



STAFF UPDATES



## STAFF UPDATE

**To:** SBWMA Board Members  
**From:** Cliff Feldman, Recycling Programs Manager  
**Date:** January 26, 2012 Board of Directors Meeting  
**Subject:** Update on Recology Commercial Recycling Outreach Efforts

**Recommendation**

This is an informational report and no action is necessary.

**Analysis**

Recology San Mateo County (Recology) is not required to submit monthly statistics on its commercial recycling activities; however, the company is required to submit a quarterly status report on this program per section 9.06.N of the Franchise Agreement(s). Even though a monthly update is not contractually required, the company has agreed to provide the status of some key commercial recycling metrics each month. Below is an example of the information that Recology plans to submit monthly for this staff report to the Board, and staff will continue working with Recology to determine what other pertinent information can be provided on a monthly basis.

**November and December 2011 Recology Commercial Recycling Outreach Program Metrics**

- \*18 new Compost customers subscribed to service (14 carts and 4 bins) and \*6 in December (6 carts and ) bins)
- \*58 new Recycle customers subscribed to service (42 carts and 16 bins) and \*204 in December (86 carts and 19 bins)
- 106 commercial recycling brochures and posters were distributed in November
- 261 internal recycling containers were distributed in November and 157 in December
- 436 Buddy Bags were delivered in November and xx in December

(\*The above figures are for new starts and don't reflect any customers discontinuing recycling or compost services.)

- 1 commercial recycling "community event" was reported for November and 0 for December:

Date	Franchise	NAME OF EVENT	Location		TIME
11/15/2011	RWC	CBRE AMERICA RECYCLES DAY EVENT	701	CHESAPEAKE DR	11-1PM

Franchise codes: ATH = Atherton, BEL = Belmont, BUR = Burlingame, CSM = County of San Mateo, EPA = East Palo Alto, FOC = Foster City, HIL = Hillsborough, MAT = San Mateo, MPK = Menlo Park, NFO = North Fair Oaks, RWC = Redwood City, SNC = San Carlos, WBS = West Bay Sanitary District

- 10 commercial recycling “presentations and trainings” were reported for November and 2 for December:

Date	Franchise	Customer Name	Location	ATTENDEES (staff, custodians, students, etc.)	Presentaion or Training
11/08/2011	BEL	HOLY CROSS GREEK	900 ALAMEDA DE LAS PULGAS	STUDENTS AND TEACHERS	PRESENTATION
11/08/2011	BUR	SISTERS OF MERCY	2300 ADELINE DR	STAFF	PRESENTATION
11/08/2011	RWC	COUNTY OF SAN MATEO	455 COUNTY CTR	CAFE STAFF	PRESENTATION
11/09/2011	BUR	SISTERS OF MERCY	2300 ADELINE DR	STAFF	PRESENTATION
11/15/2011	BUR	SISTERS OF MERCY	2300 ADELINE DR	STAFF AND RESIDENTS	PRESENTATION
11/16/2011	BEL	HOLY CROSS GREEK	900 ALAMEDA DE LAS PULGAS	STUDENTS AND TEACHERS	PRESENTATION
11/16/2011	BUR	SISTERS OF MERCY	2300 ADELINE DR	SPANISH SPEAKING STAFF	PRESENTATION
11/29/2011	NFO	WALLEYS PLACE	695 5TH AVE	STAFF AND PATIENTS	PRESENTATION
11/29/2011	MPK	RISTORANTE MATARO	827 SANTA CRUZ AVE	OWNERS	TRAINING
11/30/2011	MAT	CHURCH OF TRANSFIGURATION	3900 ALAMEDA DE LAS PULGAS	EMPLOYEES	TRAINING

Date	Franchise	Customer Name	Location	ATTENDEES (staff, custodians, students, etc.)	Presentaion or Training	Time
12/02/2011	EPA	FAMILY CONNECTIONS	1070 BEECH ST	PARENTS, STUDENTS AND TEACHERS	PRESENTATION	10:30 AM
12/06/2011	MPK	SISTERS OF MERCY	1275 CRANE ST	KITCHEN STAFF, MANAGER, HOUSE KEEPING	TRAINING	1:30 PM

Staff has had several meetings with Recology during 2011 on commercial recycling and requested additional analysis and data to facilitate decision making on next steps regarding increasing tonnage from the commercial sector. In addition to analysis of the program's performance, staff has requested Recology to providing information on profiling the commercial customer base, the net change on account retention and attraction efforts and information related to the internal metrics used to measure the relative success and cost effectiveness of its commercial recycling outreach (sales) efforts. The results of these inquiries will be addressed in detail at a Special Board Workshop on Commercial Recycling to be scheduled in the next 60 days.

### Background

On April 22, 2010, the Board adopted Resolution No. 2010-14 approving the Commercial Recycling Agreement between Recology and Allied Waste/Republic Services. This agreement transferred Allied's commercial recycling outreach program to RSMC commencing on July 1, 2010. In addition, Recology moved its commercial recycling staff into the Shoreway Administration building on this date.

The Member Agencies Franchise Agreements with Recology required the company to commence the first new program, the Recycling Blitz Commercial Recycling Campaign, also on July 1, 2010. Recology's Recycling Blitz Plan and the SBWMA Commercial Recycling Communications and Outreach Plans were shared with the Board in May 2010. These plans outline the next steps regarding stepping up efforts to increase diversion from the commercial sector in the near term.

Commencing with Recology's first quarterly report due on April 30, 2011, the company is required to submit with each quarterly report a detailed update on its commercial recycling program outreach efforts. This requirement is prescribed in Franchise Agreement section 9.06.N, as follows:

- "N. Commercial Recycling Promotion Program Status Report.** Contractor must prepare and submit, both quarterly and annually, to Agency and SBWMA, a Commercial Recycling Program Status Report. The Commercial Recycling Program Status Report shall include, but not be limited to:
1. A summary of training and professional development activities for the Commercial Recycling Promotion and supervisory staff.
  2. A description of the strategy and overall approach to attract and retain a high quality and effective Commercial Recycling Promotion Program and supervisory staff.
  3. A description and status of meeting the goals and objectives for the Commercial Recycling Promotion team and how these goals and objectives are tied to the compensation incentive plan. (Contractor must explain how the stated goals and objectives will be accomplished if no compensation incentive plan is used.)
  4. A description of Contractor's sales strategy for maintaining and/or expanding the existing Commercial Recycling account base and diversion levels.
  5. A description of the services provided to the Commercial and Agency Facility sectors.
  6. A detailed accounting of diversion statistics for the Commercial and Agency Facility sectors."

Recology has now submitted three quarterly reports and it is important to note that the commercial recycling section of all three 2011 Quarterly Reports have fallen short of establishing quantifiable goals with regards to increasing diversion, nor have these reports provided a detailed description of the strategic approach employed by the Recology sales team to increase diversion. While the company assured staff that quantifiable goals for the commercial recycling sales team and Commercial Recycling Manager would be developed, staff has not been provided this information. The 2011 Third Quarter Report provides general goals that are supported by task based metrics for each Zero Waste Specialist. If quantifiable diversion goals and a specific sales based approach are shared with staff, this information will in turn be shared with the Member Agencies at the upcoming Special Board Workshop on Commercial Recycling.



## STAFF UPDATE

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To: SBWMA Board Members  
From: Recycling Staff  
Date: January 26, 2012 Board of Director's Meeting  
Subject: Recycling and Outreach Programs Update

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### Recommendation

This is an informational report and no action is necessary.

### Recology 2012 Annual Public Education Plan

RethinkWaste and Recology staff met in December to review their 2012 Public Education Plan and discuss specific components to ensure that all outreach and education efforts are coordinated and remain focused and effective. Follow up meetings are planned for January and the upcoming months to determine whether any changes are going to be recommended for Member Agency consideration.

### Curbside Inc., Door-to-Door HHW Program

The following eight Member Agencies are now participating in the program: Belmont, East Palo Alto, Foster City, Hillsborough, Menlo Park, San Carlos, San Mateo, and West Bay Sanitary District and San Mateo County is rolling out the program beginning February 15, 2012. Interest in the program remains strong and the company has made approximately 6,589 collections since the program started in mid-May 2010 through December 2011. Approximately 272,530 pounds of HHW material, 173,512 pounds of Universal Waste and 100,995 pounds of E-Scrap have been collected since the start of the program. We encourage additional Member Agencies to offer the program as it provides a more convenient and cost-effective option to properly recycle and dispose of a wide variety of materials (such as common HHW) than is currently available through the County's drop-off program at Tower Road.

### Household Battery and Cell Phone Curbside Recycling Collection Program

The monthly average of batteries and cell phones collected through the curbside recycling program during 2011 was 3,945 pounds. A total of 53,000 pounds was collected during 2010, which is slightly less than the 57,000 pounds collected in 2009. While early participation in CartSmart program resulted in an increase of household battery and cell phone collection, it appears this increase has now leveled off as the full year result (i.e., 47,334 pounds) is below that achieved in 2010. It is anticipated that this trend will continue as a similar year over year reduction will likely be experienced. The total amount of batteries and cell phones collected in November and December 2011 was 5,740 pounds.

### Shoreway Education Center School Groups and Public Tours Update

Tours of the Shoreway Environmental Education Center started in the second week of January. In addition to the school groups, staff is scheduling tours for the various community groups that had previously been put on a waiting list. Tour logistics have been conveyed to teachers and all participants via email or phone, and printed

material and this approach has worked well so far. All participants are required to sign a permission slip prior to taking the tour. At the end of the tour, teachers and chaperones are asked to fill out a survey about their experience, and the responses received thus far been very positive. For example, the tour program was described as “informative and worth class time to learn about resource conservation.” Below is a table showing the tours that have been conducted and those scheduled for January 2012.

Date	School/Group	Jurisdiction	Grade/Group	Total # of participants
January 10	Baywood Elementary	San Mateo	4 <sup>th</sup> & 5 <sup>th</sup>	31
January 12	La Honda Elementary	La Honda	3 <sup>rd</sup> & 4 <sup>th</sup>	26
January 18	KZZR Armenian	San Francisco	4 <sup>th</sup>	13
January 19*	Public Open House	Various	Adults	40
January 26	Sea Crest	Half Moon Bay	4 <sup>th</sup>	34
<b>Total Participants</b>				<b>144</b>

\* Thursday, January 19<sup>th</sup> is open house day. We are expecting approximately 40 adults from City of Menlo Park Staff, World Centric, Whole Foods and community members from Redwood City and San Mateo.

Staff continues to promote the Tour Program, via various channels, (emails, press release, flyers, website, social media, environmental education platforms, etc.) Staff is open to any suggestions for further promoting the program.

#### **Tour availability**

Tours are being offered Monday-Wednesday from 9:30am – 11:30am OR 12:30pm - 2:30pm and Thursday 9:30am – 11:30am. Every third Thursday of the month is being designated as Open House Day for the public from 9:30am – 12:00pm.

#### **RethinkWaste Website and Social Media**

The RethinkWaste website continues to be updated with information on the CartSMART residential collection and new BizSMART commercial collection services, and the Shoreway Environmental Center. Plans are underway to revamp the website to make it more user-friendly and interactive. Staff received some input from Board Members and the Public Education Subcommittee on the features they would like to see on the updated website and we are in the process of developing a Request for Proposals to issue on the website redesign.

The current site averaged approximately 483 visits per week since the last Board meeting, of which nearly 73% were new visits. The most commonly visited sections of the site during this period continued to be “Beyond the Cart” and “Shoreway” sections.

RethinkWaste also continues to use its Facebook and Twitter pages to promote program information and new services. To date, the Facebook page has 219 “fans,” an increase of approximately 25 fans since the November report. The Twitter page has 65 followers. There was a notable increase in activity on the RethinkWaste website, and Facebook and Twitter pages immediately following the release of the last *rethinker* newsletter. Staff will continue to work on strategies to drive more people to the pages. Our Facebook page can be found at [www.facebook.com/rethinkwaste](http://www.facebook.com/rethinkwaste), and the Twitter page is located at [www.twitter.com/rethinkwaste](http://www.twitter.com/rethinkwaste).

#### **rethinker Newsletter**

The winter issue of the *rethinker* is currently in production and will be sent to residents at the end of January. This issue focuses on the Shoreway Environmental Center and the School Groups and Public Tours programs.

The fall issue of the newsletter provided information on how to sign up for an electronic version, including a promotion to encourage the sign ups. Over 400 residents signed up for electronic copies of the *rethinker*. Staff will continue driving residents to go paperless with the newsletter.

### **Rethink@Work Pledge**

RethinkWaste will kick off "Rethink@Work" on January 30, 2012; a pledge campaign to increase visibility and raise awareness for recycling in the RethinkWaste business community. Individuals will be encouraged to join the campaign by pledging to reduce waste in their workplace. Upon pledging, they will be placed into random drawings each week for a gift card of \$15 from local shops and businesses. In addition, five businesses will be selected and rewarded with a lunch and tour of the Shoreway Environmental Center for their employees during the contest period based on the pledges. One business will be selected every two weeks from pictures that have been uploaded to RethinkWaste's Facebook page or by random selection. The selected businesses will also receive a visit from Recology's Zero Waste Specialists to encourage further recycling and diversion.

The campaign will run through March 31, 2012 and will be open to anyone working in the RethinkWaste service area. Rethink@Work will be actively promoted through the RethinkWaste and Recology websites, Facebook and Twitter pages. Pledges will be made online through dedicated pages on RethinkWaste's website and Facebook page. In addition, weekly tips on how to recycle more and reduce their waste will be emailed to participants in the campaign.

### **Business Awards Program**

RethinkWaste, in partnership with Recology, is in the process of developing a Business Awards program to recognize businesses and multi-family complexes for their efforts to reduce waste in 2011 through the BizSMART collection services. The awards program will be promoted through bill inserts, local chambers of commerce, websites, advertising and email blasts. It is anticipated that the program will be launched in February with the recognition event occurring sometime in late spring.

### **Public Education Subcommittee**

A Public Education Subcommittee meeting was held on January 11, 2012 to discuss upcoming education and outreach efforts, strategize on future activities and garner feedback from members. The subcommittee members are Brian Moura (San Carlos), Laura Galli (Foster City), Lillian Clark (RecycleWorks/San Mateo County), Rebecca Fotu (Menlo Park) and Roxanne Murray (San Mateo). RethinkWaste staff consisted of Kevin McCarthy, Cathy Hidalgo, Faustina Mututa and Monica Devincenzi.

### **Community Outreach Events**

Staff will offer assistance to our Member Agencies by coordinating their Community Outreach Events, such as Compost Giveaway and E-Scrap/Shredding events. In addition, staff will coordinate the Member Agencies events with Recology for the Bring Your Own Bucket giveaway of compost to residents and the Confidential Document Destruction Service Event. The request form will be sent out to each agency by the end of January and staff will confirm the events, and provide outreach as needed.

**Approved Operating Agreement Amendments or Recommended Recology Franchise Agreement Administrative Changes**

Staff is requesting that Member Agencies keep us apprised if any administrative changes have been made.

<u>Agreement</u>	<u>Board Approval</u>	<u>Staff Recommendation</u>	<u>Description</u>
Operations Agreement	October 28, 2010	N/A	Amendment No. 1. Is now effective as eight Member Agencies have approved the Amendments. Approved by: Belmont, Foster City, Menlo Park, Redwood City, San Carlos, City of San Mateo, San Mateo County, and West Bay Sanitary District.
Franchise Agreement(s)	N/A	Via email on October 20, 2010	Requested Member Agencies send letter accepting interest waiver offer from Recology on potential 2011 revenue requirement shortfall if rates approved after January 1 but before March 1, 2011. Approved by: Atherton, Foster City, Redwood City, City of San Mateo, San Mateo County, and West Bay Sanitary District.
Franchise Agreement(s)	N/A	Via email on December 9, 2010	Overage "bags" change to "tags"; SBWMA relief from purchasing battery/cell-phone bags; On-call bulky item collection temporary schedule for January 2011. Approved by: Foster City.
Franchise Agreement(s)	N/A	Via email on December 13, 2010	Member Agency self haul remittance of payments to SBWMA by Recology. Approved by: Burlingame, Foster City, and Redwood City.
Franchise Agreement(s)	N/A	Via email on June 3, 2011	Six Member Agencies (i.e., Belmont, Burlingame, Foster City, Menlo Park, Redwood City, San Carlos and City of San Mateo) are requested to allow Recology to continue using used collection vehicles through September 30, 2011. Approved by Foster City.
Franchise Agreements	N/A	Via email on December 2, 2011	All Member Agencies were requested by Recology to modify the Bulky Item Collection service schedule. While customers can sign up for this service anytime, this change provides the company relief from providing the service from January 1-22, 2012 in lieu of December 1, 2011-January 2, 2012. The company has assured staff that all customers on the wait list will receive the service within the contractually specified two weeks commencing on January 23, 2012. Approved by Foster City, Menlo Park, City of San Mateo, San Mateo County, and West Bay Sanitary District.



## STAFF UPDATE

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To: SBWMA Board Members  
From: Hilary Gans, Facility Operations Contracts Manager  
Date: January 26, 2012 Board of Director's Meeting  
Subject: Shoreway Construction Update

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### Construction Update

This project update summarizes the status of the construction of the Shoreway Master Plan Phase II improvements which include the construction of new Materials Recovery Facility (MRF) building, modifications to the Transfer Station (TS), and various site work; and Phase III improvements which are comprised solely of the purchase and installation of the single stream processing equipment. A contract in the amount of \$16,209,000 was awarded to SJ Amoroso on July 23, 2009 for Phase II of the Master Plan construction work. On October 7, 2009 the Board approved a contract with BHS for \$15,713,180, exclusive of sales tax, for the Phase III work.

This report includes a discussion of completed and upcoming construction activities, updates to the construction schedule, and a summary of the project budget.

### Financial Update

On July 23, 2009 the Board approved the sale of Bonds for the Shoreway Master Plan Project in a total dollar amount of \$56.5 million of which \$46.97 million was dedicated to actual physical improvements. Through the end of December 2012, \$45,068,300 has been spent, leaving a fund balance of \$1,903,600 (see **SEC Master Plan Budget table on page 3 of this report for detail**).

At this time, it is forecasted that there are sufficient funds to cover the remaining project expenditures through the completion of the Master Plan project without tapping the transfer station bid deduct funds of \$515,000 or the projected remaining unallocated project contingency of \$211,000.

### Issues of Note

**Completion of Solar installation** – The solar system is currently generating power!

- The Solar installation started in early November 2011 and concluded at the end of December 2012. The installation included:
  - the placement of 2,700 roof-mounted arrays in the MRF and TS buildings,
  - installation of 90 ground mounted arrays in the tour demonstration area,
  - installation of power inverters, controls and monitoring equipment in the MRF and TS buildings,
  - electrical interconnection and metering with PG&E.
- The City Building department has inspected and approved the project.
- Final project commissioning is in process which includes an inspection of the physical installation and roof mounting, the system power generation, and comparing the PG&E invoice back to the profoma model to ensure that the system is living up to goals.
- An educational solar kiosk is being designed that will be placed alongside the ground level demonstration array (in the visitor parking lot) and that will explain the solar system and its contribution in powering the SEC facilities.

## Construction and Other Project Activities

The following construction activities occurred since the last update report:

### MRF and Transfer Station Buildings

- Construction complete and pending Final Occupancy permit
- Installation of Solar PV system

### Site, Other Buildings and Projects

- Re-lamping Recology truck and container shop buildings with energy efficient lighting
- Shoreway frontage sewer line and landscape repair
- Installation of backflow preventer valves
- Electrical modifications to administration building to comply with code

The following construction activities are expected to occur during the next reporting period:

### MRF and Transfer Station Buildings

- Frontage sign lighting
- Landscape timer and controls
- Installation of MRF residue shuttle conveyor inside TS
- Installation of tunnel scale readouts
- Water installation to TS roof
- Electrical and water installation at TS shop area
- Push wall reinforcements for residue stockpiling
- Floor treatments to MRF lobby
- Installation of recycled art at MRF lobby
- Reconfiguring windows at public recycling center

### Site, Other Buildings and Projects

- Reconditioning all rollup doors at facilities
- Re-landscape of Recology administrative building
- Electrical supply to SBR truck maintenance area
- Administration building floor repair

## Project Expenditures Summary

### ▪ **Construction Budget (S.J. Amoroso)**

The construction contract with SJ Amoroso was closed out in December and the City building Department has inspected and approved work completed by the SJ Amoroso. Cumulative progress payments made to Amoroso through the end of December 2012 total \$16,209,000 on a total contract amount of \$16,209,000. All outstanding balances and retainages have been paid to SJ Amoroso.

### ▪ **Construction Management Budget (Covello)**

Covello's construction oversight and onsite staff was completed in December 2011. The company continues to a low level of support related to permit approval, construction documentation preparation, and the electrical connection required by the solar installation.

### ▪ **Design Support Services (JRMA)**

The Master Plan design support services contract with JRMA is closed except for the project LEED commissioning. The LEED Commissioning is a stand-alone scope of work with in JRMA's design support

services contract. Before the final LEED application can be made to the USGBC, the solar installation must be completed and operational. JRMA is now in the process of finalizing the LEED application with the goal of submitting it in February. The Project Commissioning with JRMA was budgeted at \$30,000 and it is anticipated that this work will be completed within this budget amount.

- **MRF Processing Equipment and Installation (BHS)**

The MRF equipment contract with BHS was closed out in December. All performance testing has been completed, identified equipment and installation deficiencies have been corrected by the company, and the SBWMA has formally accepted the equipment. Total payments made to BHS through the end of December 2012 total \$14,338,000 on a total contract amount of \$14,354,000. All outstanding balances and retainages have been paid to BHS.

- **Other Master Plan Project Expenditures**

Payments to other contractors through the month of December 2012 totaled \$70,084. Total anticipated cost for remaining master plan projects total \$701,000 and will be drawn from the Soft Costs and CM & Other budget lines which have a balance remaining balance of \$734,800.

<b>SHOREWAY ENVIRONMENTAL CENTER MASTER PLAN BUDGET</b>						
<b>THROUGH DECEMBER 2011</b>		<b>(000's)</b>				
	<b>Vendor</b>	<b>Original Project Budget Amount</b>	<b>Allocated Contingency</b>	<b>Revised Project Total</b>	<b>Spent Amount</b>	<b>Remaining Amount</b>
<b>PROJECT COST SUMMARY</b>						
<b>Preliminary Costs</b>						
Planning, Design & Engineering	Various	2,404.0	28.5	2,432.5	(2,427.0)	5.5
Bond Issuance Costs		90.5	(7.4)	83.1	(83.1)	0.0
<b>Phase I</b>						
Construction	Rodan	2,405.0	31.3	2,436.3	(2,436.3)	0.0
Construction Management	Covello	444.3	15.9	460.2	(460.2)	0.0
<b>Phase II</b>						
Construction	Amoroso	16,209.0	-	16,209.0	(16,209.0)	0.0
Construction Contingency (10%)	Amoroso		3,053.9	3,053.9	(3,015.7)	38.2
Permit, CM, & Design Support Services	Covello/JRMA	2,259.0	714.0	2,973.0	(2,690.7)	282.3
Construction Soft Costs	Various	786.7	6.0	792.7	(340.2)	452.5
<b>Phase III</b>						
Equipment Installation	BHS	2,432.4	30.0	2,462.4	(2,462.4)	0.0
Contingency (10%)	BHS		246.2	246.2	(126.0)	120.2
Camera System, elec.		85.0	-	85.0	(85.0)	-
Supplemental Fire Suppression		75.0	-	75.0	(75.0)	-
Equipment	BHS	14,273.2	81.2	14,354.4	(14,338.2)	16.2
Contingency	BHS		492.8	492.8	(307.5)	185.3
Construction Management	Various	95.0	-	95.0	(12.0)	83.0
<b>Project Total</b>		<b>41,559.1</b>	<b>4,692.4</b>	<b>46,251.5</b>	<b>(45,068.3)</b>	<b>1,183.2</b>
<b>Other Project Dollars</b>						
Unallocated Contingency (Balance of Funds)		4,684.8		4,684.8	(4,479.4)	205.4
Transfer Station Public Area (SJA Bid Deduction)		728.0		728.0	(213.0)	515.0
<b>Project Subtotal</b>		<b>46,971.9</b>				<b>1,903.6</b>



## STAFF UPDATE

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To: SBWMA Board Members  
From: Kevin McCarthy, Executive Director  
Marshall Moran, Finance Manager  
Date: January 26, 2012 Board of Directors Meeting  
Subject: Update on 2012/2013 Franchise Rate Setting Process

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### Recommendation

This is an informational report and no action is necessary other than the various requested future responses below.

### Analysis

This staff report will be provided monthly to the Board commencing with the November 17, 2011 Board meeting. The purpose of this staff update report is to keep the Board informed on the timing, schedule of events and issues affecting Member Agencies during the 2013 Compensation Application review (performed in 2012) and the Recommended Rate Adjustment process for the upcoming 2013 Rate Year (i.e., establishing rates for January 1-December 31, 2013). The goal is to provide and update pertinent information for Member Agencies to effectively plan for and manage communications regarding the next year's compensation application and rate setting process.

Attached is the draft 2012 (for calendar year 2013 rates) Rate Approval Schedule (**Attachment A**).

### ***New Issues Affecting 2013 Compensation Adjustment include:***

- Service Level Adjustments. Per the Member Agency Franchise Agreements with Recology, the company will include in its 2013 Compensation Application the second and **final** service level adjustment to account for changes in accounts for residential service, lifts for commercial service, and pulls for rolloff service that have occurred since first adjustment that was made in 2010 to the company's proposal submitted in 2008. It is important to note that the 2008 proposal which was used as the basis for establishing 2011 rates relied on customer service level data provided by Allied Waste/Republic Services.
- Recology Annual Revenue Reconciliation for 2011. Recology will submit a Revenue Reconciliation Application to the SBWMA by March 31, 2012 which will compare the approved compensation owed to Recology for 2011 with the actual net compensation billed and 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. Each Agency will have a surplus or shortfall which will be added to or subtracted from the 2013 Revenue Requirement; this surplus or shortfall can not be carried forward to 2014 rates

- Service to Agency Facilities for 2011. The allocation of the cost to provide service to this distinct Service Sector to each Member Agency will be adjusted retroactively for 2011 based on final statistics from Recology. The initial allocation for 2011 was based on projections in lieu of the actual operating statistics, thus the Board approved using a temporary allocation until the company returned with actual statistics to be provided with the March 31, 2012 Revenue Reconciliation Application.

### ***Schedule of Rate Review Activities***

#### **Jan/Feb 2012**

- SBWMA to send letter to Board requesting feedback on how to improve annual rate setting process

#### **March 2012**

- Recology is required to submit the first Revenue Reconciliation Application by March 31, 2012 (and annually thereafter).
- SBWMA to award a contract to audit the financial data provided by SBR and Recology for 2011 to ensure this data is accurate.

#### **May 2012**

- SBWMA to send out letter to Board requesting feedback from all agencies on issues affecting 2012 rate adjustments (e.g., changes to Agency fees, revenue and tonnage projections). Response requested by July 1.

#### **May/June 2012**

- SBWMA to issue report summary on the Recology 2011 Revenue Reconciliation Application
- Special Board Workshop for Board Members, Elected Officials and Other Stakeholders to discuss rate setting process and share results on Recology 2011 Revenue Reconciliation Application

#### **July 2012**

- July 1 - Rate Applications due from Recology and SBR for 2013 compensation application.
- July 1-15 – SBWMA to provide Recology Compensation Application to all Member Agencies and commence a process to include Member Agency feedback. The Member Agency feedback will be needed by August 1.
- July 21 – BOD Staff report on estimated residential revenue changes due to cart migration by Member Agency with an update on cart migration since July 2011; to be discussed at July 26<sup>th</sup> Board meeting
- July 22 - Response from Member Agencies to SBWMA on issues affecting 2013 rate adjustments (e.g., changes in agency fees, revenue and tonnage projections).

#### **August 2012**

- August 1 - Member Agency feedback due on 2013 Recology Compensation Application.
- August 8 - Feedback from agencies on what to include in 2013 collection rate adjustment for current and future cart migration (agencies may decline to include an estimate for future cart migration).

#### **September 2012**

- September 1 - Preliminary report issued by SBWMA on Recology's Rate Application for 2013 compensation adjustment.
- September 1 - Preliminary report issued by SBWMA on SBR's Rate Application for 2013 compensation adjustment.

- September 11 - Comments due back from Member Agencies on preliminary Rate Reports for Recology and SBR.
- September 20 - Final Rate Report issued for Recology's Rate Application for 2013 compensation adjustment (for consideration at September 27, 2012 Board meeting)
- September 20 - Final Rate Report issued for SBR's Rate Application for 2013 compensation adjustment (for consideration at September 27, 2012 Board meeting)
- September 20 - Consolidated Rate Report issued with recommended total collection rate adjustments for 2013 (including Recology compensation, disposal expense at Shoreway, agency fees, and agency directed cart migration impact for 2013).
- September 27 – Board consideration and approval of SBWMA Consolidated Rate Report.

#### **September 27 – December 31, 2012**

- Member Agencies notice and approve final 2013 solid waste rates

#### **November 2012**

- Report to Board on Recommended January 1, 2012 Shoreway tip fee adjustment including Bond proforma update for 2013 SBWMA financial projection with assumed tip fee and reserve balances.

#### **Attachment:**

**Attachment A – Draft 2013 Rate Approval Schedule**



DRAFT  
**2013 Rate Approval Schedule**

Member Agency Rate Setting Process

The 2013 Recology Compensation Application is due to the SBWMA on July 1, 2012 per the deadline prescribed in the Member Agency Franchise Agreement(s). On September 1, 2012 (also per the Franchise Agreements), the SBWMA will issue its Report on Recology's Compensation Application. The Member Agencies then have 10 days to provide comments on the SBWMA's Report. The comments received will be incorporated in the 2013 SBWMA Consolidated Rate Report that will become binding upon the Board's approval at the September Board meeting. The overarching implications of this are that the rate increases put forth in the SBWMA Rate Report will be the minimum rate increases each Member Agency is obligated to adopt or face interest penalties for amounts owed to Recology.

September 27, 2012 BOD Meeting

- Recology and SBR Compensation Applications Approved
- Consolidated Rate Report Approved

Member Agency Residential Billing Schedule

**Group A: October-November-December  
(Billed September 30, 2012; December 31, 2012)**

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

**Group B: November-December-January  
(Billed October 31, 2012; January 31, 2013)**

- Atherton
- Burlingame
- San Carlos

**Group C: December-January-February  
(Billed November 30, 2012; February 28, 2013)**

- East Palo Alto (Not applicable to Residential.)

SBWMA 2013 Rate Approval Schedule

DRAFT



- Foster City
- Hillsborough
- County of San Mateo

Prop 218 Public Notice Implications

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

Bill Insert Considerations

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

Direct Mail Considerations

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

Bill Insert vs. Direct Mail:

**Group A**

These agencies may be able to prepare and print a bill insert in time for inclusion with the September 30, 2012 mailing. Therefore these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process and adopt rates prior to January 1, 2013.

Proposed Schedule:

September 27, 2012..... SBWMA BOD Approves Recology and SBR Compensation.  
 October 1-15 ..... Governing body or agency staff approves issuance of the Prop 218 notice.  
 October 16-31 ..... Prop 218 Notice printed and issued via direct mail

SBWMA 2013 Rate Approval Schedule

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November 1-15 .....Governing body closes the Prop 218 public notice period and adopts 2012 rates effective January 1, 2013.  
December 31.....First Recology bill issued with new 2013 rates.



**Group B**

These agencies will likely be able to prepare and print a bill insert in time for inclusion with the October 31, 2012 mailing. However, since the Prop 218 process will not close for 45 days after issuance of the Prop 218 rate increase notice, these agencies will have to bring the results of the Prop 218 notice before their governing body between December 16 and 31, 2012. Otherwise, these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2013.

Proposed Schedule:

- September 27, 2012..... SBWMA BOD Approves Recology and SBR Compensation
- October 1 – October 15..... Governing body or agency staff approves issuance of the Prop 218 notice.
- October 31 ..... Prop 218 Notice included with Recology bills
- December 15-31 ..... Governing body closes the Prop 218 public notice period and adopts 2013 rates.
- January 31, 2013 ..... First Recology bill issued with new 2013 rates including a retroactive rate adjustment for January.

**Group C**

While these agencies will have ample time to prepare and print a bill insert in time for inclusion with the November 30, 2012 mailing, this is moot since the 45 day Prop 218 notification period will not close until after January 1, 2013 (i.e., on January 14, 2013). Therefore these agencies will be required to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2013.

Proposed Schedule:

- September 27, 2012..... SBWMA BOD Approves Recology and SBR Compensation
- October 1-15 ..... Governing body or agency staff approves issuance of the Prop 218 notice.
- October 16-31 ..... Prop 218 Notice printed and issued via direct mail
- December 1-15 ..... Governing body closes the Prop 218 public notice period and adopts 2013 rates.
- February 28, 2013 ..... First Recology bill issued with new 2013 rates including a retroactive rate adjustment for January and February.



## FEBRUARY – BOARD AGENDA ITEMS (SUBJECT TO CHANGE)

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- Board Workshop on Commercial Recycling Outreach and Promotion Program and Results of Recology San Mateo County Efforts -- **To be rescheduled**

### February 2012

- Board and Staff Retreat on Strategic Planning – date and time TBD

### February 23, 2012

- Approval of Quarterly Investment Report as of 12/31/11
- Review of Investment Policy
- Resolution Approving Mid-Year Budget Adjustments FY2012
- Update on Shoreway Remediation Project