary



SBWMA FINAL REPORT

REVIEW OF

SOUTH BAY RECYCLING

2016 COMPENSATION ADJUSTMENT

APPLICATION

September 17, 2015

TABLE OF CONTENTS

SECTION 1. BACKGROUND

A. Shoreway Operations Agreement Terms.....	1
B. Calculation of Total Collection Revenue Requirement	1
C. Description of Cost Components	2
D. Cost Adjustment Process	2
E. Commodity Revenue Sharing	3

SECTION 2. SOUTH BAY RECYCLING 2016 COMPENSATION APPLICATION

A. Analysis of SBR 2016 Compensation Application	4
B. Description of 2016 Compensation Adjustments.....	4
C. Changes to Annual Labor Costs	6
D. Pass-Through Costs	6

SECTION 3. RECOMMENDED SBR FEES / TON FOR 2016

APPENDICES

APPENDIX A – SBR COST ADJUSTMENT WORKSHEETS

SECTION 1. BACKGROUND

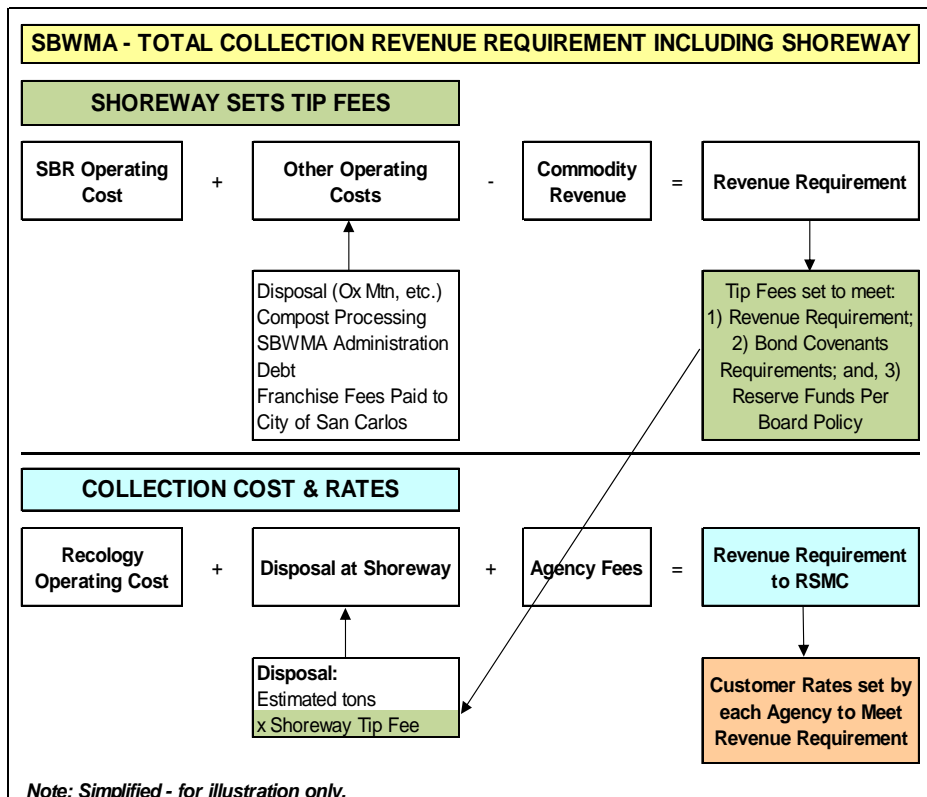
A. Shoreway Operations Agreement Terms

South Bay Recycling, LLC (SBR) was selected as the facility operator on April 23, 2009, and a Shoreway Operations Agreement (“Agreement”) was approved by the Board on July 23, 2009. Article 7 and Attachments 13-A and B of the Agreement prescribe that the SBWMA is responsible for conducting the annual review and analysis of SBR’s compensation application due by July 1st each year. The SBWMA is charged with performing a thorough review to ensure the application is complete and follows the proscribed compensation adjustment methodology in the Operations Agreement to arrive at the recommended 2016 fees per ton contained in this report. This rate application provides the basis for adjusting SBR’s approved 2015 fees per ton for the rate year of 2016. SBR is paid monthly based on the approved fees per ton times the actual number of tons processed and transported.

B. Calculation of Total Collection Revenue Requirement

The approved 2016 compensation for SBR will be bundled with all other SBWMA operating budget expenses (e.g., disposal expense, franchise fees paid to the City of San Carlos, debt service, Agency program budget, etc.) to set the 2016 Shoreway Tip Fees which are considered at the November SBWMA Board meeting each year. The tip fees are budgeted to increase by 2.16% for FY1516.

The 2016 Shoreway Tip Fees are the basis for setting the Disposal Pass-Through expenses that become part of the Total Collection expense and the total Revenue Requirement for each Member Agency upon which it sets its solid waste rates for 2016. These costs are described in detail in “Other Pass-Through Costs” in the 2016 Recology Final Rate Report and are the result of the Shoreway Facility tipping fees charged on the estimated number of solid waste and organics tons delivered to Shoreway throughout the year. The figure below graphically shows how the Shoreway tipping fees are related to the calculation of the Member Agency revenue requirements.



C. Description of Cost Components

As described in Article 7.03 of the Agreement, SBR's basic compensation includes payment for the three core services provided. Payment is based on the fees per ton times the number of tons for:

- **Transfer Station Processing**
- **Recyclable Materials Processing**
- **Transportation to Disposal and Processing Sites**

As described in Attachment 13-A of the Agreement, the fees for the above fee services each comprised of four distinct cost components:

- A. Labor Costs
- B. Fuel and Power Costs
- C. Depreciation Cost
- D. Other Operating and Maintenance Costs

Three of these cost components (i.e., labor, fuel and power, and other operating and maintenance costs), in turn, have subcomponents as follows:

- A. Labor Costs
 1. Wages for CBA labor (*index*)
 2. Benefits for CBA labor (*index*)
 3. Workers' compensation insurance (CBA labor) (*index*)
 4. Payroll taxes (CBA labor) (*non-index*)
 5. Outside contracted workers from third-party sources (VRS) (*index*)
- B. Fuel and Power Costs
 1. Electricity (*non-index*)
 2. Fuel (*index*)
- C. Depreciation Cost (*no adjustment*)
- D. Other Operating and Maintenance Costs (*index*)
 1. Wages and benefits for non-CBA employees
 2. Wages and benefits for CBA clerical
 3. Repair and maintenance expenses
 4. Equipment rental expenses
 5. Other vehicle-related expenses (e.g. licensing, taxes)
 6. Insurance, safety and claims
 7. Other general & administrative expense

D. Cost Adjustment Process

A major goal for the Shoreway Operations Contractor selection process that was initiated in 2005 was to make the contractor's cost adjustment process more predictable and transparent. Article 7.05 and Attachment 13-A of the Operations Agreement prescribes a detailed cost adjustment methodology that ties most of the cost adjustments to standard indexes (i.e., CPI). This cost adjustment methodology is the basis for SBR's Rate Application submittal and the SBWMA staff's subsequent review for completeness, accuracy, and consistency with the requirements of the Agreement.

The cost adjustment process uses SBR's approved 2015 Fees as the basis for adjustment to the new 2016 Fees. As detailed in the Agreement, the adjustment process for the 2016 Fees structure is illustrated in the chart on the next page.

SBWMA - Shoreway Operations Contractor Cost Adjustment Process		
2015 Base Cost	Adjustment	2016 Compensation
CBA: TS/MRF, Mechanics, Drivers, & Clerical (wages and benefits)	+ Index	= Base plus Adjustment
Other Cost	+ Index	= Base plus Adjustment
Power	+ Blend of actual PG&E rate & ISH Solar rate	= Base plus Adjustment
Depreciation	+ No Change	= Prior year's Depreciation
Profit	+ Profit calculated on total adjustments at Operating Ratio in Proposal	= Base plus Adjustment
Pass-Through Cost		
Interest	Interest is fixed on sliding scale based on final capital cost	Annual Interest Expense per Interest Schedule
Other	Actual cost reimbursed (i.e., Buyback payments, new regulatory fees, etc.)	Actual Cost
Total Base Compensation	+ Total of Above	= Total of Above

Note: Simplified - for illustration only.

E. Commodity Revenue Sharing

Another portion of SBR’s compensation comes from Commodity Revenue Share. The commodity revenues from the recyclable materials processed at the Shoreway MRF are split between SBWMA and SBR -- SBR receives a minority share of the MRF commodity revenues as an incentive to maintain high recovery and obtain the best commodity sales prices. However, SBR guarantees to the SBWMA commodity revenue of \$5.5 million and the Revenue Share only starts after the guarantee threshold is met (\$5.5 million).

In year 2015, the Commodity Revenue Share to SBR was twenty-eight percent (28%) and SBR was paid a 28% of the commodity sales revenue above the Revenue Guarantee. In 2016, as a result of the MRF’s high recovery and low residue in year 2015, SBR is again eligible for a 28% share of commodity sales revenue (see Article 7.07 of the Agreement - Residue-Reduction Incentive Program). In 2015, the residue rate at the MRF remained at 7% and subsequently the revenue share remains at 28% in 2016. (Note: the actual value of the revenue share is not shown in this report, since it is based on the actual tonnage and commodity revenue for the full-year of 2015. Hence, an estimate is used in the SBWMA Annual Budget and calendar year projections. As a point of reference, the commodity sales revenue share paid to SBR in year 2015 was \$1,422,795.)

SECTION 2. SBR 2016 COMPENSATION APPLICATION

A. Analysis of SBR 2016 Compensation Application

The SBWMA staff conducted the review of the SBR Compensation Application and worked closely with the company to ensure that questions and concerns were answered and their application was modified as necessary to address any changes. Staff has verified that the SBR Rate Application is complete and meets the requirements of the Agreement. The results of the review and recommended rate adjustment are summarized in **Table 1** below.

Table 1 2015 Payment vs. 2016 Payment					
Cost Category	2015		Rate Adjustment	2016	
	Total Cost	Payment/Ton	%	Total Cost	Payment/Ton
Operating Cost					
Transfer Station Fee	\$ 4,502,919	\$ 12.59	1.97%	\$ 4,591,441	\$ 12.84
MRF Fee (net of residue)	\$ 5,777,977	\$ 78.06	2.17%	\$ 5,903,812	\$ 79.76
Transport Fee (cost/ton-mile)	\$ 6,508,106	\$ 1.075	0.62%	\$ 6,548,766	\$ 1.081
Transport (cost/ton)	-	\$ 18.19	0.62%	-	\$ 18.31
Total Operating Cost	\$ 16,789,002		1.52%	\$ 17,044,019	
Contractor Pass-Through Costs	Total Cost	Payment/Ton	%	Total Cost	Payment/Ton
Total Interest	\$ 196,470		-16.07%	\$ 164,898	
Buyback Payments Estimate	\$ 888,000		0.00%	\$ 888,000	
Total Contractor Pass-Through Cost	\$ 1,084,470		-2.91%	\$ 1,052,898	
Total Compensation	\$ 17,873,472		1.25%	\$ 18,096,917	

Note: Buyback payments reflect current payment amount - 2015 total therefore will not tie to last year's Rate Report.

In aggregate, the recommended 2016 fee adjustments results in an estimated total compensation increase of 1.52%. (Note: the total costs shown in the above table are for illustration purposes only. SBR is paid the approved fee per ton on the **actual** tons received at the Shoreway facility).

B. Description of 2016 Compensation Adjustments

Costs in the current compensation application are adjusted primarily based on changes in indexes. Cost categories are adjusted based on the following criteria:

- Labor Cost (CBA for Operators, Mechanics, Drivers, and Clerical) – adjusted by index
- Power Cost - adjusted based on the change in power rates
- Fuel Cost - adjusted by an index
- Other Operating Costs - various indices such as CPI
- Depreciation Cost - is not adjusted
- Interest Expense - based on sliding fixed schedule

The results of the index-based cost adjustments for the 2016 rates are summarized in **Table 2** on the next page. A summary of the cost adjustments for 2016 by all cost categories are summarized in the subsequent **Table 3** of the report.

Table 2
Cost Adjustments by Year for Index Changes

Labor Cost: CBAs Wages & Benefits

Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. (cis201s000000000i))

Year	2015	2014	2013	2012
Avg. Index - April	122.63	119.78	117.55	115.33
% Change	2.38%	1.89%	1.93%	2.17%

Labor Costs: Workers Compensation Ins. & Workers from Third Party (VRS)

Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. CIU2030000000000A).

Year	2015	2014	2013	2012
Avg. Index - April	123.45	120.50	118.07	115.90
% Change	2.45%	2.06%	1.87%	3.41%

Fuel Costs:

Index: U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, series no. wpu057303).

Year	2015	2014	2013	2012
Index	314.87	314.87	323.28	325.80
% Change	-18.54%	-2.60%	-0.78%	25.57%

Operating and Maintenance Costs

Index: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. cuur0000sa).

Year	2015	2014	2013	2012
Index (Annual)	236.66	234.15	230.76	226.93
% Change	1.07%	1.47%	1.69%	3.25%
80% of Index Change	0.86%	1.18%	1.35%	2.60%

Note: There is no adjustment to depreciation expense in 2016.

Table 3			
2016 Cost Adjustment by Cost Category			
Cost Category	Basis for Adjustment	Adjustment Percentage	Explanation
Direct Labor - (All CBAs)			
Wages	Index	2.38%	CBA wage adjustment based on index change.
Benefits	Index	2.38%	CBA benefit adjustment based on index change.
Worker's Compensation Insur.	Index	2.45%	Workers compensation adjustment based on index change
Payroll Tax	Tax rate & change in wages	2.38%	The payroll tax rate changes with any changes in federal or state payroll tax rates. The payroll tax expense changed due to higher base wages. The tax rate did not change.
Direct Labor - Non CBA (VRS)			
	Index	2.45%	Non-CBA (VRS) adjustment based on index change.
Power	PG&E & Solar Rates	4.80%	Power is adjusted by the blend of actual PG&E electricity rates and the Solar Power rate.
Fuel	Index	-18.54%	Fuel expense is adjusted by the actual change in the fuel index.
Depreciation	n/a	0.00%	There is no adjustment to depreciation.
Other Operations & Maintenance	Index	0.86%	Other O&M expense includes non-CBA personnel, maintenance parts, insurance, general office expense, safety, etc. Other O&M expense is adjusted by 80% of an index.
<i>The 2015 cost components are adjusted to arrive at new costs for 2016. For all four CBA contracts and non-CBA costs, various indexes are used to adjust cost. Contractor 2016 compensation is based on 2016 cost per ton while payment is based on the calculated cost per ton and the actual monthly tons.</i>			

C. Changes to Annual Labor Costs

CBA wage and benefits are adjusted based on index changes. Since the labor cost component is the largest cost component in SBR's compensation the modest rate increase for 2016 can be attributed to all of the labor costs being indexed.

D. Pass-Through Costs

Pass-through costs are not subject to profit but are reimbursed to SBR at actual cost. The pass-through costs in the Facility Operations Agreement (Article 7.09) are as follows:

- Payments to buyback customers for purchase of recyclables are a pass-through expense. (Actual buyback payments to public customers will be reimbursed monthly in arrears).
- Changes to regulatory fees qualify as pass-through costs.
- Interest expense on allowed capital (paid to SBR monthly at one-twelfth of the annual interest expense denoted in Attachment 13A, Interest Cost Form 3-M which schedules-out interest expense for the ten-year life of the contract on a sliding scale). The annual interest expense for 2016 is \$164,898, a 16% reduction from 2015.

SECTION 3. RECOMMENDED SBR FEES/TON FOR 2016

Staff recommends that the Board approve the following fees paid to SBR on a per-ton basis for 2016:

Transfer Station Processing Fee. The 2016 Transfer Station fee is \$12.84 per Ton.

MRF Processing Fee. The 2016 MRF Processing fee is \$84.49 per ton (note the Contractor pays for MRF residue transportation and disposal which is deducted from MRF Processing Fee resulting in an *Estimated Net MRF Processing Fee* as shown in **Table 5**).

Transportation Fee. There are multiple transportation fees for each material type (i.e., Solid Waste, Inerts, Construction and Demolition Debris, Plant Materials, and Organics) and for each destination. The average 2016 Transportation fee is \$1.081 per ton mile or approximately \$18.31 per ton. (The transportation rate detail for each material type and destination are presented in the **Appendix A - Cost Adjustment Worksheets**).

Table 4			
2015 vs 2016 Adjustments to Compensation			
	2015	Adjustment Percentage	2016
Cost Components	Payment/Ton		Payment/Ton
Transfer Station Processing Fee	\$ 12.59	1.97%	\$ 12.84
MRF Processing Fee (gross)	\$ 82.72	2.14%	\$ 84.49
Transport Fee (Blended Total cost/ton-mile)	\$ 1.075	0.62%	\$ 1.081
<i>Transport Fee (Shown as cost/ton)</i>	\$ 18.19	0.62%	\$ 18.31
Total Adjustment		1.52%	

Table 5			
2015 MRF Processing Fee vs. 2016 MRF Processing Fee			
	2015	Adjustment Percentage	2016
Cost Components	Payment/Ton		Payment/Ton
MRF Processing Fee (gross)	\$ 82.72	2.14%	\$ 84.49
MRF Residue (estimate)	\$ 4.66	1.45%	\$ 4.73
<i>Estimated Net MRF Processing Fee</i>	\$ 78.06	1.79%	\$ 79.76
<i>Note: Actual MRF residue is deducted from the gross MRF fee shown above.</i>			

SOUTH BAY RECYCLING, LLC

Compensation Adjustment Application for Rate Year 2016

A. SUMMARY OF FEES - 2015 to 2016

	2015	2016	% Increase
<u>Cost per Ton Fees</u>			
Transfer Station	\$ 12.59	\$ 12.84	2.0%
MRF (net residue)	\$ 78.06	\$ 79.76	2.2%
Transportation (cost / ton-mile)	\$ 1.07	\$ 1.08	0.6%
Transportation (cost / ton)	\$ 18.19	\$ 18.31	0.6%
<u>Total Cost Estimate by LOB</u>			
Transfer Station	\$ 4,502,919	\$ 4,591,441	2.0%
MRF (net residue)	\$ 5,777,977	\$ 5,903,812	2.2%
Transportation	\$ 6,508,106	\$ 6,548,766	0.6%
Total Operating Cost	\$ 16,789,002	\$ 17,044,019	1.5%
<u>Pass-Through Costs</u>			
Total Interest	\$ 196,470	\$ 164,898	-16.1%
Buyback Payment (estimate)	\$ 888,000	\$ 888,000	
Total Pass-Through Cost	\$ 1,084,470	\$ 1,052,898	-2.9%
Total Estimated Expense	\$ 17,873,472	\$ 18,096,917	1.3%

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

B. TRANSFER STATION COST SUMMARY	2015	2016
SUMMARY OF ANNUAL FEE ADJUSTMENTS	Fee / Ton	Fee / Ton
1. Direct Labor - CBA		
Wages	\$ 4.80	\$ 4.92
Benefits	\$ 2.40	\$ 2.50
W/C	\$ 0.65	\$ 0.67
PR Tax	\$ 0.42	\$ 0.43
Total CBA Labor Cost	\$ 8.28	\$ 8.51
2. Power	\$ 0.71	\$ 0.75
3. Fuel	\$ 0.39	\$ 0.32
4. Depreciation	\$ 0.29	\$ 0.29
5. Other O&M	\$ 1.74	\$ 1.76
6. Clerical CBA Wages & Benefits	\$ 0.37	\$ 0.38
Total Operating	\$ 11.77	\$ 12.00
Profit	\$ 0.82	\$ 0.83
Profit %	6.9%	6.9%
Total Operating Cost	\$ 12.59	\$ 12.84
% Increase	1.58%	1.97%
Total Cost Estimate	\$ 4,502,919	\$ 4,591,441

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

B. TRANSFER STATION COST SUMMARY

2015

2016

DETERMINE PERCENTAGE CHANGE IN COSTS (Attachment 13-A, Section 1)

1. Labor Cost Component Adjustment Factors

Labor Cost Component Adjustment Factors

Wages for Direct Labor

Updated direct labor cost per ton	\$ 4.80	\$ 4.92
Adjustment Factor for Wages Direct Labor	1.019	1.024
% Increase	1.89%	2.38%

Benefits for Direct Labor

Updated annual benefit cost per ton	\$ 2.44	\$ 2.50
Adjustment Factor for Benefits	1.029	1.024
% Increase	2.93%	2.38%

Workers Compensation Insurance for Direct Labor

Updated annual benefit cost per ton	\$ 0.65	\$ 0.67
Adjustment Factor	1.02	1.024

Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. CIU2030000000000A).

Payroll Taxes for Direct Labor

Updated Paryoll Tax cost per Ton	\$ 0.42	\$ 0.43
Adjustment Factor for payroll taxes shall equal the change in Federal Social Security & Medicare Tax Cost	8.70%	8.70%
Adjustment Factor	7.65%	7.65%
Adjustment Factor	1.000	1.000

2. Fuel and Power Cost Component Adjustment Factors

Fuel and Power Cost Component Adjustment Factors

Power Adjustment

Updated Power cost per ton	\$ 0.71	\$ 0.75
Adjustment Factor	1.038	1.065

Fuel Adjustment

Updated Fuel cost per ton	\$ 0.39	\$ 0.32
Adjustment Factor	0.974	0.815

3. Depreciation

Depreciation

Updated Depreciation cost per ton	\$ 0.29	\$ 0.29
Adjustment Factor (No adjustment after Year 1)	1.000	1.000

4. Other Operating & Maintenance

Other Operating & Maintenance

Updated Other cost per ton	\$ 1.74	\$ 1.76
Adjustment Factor @ 80% of Index	1.012	1.009

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

C. MRF COST SUMMARY		2015	2016
SUMMARY OF ANNUAL FEE ADJUSTMENTS		Fee / Ton	Fee / Ton
1.	Direct Labor - CBA		
	Wages	\$ 18.07	\$ 18.50
	Benefits	\$ 9.44	\$ 9.80
	Workers Comp	\$ 2.59	\$ 2.65
	PR Tax	\$ 1.74	\$ 1.78
	Total CBA Labor Cost	\$ 31.83	\$ 32.73
2.	Third Party Wages & Benefits (VRS)	\$ 15.43	\$ 15.80
3.	Power	\$ 4.12	\$ 4.39
4.	Fuel	\$ 0.84	\$ 0.68
5.	Depreciation	\$ 1.91	\$ 1.91
6.	Other O&M	\$ 16.60	\$ 16.74
7.	Clerical CBA Wages & Benefits	\$ 1.77	\$ 1.82
	Total Operating	\$ 72.49	\$ 74.07
	Profit	\$ 5.57	\$ 5.69
	Total Operating Cost Per Ton (excluding residue)	\$ 78.06	\$ 79.76
	<i>% Increase</i>	1.72%	2.18%
	Total Estimated Operator Cost (excluding residue)	\$ 5,777,977	\$ 5,903,812
	<u>MRF Residue Paid by SBR</u>		
	Disposal Fees	\$ 3.65	\$ 3.71
	Transfer & Haul	\$ 1.02	\$ 1.03
	Total MRF Residue expense	\$ 4.66	\$ 4.73
	Total Cost with MRF Residue	\$ 82.72	\$ 84.49

Note: cost / ton is fixed; total cost varies based on tonnage

Ox Mtn. disposal tip fee adjusted to actual rate for 2014

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

C. MRF COST SUMMARY

2015

2016

Determine Percentage Change in Costs (Attachment 13-A, Section 1)

2015	2016
Cost / Ton	Cost / Ton

1. Labor Cost Component Adjustment Factors

Updated annual labor for direct labor	\$ 18.0692	\$ 18.50
Adjustment Factor	1.019	1.024
% Increase	1.9%	2.38%

Benefits for Direct Labor

Updated annual benefit cost per ton	\$ 9.57	\$ 9.80
Adjustment Factor	1.029	1.024
% Increase	2.93%	2.38%
One Time True Up (Rate Year 2015)	\$ (0.13185)	

Workers Compensation Insurance for Direct Labor

Updated annual benefit Costs	\$ 2.59	\$ 2.65
Adjustment Factor	1.021	1.024

Payroll Taxes for Direct Labor

Updated Payroll Tax cost per ton	\$ 1.74	\$ 1.78
Total Payroll Tax Rate %	9.6%	9.6%
Federal Social Security & Medicare tax rates	9.61%	9.61%
Adjustment Factor	1.000	1.000

2. Labor & Benefits Component Adjustment Factor - non-CBA labor (VRS)

Updated annual costs	\$ 15.43	\$ 15.80
Adjustment Factor	1.021	1.024
<i>Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. Ecs12102i replaced with cis201s0000000000i)</i>		

3. Fuel and Power Cost Component Adjustment Factors

Power Adjustment

Updated Power cost per ton	\$ 4.12	\$ 4.39
Adjustment Factor	1.038	1.065
<i>blend of PGE rate and solar rate</i>		

Fuel Adjustment

Updated Fuel Costs	\$ 0.84	\$ 0.68
Adjustment Factor	0.974	0.815

4. Depreciation

Updated Depr cost per ton	\$ 1.91	\$ 1.91
Adjustment Factor (No adjustment after Year 1)	1.000	1.000

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

C. MRF COST SUMMARY

2015

2016

5. Other Operating & Maintenance

Updated Other cost per ton

Adjustment Factor @ 80% of Index

% Change in underlying index

\$	16.60	\$	16.74
	1.012		1.009
	1.47%		1.07%

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

D. TRANSPORTATION COST SUMMARY	2015		2016
	Fee Per Ton-Mile	% Increase	Fee Per Ton-Mile
Solid Waste Transport Fee - Ox Mtn.	\$ 1.21	0.7%	\$ 1.22
Inert Transport Fee - Ox Mtn.	\$ 1.25	0.6%	\$ 1.25
C&D Transport Fee - Zanker	\$ 0.91	0.3%	\$ 0.91
Plant Matls Trans Fee - Newby	\$ 0.73	0.3%	\$ 0.73
Plant Matls Trans Fee - Grover	\$ 0.46	-0.7%	\$ 0.45
Organic Matl Trans Fee - Newby	\$ 0.89	0.5%	\$ 0.90
Organic Matl Trans Fee - Grover	\$ 0.51	-0.7%	\$ 0.51
Biomass Trans Fee - Biofuel	\$ 0.60	0.5%	\$ 0.60
Plant Matls Trans Fee - Zanker	\$ 0.73	0.3%	\$ 0.73
BLENDED TOTAL	\$ 1.075	0.6%	\$ 1.081
Total Cost Estimate	\$ 6,508,106	0.6%	\$ 6,548,766
Cost / Ton	\$ 18.19	\$ 0.11	\$ 18.31
Total Cost Increase %	1.3%		0.6%

Adjust Transportation Fees (Attached 12-A, Section 4)

	2014		2015
	Adjusted Cost	Adjustment Factor	Adjusted Cost
Direct Labor Component for All Transport Fees			
Wages for CBA Labor	\$ 1,600,589	1.0238	\$ 1,638,675
Benefits for CBA Labor	\$ 683,357	1.0238	\$ 699,617
WC Insurance	\$ 171,536	1.0245	\$ 175,735
Payroll Taxes	\$ 135,414	1.000	\$ 138,636
Total Cost Estimate (SW to Ox)	\$ 2,590,896	1.0238	\$ 2,652,663
Cost/Ton	\$ 9.93	0.237	\$ 10.17
Adjusted Labor for MSW Transport Fee (cost/ton-mile)	\$ 0.7642	1.0238	\$ 0.7824
% Increase			2.38%

Solid Waste Transport Fee - OX Mtn.			
Labor component	\$ 0.7641	1.024	\$ 0.7823
Fuel	\$ 0.0651	0.815	\$ 0.0530
Depreciation	\$ 0.0851	1.000	\$ 0.0851
Other O&M Component	\$ 0.1754	1.009	\$ 0.1770
Clerical CBA wages & benefits	\$ 0.0251	1.024	\$ 0.0257
Total Operating Cost	\$ 1.1148		\$ 1.1231
Profit per Operating Ratio	\$ 0.0956		\$ 0.0963
Total SW Transportation Fee	\$ 1.21047	0.7%	\$ 1.21944

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

D. TRANSPORTATION COST SUMMARY	2015		2016
	Fee Per Ton- Mile	% Increase	Fee Per Ton- Mile
Inert Transport Fee - OX Mtn.			
Labor component	\$ 0.729	1.024	\$ 0.746
Fuel	\$ 0.072	0.815	\$ 0.058
Depreciation	\$ 0.085	1.000	\$ 0.085
Other O&M Component	\$ 0.220	1.009	\$ 0.222
Clerical CBA wages & benefits	\$ 0.032	1.024	\$ 0.032
Total Operating Cost	\$ 1.138		\$ 1.144
Profit per Operating Ratio	\$ 0.108		\$ 0.109
Total Inert Transportation Fee	\$ 1.246	0.6%	\$ 1.253
C&D Transport Fee - Zanker Road			
Labor component	\$ 0.5733	1.024	\$ 0.5869
Fuel	\$ 0.0660	0.815	\$ 0.0538
Depreciation	\$ 0.0530	1.000	\$ 0.0530
Other O&M Component	\$ 0.1202	1.009	\$ 0.1212
Clerical CBA wages & benefits	\$ 0.0172	1.024	\$ 0.0176
Total Operating Cost	\$ 0.8296		\$ 0.8325
Profit per Operating Ratio	\$ 0.0761		\$ 0.0763
Total C&D Transportation Fee	\$ 0.90571	0.3%	\$ 0.90884
Plant Materials Transport Fee - Newby Is			
Labor component	\$ 0.4508	1.024	\$ 0.4616
Fuel	\$ 0.0551	0.815	\$ 0.0449
Depreciation	\$ 0.0442	1.000	\$ 0.0442
Other O&M Component	\$ 0.1071	1.009	\$ 0.1080
Clerical CBA wages & benefits	\$ 0.0153	1.024	\$ 0.0157
Total Operating Cost	\$ 0.6726		\$ 0.6744
Profit per Operating Ratio	\$ 0.0601		\$ 0.0602
Total Plant Material Transportation Fee	\$ 0.73267	0.3%	\$ 0.73465
Plant Materials Transport Fee - Grover			
Labor component	\$ 0.2677	1.024	\$ 0.2741
Fuel	\$ 0.0550	0.815	\$ 0.0448
Depreciation	\$ 0.0286	1.000	\$ 0.0286
Other O&M Component	\$ 0.0587	1.009	\$ 0.0592
Clerical CBA wages & benefits	\$ 0.0084	1.024	\$ 0.0086
Total Operating Cost	\$ 0.4185		\$ 0.4153
Profit per Operating Ratio	\$ 0.0374		\$ 0.0371
Total Plant Material Transportation Fee	\$ 0.45584	-0.7%	\$ 0.45245

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

D. TRANSPORTATION COST SUMMARY	2015		2016
	Fee Per Ton-Mile	% Increase	Fee Per Ton-Mile

Organic Material Transport Fee - Newby Is			
Labor component	\$ 0.5635	1.024	\$ 0.5769
Fuel	\$ 0.0604	0.815	\$ 0.0492
Depreciation	\$ 0.0442	1.000	\$ 0.0442
Other O&M Component	\$ 0.1160	1.009	\$ 0.1170
Clerical CBA wages & benefits	\$ 0.0166	1.024	\$ 0.0170
Total Operating Cost	\$ 0.8008	0.005	\$ 0.8044
Profit per Operating Ratio	\$ 0.0939		\$ 0.0944
Total Organic Material Transportation Fee	\$ 0.89474	0.5%	\$ 0.89879

Organic Material Transport Fee - Grover			
Labor component	\$ 0.2917	1.024	\$ 0.2987
Fuel	\$ 0.0600	0.815	\$ 0.0489
Depreciation	\$ 0.0313	1.000	\$ 0.0313
Other O&M Component	\$ 0.0640	1.009	\$ 0.0645
Clerical CBA wages & benefits	\$ 0.0092	1.024	\$ 0.0094
Total Operating Cost	\$ 0.4561		\$ 0.4527
Profit per Operating Ratio	\$ 0.0535		\$ 0.0531
Total Organic Material Transportation Fee	\$ 0.50961	-0.7%	\$ 0.50581

Self-Haul Biomass - Biofuel			
Total Operating Cost	\$ 0.534	1.005	\$ 0.536
Profit per Operating Ratio	\$ 0.063	0.005	\$ 0.063
Total Biofuel Material Transportation Fee	\$ 0.596	0.5%	\$ 0.599

Plant Materials Transport Fee - Zanker Road			
Labor component	\$ 0.4508	1.024	\$ 0.4616
Fuel	\$ 0.0551	0.815	\$ 0.0449
Depreciation	\$ 0.0440	1.000	\$ 0.0440
Other O&M Component	\$ 0.1071	1.009	\$ 0.1080
Clerical CBA wages & benefits	\$ 0.0153	1.024	\$ 0.0157
Total Operating Cost	\$ 0.6724		\$ 0.6742
Profit per Operating Ratio	\$ 0.0601		\$ 0.0602
Total Plant Material Transportation Fee	\$ 0.732	0.3%	\$ 0.734

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

E. Index Summary

	2015	2016
<p><i>Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. (CIU2030000000000i)).</i></p>		
1	<p>Workers Compensation & Outside Contracted Workers (VRS)</p>	
Use- Factor	1.0206	1.0245
% Increase		2.45%
<p><i>Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. (cis201s0000000000i)).</i></p>		
2	<p>CBA Labor</p>	
Use- Factor	1.0189	1.0238
% Increase		2.38%
<p><i>Index: U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, series no. (wpu057303)).</i></p>		
3	<p>Fuel</p>	
Use- Factor	0.9740	0.8146
% Increase		-18.54%
<p><i>Index: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. (cuur0000sa0)).</i></p>		
4	<p>Other O&M</p>	
Use- Factor	1.0147	1.0107
% Increase		1.07%

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

F. Department of Labor, Bureau of Statistics Cost Index Detail

1. Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Total All workers (not seasonally adjusted, total benefits, series no. (CIU2030000000000i)).

Workers Compensation & Third Party Labor (VRS)

	2013	2014	2015
Average Index	118.07	120.50	123.45
% Change	1.87%	2.06%	2.45%
Q1	118.16	121.40	124.50
Q2	119.80	122.70	
Q3	120.30	123.10	
Q4	120.50	123.50	

2. Index: U.S. Department of Labor, Bureau of Labor Statistics, Private Industry Employment Cost Index for Service-Producing Industries (seasonally adjusted, total compensation, series no. (cis201s000000000i))

Direct Labor (After CBA)

	2013	2014	2015
Index 1ST QTR	117.55	119.78	122.63
% Change	1.93%	1.89%	2.38%
Q1	118.10	120.40	123.80
Q2	119.00	121.50	
Q3	119.50	122.30	
Q4	120.20	122.90	

3. Index: U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index - Commodity Index for #2 diesel fuel (not seasonally adjusted, fuels and related products and power, series no. (wpu057303)).

Fuel

	2013	2014	2015
Avg Index Apr	323.28	314.87	256.49
% Change	-0.78%	-2.6%	-18.5%
Jan	318.80	308.40	182.60
Feb	341.70	322.00	189.90
Mar	321.20	317.90	194.20
Apr	319.00	318.60	183.30
May	307.70	316.50	
Jun	304.80	308.80	
Jul	311.60	307.80	
Aug	319.30	306.90	
Sep	328.00	302.30	
Oct	318.40	283.40	
Nov	307.00	272.30	
Dec	314.70	229.90	

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

F. Department of Labor, Bureau of Statistics Cost Index Detail

4. Index: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. (cuur0000sa0).

Other O&M

	2013	2014	2015
Avg Index April	230.76	234.15	236.66
% Change	1.69%	1.5%	1.1%
Jan	230.28	233.92	233.71
Feb	232.17	234.78	234.72
Mar	232.77	236.29	236.12
Apr	232.53	237.07	236.60
May	232.95	237.90	
Jun	233.50	238.34	
Jul	233.60	238.25	
Aug	233.88	237.85	
Sep	234.15	238.03	
Oct	233.55	237.43	
Nov	233.07	236.15	
Dec	233.05	234.81	

SOUTH BAY RECYCLING, LLC

Annual Compensation Adjustment for 2016

G. Electric and Solar Power Cost Adjustment

PG&E

Year	Apr-14	Apr-15
Total Bill	\$ 18,349	\$ 20,358
KWH	\$ 102,600	102,600
Rate / KWH	\$ 0.179	\$ 0.198
% increase from Prior Yr.	5.04%	10.95%
Adjustment Factor	1.050	1.109

ISH (Solar)

Year	Apr-14	Apr-15
Total Bill	\$ 23,823	\$ 26,598
KWH	\$ 118,171	128,120
Rate / KWH	\$ 0.202	\$ 0.208
% increase vs. Prior Yr.	3.0%	3.0%
Adjustment Factor	1.03	1.03

Blended

Year	Apr-14	Apr-15
Total Bill	\$ 42,173	\$ 46,956
KWH	\$ 220,771	\$ 230,720
Rate / KWH	\$ 0.191	\$ 0.204
% increase vs. Prior Yr.	3.75%	6.54%
Adjustment Factor	1.038	1.065



INFORMATIONAL ITEMS ONLY

Agenda Item 8



STAFF REPORT

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Date: September 24, 2015 Board of Directors Meeting
Subject: Update on Implementation of Commercial Recycling Hauler Reporting System Ordinance

Recommendation

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

Analysis

On October 23, 2014, the SBWMA Board of Directors adopted Ordinance No. 002, the JPA's Commercial Recycling Reporting Ordinance, which became effective on January 1, 2015. The Q1-2015 report was due on May 1, 2015 and Q2-2015 report was due on August 1. Staff last provided an update to the Board at the May 28, 2015 Board meeting and will continue to do so quarterly.

To-date, 33 businesses have registered and 27 submitted reports for Q1-2015, while only 19 submitted reports for Q2-2015. The active list of businesses totals 159, thus approximately 17% of potentially eligible businesses have submitted reports. Staff needs to confirm the status of approximately 105 businesses, specifically if they are required to comply and why they have not. For example, some businesses on the list may be served by a hauler and do not backhaul, while others may only haul from residential customers. In addition, staff is actively working with another 22 businesses that we are confident need to comply. A list of these businesses is provided as **Attachment A**.

In addition, staff has recently contacted all of the businesses that are delinquent with submitting the Q2-2015 report and we continue to reach out to all businesses whose reports are delinquent for both quarters. From the reports provided, the amounts and types of material collected vary and approximately 18,200 tons were reported for the Q1-2015 and 11,300 tons for Q2-2015. The largest quantities (in order) of individual material types are mixed construction and demolition debris, dirt/inerts, green/yard waste and cardboard. As predicted, even a small sampling of non-franchised commercial recycling activities provides some insights as to the magnitude of independent recycling occurring in the RethinkWaste service area. As a matter of comparison, in 2014 Recology collected a total of 53,351 tons, comprised of 31,254 tons of recyclables and 22,097 tons of organics.

Staff's prior diversion projections estimated including an additional 26,500 tons of commercial recycling (**Table 1** on next page) to our current diversion figures. This amount was based on when the first reports for Q1-2015 started being submitted. **Table 2** on the next page provides an update of this diversion estimate based on the information provided to date through Q2-2015. Staff has increased the potential diversion estimate by including an additional 23,500 tons.

Table 3 on the next page shows an update on projected future diversion through 2020 reflective of the revised baseline forecast in **Table 2** plus new diversion expected from recommended Long Range Plan projects. The SBWMA's new forecasted overall diversion rate for 2020 has increased from 70.02% to 71.79%.

Table 1 (based on Q1-2015 projected for entire year)¹

Projected Future Measured Diversion Rate % by Sector with Current Programs 2015-2020								
Sector	Year							
	Actual Results		Projected Results					
	2013	2014	2015	2016	2017	2018	2019	2020
Residential	66.90%	66.48%	66.59%	66.59%	66.59%	66.59%	66.59%	66.59%
Commercial/MFD	29.77%	31.04%	41.06%	43.46%	45.49%	46.87%	48.54%	49.71%
Overall	48.83%	48.90%	52.971%	54.26%	55.34%	56.08%	56.97%	57.59%

Note: Preliminary Commercial Recycling Reporting Ordinance data is included (i.e., 26,500 tons).

¹Table 1 as shown is included in the Board adopted 2015 Long Range Plan document as Table 2.1: Baseline Measured Diversion Rate by Sector with Current Programs 2015-2020.

Table 2 (based on tonnage thru Q2-2015 projected for entire year)

Projected Future Measured Diversion Rate % by Sector with Current Programs 2015-2020								
Sector	Year							
	Actual Results		Projected Results					
	2013	2014	2015	2016	2017	2018	2019	2020
Residential	66.90%	66.48%	66.59%	66.59%	66.59%	66.59%	66.59%	66.59%
Commercial/MFD	29.77%	31.04%	47.28%	49.43%	51.25%	52.48%	53.97%	55.02%
Overall	48.83%	48.90%	55.754%	56.97%	57.99%	58.68%	59.51%	60.10%

Note: Preliminary Commercial Recycling Reporting Ordinance data is included (i.e., 50,000 tons).

Table 3 (projected future diversion through 2020 including new diversion and LRP projects)

Projected Future Measured Diversion Rate % by Sector for 2015-2020								
Sector	Year							
	Actual Results		Projected Results					
	2013	2014	2015	2016	2017	2018	2019	2020
Residential	66.90%	66.48%	66.59%	66.59%	66.59%	71.32%	76.35%	76.60%
Commercial/MFD	29.77%	31.04%	47.28%	49.43%	51.25%	60.26%	68.03%	68.03%
Overall	48.83%	48.90%	55.758%	56.96%	57.99%	65.11%	71.69%	71.79%

Note: Preliminary Commercial Recycling Reporting Ordinance data is included (i.e., 50,000 tons).

In May per the Board and TAC's direction, staff followed through with our commitment to keep the Member Agencies engaged in our efforts to encourage affected businesses to register and report and we will renew this effort in September and October. Staff provided a list to the Member Agencies which had in its jurisdiction businesses which had not yet registered. Also provided was a sample letter to use with each Member Agency's letterhead that encourages the business to register and report. With the assistance of staff from our Member Agencies, it was determined that several businesses did not need to comply and letters were sent to others. In addition, several were referred back to the JPA to follow up with.

Staff's efforts to continue reaching out and educating businesses about the Ordinance will be ongoing via additional direct mail letters, phone calls and emails. In addition, staff will also be posting on the RethinkWaste website a video tutorial explaining the Ordinance and how to use the online portal to register, pay the annual fee and submit reports. Staff will also continue to work with our Member Agencies regarding the businesses located in their jurisdictions. However, it is important to note that less than 50% of all identified businesses are located in our Member Agencies. In addition, the list of potentially affected businesses continues to be refined. For example, after contacting some businesses that were initially identified it turns out they are not required to submit reports,

and our efforts continue to result in identifying other independent recycling haulers which are then added to the list.

Background

At the October 23, 2014 Board meeting, the Board adopted Ordinance No. 002 – Recycling Reporting Requirements for Commercial Recycling Haulers. The Ordinance will enable RethinkWaste to develop a more complete picture of existing diversion efforts for the commercial sector, since the only diversion information currently available is provided by the Member Agencies franchised service provider, Recology San Mateo County (Recology). Based solely on the Recology data, the commercial diversion rate for 2014 was 31.0%. The actual overall commercial diversion rate is likely much higher once we factor in diversion data from non-franchised haulers.

This SBWMA-wide Ordinance implements reporting requirements for non-franchised commercial recycling haulers (e.g., paper recycling companies, scrap metal haulers, construction and demolition debris haulers, businesses that backhaul recyclables and/or compost materials to distribution centers, etc.) in an effort to begin collecting diversion data that is currently unavailable. The Ordinance became effective on January 1, 2015 and the haulers are required to commence providing reports for the first quarter of 2015 by May 1, 2015 and quarterly thereafter.

Fiscal Impact

The approved FY1516 budget includes \$15,000 to hire a consultant to assist staff with the stakeholder engagement and encouraging compliance. Staff is currently seeking proposals from consultant firms to assist with this effort. The Ordinance allows the Executive Director to establish an administrative fee in an amount not to exceed \$150 to cover the SBWMA costs to administer the Ordinance. This administrative fee for 2015 was set at \$125 and will be charged to commercial recycling haulers required to register and submit reports.

Attachment:

Attachment A – List of Businesses staff is actively working with.

Attachment A

Hauler Type	Hauler Name	City	State	Retail Store Locations
Small Hauler	1-877-DUMP-PRO	San Ramon	CA	
Electronics	AERC Recycling Solutions	Hayward	CA	
Plastics	Bay Polymer	Fremont	CA	
Backhaul	California Carpet	San Carlos	CA	
Backhaul	CVS Headquarters*	Woonsocket*	RI	Menlo Park, Redwood City, San Carlos, San Mateo
Backhaul	Lucky's & Save Mart Supermarkets*	Modesto*	CA	Foster city, Redwood City, San Carlos
Organics Collection	Oakdale Trading Company	Sonora	CA	Redwood City, San Carlos, San Mateo
Backhaul	Office Depot / Office Max*	Boca Raton*	FL	Redwood City, San Carlos, San Mateo
Backhaul	Orchard Supply*	San Jose*	CA	Redwood City, Foster City
Backhaul	Safeway - Corporate*	Pleasanton*	CA	Belmont, Burlingame, Foster City, Menlo Park, Redwood City, San Mateo
Metal	Sims Metal - Redwood City	Redwood City	CA	
Backhaul	Sports Authority*	Englewood*	CO	East Palo Alto, San Mateo
Electronics	Auction BDI	Milpitas	CA	
Non-Profit	St Vincent De Paul Society	San Mateo	CA	San Mateo
Backhaul	Target - Corporate*	Minneapolis*	MN	Redwood City, San Mateo
Backhaul	Toys R Us - Corporate*	Wayne*	NJ	Redwood City
Backhaul	Trader Joe's - Corporate*	Monrovia*	CA	Menlo Park, San Carlos, San Mateo
C&D	US Demo and Hauling, Inc	Moraga	CA	
Hauler	Valet Waste*	Tampa*	FL	
Backhaul	West Marine	San Carlos	CA	
Hauler	West Rock*	Norcross*	GA	
Electronics	Zak Enterprises	Santa Clara	CA	

*Denotes corporate headquarters or regional office location.



STAFF UPDATE

To: SBWMA Board Members
From: Farouk Fakira, Finance Manager
Date: September 24, 2015 Board of Directors Meeting
Subject: 2015 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 2015. 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 2015:

January 2015

- Approval of FY1314 audited Financial Statement. **Completed.**
- Mid-Year review of FY1415 Operating Budget. **Completed.**

March 2015

- Recology submittal of the 2014 Revenue Reconciliation Report (*March 31*). **Received – audit completed.**

April 2015

- Discussion on preliminary FY1516 SBWMA Operating Budget at April 23, 2015 Board meeting. **Completed.**
- Approval of unaudited calendar year financial statement for bond reporting requirements. **Completed.**

May 2015

- Additional Review of FY1516 detailed SBWMA Operating Budget at May 28, 2015 Board meeting. **Completed.**

June 2015

- Approval of final FY1516 SBWMA Operating Budget at June 25, 2015 Board meeting. **Completed.**
- Recology's 2016 Compensation Application due to the SBWMA and Member Agencies (*June 15*). SBWMA and Member Agency comments are due to Recology on its 2016 Compensation Application (*June 29*). **Received.**
- SBWMA issued a letter requesting feedback from all Member Agencies on estimated 2016 Member Agency fees (e.g., franchise fees) to be included in there 2016 solid waste rates. **Completed.**
- Approval of Financial Systems audit report on Recology and SBR. **Completed.**

July 2015

- SBR's 2016 Compensation Application due to the SBWMA (*July 1*). **Received.**
- SBWMA issues the following reports to the Board and Member Agency staff for review and comment:
 - 1) estimated 2015 and 2016 residential and commercial base revenue,
 - 2) estimated collected tonnage for 2015 and 2016,
 - 3) residential rates vs cost analysis,
 - 4) estimated residential revenue changes due to cart migration (i.e., lost revenue) by Member Agency since July 2014, and
 - 5) Summary of 2016 Member Agency fees to be used in the 2016 cost projections based on Member Agency feedback. **All completed.**
- Recology revised 2016 Compensation Application due to the SBWMA and Member Agencies (*July 24*). **Received.**

August 2015

- SBWMA issues the Draft Report Reviewing Recology's 2016 Compensation Application, recommended total Revenue Requirement and rate adjustment(s) (*August 14*). **Completed.**
- SBWMA issues the Draft Report Reviewing SBR's 2016 Compensation Application. **Completed.**
- Comments due back from Member Agencies on draft Reports Reviewing Recology's 2016 Compensation Application and SBR's 2016 Compensation Application (*August 28*). **Completed.**

September 2015

- SBWMA issues Final Report Reviewing Recology's 2016 Compensation Application including the recommended total collection rate adjustment for 2016. (*September 17 BOD Packet*). **Completed.**
- SBWMA issues Final Report Reviewing SBR's 2016 Compensation Application. (*September 17 BOD Packet*). **Completed.**
- Approval of the SBR 2016 Compensation Application. (*September 24 BOD Meeting*)
- Approval of the Recology 2016 Compensation Application and total recommended Revenue Requirement. (*September 24 BOD Meeting*)

September – December 2015

- Member Agencies issue Prop. 218 notice and approve final 2016 solid waste rates.

November 2015

- SBWMA issues report to Board on recommended January 1, 2016 Shoreway tip fee adjustments including calendar year 2016 SBWMA financial projection with assumed tip fee and cash reserve balances.
- Approval of 2016 Investment Policy



STAFF REPORT

To: SBWMA Board Members
From: Farouk Fakira, Finance Manger
Date: September 24, 2015 Board of Directors Meeting
Subject: Check Register for July and August 2015

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 July and August 2015 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 July was \$3,232,668.45 and for August 2015 was \$3,048,517.89 for a total of \$6,281,186.34 for the two months as detailed in **Attachment A**. Certain ACH transactions such as payroll and some benefit payments are drawn directly from the bank and are therefore not included in these A/P reports.

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

Attachments:

Attachment A – July and August 2015 Check Registers

07/14/2015 09:02
linda

CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S071415

PG 1
apcshdsb

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

INVOICE INV DATE PO CHECK RUN NET

INVOICE DTL DESC

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
6567	07/13/2015	WIRE	3622 WELLS FARGO PAYMENT REMITTANCE CT 062515		06/25/2015			5,061.73
				447.62 S0113010 520201	JUNE 2015 CREDIT CARD PURCHASES			
				299.00 S0113010 520502	OFFICE SUPPLIES			
				1,000.00 S0113010 520604MF001	TRAINING			
				1,945.11 S0113010 522718	PUBLIC EDUCATION/OUTREACH/WORK			
				1,370.00 S0113010 520604MF001	EDUCATION CENTER OPERATIONS			
					PUBLIC EDUCATION/OUTREACH/WORK			
					CHECK	6567	TOTAL:	5,061.73
6568	07/14/2015	EFT	3 AARONSON DICKERSON COHN & LANZONE 615052-SB.R		06/24/2015		S071415	4,045.50
				4,045.50 S0113010 520312	JUNE 2015 BOARD COUNCIL			
					BOARD COUNSEL			
					CHECK	6568	TOTAL:	4,045.50
6569	07/14/2015	EFT	1278 LOCAL GOVERNMENT SERVICES 02219		05/31/2015		S071415	2,401.01
				-14,500.00 S0113010 520306	MAY 2015 EXPENSES			
				506.67 S0113010 512810	AB939 PROGRAM STAFF			
				466.67 S0113010 512830	BENEFITS - WORKERS COMP INS			
				750.00 S0113010 520337	BENEFITS - MEDICAL			
				11,466.00 S0113010 520306	CONSULTING CONTRACTS RGS/LGS			
				165.72 S0113010 512801	AB939 PROGRAM STAFF			
				1,600.00 S0113010 512830	BENEFITS - PAYROLL TAXES			
				134.93 S0113010 512850	BENEFITS - MEDICAL			
				26.16 S0113010 512850	BENEFITS - GUARDIAN LIFE			
				20.02 S0113010 512850	BENEFITS - GUARDIAN LIFE			
				22.94 S0113010 512850	BENEFITS - GUARDIAN LIFE			
				1,321.12 S0113010 512825	BENEFITS - GUARDIAN LIFE			
				20.78 S0113010 512850	BENEFITS - RETIREMENT EMPLOYER			
				400.00 S0113010 511830	BENEFITS - GUARDIAN LIFE			
					SALARIES - CAR ALLOWANCE			
			LOCAL GOVERNMENT SERVICES ADV8-2015		06/25/2015		S071415	14,500.00
				14,500.00 S0113010 520306	AUGUST 2015 ADVANCE			
					AB939 PROGRAM STAFF			
					CHECK	6569	TOTAL:	16,901.01
6570	07/14/2015	EFT	6809 PRECISE PRINTING & MAILING 14446-P		06/30/2015		S071415	35,581.00
				35,581.00 S0113010 520604QNLPM	POSTAGE-RETHINKER NEWSLETTER			
					PUBLIC EDUCATION/OUTREACH/WORK			
			PRECISE PRINTING & MAILING 14632-P		06/30/2015		S071415	35,581.00
				35,581.00 S0113010 520604HHWUW	POSTAGE-HHW MAILING			
					PUBLIC EDUCATION/OUTREACH/WORK			

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S071415

PG 2
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET

							CHECK 6570 TOTAL:	71,162.00
6571	07/14/2015	EFT	3089 R3 CONSULTING GROUP INC	7559	06/01/2015	2466	S071415	16,609.00
							CHECK 6571 TOTAL:	16,609.00
6572	07/14/2015	EFT	5512 SOUTH BAY RECYCLING LLC	2015-06-01	06/15/2015		S071415	21,798.00
							CHECK 6572 TOTAL:	21,798.00
6574	07/14/2015	PRTD	1441 ALPINE AWARDS INC	291569	06/25/2015		S071415	266.01
							CHECK 6574 TOTAL:	2,498.88
							CHECK 6575 TOTAL:	68,268.00
6575	07/14/2015	PRTD	5556 BFI OF CALIFORNIA	100	07/07/2015		S071415	68,268.00
							CHECK 6576 TOTAL:	606.00
6576	07/14/2015	PRTD	5412 BIRCH COMMUNICATIONS	18467436	05/20/2015		S071415	-5.37
							CHECK 6577 TOTAL:	1,000.00
							CHECK 6576 TOTAL:	606.00
							CHECK 6577 TOTAL:	1,000.00

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S071415

PG 3
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

							CHECK 6577 TOTAL:	1,000.00
6578	07/14/2015	PRTD	6733 HEATHER CO	63015HC	06/30/2015		S071415	1,387.91
			Invoice: 63015HC					
				1,387.91	S0113010	522718	REIMBURSE-EPSON PROJECTOR EDUCATION CENTER OPERATIONS	
							CHECK 6578 TOTAL:	1,387.91
6579	07/14/2015	PRTD	1575 ENVIRONMENTAL SCIENCE ASSOCIATES	114647	06/11/2015	2512	S071415	2,492.09
			Invoice: 114647					
				2,492.09	S0113010	520309HCS02	RECOLOGY CALL CTR MONITORING BUSINESS CONSULTANT (HPH)	
							CHECK 6579 TOTAL:	2,492.09
6580	07/14/2015	PRTD	3431 KEVIN MCCARTHY	62215KM	06/22/2015		S071415	115.00
			Invoice: 62215KM					
				115.00	S0113010	520105	JUN2015 ATT SERVICES CELL PHONES	
			Invoice: 62415KM					
			KEVIN MCCARTHY	62415KM	06/24/2015		S071415	39.22
				39.22	S0113010	520201	REIMBURSE-DAY-TIMER OFFICE SUPPLIES	
							CHECK 6580 TOTAL:	154.22
6581	07/14/2015	PRTD	233 NATURAL SETTINGS CORPORATION	102732	07/01/2015		S071415	510.00
			Invoice: 102732					
				510.00	S0113010	520201	CURRENT QTR SERVICE OFFICE SUPPLIES	
							CHECK 6581 TOTAL:	510.00
6582	07/14/2015	PRTD	1688 REDWOOD CITY CHAMBER OF COMMERCE	1907	07/01/2015		S071415	350.00
			Invoice: 1907					
				350.00	S0113010	520501	2015-16 MEMBERSHIP DUES PROFESSIONAL DUES & MEMEBERSHS	
							CHECK 6582 TOTAL:	350.00
6583	07/14/2015	PRTD	1260 RICOH AMERICAS CORPORATION	19897066	06/12/2015		S071415	1,585.58
			Invoice: 19897066					
				1,585.58	S0113010	520215	JULY 2015 COPIER COSTS OFFICE EQUIPMENT COSTS	
							CHECK 6583 TOTAL:	1,585.58
6584	07/14/2015	PRTD	6068 RISK STRATEGIES COMPANY	629409	06/16/2015		S071415	44,899.00
			Invoice: 629409					
				44,899.00	S0113010	520710	SHOREWAY INSURANCE INSURANCE SHOREWAY	

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S071415

PG 4
apcsndsb

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

							CHECK 6584 TOTAL:	44,899.00
6585	07/14/2015	PRTD	5662 ACCOUNTEMPS	43312386	06/23/2015		S071415	2,780.00
	Invoice: 43312386			2,780.00	S0113010 520307	W/E 6/19/15 - M DIAMOND RATE REVIEW (HPH)		
							CHECK 6585 TOTAL:	2,780.00
6586	07/14/2015	PRTD	7177 S GRONER ASSOCIATES INC	1644	06/11/2015		S071415	1,798.75
	Invoice: 1644			1,798.75	S0113010 520604HHWUW	HHW OUTREACH PUBLIC EDUCATION/OUTREACH/WORK		
							CHECK 6586 TOTAL:	1,798.75
6587	07/14/2015	PRTD	5875 SCAPES INC	15215	06/30/2015		S071415	315.00
	Invoice: 15215			315.00	S0113010 522714	JUNE 2015 MAINTENANCE SHOREWAY FACILITY COST		
							CHECK 6587 TOTAL:	315.00
6588	07/14/2015	PRTD	3022 SCS ENGINEERS	0257258	05/31/2015 2687		S071415	3,567.50
	Invoice: 0257258			3,567.50	S0113010 520608	2015 CLIMATE REGISTRY WORK CLIMATE CHANGE POLICY OPTIONS		
							CHECK 6588 TOTAL:	3,567.50
6589	07/14/2015	PRTD	5443 SPECIALTY'S CAFE & BAKERY INC	T2423-11363721	06/25/2015		S071415	111.70
	Invoice: T2423-11363721			111.70	S0113010 520300	REFRESHMENTS-BOARD MEETING BOARD ADMINISTRATION		
							CHECK 6589 TOTAL:	111.70
6590	07/14/2015	PRTD	2566 WAXIE SANITARY SUPPLY	75226255	04/21/2015		S071415	8,872.02
	Invoice: 75226255			8,872.02	S0113010 520604COE02	COMMERCIAL CONTAINERS PUBLIC EDUCATION/OUTREACH/WORK		
			WAXIE SANITARY SUPPLY	75226255-CREDITMEMO	06/16/2015		S071415	-4,484.70
	Invoice: 75226255-CREDITMEMO			-4,484.70	S0113010 520604COE02	CORR INV 75226255 SELL PRICE PUBLIC EDUCATION/OUTREACH/WORK		
							CHECK 6590 TOTAL:	4,387.32

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PG 5
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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

6591 07/14/2015 PRD 5533 WM CURBSIDE LLC 0000184-2960-5 06/01/2015 S071415 53,405.47
 Invoice: 0000184-2960-5 MAY 2015 HHW COLLECTION SVS

53,405.47 S0113010 522710 HHW COLLECTION SERVICE

CHECK 6591 TOTAL: 53,405.47

NUMBER OF CHECKS 24 *** CASH ACCOUNT TOTAL *** 325,694.66

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	18	190,117.42
TOTAL WIRE TRANSFERS	1	5,061.73
TOTAL EFT'S	5	130,515.51

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

(2)

*** GRAND TOTAL *** 325,694.66

PREPARED BY *Linda* DATE *7/14/15*
 APPROVED BY *[Signature]* DATE *7/14/15*
 FUNDS TRANSFERRED BY *[Signature]* DATE *7/14/15*
 ACCTS 71410001.txt

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PG 1
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
 CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET

6592	07/24/2015	EFT	152 BROWNING FERRIS IND OF CA	0000001359	06/30/2015		S072415	172,538.58
			Invoice: 0000001359				JUNE 2015 DISPOSAL PROCESSING COSTS	
			172,538.58	S0113010 522713			DISPOSAL & PROCESSING COSTS	
							CHECK	6592 TOTAL: 172,538.58
6593	07/24/2015	EFT	6097 FRIDAYS FILMS INC	21263	05/08/2015		S072415	2,000.00
			Invoice: 21263				VIDEO EDIT/POWERPOINT	
			2,000.00	S0113010 520340			LONG RANGE PLAN	
							CHECK	6593 TOTAL: 2,000.00
6594	07/24/2015	EFT	1278 LOCAL GOVERNMENT SERVICES	2223	06/30/2015		S072415	2,401.01
			Invoice: 2223				JUNE ADVANCE/TRU-UP	
			-14,500.00	S0113010 520306			AB939 PROGRAM STAFF	
			506.67	S0113010 512810			BENEFITS - WORKERS COMP INS	
			466.67	S0113010 512830			BENEFITS - MEDICAL	
			750.00	S0113010 520337			CONSULTING CONTRACTS RGS/LGS	
			11,466.00	S0113010 520306			AB939 PROGRAM STAFF	
			165.72	S0113010 512801			BENEFITS - PAYROLL TAXES	
			1,600.00	S0113010 512830			BENEFITS - MEDICAL	
			204.05	S0113010 512850			BENEFITS - GUARDIAN LIFE	
			1,321.12	S0113010 512825			BENEFITS - RETIREMENT EMPLOYER	
			20.78	S0113010 512850			BENEFITS - GUARDIAN LIFE	
			400.00	S0113010 511830			SALARIES - CAR ALLOWANCE	
							CHECK	6594 TOTAL: 2,401.01
6595	07/24/2015	EFT	1419 THE OFFICE CITY	IN-1290934	06/30/2015		S072415	200.30
			Invoice: IN-1290934				OFFICE SUPPLIES	
			200.30	S0113010 520201			OFFICE SUPPLIES	
			Invoice: IN-1292018				07/15/2015	S072415
							OFFICE SUPPLIES	72.35
			72.35	S0113010 520201			OFFICE SUPPLIES	
							CHECK	6595 TOTAL: 272.65
6596	07/24/2015	EFT	7176 ONEWORLD COMMUNICATIONS INC	SBWMA0715	07/17/2015		S072415	4,912.01
			Invoice: SBWMA0715				6/26-7/15/15 OUTREACH/ANNUAL REPORT	
			3,929.45	S0113010 520604RES01			PUBLIC EDUCATION/OUTREACH/WORK	
			982.56	S0113010 520341			SBWMA ANNUAL REPORT	
			Invoice: SBWMA0615				06/26/2015	S072415
							6/25/15 NEWSLETTER/DELIVERY	8,472.74
			8,472.74	S0113010 520604QNLPM			PUBLIC EDUCATION/OUTREACH/WORK	

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S072415

PG 2
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
								INVOICE DTL DESC
								CHECK 6596 TOTAL: 13,384.75
6597	07/24/2015	EFT	3089 R3 CONSULTING GROUP INC	7606	07/01/2015	2467	S072415	1,578.50
			Invoice: 7606					
				1,578.50	S0113010	520309HCM01	2014 FINANCIAL SYS AUDIT BUSINESS CONSULTANT (HPH)	
								CHECK 6597 TOTAL: 1,578.50
6598	07/24/2015	EFT	5446 RECOLOGY SAN MATEO COUNTY	4302015PRJ68	06/02/2015		S072415	250.00
			Invoice: 4302015PRJ68					
				250.00	S0113010	522714	BACKFLOW TESTING ON BACK FENCE SHOREWAY FACILITY COST	
			Invoice: 5312015PRJ55Q2					
				310.00	S0113010	522714	RECOLOGY SAN MATEO COUNTY FIRE SPRINKLER INSPECTIONS SHOREWAY FACILITY COST	310.00
								CHECK 6598 TOTAL: 560.00
6599	07/24/2015	EFT	5662 ACCOUNTEMPS	43363826	06/30/2015		S072415	2,780.00
			Invoice: 43363826					
				2,780.00	S0113010	520307	W/E 6/26/15 M DIAMOND RATE REVIEW (HPH)	
			Invoice: 43432098					
				2,224.00	S0113010	520307	W/E 7/3/15 M DIAMOND RATE REVIEW (HPH)	2,224.00
			Invoice: 43463850					
				2,780.00	S0113010	520307	W/E 7/10/15 M DIAMOND RATE REVIEW (HPH)	2,780.00
								CHECK 6599 TOTAL: 7,784.00
6600	07/24/2015	EFT	725 CITY OF SAN CARLOS	1981103	07/08/2015		S072415	331.40
			Invoice: 1981103					
				331.40	S0113010	520202	JUNE 2015 WELLS FARGO BANK FEE BANK FEES AND SERVICES	
			Invoice: 9790					
				60.28	S0113010	520204	APR-JUN 2015 POSTAGE REIMBURSE PRINTING AND POSTAGE	60.28
			Invoice: 79950604					
				4,455.61	S0113010	520203	JULY 2015 RENT RENT	4,455.61
								CHECK 6600 TOTAL: 4,847.29

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S072415

PG 4
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
								INVOICE DTL DESC
								CHECK 6605 TOTAL: 762,473.89
6606	07/24/2015	PRTD	5640 BIO FUEL SYSTEMS INC	061501	06/15/2015		S072415	4,626.55
					6/1/15 TO 6/15/15 SERVICES			
				4,626.55	S0113010 522713			
					DISPOSAL & PROCESSING COSTS			
			BIO FUEL SYSTEMS INC	061504	06/30/2015		S072415	4,084.59
					6/16/15 TO 6/30/15 SERVICES			
				4,084.59	S0113010 522713			
					DISPOSAL & PROCESSING COSTS			
								CHECK 6606 TOTAL: 8,711.14
6607	07/24/2015	PRTD	1428 THE COVELLO GROUP INC	2015.001-5	07/01/2015	1905	S072415	280.00
					6/15 -CONSTRUCT WK - MRF CANOPY			
				280.00	S0113010 520308			
					FACILITIES AND OPS CONSULTANT			
								CHECK 6607 TOTAL: 280.00
6608	07/24/2015	PRTD	1575 ENVIRONMENTAL SCIENCE ASSOCIATES	115224	07/14/2015	2512	S072415	4,157.60
					6/15 RECOLOGY CALL CTR MONITORING			
				4,157.60	S0113010 520309HCS02			
					BUSINESS CONSULTANT (HPH)			
								CHECK 6608 TOTAL: 4,157.60
6609	07/24/2015	PRTD	1250 FEDEX KINKO'S OFFICE & PRINT SERV	409700008573	06/26/2015		S072415	310.21
					BIZ AWARDS LUNCH-COPIES/BOOKLETS			
				310.21	S0113010 520604COE01			
					PUBLIC EDUCATION/OUTREACH/WORK			
								CHECK 6609 TOTAL: 310.21
6610	07/24/2015	PRTD	3581 HILARY GANS	63015HG	06/30/2015		S072415	69.10
					CELL PHONE/MEETING EXPENSES			
				40.00	S0113010 520105			
				29.10	S0113010 520503			
					CELL PHONES			
					CONFERENCES & MEETINGS			
								CHECK 6610 TOTAL: 69.10
6611	07/24/2015	PRTD	4383 MARSHALL MORAN	092414MM	09/05/2014		S072415	49.36
					SEPT 2014 REIMB CELL PHONE			
				49.36	S0113010 520105			
					CELL PHONES			
			MARSHALL MORAN	070815MM	07/08/2015		S072415	99.72
					MAY/JUNE 2015 CELL PHONE REIMB			
				99.72	S0113010 520105			
					CELL PHONES			

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S072415

PG 5
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET

							CHECK 6611 TOTAL:	149.08
6612	07/24/2015	PRTD	5557 RECOLOGY BLOSSOM VALLEY ORGANICS-	150630	07/03/2015		S072415	145,310.00
			Invoice: 150630					
				145,310.00	S0113010	522713	JUNE 2015 DISPOSAL PROCESSING DISPOSAL & PROCESSING COSTS	
							CHECK 6612 TOTAL:	145,310.00
6613	07/24/2015	PRTD	747 SAN MATEO DAILY JOURNAL	11503320-001	02/03/2015		S072415	610.10
			Invoice: 11503320-001					
				610.10	S0113010	520604HHWUW	2/3/15 SERVICES PUBLIC EDUCATION/OUTREACH/WORK	
			Invoice: 11503321-001					
				610.10	S0113010	520604HHWUW	2/4/15 SERVICES PUBLIC EDUCATION/OUTREACH/WORK	
							CHECK 6613 TOTAL:	1,220.20
6614	07/24/2015	PRTD	3022 SCS ENGINEERS	0259520	06/30/2015	2688	S072415	8,595.00
			Invoice: 0259520					
				8,595.00	S0113010	520604COE01	5/1 TO 6/30/15 RECYCLE RPTING ORDIN PUBLIC EDUCATION/OUTREACH/WORK	
			Invoice: 0259173					
				4,340.00	S0113010	520608	6/15 CLIMATE REGISTRY WORK CLIMATE CHANGE POLICY OPTIONS	
							CHECK 6614 TOTAL:	12,935.00
6615	07/24/2015	PRTD	4519 SHRED-IT USA	9406508854	07/07/2015		S072415	128.90
			Invoice: 9406508854					
				128.90	S0113010	520201	7/6/15 SERVICE DATE OFFICE SUPPLIES	
							CHECK 6615 TOTAL:	128.90
6616	07/24/2015	PRTD	5443 SPECIALTY'S CAPE & BAKERY INC	T2423-11436068	07/09/2015		S072415	72.02
			Invoice: T2423-11436068					
				72.02	S0113010	520503	MEETING REFRESHMENTS CONFERENCES & MEETINGS	
							CHECK 6616 TOTAL:	72.02
6617	07/24/2015	PRTD	5322 CYNDI URMAN	71415CU	07/14/2015		S072415	393.90
			Invoice: 71415CU					
				10.92	S0113010	520801	REIMBURSE-MILEAGE/TRAINING	
				382.98	S0113010	520202	MILEAGE REIMBURSEMENT BANK FEES AND SERVICES	

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PG 6
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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

6618 07/24/2015 PRD 5533 WM CURBSIDE LLC 0000194-2960-4 07/01/2015 S072415 53,405.47
 Invoice: 0000194-2960-4 JUNE 2015 HHW COLLECTION SVS
 53,405.47 S0113010 522710 HHW COLLECTION SERVICE
 CHECK 6617 TOTAL: 393.90
 CHECK 6618 TOTAL: 53,405.47

NUMBER OF CHECKS 27 *** CASH ACCOUNT TOTAL *** 2,906,973.79

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TOTAL PRINTED CHECKS	15	994,866.51
TOTAL EFT'S	12	1,912,107.28

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*** GRAND TOTAL *** 2,906,973.79

APPROVED BY: *[Signature]* DATE: 7/24/15
 APPROVED BY: *[Signature]* DATE: 7/27/15
 FINIS TRANSPARENT: *[Signature]* DATE: 7/27/15
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08/07/2015 14:34
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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S080715

PG 1
apcshdsb

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

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
6620	08/07/2015	WIRE	3622 WELLS FARGO PAYMENT REMITTANCE CT	JULY2015	07/29/2015			268.16
			Invoice: JULY2015		JULY 2015 PYMT			
				9.99 S0113010 520201	OFFICE SUPPLIES			
				9.09 S0113010 520201	OFFICE SUPPLIES			
				34.99 S0113010 520201	OFFICE SUPPLIES			
				59.17 S0113010 520340	LONG RANGE PLAN			
				37.67 S0113010 522718	EDUCATION CENTER OPERATIONS			
				62.24 S0113010 522718	EDUCATION CENTER OPERATIONS			
				40.00 S0113010 520604RES01	PUBLIC EDUCATION/OUTREACH/WORK			
				15.01 S0113010 520201	OFFICE SUPPLIES			
					CHECK	6620 TOTAL:		268.16
6621	08/07/2015	EFT	1278 LOCAL GOVERNMENT SERVICES	2224	06/30/2015		S080715	359.72
			Invoice: 2224		APR/MAY 2015 EXP-FELDMAN			
				118.74 S0113010 520201	OFFICE SUPPLIES			
				240.98 S0113010 520105	CELL PHONES			
			Invoice: ADV9-2015		07/24/2015		S080715	14,500.00
				14,500.00 S0113010 520306	SEPT 2015 ADVANCE			
					AB939 PROGRAM STAFF			
					CHECK	6621 TOTAL:		14,859.72
6622	08/07/2015	EFT	1419 THE OFFICE CITY	IN-1294858	07/28/2015		S080715	54.81
			Invoice: IN-1294858		OFFICE SUPPLIES			
				54.81 S0113010 520201	OFFICE SUPPLIES			
					CHECK	6622 TOTAL:		54.81
6623	08/07/2015	EFT	7176 ONEWORLD COMMUNICATIONS INC	SBWMA0724	07/24/2015		S080715	13,638.62
			Invoice: SBWMA0724		PUBLIC EDUCATION SVS			
				7,027.58 S0113010 520341	SBWMA ANNUAL REPORT			
				1,570.33 S0113010 520604QNL01	PUBLIC EDUCATION/OUTREACH/WORK			
				5,040.71 S0113010 520604RES01	PUBLIC EDUCATION/OUTREACH/WORK			
					CHECK	6623 TOTAL:		13,638.62
6624	08/07/2015	EFT	5662 ACCOUNTEMPS	43515085	07/21/2015		S080715	2,606.25
			Invoice: 43515085		W/E 7/17/15 M. DIAMOND			
				2,606.25 S0113010 520307	RATE REVIEW (HFH)			
					CHECK	6624 TOTAL:		2,606.25
6625	08/07/2015	PRTD	1441 ALPINE AWARDS INC	291640	07/20/2015		S080715	77.93
			Invoice: 291640		RECOGNITION FOR MARSHALL			
				77.93 S0113010 520201	OFFICE SUPPLIES			

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S080715

PG 2
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET

							CHECK	6625 TOTAL: 77.93
6626	08/07/2015	PRTD	776 AT&T	071315-596-7146	07/13/2015		S080715	208.30
			Invoice: 071315-596-7146	208.30 S0113010 522714	7/13/15		SHOREWAY OPERATIONS SHOREWAY FACILITY COST	
							CHECK	6626 TOTAL: 208.30
6627	08/07/2015	PRTD	5412 BIRCH COMMUNICATIONS	18916262	07/20/2015		S080715	625.85
			Invoice: 18916262	625.85 S0113010 520107	7/21-8/20/15		SERVICES UTILITIES & PHONE	
							CHECK	6627 TOTAL: 625.85
6628	08/07/2015	PRTD	6226 COSCO FIRE PROTECTION INC	1000293174	06/30/2015		S080715	3,850.00
			Invoice: 1000293174	3,850.00 S0113010 522714	JUNE 2015		INSPECTIONS SHOREWAY FACILITY COST	
							CHECK	6628 TOTAL: 3,850.00
6629	08/07/2015	PRTD	7568 ENVIRONMENTAL SERVICES INC	89887	07/28/2015		S080715	600.00
			Invoice: 89887	600.00 S0113010 520608	TCR VERIFICATION		CLIMATE CHANGE POLICY OPTIONS	
							CHECK	6629 TOTAL: 600.00
6630	08/07/2015	PRTD	435 FEDEX	5-099-31356	07/17/2015		S080715	25.90
			Invoice: 5-099-31356	25.90 S0113010 520201	SHIPPING EXPENSE		OFFICE SUPPLIES	
							CHECK	6630 TOTAL: 25.90
6631	08/07/2015	PRTD	3619 IRIS ENVIRONMENTAL	06-4680-003	04/07/2014		S080715	6,186.02
			Invoice: 06-4680-003	6,186.02 S011 250030	JAN 2014-SHOREWAY REMEDIATION		ALLIED SHOREWAY REMEDIATION	
							CHECK	6631 TOTAL: 6,186.02
6632	08/07/2015	PRTD	3431 KEVIN MCCARTHY	JUL2015KM	07/24/2015		S080715	115.00
			Invoice: JUL2015KM	115.00 S0113010 520105	JULY 2015-ATT WIRLESS		CELL PHONES	

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

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
								INVOICE DTL DESC
								CHECK 6632 TOTAL: 115.00
6633	08/07/2015	PRTD	4383 MARSHALL MORAN	JUNE2015MM	07/24/2015		S080715	49.86
			Invoice: JUNE2015MM					
				49.86	S0113010	520105	JUN2015 REIM CELL PHONE CELL PHONES	
								CHECK 6633 TOTAL: 49.86
6634	08/07/2015	PRTD	1260 RICOH AMERICAS CORPORATION	20028555	07/17/2015		S080715	1,585.58
			Invoice: 20028555					
				1,585.58	S0113010	520215	AUG 2015 EQUIP COST OFFICE EQUIPMENT COSTS	
								CHECK 6634 TOTAL: 1,585.58
6635	08/07/2015	PRTD	7177 S GRONER ASSOCIATES INC	1658	07/14/2015		S080715	12,732.00
			Invoice: 1658					
				12,732.00	S0113010	520604HHWJW	JUNE 2015 OUTREACH SVS PUBLIC EDUCATION/OUTREACH/WORK	
								CHECK 6635 TOTAL: 12,732.00
6636	08/07/2015	PRTD	694 SAN CARLOS CHAMBER OF COMMERCE	100514	04/02/2015		S080715	297.00
			Invoice: 100514					
				297.00	S0113010	520501	FEES AND DUES PROFESSIONAL DUES & MEMEBERSHS	
								CHECK 6636 TOTAL: 297.00
6637	08/07/2015	PRTD	5443 SPECIALTY'S CAFE & BAKERY INC	T2423-11583946	07/29/2015		S080715	53.43
			Invoice: T2423-11583946					
				53.43	S0113010	520503	MEETING REFRESHMENTS CONFERENCES & MEETINGS	
								CHECK 6637 TOTAL: 53.43
6638	08/07/2015	PRTD	5322 CYNDI URMAN	JUL2015-CU	07/28/2015		S080715	16.28
			Invoice: JUL2015-CU					
				16.28	S0113010	520801	REIM JULY 2015 EXP MILEAGE REIMBURSEMENT	
								CHECK 6638 TOTAL: 16.28

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S080715

PG 4
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NUMBER OF CHECKS 19 *** CASH ACCOUNT TOTAL *** 57,850.71

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	14	26,423.15
TOTAL WIRE TRANSFERS	1	268.16
TOTAL EFT'S	4	31,159.40

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

*** GRAND TOTAL *** 57,850.71

PREPARED BY Linda DATE 8/7/15
APPROVED BY [Signature] DATE 8/7/15
FUNDS TRANSFERRED BY [Signature] DATE 8/7/15
ACH 58715000 + 8/7/15
amulaty

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S082115

PG 1
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET	
6639	08/21/2015	EFT	3 AARONSON DICKERSON COHN & LANZONE	715040-SB	07/28/2015		S082115	4,218.75	
			Invoice: 715040-SB		JULY 2015 SERVICES BOARD COUNSEL				
				4,218.75 S0113010 520312					
					CHECK		6639 TOTAL:	4,218.75	
6640	08/21/2015	EFT	152 BROWNING FERRIS IND OF CA	0000001438	07/31/2015		S082115	193,874.83	
			Invoice: 0000001438		JULY 2015 DISPOSAL PROCESSING DISPOSAL & PROCESSING COSTS				
				193,874.83 S0113010 522713					
					CHECK		6640 TOTAL:	193,874.83	
6641	08/21/2015	EFT	1278 LOCAL GOVERNMENT SERVICES	02225	07/31/2015		S082115	2,847.76	
			Invoice: 02225		JULY 2015 SVS-CLIFF FELDMAN AB939 PROGRAM STAFF BENEFITS - WORKERS COMP INS BENEFITS - MEDICAL CONSULTING CONTRACTS RGS/LGS AB939 PROGRAM STAFF BENEFITS - PAYROLL TAXES BENEFITS - MEDICAL BENEFITS - GUARDIAN LIFE BENEFITS - GUARDIAN LIFE BENEFITS - GUARDIAN LIFE BENEFITS - GUARDIAN LIFE BENEFITS - RETIREMENT EMPLOYER BENEFITS - GUARDIAN LIFE SALARIES - CAR ALLOWANCE OFFICE SUPPLIES CELL PHONES				
				-14,500.00 S0113010 520306 506.67 S0113010 512810 466.67 S0113010 512830 750.00 S0113010 520337 11,466.00 S0113010 520306 166.78 S0113010 512801 1,600.00 S0113010 512830 134.93 S0113010 512850 26.16 S0113010 512850 20.02 S0113010 512850 22.94 S0113010 512850 1,586.90 S0113010 512825 20.78 S0113010 512850 400.00 S0113010 511830 59.37 S0113010 520201 120.54 S0113010 520105					
					CHECK		6641 TOTAL:	2,847.76	
6642	08/21/2015	EFT	4688 COHN-REID-ONEILL	666814	08/14/2015		S082115	44,899.00	
			Invoice: 666814		SHOREWAY INS 7/1/2015-7/1/2016 INSURANCE SHOREWAY				
				44,899.00 S0113010 520710					
					CHECK		6642 TOTAL:	44,899.00	
6643	08/21/2015	EFT	725 CITY OF SAN CARLOS	79950605	08/04/2015		S082115	4,455.61	
			Invoice: 79950605		AUG 2015 RENT RENT				
				4,455.61 S0113010 520203					
			Invoice: 9882		07/29/2015 APR-JUN 2015 UTILITY CHGS UTILITIES & PHONE		S082115	2,364.69	
				2,364.69 S0113010 520107					

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CITY OF SAN CARLOS
A/P CASH DISBURSEMENTS JOURNAL S082115

PG 2
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET	

							CHECK	6643 TOTAL:	6,820.30
6644	08/21/2015	EFT	5512 SOUTH BAY RECYCLING LLC	2015-07	07/15/2015		S082115	1,591,274.73	
			Invoice: 2015-07		JULY 2015 OPERATING EXP				
			-33,571.13	S0113010 480033	MRF 3RD PARTY PROCESSING FEE				
			38,683.68	S0113010 522713	DISPOSAL & PROCESSING COSTS				
			-31,358.54	S0113010 522713	DISPOSAL & PROCESSING COSTS				
			75,197.88	S0113010 522717	BUYBACK PAYMENTS				
			2,495.00	S0113010 522714	SHOREWAY FACILITY COST				
			1,539,827.84	S0113010 522712	OPERATOR COMPENSATION SBR				
							CHECK	6644 TOTAL:	1,591,274.73
6645	08/21/2015	EFT	5558 ZANKER ROAD RESOURCE MANAGEMENT L	02015-07-0251	07/31/2015		S082115	40,079.27	
			Invoice: 02015-07-0251		JULY 2015 DISPOSAL PROCESSING				
			40,079.27	S0113010 522713	DISPOSAL & PROCESSING COSTS				
			Invoice: Z2015-07-0288		JULY 2015 DISPOSAL PROCESSING				
			140,187.88	S0113010 522713	DISPOSAL & PROCESSING COSTS				
							CHECK	6645 TOTAL:	180,267.15
6646	08/21/2015	PRTD	88 READYREFRESH BY NESTLE	05H0028452035	08/10/2015		S082115	51.89	
			Invoice: 05H0028452035		AUG 2015 WATER SVS				
			51.89	S0113010 520201	OFFICE SUPPLIES				
							CHECK	6646 TOTAL:	51.89
6647	08/21/2015	PRTD	4558 BERLIANT & ASSOCIATES	9685	08/05/2015		S082115	1,200.00	
			Invoice: 9685		ADMIN SVS FOR 401 RETIREMENT PLAN				
			1,200.00	S0113010 512825	BENEFITS - RETIREMENT EMPLOYER				
							CHECK	6647 TOTAL:	1,200.00
6648	08/21/2015	PRTD	5556 BFI OF CALIFORNIA	4227-000041523	07/31/2015		S082115	764,829.19	
			Invoice: 4227-000041523		JULY 2015 DISPOSAL PROCESSING				
			764,829.19	S0113010 522713	DISPOSAL & PROCESSING COSTS				
			Invoice: 4227-000041597		JULY 2015 TIPPER MAINT				
			1,256.14	S0113010 522716	MAINTENANCE ON TIPPER OX MTN				
							CHECK	6648 TOTAL:	766,085.33

08/21/2015 13:07 | CITY OF SAN CARLOS
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PG 3
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
 CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET

6649	08/21/2015	PRTD	5640 BIO FUEL SYSTEMS INC	071502	07/15/2015		S082115	4,145.79
			Invoice: 071502					
				4,145.79	S0113010	522713	DISPOSAL SVS TO 7/15/15 DISPOSAL & PROCESSING COSTS	
			Invoice: 71503					
			BIO FUEL SYSTEMS INC	71503	07/31/2015		S082115	1,254.94
				1,254.94	S0113010	522713	DISPOSAL PROCESSING TO 7/31/15 DISPOSAL & PROCESSING COSTS	
							CHECK 6649 TOTAL:	5,400.73
6650	08/21/2015	PRTD	1428 THE COVELLO GROUP INC	2015.001-6	08/01/2015		S082115	1,354.50
			Invoice: 2015.001-6					
				1,354.50	S0113010	520308	JULY 2015 FACILITY IMPOREMENT FACILITIES AND OPS CONSULTANT	
							CHECK 6650 TOTAL:	1,354.50
6651	08/21/2015	PRTD	1250 FEDEX KINKO'S OFFICE & PRINT SERV	409700008588	07/15/2015		S082115	92.85
			Invoice: 409700008588					
				92.85	S0113010	522718	RETHINKER AWARD EDUCATION CENTER OPERATIONS	
							CHECK 6651 TOTAL:	92.85
6652	08/21/2015	PRTD	3277 J R MILLER AND ASSOCIATES INC	30828	07/31/2015	791	S082115	350.00
			Invoice: 30828					
				350.00	S2251000	570300SF061	7/15 ARCHITECT SVC MRF CANOPY FACILITIES IMPROVEMENTS	
			Invoice: 30835					
			J R MILLER AND ASSOCIATES INC	30835	07/31/2015	53	S082115	4,520.00
				4,520.00	S0113010	520340	JUL 2015 DESIGN SVC -TS EXPANSION LONG RANGE PLAN	
							CHECK 6652 TOTAL:	4,870.00
6653	08/21/2015	PRTD	4383 MARSHALL MORAN	081815MM	08/18/2015		S082115	49.86
			Invoice: 081815MM					
				49.86	S0113010	520105	REIM JULY 2015 CELL PHONE CHGS CELL PHONES	
							CHECK 6653 TOTAL:	49.86
6654	08/21/2015	PRTD	5557 RECOLOGY BLOSSOM VALLEY ORGANICS-	150731	08/03/2015		S082115	159,866.80
			Invoice: 150731					
				159,866.80	S0113010	522713	JULY 2015 DISPOSAL PROCESSING DISPOSAL & PROCESSING COSTS	
							CHECK 6654 TOTAL:	159,866.80

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PG 4
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CASH ACCOUNT: S000 110020 WELLS FARGO BANK
 CHECK NO CHK DATE TYPE VENDOR NAME

CHECK NO	CHK DATE	TYPE	VENDOR NAME	INVOICE	INV DATE	PO	CHECK RUN	NET
----- INVOICE DTL DESC -----								
6655	08/21/2015	PRTD	1260 RICOH AMERICAS CORPORATION	5037182391	08/01/2015		S082115	151.61
			Invoice: 5037182391					
				151.61 S0113010 520201	COPIER OVERAGES OFFICE SUPPLIES			
					CHECK		6655 TOTAL:	151.61
6656	08/21/2015	PRTD	7177 S GRONER ASSOCIATES INC	1667	08/10/2015		S082115	3,073.50
			Invoice: 1667					
				483.00 S0113010 520604HHWUW	OUTREACH SVS PUBLIC EDUCATION/OUTREACH/WORK			
				448.50 S0113010 520604COE01	PUBLIC EDUCATION/OUTREACH/WORK			
				2,142.00 S0113010 520604RES01	PUBLIC EDUCATION/OUTREACH/WORK			
					CHECK		6656 TOTAL:	3,073.50
6657	08/21/2015	PRTD	7542 SAFE DRAIN STORMWATER HOLDING INC 061715ML		08/07/2015 4		S082115	3,996.35
			Invoice: 061715ML					
				3,996.35 S0113010 522714	24" INCH DRAIN PURCHASE SHOREWAY FACILITY COST			
					CHECK		6657 TOTAL:	3,996.35
6658	08/21/2015	PRTD	5875 SCAPES INC	56545	07/31/2015		S082115	315.00
			Invoice: 56545					
				315.00 S0113010 522714	JULY 2015 MAINTENANCE SHOREWAY FACILITY COST			
					CHECK		6658 TOTAL:	315.00
6659	08/21/2015	PRTD	3474 SLOAN VAZQUEZ LLC	SBWMA-059	08/07/2015 166		S082115	17,000.00
			Invoice: SBWMA-059					
				17,000.00 S0113010 520340	WASTE COMPOSITION STUDY LONG RANGE PLAN			
					CHECK		6659 TOTAL:	17,000.00
6660	08/21/2015	PRTD	2566 WAXIE SANITARY SUPPLY	75449848	08/14/2015		S082115	2,956.24
			Invoice: 75449848					
				2,956.24 S0113010 520604COE02	COMMERCIAL CONTAINERS PUBLIC EDUCATION/OUTREACH/WORK			
					CHECK		6660 TOTAL:	2,956.24

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A/P CASH DISBURSEMENTS JOURNAL S082115

PG 5
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NUMBER OF CHECKS	22	*** CASH ACCOUNT TOTAL ***	2,990,667.18
	COUNT	AMOUNT	
TOTAL PRINTED CHECKS	15	966,464.66	
TOTAL EFT'S	7	2,024,202.52	
		*** GRAND TOTAL ***	2,990,667.18

CP (P)

ARP

EFT

Email

PREPARED BY: Lydia DATE: 8/21/15
APPROVED BY: [Signature] DATE: 8/24/15
FUNDS TRANSFERRED BY: [Signature] DATE: 8/24/15
ACHS82110001.txt



STAFF REPORT

To: SBWMA Board Members
From: Cyndi Urman, Office Manager/Board Secretary
Date: September 24, 2015 Board of Directors Meeting
Subject: Technical Consulting Contracts – 3rd Quarter 2015

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 3rd Quarter 2015 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 or Kevin McCarthy.

Attachments:

Attachment A – Technical Consulting Contracts – 3rd Quarter 2015

Technical Consultant Contracts - 3rd Quarter 2015

September 24, 2015

<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>
T324*	\$39,500.00	FY1516 IT and Website Services	07/01/15	Single Source	520334 and 520338	Contracted IT and Website Services
Covello Group	\$37,000.00	Construction Management of MRF Canopy	07/01/15	Single Source	570300-SF061	MRF tip area Canopy capital project approved by Board
Aaronson, Dickerson, Cohn and Lanzzone*	\$55,000.00	FY1516 Board Counsel Services	07/01/15	Single Source	520312	Contracted legal counsel services
JR Miller and Associates	\$10,000.00	Conceptual Design Services for Transfer Station and Admin Bldg.	07/14/15	Single Source	520340	Long Range Plan - mixed waste processing project and evaluation of admin. building remodel options
SCS Engineers	\$15,000.00	FY1516 Climate Registry	7/14/2015	Single Source	520608	Climate Registry - annual calculation of greenhouse gas emissions associated with Shoreway operations
Sloan/Vazquez	\$17,000.00	Waste Comp. Study FY1516	7/20/2015	Single Source	520340	Long Range Plan - mixed waste processing project
Betsey Myer	\$19,000.00	Environmental Education Outreach and Stakeholder Engagement	7/27/2015	Single Source	520340	Long Range Plan project
S. Groner Associates, Inc.*	\$93,000.00	FY1516 Public Outreach Work	7/27/2015	Single Source	520604 (Multiple)	Public Education and Outreach
Precise Mailing	\$45,000.00	FY1516 Various Mailings	7/29/2015	Single Source	Multiple	Public Education and Outreach - mail house
SCS Engineers	\$14,000.00	FY1516 Recology Call Center Monitoring	9/1/2015	Single Source	520309-HCS02	Collection Services Franchise Administration
Abbe and Associates	\$9,000.00	Zero Landfill Committee Support	9/1/2015	Single Source	520340	Long Range Plan

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

October 2015 – January 2016 Potential Future Board Agenda Items

October 22, 2015 (meeting at San Carlos Library Conference Room)

- Closed session item: Pursuant to Government Code Section Govt. Code Sec. 54956.9 Conference with Labor Negotiator: Unrepresented employees- (All employees).
- Resolution Approving Amendment Number 4 to Agreement with WM Curbside, LLC to Provide Household Hazardous Waste, Universal Waste, Electronic Scrap, Sharps and Medicine Door-to-Door Collection, Recycling and Disposal Services **(Approval item)**
- Results of Recology Evaluation of Using Larger Data Pool for Conducting Annual Route Assessment **(Discussion item)**
- Review of Extended Producer Responsibility Policy Framework **(Discussion item)**
- 2016 Calendar Year Public Education Plan **(Informational item)**

November 19, 2015 (meeting at San Carlos Library Conference Room)

- Consideration of Approval of 2016 Merit Increase Pool for Unrepresented Employees **(Approval item)**
- Consideration of Shoreway Facility Tipping Fee Adjustments Effective 1/1/16 **(Approval item)**
- Discussion on Unrestricted Cash Reserve Policy **(Discussion item)**
- Discussion on Draft Plan and Recommended Process for Supporting Member Agencies with Future Franchise Agreement Decisions **(Discussion item)**

Board meeting preceded by a holiday luncheon starting at 12:30 PM in the SBWMA offices, down the hall from the San Carlos Library Conference Room

January 28, 2016 (meeting at San Carlos Library Conference Room)

- Election of Board Officers for 2016
- Resolution Accepting Mid-Year Review of FY1516 Annual Operating Budget
- Resolution Accepting the FY1415 Annual Financial Statements
- Approval of SBWMA Investment Policy for 2016