



BOARD OF DIRECTORS
THURSDAY, June 25, 2020 at 2:00 p.m.

VIA ZOOM VIDEO OR TELECONFERENCE MEETING ONLY

Link to Join: <https://us02web.zoom.us/j/89774505125?pwd=dXJBUlo5dzJtQ1plczlzVTh4QUxkZz09>

Phone number for voice access: 1 (669) 900 9128

Meeting ID: 897 7450 5125

Password: 475891

PURSUANT TO GOVERNOR NEWSOM'S EXECUTIVE ORDER N-29-20, THE MEETING WILL BE HELD BY TELECONFERENCE AND/OR VIDEO CONFERENCE ONLY. THE PUBLIC MAY PARTICIPATE BY SUBMITTING COMMENTS ON ANY AGENDA ITEM VIA EMAIL PRIOR TO OR DURING THE MEETING BY SENDING THOSE COMMENTS TO RETHINKER@RETHINKWASTE.ORG.

TELECONFERENCE PARTICIPANTS

ALL BOARDMEMBERS WILL PARTICIPATE BY TELECONFERENCE AND/OR VIDEO CONFERENCE PURSUANT TO GOVERNOR NEWSOM'S EXECUTIVE ORDER N-25-20

PURSUANT TO RALPH M. BROWN ACT, GOVERNMENT CODE SECTION 54953, ALL VOTES SHALL BE BY ROLL CALL DUE TO ALL BOARDMEMBERS PARTICIPATING BY TELECONFERENCE AND/OR VIDEO CONFERENCE

ANY REQUEST FOR REASONABLE ACCOMMODATION SHOULD BE ADDRESSED TO CYNDI URMAN AT CURMAN@RETHINKWASTE.ORG.

AGENDA

1. Call to Order/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 three 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. **Speakers may also submit comments via email prior to the meeting by sending those comments to rethinker@rethinkwaste.org.**

3. Adjourn to Closed Session: Pursuant to Government Code Section §54956.9 – Conference with Legal Counsel – Anticipated Litigation (one case). *Board Members will receive separate Zoom information for the closed session.*

THE REGULAR PORTION OF THE MEETING IS ANTICIPATED TO BEGIN AT 2:20PM

4. Call to Order/Roll Call (Open Session)

5. Public Comment

6. Executive Director's Report

A. Discussion of COVID-19 Impacts

p. 5

p. 9

7. Approval of Consent Calendar

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these

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

items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

- A. Approval of the Minutes from the May 28, 2020 Board of Directors Meeting **ACTION p. 15**
- B. Resolution Accepting the Findings from the Audit of Contractor's Financial and Operational Reporting in 2019 by R3 Consultants **ACTION p. 21**

8. Administration and Finance

- A. Review Coverage and Premium Options for the Shoreway Environmental Center's Property/Fire Insurance Policy for FY20/21 **ACTION p. 37**
- B. Resolution Approving the FY20/21 SBWMA Budget and 6-Month (July 1, 2020 – December 31, 2020) Transition Budget and Capital Budget **ACTION p. 45**

9. Collection and Recycling Program Support and Compliance

No Items

10. Shoreway Operations and Contract Management

- A. Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services at the Shoreway facility for FY20/21 **ACTION p. 79**
- B. Resolution Approving Organics Processing Agreement with Recology-BVON for a Five Year Term, 2021-2025, at a Cost of Approximately \$5,437,238 **ACTION p. 83**

11. Public Education and Outreach

No Items

12. Informational Items Only (no action required)

- A. 2020 Legislative Session Update **p. 91**
- B. 2020 Finance and Rate Setting Calendar **p. 97**
- C. Check Register Detail for May 2020 **p. 99**
- D. Quarterly Technical Consulting Contracts Update **p. 107**
- E. Potential Future Board Agenda Items **p. 109**

13. Board Member Comments

14. 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



A Public Agency

EXECUTIVE DIRECTOR'S REPORT

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
Date: June 25, 2020 Board of Directors Meeting
Subject: Executive Director's Report

Staff and Agency partners continue to be hard at work supporting numerous critical path projects, programs, and facility initiatives in these uncharted and unprecedented times. Here are the highlights:

1. **COVID-19/Shelter-In-Place (SIP) Update:**

As previously reported, the SBWMA and its primary partners have taken extreme measures to protect our colleagues while continuing with high-quality services, as follows:

a. **Recology Operations:**

All Residential, Commercial, and Multi-Family Dwelling collection services continue at our homes, multi-family dwellings, and businesses that are open as regularly scheduled.

b. **South Bay Recycling (SBR) Operations:**

All franchised supported operations at the Shoreway Transfer Station and MRF continue uninterrupted. Preceding the SIP order, SBR implemented numerous safety practices for their field and office-based work force which appears to be paying off with their ability to provide uninterrupted services to our ratepayers. **The Public Recycling Center remains closed due to our inability to practice safe distancing practices for SBR workers in this small space, but expect to open later this Summer immediately upon the completion of the BHS MRF Phase I equipment installation.**

c. **SBWMA Administrative Program Staff Ops:** All Staff continues to work remotely from home or, when needed, at Shoreway as our administrative offices remain closed. All regular meetings continue to occur, and Staff remains in contact with all Board/TAC members, contractors, and Agency/industry partners, as needed.

2. **Administration & Finance:**

a. **FY 20/21 Budget and 6-month Transition Budget**

A transition period budget of 6 months has been developed by Staff and awaits Board approval at today's meeting as agenda item 8A.

3. **Committee Updates:**

a. **Finance Committee Meeting** (no meeting held)

b. **Legislative/Regulatory Committee** (June 9th -- Executive Committee Mtg)

The California State Legislature continues to move forward on priority legislation. The Agency's legislative and regulatory lobbyists, EEC continue to advocate with a small coalition of local governments, waste haulers, and nonprofits to pressure the Senate and Assembly to fund organic waste processing infrastructure in an economic recovery package.

After months of discussion and coordinating, EEC and Staff hosted a very successful inaugural call with 10 like-minded public agencies to align with our Agency's 2020 Long Range Plan mission statement and guiding principles. We thank the EEC team for developing this concept as a way to amplify our Agency's legislative and regulatory voice in Sacramento and beyond. This informal coalition is in the process of defining its strategic vision and goals with the hope to coordinate shared funding and legislative priorities, including the crucial need for SB 1383 infrastructure funding.

Agenda item 12A provides details of legislative activities EEC is currently working on for us.

c. **Pub Ed/Outreach Subcommittee** (June 24th)

This meeting has not yet occurred as of this document's writing.

d. **Technical Advisory Committee** (no meeting held)

e. **Zero Waste Committee** (June 25th)

This meeting has not yet occurred as of this document's writing.

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

a. **Community Outreach and Environmental Education**

i. **Multi-Family Dwelling Service Guide**

Similar to the service guide for single family households, Staff has been collaborating closely with contractor SGA and Recology in the development and distribution of a service guide for multi-family dwelling residents. This guide provides a summary of the scope of services available to residents living in apartments, condominiums, or townhomes. It highlights the full range of program guidelines and participation requirements regarding the services provided by Recology and includes other useful information regarding recycling and proper disposal of household hazardous waste. The service guide will be mailed directly to residents as well as available online, and it will be offered in English, Spanish, and Chinese to reach a wider audience. The Guide is currently in the process of being finalized and is expected to be mailed this Summer through A. Maciel Printing, a print and mail house.

ii. **Environmental Education Update**

The Environmental Education team has wrapped up the school year by hosting video calls with classes and Green Teams from schools that participated in the RethinkWaste In-Schools Program. In June, a total of 10 virtual presentations and Green Team celebrations were facilitated, along with custodian recognitions.

The Environmental Education is also continuing to work closely with the County's Office of Education and other community partners and agencies on a range of projects, including the development of standardized distance learning resources, planning for outdoor learning

spaces on school campuses, and summer fellowship and professional development opportunities for educators.

iii. **Rethink Battery Outreach Campaign**

The “Take Charge: Rethink Batteries” Campaign will continue to run until early July via Facebook, Instagram, Google, and YouTube advertising. Currently, the campaign is running English, Spanish, and Chinese ads targeted towards residents 25-50 in single-family and multi-family households. Initial campaign summaries from the first month show that the campaign has been very successful in reaching and engaging residents. We have seen huge increases to the website’s battery page (which can be accessed at www.RethinkBatteries.org) and thousands of views to the videos developed – 5 in English and two each in Spanish ([link to Spanish video](#)) and Chinese ([link to Chinese video](#)). Below are screenshots and links to the Spanish and Chinese version of the “Four Steps to Responsible Battery Disposal for Multi-Family Residents” video.



5. **Shoreway Operations and Contract Management**

a. **SBR Compensation Adjustment Request**

Upon completion of our internal financial and legal review of SBR’s request, I issued a response letter on June 2nd, 2020. SBR responded to my letter on June 10th. SBR’s request remains in active discussion and legal review. The Board will be advised of any milestone in this process moving forward.

b. **Organics-to-Energy Project Update**

Our facility has experienced a temporary reduction of materials required for the cost-effective commencement of this pilot’s operations due to the COVID crisis. To address this issue, Staff has aggressively sought to secure targeted materials from other facilities. As of this writing, we are finalizing an agreement with the City of Sunnyvale to provide a short-term bridge (90 days) of targeted in-bound organic materials to augment the current level materials that are currently being received at the facility. All terms have been verbally agreed upon. No out-of-pocket expenses for the Agency are anticipated for this agreement. When executed, Staff will determine a final training/system commissioning start date of the new system.

c. **MRF Upgrades – Phase I**

This installation project continues to be executed as budgeted and on time. Completion is planned for late July. Staff, SBR management and the BHS/Titus installation team have done an extraordinary job of scheduling and anticipating the operational and equipment refurbishment needs of the facility. Incredibly well-done team!

d. **Everett Labs Pilot**

Staff has been working with Everest Labs located in Fremont, California on an advanced sorting technology pilot. Everest is new in the MRF sorting equipment space and is developing robotic sorting systems and software to identify and differentiate recyclable materials processed at MRFs. In the proposed project, Everest will install at no cost to the SBWMA, an optical system that will count the individual items (by material type) traveling through the sort system – no actual sorting robots will be installed. The information collected from the pilot will benefit the SBWMA by helping determine the effectiveness of MRF Phase I equipment install and the opportunity for recovering additional recyclables through the Phase II equipment installation.

e. **EPA Food Waste Grant Opportunity**

SBWMA staff is pursuing an EPA grant in support of the Organics-to-Energy (O2E) Pilot project. The EPA has issued a call for proposals specifically to advance the research and adoption the anerobic digestion of food waste. The grant range is \$30k to \$300k and is only available to public agencies. SBWMA staff is teaming with Anaergia, the engineering firm Kennedy/Jenks, and the four partner Bay Area wastewater treatment plants (Silicon Valley Waste Clean Water, EBMUD, South SF WWTP and Marin Sanitary). Kennedy/Jenks has done extensive work and published multiple papers on food waste digestion at WWTPs and is currently working for SVCW on research specific to this topic. The grant opportunity is a national competition and applications are due July 15th.

f. **Recology Fleet transition: Evaluation of Alternative fuels in new fleet**

During the past year, a Staff and Recology workgroup have been meeting to evaluate alternative fuels for use in Recology's new fleet that will be procured between 2021 and 2026 per the terms of the restated and amended franchise agreement. The goal is to seek a fuel-source(s) that's in alignment with the SBWMA's new 2020 Long Range Plan environmental goals and the Climate Action Goals of our member agencies. This workgroup consists of myself, Hilary Gans, John Mangini, Matt Southworth and Grant Ligon (SBWMA); and Mike Kelly, Tim Hester and Mario Puccinelli (Recology), with the recent addition of Bennie Anselmo and Jim Mendoza (Recology corporate). This group will be presenting its preliminary findings to the Zero Waste Committee on June 25th. We've learned that these technologies are all in early emerging stages and the group seeks Zero Waste Committee cost-trade-off input and overarching financial direction. Upon obtaining this feedback, Staff anticipates expanding this discussion with a presentation to the full Board in September. This is a multi-layered and extremely complex, yet exciting project with significant financial implications, (some are quite challenging) and strong environmental benefits for our community.

Respectfully submitted,



Joe La Mariana
Executive Director

STAFF REPORT

To: SBWMA Board Members
From: Joe LaMariana, Executive Director
Date: June 25, 2020 SBWMA Board of Directors meeting
Subject: Discussion of COVID-19 Impacts

Recommendation

This is a discussion item only and no action is required.

Summary

Due to a change in San Mateo County Public Health orders, and as reported last month, the Shoreway facility re-opened to the general public on May 4th. As expected, the public gate volumes, classified as “self-haul” began quite slowly. We are encouraged with a continued uptick in public and commercial materials (expressed in cubic yards and tons in **Attachment A**).

As previously noted, the no-charge Public Recycling Center (PRC) remains closed until late summer. The BHS Phase I equipment installation project must be completed to clear this area of extensive support equipment and the new/old equipment staging areas to allow SBR employees to be provided with proper social distancing protocols. A community-wide public notification campaign will be implemented to advise our ratepayers when this popular and important service is re-opened. Staff estimates that this re-opening will occur in August.

Using proper COVID safety protocols and with full public health order compliance, Staff is planning/contemplating reactivating the SBWMA facility public tour program in the fall by engaging smaller groups.

Analysis

Staff and SBR management have worked in strong collaboration to resume normal operational activities on the site (excluding the PRC, as noted above) since May 4th.

Attachment A provides a year-over-year comparative review of in-bound self-haul materials onto our site. The facility closure to the public is clearly reflected in the March, April and early May statistics.

The facility closure to the public in mid-March impacted March 2020 revenue by 42% compared to the prior year/month. April 2020 revenue of \$43,551 was from Recology’s business units outside of the SBWMA service area generating only 4% of the prior year/month revenue. The public gate was open for most of May 2020 with revenue down 29% vs the prior year. Revenue for the second half of May 2020 was down 18% compared to the same period in 2019.

As stated in the Executive Director’s Report (agenda item #6), the COVID/Shelter In Place public health order has negatively (and dramatically) impacted the Commercial Organics volumes collected from the service area and, hence, delayed the start date of the Organics-to-Energy (O2E) pilot project from March to August. Staff is aggressively seeking additional relevant materials from alternative sources to expedite this start date.

Fiscal Impact

Public gate revenue for the period of March 2020 to May 2020 is down \$1.6 million compared to the same period in 2019.

Attachments:

Attachment A---Shoreway In-Bound Public Volume Reports: Year over Year (2019 vs. 2020)

ATTACHMENT A – Shoreway In-Bound Public Volume Reports: Year over Year (2019 vs. 2020)

<u>Self Haul Variance 2020 vs. 2019</u>					
	Jan	Feb	Mar	Apr	May
Inbound Tons	(151)	525	(760)	(1,884)	(807)
Inbound Yards	972	3,929	(6,883)	(16,710)	(4,576)
Total Revenue	\$ 15,159	\$ 225,671	\$ (396,066)	\$ (942,395)	\$ (306,838)
<u>Variance %</u>					
Inbound Tons	-8%	29%	-37%	-85%	-36%
Inbound Yards	6%	29%	-44%	-100%	-26%
Total Revenue	2%	28%	-42%	-96%	-29%

<u>2020 Self Haul Statistics</u>					
	Jan	Feb	Mar	Apr	May
Inbound Tons	1,831	2,360	1,304	325	1,437
Inbound Yards	16,870	17,413	8,865	-	13,358
Total Revenue	\$ 944,536	\$ 1,032,395	\$ 539,031	\$ 43,551	\$ 739,766

<u>2019 Self Haul Statistics</u>					
	Jan	Feb	Mar	Apr	May
Inbound Tons	1,982	1,834	2,064	2,208	2,244
Inbound Yards	15,898	13,485	15,748	16,710	17,934
Total Revenue	\$ 929,377	\$ 806,724	\$ 935,097	\$ 985,946	\$ 1,046,604



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CONSENT CALENDAR

DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
May 28, 2020– 2:00 p.m.
Via Zoom Tele or Video Conference Only

Call to Order: 2:04PM

1. Call to Order/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	X2:40PM	San Mateo	X	
Foster City	X		County of San Mateo	X	
Hillsborough	X		West Bay Sanitary District	X	

All Members and public participated by Zoom Conference 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 three 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. *Speakers may also submit comments via email prior to the meeting by sending those comments to rethinker@rethinkwaste.org.*

None

3. **Adjourn to Closed Session:** Pursuant to Government Code Section §54956.9 – Conference with Legal Counsel – Anticipated Litigation (one case).

The Closed Session was cancelled

4. Call to Order/Roll Call (Open Session) (2:04PM see roll call above)

5. Public Comment

None

6. Executive Director's Report

Executive Director La Mariana welcomed all to the meeting and gave the following updates:

- The Shoreway Environmental Center Transfer Station reopened to the public on May 4. He noted that since the reopening tonnage has been modest and noted that tonnage is down about 20% from this time last year, but there has been an incremental increase each week the facility has been reopened.
- The Organics-to-Energy Pilot (O2E) is ready and waiting for material to come back. Even without a return of Source Separate Organics material to allow the pilot to begin, we believe that the pilot will be running in July or August, when the MRF Phase I equipment installation will be complete and part of that equipment will be able to pre-sort garbage loads through this equipment and remove food waste for inclusion in the O2E pilot.
- MRF Phase I installation is right on schedule and should be completely installed by the end of July.
- Staff and Counsel are working on a response letter to the Town of Atherton regarding their notice of intent to withdraw from the JPA, that should be distributed to the Town by the next Board Meeting.
- SBR has requested a compensation adjustment, which was presented to the Finance Committee on May 12. Staff is further vetting the financial impacts of the requests and a formal response letter from the Agency to SBR will be distributed soon. He added that this request has not been factored into the budget presented today. After SBR's response to the Agency letter cost impacts would be included in the final budget presented to the Board in June.
- He addressed the Draft Budget presentation on agenda item 8C noting that this budget transitions the agency from a Fiscal Year to a Calendar Year budget cycle, so there will be an approval of a 6 month budget July 1, 2020 – December 31-2020 and in October there will be a Board and TAC study session to review the Calendar Year budget for 2021.

A. Discussion Cost impacts of COVID-19 Shelter-in-Place Order

Executive Director La Mariana noted the staff report covered the known current COVID19 costs and impacts. He noted that since the staff report was written Recology has also come forward with some incurred costs due to COVID-19 that include hard costs for equipment and supplies and additional labor for individuals who are cleaning the trucks and dispatch center every night. He suggested a future Board action item to pay for these costs from the emergency reserves.

7. Approval of Consent Calendar

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

- A. Approval of the Minutes from the April 23, 2020 Board of Directors Meeting
- B. Resolution Approving Calendar Year Financial Statements for 2019
- C. Resolution Approving Revised SBWMA Investment Policy for 2020
- D. Approval of Quarterly Investment Report for the Quarter Ended March 31, 2020
- E. Resolution Confirming and Ratifying the Declarations of a Local Emergency by its Member Agencies and Proclaiming a Local Emergency Within its Jurisdiction

Motion/Second: Brownrigg/Bonilla

Roll Call Vote: 9-0-0-3

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

8. Administration and Finance

- a. Resolution approving the Work Plan Transitioning the South Bayside Waste Management Authority's Financial Systems from a Fiscal Year Accounting Period Ending June 30, to Calendar Year Accounting Period Ending December 31

Staff Mangini gave an overview of the staff report, and background of why the transition. He noted that the budget being presented at 8C would be a 6-month budget and a full fiscal year budget is needed to project the tipping fees for the Member Agency rate setting process. There is a \$4,400 fee in the Redwood City Contract to cover the costs of the one-time transition. He added that the Calendar Year budget will be presented to the Board in October and will include additional COVID-19 impacts as well as SB1383 costs that are not included in this budget presentation.

Motion/Second: Bonilla/Groom

Roll Call Vote: 9-0-0-3

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

- b. Resolution Approving Property Insurance for FY20/21

Executive Director La Mariana gave an overview of the staff report, and history of the costs of property insurance for the Shoreway site during the last 5 years. He noted that staff is planning for \$1.5M in premiums for policy year 2020/21 with a \$1M deductible and added this is a first step towards self-insurance for the Agency. Finally, he added that the list of insurers who've decided to exit the marketplace continues to grow since 2016 when it was around 5 and this year is over 30.

Staff Managini added that the recommendation for today's approval is only for \$45M in coverage, and normal total coverage is \$60M. Staff is recommending approval of what has been quoted so far with the caveat that further options will be explored in the next month and any modification to recommendations will be brought to the Board in June. At the risk of not being insured at all because coverage ends on June 30, staff recommends taking this interim step.

John O'Neill of Risk Strategies noted that his firm has specialization in the waste industry and this year has been particularly difficult across the industry because of loss in the industry. They took a different approach this year to get insurance quotes. They did a probable maximum loss and a possible maximum loss analysis to see if the full \$60 in coverage is needed. They approached over 50 different insurers and what is presented today is who responded and as with last year it is layered coverage. His firm is also looking into creating a captive insurance company with respect to waste facilities, and doing some actuarial studies and gathering information as to what that might look like, so next year the answer to these continued rising insurance costs might be captive insurance.

Member Brownrigg asked at what point the Agency needs to make the self-insurance decision, and how is that decision made.

John O'Neill answered that a captive approach would be a pooled approach and will hopefully create enough strength in the industry that there will be insurers.

Member Brownrigg noted this was a subject the Board would have to come back to.

Executive Director La Mariana commented that staff continues to work on AB1509, currently on hold due to COVID-19. He is also going to give technical testimony on SB1156 both of which are Lithium Ion battery legislation that have a lot of industry support to create a responsible flow for handling Lithium Ion batteries at end of life.

Chair Benton concluded by noting that the Board is being asked to approve a \$1.38M premium with a \$1M deductible for \$45M in coverage.

Motion/Second: Bonilla/Dehn

Roll Call Vote: 8-0-0-4

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

a. Review of draft FY 20/21 budget and 6-month (July 1, 2020 – December 31, 2020) Transition Budget and Cap-Ex Review

Executive Director La Mariana introduced the item and noted that the Finance Committee directed staff to remove most of SB1383 associated costs from the 6-month budget. The SB1383 regulations are not final, so the finance committee asked to delay putting expenditures related to SB13813 into the budget until the regulations are final. As a result, SB1383 costs will be a discussion item at the October study session once the regulations are final.

Staff Mangini gave a PowerPoint presentation on the draft budget for FY20/21 including the 6-month budget for July 1 – December 31, 2020.

The Board discussed the proposed tip fees. Member Rak asked if the tip fees would be readjusted after the 6-month budget or if they would be kept on an annual basis. Staff Mangini answered that there is a proposed tip fee increase to the public recommended on July 1 of 2020, but the Franchise tip fees would remain on an annual calendar year basis. He added that the public tip fees increased to the public in July would carry forward in 2021.

Chair Benton asked for further explanation as to why green waste processing costs have gone up so much. Executive Director La Mariana noted that about 120,000 tons of green waste come to the facility each year. The organics-to-energy project aims to divert the food waste portion of that, which is the most expensive material to process at the offsite processors. He then answered that there are two offsite processing contractors who process the green waste, 55-60% of the material goes to a Recology facility in the central valley, that contract expires on December 31, 2020. An RFP has been issued, and staff is still evaluating and reviewing those responses and expect to have that contract to the Board for a decision June. However, the responses show a significant step up in processing costs, so that step has been factored into the budget presented today.

The Board discussed the continued budget item of sharing sort labor with SBR at about \$450,000 per year (the agency's portion). Executive Director La Mariana added that with the MRF Phase I equipment upgrades, the expectation is that this expense will go down.

Executive Director La Mariana continued the PowerPoint presentation discussing Agency administrative expenses related to public education, long range plan programs, and Member Agency compliance support.

Staff Gans then gave an overview of proposed capital projects projected for the next 18 months.

Chair Benton asked if there was money budgeted in 2021 for the Organics-to-Energy scale up. Staff Gans answered that the money is in reserve in the 2021 budget so that the partners in the pilot have assurance that the Agency Board is committed to the project, but he didn't see spending money on equipment in the next fiscal year, but could spend money on designs and proof of concept, once there are good indications from the pilot. Staff Mangini noted the 5-year capital plan is in attachment A.

Member Hurt asked what areas of the budget could be impacted by the potential Atherton exit. Staff Mangini answered that the fiscal year budget doesn't have anything built in for Atherton, but when the calendar year budget is presented in October staff will have a better understanding of where the process is and can adjust the calendar year budget accordingly.

Executive Director La Mariana and Staff Mangini asked Board Members to reach out to them between now and the June meeting to go over anything before the June budget approval.

9. Collection and Recycling Program Support and Compliance

No Items

10. Shoreway Operations and Contract Management

- A. Resolution Approving a Contract with GreenWaste Recovery, Inc. for a not-to-exceed amount of \$203,037.12 for Limited Time Recyclables Processing

Staff Ligon gave an overview of the staff report and noted that the MRF needs to be down for a few days for installation of the MRF Phase I equipment. So, an RFP was issued for recyclables processing for the days that the MRF will be down, and this resolution approves the recommended contract with GreenWaste Recovery for temporary recyclables processing.

Executive Director La Mariana complimented the staff and technical team involved in accelerating the MRF Phase I installation to take advantage of the COVID-19 shutdown and slow return to normal tonnage.

Motion/Second: Rak/Brownrigg
Voice Vote: 8-0-0-4

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

- B. Resolution Authorizing the MRF IPS Baler Refurbishment Project for a Not-To-Exceed amount of \$156,794

Staff Gans gave an overview of the staff report and noted that the baler is an important piece of machinery in the MRF that has worked admirably for the last 10 years but now needs refurbishment. He added that this is a planned project that takes advantage of the MRF being down for the equipment installation, and has cost avoidance of needing to shut down the MRF again if the repair were to happen later and send material to offsite processors a second time.. The repair will be paid for out of the equipment reserve fund.

Motion/Second: Groom//Mahanpout

Voice Vote: 8-0-0-4

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

11. Public Education and Outreach

No Items

Chair Benton asked Staff Hashizume to discuss the schools program event on 5/29/20. Staff Hashizume noted that there would be a virtual celebration on 5/29/20 to recognize the trash to art contest winners, she added that if any other Board Members would like to join staff would get you the Zoom information.

12. Informational Items Only (no action required)

- A. 2020 Legislative Session Update
- B. 2020 Finance and Rate Setting Calendar
- C. Check Register Detail for April 2020
- D. Potential Future Board Agenda Items

13. Board Member Comments

Executive Director La Mariana complimented staff, Reolgy and SBR for their creative work during this time. He also noted that the June 12, 2020 TAC meeting is cancelled due to lack of a quorum. Lastly, he noted the City of San Mateo has asked him to sit in with their sustainability and public works commission to talk about the general state of affairs with the Agency and how COVID-19 has affected the Agency.

14. Adjourn 3:29PM

STAFF REPORT

To: SBWMA Board Members
From: John Mangini, Senior Finance Manager
Date: June 25, 2020 Board of Directors Meeting
Subject: Resolution Accepting the Findings from the Audit of Contractor's Financial and Operational Reporting in 2019 by R3 Consultants

Recommendation

It is recommended that the SBWMA Board approve resolution #2020-26 attached accepting the findings from the audit of SBR's and Recology's 2019 financial and operational reporting by R3 Consultants.

Summary

The Franchise Agreement with Recology and the Operating Agreement with SBR prescribe standards for reporting and operating system performance. Under contract to the SBWMA, R3 Consultants performed the annual independent review of the contractor's operational and financial reports for 2019. Overall, the review found that both contractors are in substantial compliance with requirements of the Agreements and only minor financial and operational corrections were recommended by R3 Consulting.

Analysis

The information collected and reported to the SBWMA by the contractors is substantially self-reported (e.g., all Shoreway tonnage data, collection route data, and call center performance). To ensure the integrity of this reported data and payments, the SBWMA conducts an annual third-party (independent) review to verify that SBR and Recology obtained, compiled, and reported data to the SBWMA and Member Agencies accurately and that the companies have proper management controls in place. The audit consists of two parts: a financial systems audit and an audit of quarterly and annual operational reports. The financial systems audit includes a review of reports with a direct financial impact such as Recology's Revenue Reconciliation (\$114,758,228) and SBR's payment to the SBWMA for gross commodity revenue (\$6,537,820) and public tip fee revenue (\$12,260,075).

In January 2020, R3 Consulting commenced the annual review for 2019 and concluded their activities by issuing a final findings and recommendations report that was issued in June 2020. R3 identified several areas where both Recology and SBR were found to be substantially compliant with the operational and reporting requirements of the Facility Operating Agreement and Franchise Agreements for CY 2019.

The single most important review step of this audit was to verify the data in Recology's 2019 Revenue Reconciliation in total and by Member Agency. The following financial stats have now been verified:

1. Gross revenue billed of \$114,758,228
2. Disposal fees paid to the SBWMA of \$36,843,132
3. Franchise and other Fees paid to Member Agencies of \$15,617,203
4. The net surplus/<shortfall> balance for each agency ranging from \$1,382,278 to <\$283,457>

No discrepancies were found.

R3 has determined that Recology is stopping service due to customer non-payment (delinquency) during the audit of the 2019 customer service data. Attachment H, "Delinquent Payment Policy," differs among Member Agencies. Four Member Agencies allow for service stops for delinquency. R3 has separately analyzed the service stops for this year's audit and observed that customers from every Member Agency are experiencing some service stops due to account delinquency. Please note that many service stops appear to be one-time stops for a particular week of service and not permanent service stops. Recology has responded that they need to handle in this way to send delinquent accounts to collections.

R3 recommends that Member Agencies and Recology discuss the matter of potential service stops for non-payment if not allowed by Agreement.

Additional "Findings" are summarized for each contractor in **Table 1 & Table 2** below and a summary report is provided in **Attachment A**.

Recology Audit:

Table 1. RECOLOGY Review Findings			
Report Section	Area of Review	Findings	Amount
2.1	Reports	-The Quarterly & Annual Reports were complete & compliant	None
2.2	Tonnage Data	-Accurate & compliant	None
2.3	Customer Service	- Some inconsistencies were found between source data and reports. - No incorrectly coded tickets were found. - Customer complaints were coded as "invalid" and thus were not reported. Via this review, R3 identified (and Recology concurred with) a number of customer complaints lacked sufficient documentation to invalidate.	None
2.4	Liquidated Damages & Incentive/ disincentive	- Recology self-reported and paid LD amounting to \$22,800. R3 found they underpaid by \$500. - Recology self-reported incentive payments amounting to \$159,587. R3 has confirmed the calculations are accurate.	\$500
4	Tonnage Data	- Minor variances between SBR & Recology inbound tonnage were found.	None

The review by R3 focused on validating the information provided by Recology in the company's *Annual Report for 2019* issued to the Member Agencies on February 15, 2020. The review focused on:

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

South Bay Recycling (SBR) Audit:

Table 2. SBR Review Findings			
Report Section	Area of Review	Findings	Amount
4.1	Reports	-The Quarterly & Annual Reports were compliant.	None
4.2	Tonnage Data	-Minor variances between SBR & Recology inbound tonnage were found.	None
4.4	Liquidated Damages	-No LD were reported or paid by SBR.	None

Since the tonnage, material category, and tip fee payment information recorded at the scales by SBR serves as the “base-data” for the entire SBWMA waste handling function as well as the basis for all of the financial transactions relating to Shoreway facility operations, it is critical that the information be accurately collected, recorded, and reported by SBR. While the SBWMA staff reviews the tonnage information reported by SBR on a monthly basis, the review conducted by R3 serves as an important third-party check on SBR’s data and data management. The scope of the annual operational audit includes the following components:

- Verify SBR’s reported data is consistent with Recology’s reports
- Verify accuracy of SBR’s reported in-bound and shipped tonnage data

Based on R3’s review of SBR operations and reports, only minor errors were identified in SBR’s reporting and tonnage. SBR was not assessed any liquidated damages in 2019.

Background

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

Fiscal Impact

The cost for R3 to conduct this audit was \$49,830 and is included in the FY19/20 Budget.

Attachments:

Resolution 2020-26

Exhibit A – R3 Final Report Summary: Collection Services and Facility Operations Systems and Financial Audit for 2019

Attachment A - [Full Audit Report \(50 pages\): R3 Consulting 2019 Final Report - available online only at www.rethinkwaste.org](http://www.rethinkwaste.org)



RESOLUTION NO. 2020-26
RESOLUTION OF THE SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY BOARD OF DIRECTORS
ACCEPTING THE FINDINGS FROM THE AUDIT REPORT OF THE CONTRACTOR'S
2019 FINANCIAL AND OPERATIONAL REPORTING BY R3 CONSULTANTS

WHEREAS, the South Bayside Waste Management Authority (SBWMA) Board of Directors entered into a contract with R3 Consulting Group for the purpose of providing a Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Auditing Project for 2019 and a Financial Systems Auditing Project for 2019, and

WHEREAS, the R3 Consulting Group has completed the audit work and submitted their report for review, and

WHEREAS, attached as **Exhibit A** hereto is the R3 audit report summary.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority accepts the findings from the audit report of the contractor's financial and operational reporting in 2019 by R3 Consultants.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25th day of June 2020, 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. 2020-26 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 25, 2020.

ATTEST:

 Jess E (Jay) Benton, Chairperson of SBWMA

 Cyndi Urman, Board Secretary

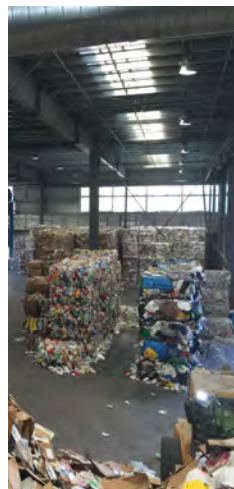


CONSULTING GROUP, INC.

RESOURCES • RESPECT • RESPONSIBILITY

FINAL REPORT

**Collection Services and Facility Operations
Reports, Tonnage, Data and Customer Service
Systems Audit and Financial Systems Audit**



SUBMITTED TO:

RethinkWaste (SBWMA)

June 12, 2020

Report Submitted Digitally



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- A Recology Quarterly and Annual Report Completeness Checklists
- B SBR Quarterly and Annual Report Completeness Checklists



Section 1. Introduction

1.1 Background

The South Bayside Waste Management Authority (SBWMA / RethinkWaste) is a joint powers authority of twelve Member Agencies (Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, the County of San Mateo and the West Bay Sanitary District) in San Mateo County.

The twelve SBWMA Member Agencies have exclusive franchise agreements with Recology San Mateo County (Recology) for the collection of solid waste, recyclable materials and organic materials. Recology provides collection services to approximately 93,000 households and 9,000 businesses in the SBWMA service area. Recology submits an annual Revenue Reconciliation (Reconciliation) report to SBWMA that identifies net revenues retained by Recology as compared to the annual compensation owed to Recology by each Member Agency, which is approved annually by the SBWMA Board of Directors.

SBWMA owns and manages the Shoreway Environmental Center which is operated by South Bay Recycling (SBR). The Shoreway Environmental Center receives the recyclables, organics and garbage collected by Recology under its franchise agreements with each of SBWMA's Member Agencies, as well as other self-haul and non-franchised material delivered to that facility. SBR reports on and makes monthly payments to SBWMA, covering revenues from sales of recyclable commodities and revenues from public self-haul customers at Shoreway. SBWMA also reimburses SBR for payments made through the Shoreway Public Recycling Buyback Center.

Recology and SBR are required to track, compile and report various data related to their performance and develop various reports per the franchise agreements with SBWMA Member Agencies and SBR's operating agreement with SBWMA. The primary nature of the quantitative data presented in the reports is self-reported. The goal of the Collection Services and Facility Operations Reports, Tonnage, Data and Customer Service Systems Audit (Annual Report Audit) is to determine the accuracy of the information contained in those reports. The Annual Report Audit is presented in Sections 2 and 4 of this report.

The Financial Systems Audit is designed to confirm the legitimacy and accuracy of financial information provided by Recology and SBR, in order to ensure that Recology accurately calculates each Member Agency's revenue surplus/shortfall for its franchised services and that SBR accurately tracks and remits revenues and payments to/from SBWMA. The Financial Systems Audit is presented in Sections 3 and 5 of this report.

1.2 Work Scope

Annual Report Audit

SBWMA retained R3 to review, test and verify the accuracy of the information contained in Recology's Annual Report as well as SBR's annual tonnage and commodity revenue report, and provide any recommendations for improvement.

The logo for R3, consisting of the letters 'R' and '3' in a stylized, blue, handwritten font.

Section 1

Introduction

Our work scope included, but was not limited to the following tasks for the audit of Recology:

- Verify the completeness, mathematical accuracy, and back-up documentation for the Annual Reports, including the allocation of tons between Member Agencies for all categories reported;
- Interview the contractors to determine the sources of the reported data;
- Verify the accuracy of the tonnage data reported monthly;
- Verify the accuracy of reported customer service metrics, call statistics, and accuracy of customer service ticket coding;
- Verify the mathematical accuracy and back-up documentation where applicable for reported:
 - Liquidated damages, which includes customer complaints, accurate and prompt reporting, and other important collections service requirements of the agreement; and
 - Incentive and disincentive payments, which includes diversion requirements as well as customer complaints and other call center requirements.

Our work scope included, but was not limited to, the following tasks for the audit of SBR:

- Verify the completeness of SBR's annual tonnage and commodity revenue report;
- Verify the consistency of reported Inbound tonnage data between the two contractors;
- Verify the mathematical accuracy and back-up documentation of SBR's reported Inbound and Outbound tonnage data; and
- Check the accuracy of SBR's reported liquidated damages, where applicable.

Our verifications were limited to selected samples for both Recology and SBR verifications, where R3 selected specific months or dates of review, and the contractors provided back-up documentation for their reports as requested. We did not verify every month of each report, or each data point.

Additional information about work scope and documentation reviewed can be found in the associated sections of the following report.

Financial Systems Audit

SBWMA retained R3 to review, test, and verify:

- The mathematical accuracy, consistency in reporting, and back-up documentation for information contained in Recology's annual Revenue Reconciliation, including:
 - Gross Revenue Billed against accounting records;
 - Adjustments to Gross Revenue Billed, with back-up provided for each adjustment;



- Pass-Through Costs, including disposal and processing costs, Member Agency fees against documentation of correspondence with Member Agencies, the mathematical accuracy and consistency of the calculation of late fees;
- Mathematical accuracy of calculation of Net Revenue and Recology's compensation;
- Revenues associated with unscheduled and intermittent services per Attachment Q to Recology's franchise agreement(s) against accounting records of billed revenues;
- Fees for additional carts against procedures for retaining revenue which are Member Agency-specific;
- Proper accrual of backyard services revenue; and
- The mathematical accuracy of the Surplus/Shortfall calculation.
- The accuracy of SBR's financial systems for tracking, calculating, and reporting payments due to or from SBWMA for:
 - Public gate revenue against scales reports and accounting records;
 - Commodity Revenue against scales reports and accounting records;
 - Buyback Center payments against scales reports and accounting records; and
 - Accuracy of reporting for payments of California Redemption Value.
- Additional information about work scope and documentation reviewed can be found in the associated sections of the following report.

R3's work, and this report, constitute a review of Recology's and SBR's financial systems and the accuracy of the financial reports Recology and SBR provide to SBWMA. This audit is not audit of financial statements, nor does it represent a complete review of finance and accounting systems.

As in prior years, while this audit does not assess conformance with standard accounting practices (including generally accepted accounting principles, GAAP), it does independently verify the mathematical accuracy of financial information provided by Recology and SBR in keeping with solid waste industry operational standards, and general compliance with agreements SBWMA has with both entities.

1.3 Summary of Findings

Annual Report Audit

In completing the Annual Report Audit of Recology, R3 has identified the following items which require adjustment:

- This year, R3 requested back-up information for a selection of invalid or cancelled tickets, mainly related to collection quality complaints. Based on the information provided by Recology and Recology's self-report, R3 has found that some of the customer service tickets that were marked as invalid are actually events that should be subject to liquidated damages. R3 recommends that SBWMA assess \$500 additional

The logo for R3, consisting of the letters 'R' and '3' in a stylized, blue, handwritten font.

Section 1

Introduction

liquidated damages on Recology for the one set of complaints that were identified as being incorrectly invalidated in this year's audit.

R3 has also compiled procedural recommendations for SBR and Recology. These recommendations are given below. More detail is provided in the text of the report.

Operational Recommendation – R3 recommends that Member Agencies and Recology discuss the matter of potential service stops for non-payment if not allowed by Agreement. Eight Member Agencies' agreements do not allow for service stops for delinquency. Details are given on page 18 of this report.

Reporting Recommendation – R3 recommends that Recology adjust customer service coding for specific reporting categories in future reports, including "Distribution of less than 50% of required non-collection notices," "Resolution or remedy of complaints or inquiries beyond 10 business days of receipt of the complaint or inquiry," and "Complaints regarding failure to provide new service or change existing service level within five (5) business days." (more information on specific reporting adjustments is given on page 20 of this report).

Liquidated Damages and Audit Recommendation – R3 recommends that SBWMA assess \$500 additional liquidated damages on Recology for one complaint on a vehicle oil spill that was identified as being incorrectly invalidated in this year's audit. More detail is provided starting on page 22 of this report.

Reporting Recommendation – R3 recommends that SBR allocates residual by Member Agency by tons of recycling collected, rather than tons of solid waste collected. Details are given on page 43 of this report.

Financial Systems Audit

In completing the Financial Systems Audit of Recology, R3 found that:

- Gross revenues reported in the Revenue Reconciliation by Member Agency and in total tie to accounting records;
- Pass-through costs including disposal and processing costs and Member Agency fees are accurately calculated by Member Agency;
- Net revenues and adjustments are supported and accurately calculated;
- Recology's annual compensation ties to SBWMA's approved compensation for each Member Agency;
- Compensation for unscheduled and intermittent services retained by Recology is accurately calculated;
- Recology appropriately credited back to each agency revenue on an allowed 20% of residential customers subscribing to backyard service; and
- Surplus/shortfall calculations are accurately calculated.



In completing the Financial Systems Audit of SBR, R3 found that:

- SBR correctly calculated and remitted payment for public self-haul and commodities revenue;
- SBR calculated CRV revenue using a CalRecycle-approved methodology; and
- SBR correctly calculated and invoiced SBWMA for reimbursement of Shoreway buyback center payments made to customers.

R3



ADMINISTRATION AND FINANCE

STAFF REPORT

To: SBWMA Board of Directors
From: Joe La Mariana, Executive Director
John Mangini, Senior Finance Manager
Date: June 25, 2020 Board of Directors Meeting
Subject: Review Coverage and Premium Options for the Shoreway Environmental Center's Property/Fire Insurance Policy for FY20/21

Recommendation

It is recommended that the SBWMA Board of Directors approve resolution **No. 2020-27** attached hereto authorizing the following action:

Approve and accept the FY20/21 property insurance policy renewal with a group of insurance companies for a total estimated premium of \$1,288,864 with \$60 million in coverage and a \$1.5M deductible.

Rescind Resolution **No. 2020-23** approving property insurance renewal with a premium of \$1,381,928 for \$45 million in coverage and \$1 million deductible.

Background

At its May 28th, 2020 Board of Directors Meeting the SBWMA Board approved the property insurance policy renewal of \$45 million in coverage (\$1M deductible) with a group of insurance companies for a total premium of \$1,381,928 with the caveat that \$60 million in coverage will be presented to the Board at the June BOD Meeting along with other coverage options. The Authority has historically carried \$60 million in coverage. At the time of the May BOD Meeting, Staff had not yet received the final \$15 million in quoted coverage, thus presented the first \$45 million for Board approval at the May BOD Meeting.

Analysis

Staff consulted with Risk Strategies who is marketing the SBWMA's property insurance coverage of the buildings and equipment at the Shoreway facility. Risk Strategies requested quotes from the insurance carriers for premium costs with deductibles of \$1.5M and \$2.0M. At the time of this writing, firm quotes have not been received for the \$1.5M and \$2.0M but Risk Strategies has advised that the estimated provided are likely to change "little if any". Risk Strategies also performed Probable Maximum Loss (PML) and a Maximum Possible Loss (MPL) calculations to test if carrying coverage for an amount less than \$60M might be feasible depending on the Board's risk tolerance. **Table 1** below illustrates a few options available for the Shoreway Environmental Center's Property and Fire Insurance Policy for FY20/21.

Staff recommends Option 2, which increase the deductible to \$1.5M (\$60M coverage) with an estimated premium of \$1,288,864, which is an estimated \$205,891 savings from Option 1. Increasing the deductible by \$0.5 million provides over \$200K in premium savings. The delta between these two figures is

approximately \$300K. In addition, carrying \$60 million in insurance coverage better protects the Authority in the event of a catastrophic incident. The detailed options are further described below:

Table 1

	Option 1 (Status Quo Coverage & Deductible)	Option 2 (Estimate)	Option 3 (Estimate)	Option 4
Insurance Premium	\$ 1,494,755	\$ 1,288,864	\$ 1,208,845	\$ 1,381,928
Deductible	\$1.0M	\$1.5M	\$2.0M	\$1.0M
Coverage	\$60M	\$60M	\$60M	\$45M
Savings vs. Option 1		\$ 205,891	\$ 285,910	\$ 112,827

Option 1 – Maintain the same coverage as the previous year with a premium of \$1,494,755 which is a 56% increase over prior year. \$1.0 million deductible with \$60 million coverage.

Option 2 – Increase the deductible to \$1.5M (\$60M coverage) with an estimated premium of \$1,288,864, which is an estimated \$205,891 savings from Option 1. Increasing the deductible by \$0.5 million provides over \$200K in premium savings. The delta between these two figures is approximately \$300K.

Option 3 – Increase the deductible to \$2.0M (\$60M coverage) with an estimated premium of \$1,208,845, which is an estimated \$285,910 savings from Option 1. Increasing the deductible by \$0.5 million over Option 2 provides only an \$80K additional premium savings.

Option 4 – Maintain a \$1.0M deductible but only insure \$45M in coverage. This option saves \$112,827 from Option 1 but reduces coverage by \$15M. This is a modest savings for the additional risk of not insuring for the potential occurrence of a catastrophic event.

Risk Strategies performed Probable Maximum Loss (PML) and a Maximum Possible Loss (MPL) calculations in **Attachment 1**.

- The Probable Maximum Loss outlines a scenario where a fire occurs with all fire protection systems in operation and functioning as designed, which calculates \$1,464,901 in probable property damage.
- The Maximum Possible Loss scenario outlines a catastrophic event where the fire protection systems are inoperable and both the MRF and Transfer Station are almost completely destroyed with an estimated/calculated loss of close to \$70M.

Attachments:

Resolution 2020-27

Attachment A - Shoreway MPL and PML Calculation Report

Attachment B – Schedule of Policy Quotes



RESOLUTION NO. 2020-27

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS Resolution Approving Property/Fire Insurance Policy for FY20/21

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

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

WHEREAS, the Board desires to rescind Resolution No. 2020-23 approving a property insurance premium of \$1,288,864,

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves a Resolution Approving Property/Fire Insurance Policy renewal for FY20/21 for a premium of \$1,288,864 with coverage of \$60M and a \$1.5M deductible.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25th day of June, 2020, 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				

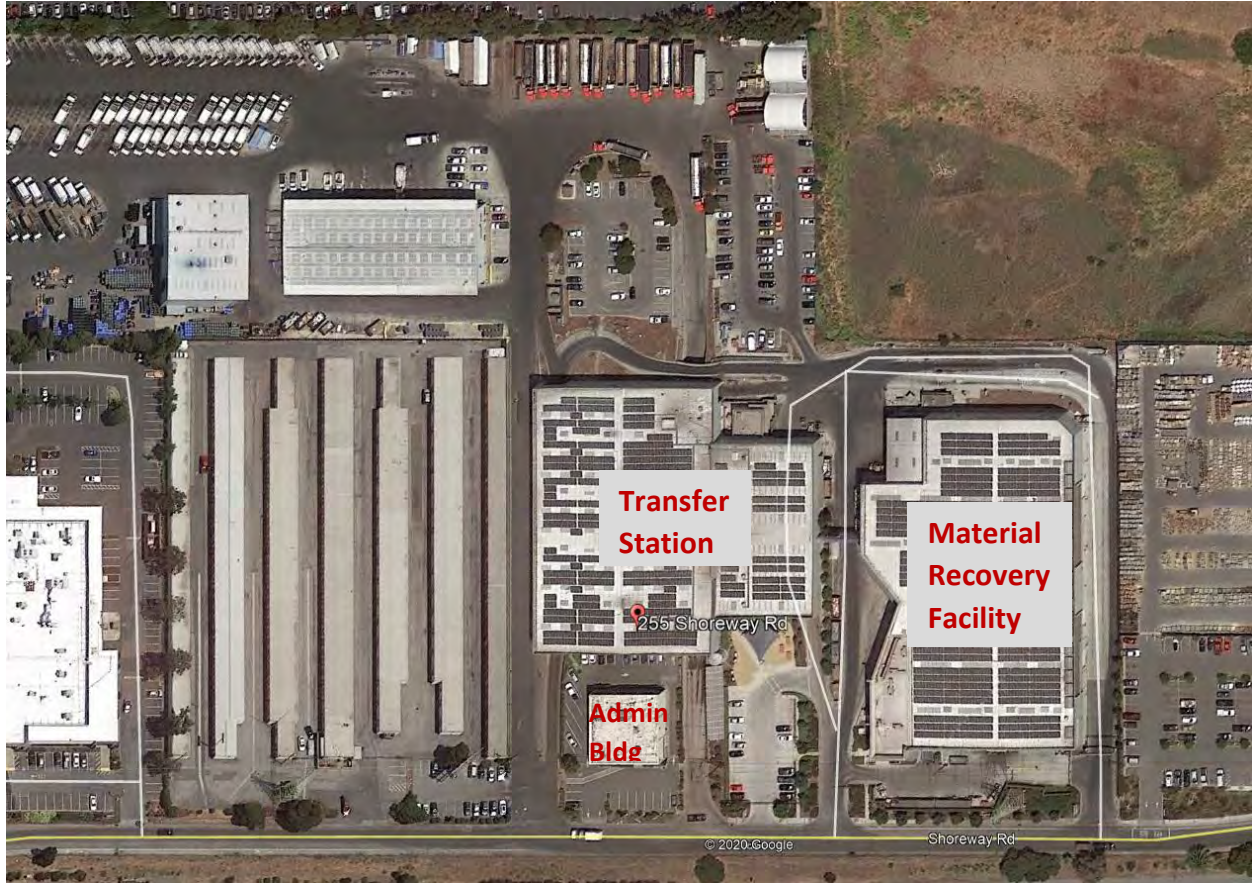
I HEREBY CERTIFY that the foregoing Resolution No. 2020-27 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 25, 2020.

ATTEST:

Jess E (Jay) Benton, Chairperson of SBWMA

Cyndi Urman, Board Secretary

South Bayside Waste Management Authority PML and MPL Estimates



Building Name	No. of Stories	Construction	Square Footage	% Sprinkler Protected	Building Value	M&E Value	Business Income
Administration Building	2	Concrete Block	5,625	0	\$775,350	0	0
Transfer Station	1	Steel/Corrugated Metal	61,134	100	\$17,801,000	\$5,250,000	\$10,949,806
Material Recovery Facility (MRF)	1	Concrete Block (to 10') with Corrugated Metal Above	48,000	100	\$14,171,000	\$25,211,700	

Distance between Transfer Station and MRF is ~40 ft. Distance between Administration Building and Transfer Station is ~35 ft. Distance to the Maintenance Shop and Container Repair is sufficient to exclude from calculations.

Risk Strategies Company has developed this report for insurance and informational purposes only. The sole intent of this report is to bring potential hazards to your attention to assist in reducing your risk exposures. Should you decide to take any action, you should review your state and local codes and regulations to ensure compliance.

South Bayside Waste Management Authority PML and MPL Estimates

PML – Probable Maximum Loss – this a fire occurring with all fire protection systems in operation and functioning as designed.

PML Scenario –

A fire occurs within the processing area of the MRF Building. Automatic sprinkler protection activates and controls the fire. Interlocks to shut down conveyors and equipment operate as designed. The fire is contained within the area of origin however smoke and water damage affect the open area of the building.

Damage Estimates:

- Building Damage – 5% of the building will be damaged and need cleaning and/or repairs.
- M&E Damage – approximately 3% of equipment will be damaged and need cleaning and/or repairs.
- Business Interruption – It is estimated that the operations in 25% of this building will be down for 30 days. Because the Business Income is reported for the entire site versus per building, the dollar value of this was not included.

PML Damage Estimates	Insured Value (\$)	Estimated % Damage	Estimated Loss (\$)
MRF Building	\$14,171,000	5%	\$708,550
MRF Equipment	\$25,211,700	3%	\$756,351
MRF Time Element		25% for 30 days	
Total Property Damage			\$1,464,901

MPL – Maximum Possible Loss – this is a fire occurring with fire protection out of service and possible delay in FD response.

MPL Scenario –

A fire occurs within the processing area of the MRF Building. The fire protection system, detection and interlocks are all inoperable. The fire is able to grow and spread throughout this building due to the heavy combustible loading. The conveyor system carries ignited materials across to the Transfer Station Building which then starts a secondary fire within this building, also with fire protection out of service. The fires in both buildings are able to grow, uncontrolled, and spread to the extents of the buildings. The corrugated metal siding and roofing are compromised due to the high heat release rate of the fire and eventual collapse occurs. Both buildings experience significant fire damage and are nearly total losses.

Due to the concrete construction of the Administration Building and eventual FD response to intervene, it is unlikely that the fire will be able to spread into the Administration Building though some thermal damage may be experienced in this building as well.

Damage Estimates:

- Building Damage – The Transfer Station will experience approximately 90% damage to the structure due to the metal construction being compromised and needing replacement. The MRF Building will experience approximately 85% damage also due to the metal construction

Risk Strategies Company has developed this report for insurance and informational purposes only. The sole intent of this report is to bring potential hazards to your attention to assist in reducing your risk exposures. Should you decide to take any action, you should review your state and local codes and regulations to ensure compliance.

South Bayside Waste Management Authority PML and MPL Estimates

materials being compromised and needing replacement. The Administration Building is expected to experience minor thermal damage, approximately 7%.

- M&E Damage – Equipment in both the Transfer Station Building and MRF Building will be a total loss at 100%.
- Business Interruption – It is estimated that this site would be 100% shut down for approximately 12 months for reconstruction activities.

MPL Damage Estimates	Insured Value (\$)	Estimated % Damage	Estimated Loss (\$)
MRF Building	\$14,171,000	85%	\$12,045,350
MRF Equipment	\$25,211,700	100%	\$25,211,700
Transfer Station	\$17,801,000	90%	\$16,020,900
Transfer Station Equipment	\$5,250,000	100%	\$5,250,000
Administration Building	\$775,350	10%	\$77,535
Total Property Damage			\$58,605,485
Time Element	\$10,949,806	100% for 12 months	\$10,949,806
Total MPL Damage			\$69,555,291

Risk Strategies Company has developed this report for insurance and informational purposes only. The sole intent of this report is to bring potential hazards to your attention to assist in reducing your risk exposures. Should you decide to take any action, you should review your state and local codes and regulations to ensure compliance.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
2020 Property - Schedule of Policies and Premiums

Schedule and Layering - All Risk Coverage									
Primary Layer: \$10,000,000 per occurrence and in the annual aggregate as respects All Risk							<i>Optional Quoted Premiums based on:</i>		
Perils excess of \$1,000,000 Deductible.							\$1,000,000 Deductible	\$1,500,000 Deductible	\$2,000,000 Deductible
Company	% Part	Limit of Liability	Premium	Taxes & Fees 2020					
First Specialty Insurance Policy # TBD	50%	\$5,000,000	\$385,000	Broker Fee: \$7,500 SL Tax: \$11,550 Stamping Fee: \$962	\$405,012.50		\$304,343.75	\$265,625.00	
Landmark American Insurance Co Policy # TBD	50%	\$5,000,000	\$385,000	Broker Fee \$7,500 SL Tax: \$11,550 Stamping Fee: \$962	\$405,012.50		\$304,343.75	\$265,625.00	
First Excess Layer: \$10,000,000 per occurrence and in the annual aggregate as respects All									
Risk Perils excess of \$10,000,000 Primary and Deductibles.									
Company	% Part	Limit of Liability	Premium	Taxes & Fees					
Westchester Surplus Lines Insurance Company Policy # TBD	50%	\$5,000,000	\$94,410	Broker Fee \$1,250 SL Tax: Tax: \$2,832.30 Stamping Fee: \$236.03	\$98,728.33		\$94,175.00	\$91,593.75	
Kinsale Insurance Company Policy# TBD	50%	\$5,000,000	\$94,410	Broker Fee \$1,500 Policy Fee: \$150 SLT: \$2,836.80 Stamping Fee: \$236.40	\$99,133.20		\$99,133.20	\$99,133.20	
Second Excess Layer: \$10,000,000 per occurrence and in the annual aggregate as respects the									
excess of \$20,000,000 per occurrence Primary, First Excess Layers, excess of Deductibles.									
Company	% Part	Limit of Liability	Premium	Taxes & Fees					
CM Vantage Specialty Insurance Company Policy # TBD	100%	\$10,000,000	\$200,000	Broker Fee \$2,500 SLTax\$6,000 Stamping Fee: \$500	\$209,000.00		\$209,000.00	\$209,000.00	

In all cases, please refer to the company quote.

6/12/2020 jt

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
2020 Property - Schedule of Policies and Premiums

Third Excess Layer: \$30,000,000 per occurrence and in the annual aggregate as respects the								
excess of \$30,000,000 per occurrence Primary, First Excess Layers , excess of Deductible								
Company	% Part	Limit of Liability	Premium	Taxes & Fees				
Hallmark Specialty Insurance Co Policy # TBD	33 %	\$10,000,000	\$100,000	Broker Fee \$1,250 SL Tax: Tax: \$3,007.50 Stamping Fee: \$250.63 Inspection Fee \$250	\$104,758.13	\$104,758.13	\$104,758.13	\$104,758.13
Kinsale Insurance Co Policy # TBD	17%	\$5,000,000	\$32,500	Broker Fee \$1,250 Policy Fee: \$150 SLT: \$979.50 Stamping Fee: \$81.63	\$34,961.13	\$34,961.13	\$34,961.13	\$34,961.13
James River TBD Policy # TBD	50%	\$15,000,000	\$107,580	Broker Fee \$1,750 SL Tax: \$3,227.40 Stamping Fee: \$268.95	\$112,826.35	\$112,826.35	\$112,826.35	\$112,826.35
Schedule - Equipment Breakdown Coverage								
Primary Layer: \$60,000,000 per occurrence and in the annual aggregate.								
Company	% Part	Limit of Liability	Premium	Taxes & Fees				
CNA Insurance Company Policy # TBD	100%	\$60,000,000	\$24,822	Broker Fee \$500	\$25,322.00	\$25,322.00	\$25,322.00	\$25,322.00
TOTAL:					\$1,494,754.14	\$1,288,863.31	\$1,208,844.56	

In all cases, please refer to the company quote.

6/12/2020 jt

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
John Mangini, Senior Finance Manager
Date: June 25, 2020 SBWMA Board of Directors Meeting
Subject: Resolution Approving the FY20/21 SBWMA Budget and 6-Month (July 1, 2020 – December 31, 2020) Transition Budget and Capital Budget

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2020-28 attached hereto authorizing the following action:

Approve the FY20/21 SBWMA Budget and 6-Month (July 1, 2020 – December 31, 2020) Transition Budget and Capital Budget

Summary

The FY 20/21 SBWMA Budget reflects Staff's plan to manage revenues and expenses to meet bond covenant ratios. Staff is recommending tip fee increases in several material categories per **Table 2** below. Staff has considered several of relevant factors in arriving at the proposed tip fee increases; including, the projected costs to handle each material type, the sensitivity of increases to Member Agencies coinciding with the cost increases associated with Restated and Amended Collection Contract with Recology of San Mateo County (RSMC), and not disincentivizing public customers from diverting material from landfill. In the development of this budget, Staff took an approach to not pace tip fee revenue increases at the rate of expense increases to minimize the impact on Member Agencies' Revenue Requirement in the same period as the increases associated with the Restated and Amended Collection Contract with RSMC.

Budgeted tip fee increases range between 5% and 7%, with the exception of green waste which is between 10% and 42% due to the expected marked increase in processing costs of this material beginning January 1, 2021. In addition, Staff has not raised the food waste tip fee in an attempt to maintain third party volumes of this material as feedstock for the Organics-to-Energy (O2E) Project.

Staff is presenting a Reduced Volume Budget with projected assumptions as a result of COVID-19's economic impact. Staff performed normal projections for the coming budget year then applied projected volume decreases for each material type. This included a 5% reduction in solid waste, 5% reduction in green waste, 35% reduction in food waste and 10% reduction in C&D material. **In the event volumes decrease to a level that does not provide sufficient revenue to meet the Bond Covenants, it may be necessary to utilize the Emergency Reserve to meet the bond covenants.**

To facilitate the successful one-time transition from a Fiscal Year Accounting Period Ending June 30, to Calendar Year Accounting Period Ending December 31, Staff is presenting both:

- A six-month FINAL budget (July 1, 2020 to December 31, 2020), and
- A full year budget (July 1, 2020 to June 30, 2021)

A traditional full year budget (July 1, 2020 to June 30, 2021) is being presented for consideration due to the need to estimate January 1, 2021 tipping fees at the Shoreway Facility. Estimated tipping fees are used to calculate Member Agencies Revenue Requirement for 2021 which will be performed in the fall of 2020.

Draft Budget Updates

A Draft Budget was reviewed by the Board at its May 28th, 2020 Board Meeting. A summary of adjustments from the Draft Budget and this Budget Recommendation are illustrated in **Table 1** below.

Table 1

ADJUSTMENTS FROM THE DRAFT BUDGET					
Line #	Revenue/Expense	Draft	Final	Net Income	
				Change	Description
7, 8	Commodity Revenue	5,788K	5,930K	142K	Increase OCC (Cardboard) price by 10/Ton
30	Facility Improvement Expense	200K	245K	<45K>	Increased airport property feasibility study
66	Shoreway Insurance	1,525K	1,322K	203K	Lower premium with increased deductible
Net Income Increase from the Draft Budget				\$300K	

Table 2

FY 20/21 BUDGET - Tip Fee Increases								
	Actual	Actual	Actual	Proposed	Proposed			
	7/1/2018	1/1/2019	2020	7/1/2020	1/1/2021	21 vs 20 \$	21 vs 20 %	
Franchise Tip Fees / Ton						incr.	%	
Solid Waste	\$ 107.00	\$ 121.00	\$ 121.00	\$ 121.00	\$ 127.00	\$ 6.00	5.0%	
Green Waste	\$ 112.00	\$ 126.00	\$ 126.00	\$ 126.00	\$ 139.00	\$ 13.00	10.3%	
Food	\$ 131.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ -	0.0%	
3rd Party / Ton								
Solid Waste	\$ 113.00	\$ 127.00	\$ 127.00	\$ 127.00	\$ 133.00	\$ 6.00	4.7%	
Green Waste	\$ 115.00	\$ 128.00	\$ 128.00	\$ 128.00	\$ 140.00	\$ 12.00	9.4%	
Food	\$ 131.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ -	0.0%	
C&D	\$ 107.00	\$ 121.00	\$ 121.00	\$ 121.00	\$ 127.00	\$ 6.00	5.0%	
Public Dirt /Ton	\$ 98.00	\$ 103.00	\$ 110.00	\$ 115.00	\$ 117.00	\$ 7.00	6.4%	
Public Tip Fees / Yd	7/1/2018	1/1/2019	2020	7/1/2020	1/1/2021	21 vs 20 \$	21 vs 20 %	
Solid Waste	\$ 42.00	\$ 44.00	\$ 44.00	\$ 46.00	\$ 47.00	\$ 3.00	6.8%	
Green Waste	\$ 33.00	\$ 35.00	\$ 35.00	\$ 42.00	\$ 50.00	\$ 15.00	42.9%	
C&D	\$ 42.00	\$ 44.00	\$ 44.00	\$ 46.00	\$ 47.00	\$ 3.00	6.8%	

Fiscal Impact

The FY20/21 Budget forecasts a Net Income of \$1,356,403 which is \$2.2 million lower than FY19/20 Adopted Budget (see **Table 3** below). The 6-Month Budget forecasts a Net Income of \$904,936. The Net Income projection is primarily a function of the following factors:

- **Lower franchise revenue of \$1.7 million and higher non-franchised revenue of \$227K.** Budgeted reduced volumes are projected to have a negative impact on revenue net of tip fee increases.
- **Higher Disposal & Processing expense of \$1,394,460** primarily due to an expected marked increase in green waste processing cost. The current green waste processing contract expires on December 31, 2020 and this cost is expected to increase significantly due to the current market conditions. Also, solid waste disposal expense is increased over prior year due to budgeting a full year of new Ox Mountain contract rates.
- **Higher SBWMA Program expenses of \$525,168 (14%)** primarily due to projected SB1383 expenses of \$340K commencing in 2021. NOTE: SB 1383 final regulations are expected to be released by the State by October 2020.
- **Lower SBR Operations expense of \$342,493 (2%)** due to lower volume projections assumed in this budget.
- **Higher Property Insurance Premium of \$323,562 (32%).** The recycling plant sector has become a very high-risk sector for insurance providers as reflected by the 32% increase.
- **Lower Bond Interest expense of \$432,767** as a result of the 2018 bond refunding and 2019 Bond Issuance.
- **Net commodity revenues** are projected to increase slightly with a **\$331,584 increase** over prior year budget.

Table 3

FY20/21 NET INCOME					
Categories	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
Total Revenue	\$55,137,230	\$26,609,407	\$54,364,376	(\$772,854)	-1.4%
Total Expenditures	\$51,538,173	\$25,704,471	\$53,007,972	1,469,799	2.9%
Net Income to Reserve	\$3,599,057	\$904,936	\$1,356,403	(\$2,242,654)	-62.3%

Overview

Budget Process:

The schedule for this budget review includes the following steps:

- Finance Committee review – May 12
- Board review and feedback of preliminary budget – May 28
- Board discussion of the planned capital budget – May 28
- Final Board consideration of final budget – June 25

Organization of the FY 20/21 Budget Report:

Attachment A: You will find the preliminary FY20/21 detailed operating budget (including cash reserve balances, revenues, and expense and capital budget). You will also find the 6-Month detailed operating budget. The expense detail in **Attachment A** has three main parts: the SBWMA Program budget (8.2% of total), the Shoreway Operations budget (83% of total) and the non-operating Expenses (8.8% of total).

Attachment B: You will find further detail of the Program budget: staff resources, key projects and work activities.

Attachment C: Provides the current organization chart and details on personnel related budget assumptions.

Attachment D: Provides back up detail on commodity revenue and prices.

Attachment E: Provides important back up to other financial and operational data.

Highlight of New Projects and Activities:

- **Franchise Agreement: Amendment #1:** Program modification discussions with Recology (Bulky Item Collection; Abandoned Waste Collection).
- **Commodity Market Response:** Plan and implement short term/long term equipment modifications to allow SBWMA materials to remain at the front of the line in the global commodity markets in the future.
- **Zero Landfill Committee and Long-Range Plan:** Preparing for Organics-to-Energy Pilot; Expanded Public Spaces, In-School and Pub Ed programs.
- **Capital/Site Long-term planning:** Implementation of large-scale automation and recyclable materials recovery project (Phase 1) for the Material Recovery Facility (MRF).
- **Mandated Communications, Public Education and Outreach Programs:** Continued emphasis on proper handling of battery disposal options; improve quality of recyclables received and reduce contamination rates; expand commercial and multi-family organics participation; increase residential food waste participation; develop targeted outreach to multi-family residents and non-English speakers; and general promotion of diversion programs. Continued establishment and growth of In-Schools Program, including the addition of waste-focused distance learning resources, virtual presentations and asynchronous educational opportunities, and off-site support for students, teachers, and facilities staff.
- **2020-2024 Long Range Plan:** The five year plan was updated to establish/rank agency priorities and resource allocations during this new period, with revisions to the Mission Statement and Guiding Principles and additions to cover projects and focus areas related to Climate Action Planning, resiliency, waste reduction and reuse, safety, financial management and more.

Core Staff Responsibilities:

- **Franchise Agreement Contract Administration:** Continued oversight, contract administration and technical support for the 12 collection services agreements with Recology San Mateo County (RSMC) on behalf of member agencies. In 2019, the value of these 12 contracts had a total value of \$57,969,174.
- **Shoreway Environmental Center—Facility and Contractor Oversight:** Manage all financial, operational, capital and maintenance needs, planning and compliance aspects of the agency-owned 16-acre solid waste facility through direct engagement or through the activities of our primary contractor, South Bay Recycling (SBR). In 2019, the total value of the SBR Operating Contract was \$21,029,629, excluding profit share. Facility oversight responsibilities includes: over 200,000 square feet of building management; a high-volume diesel fueling station (1M+ gallons/year); two industrial-scale vehicle maintenance facilities (for RSMC and SBR operations); and over \$20M worth of equipment owned by the SBWMA. Additionally, 350+ employees and 150+ work vehicles are based on this site; and another 190 employee vehicles are also temporarily parked on-site during their shifts.

- **Materials Management:** Provide technical expertise in planning, compliance and management of all aspects of the agency's major contracts for the disposal and/or handling/processing of all MSW, organics, construction and demolition, and recyclable materials (through SBR). In 2019, this responsibility represented the proper handling of 478,365 tons of materials with a total contract value approaching \$19M.
- **Management of Annual Contractor's Compensation Adjustment Process (RSMC and SBR),** including review of the 2020 RSMC and SBR compensation applications and completion of final audit reports (Recology and SBR) for 2018.
- **Long-Term Program and Capital Planning---to Maintain Statutory Compliance of Expanding Solid Waste/Diversion Requirements:** On our Member Agencies' behalf, agency staff are always forward-thinking on all levels of facility operations, contractor's scope of work and programmatic requirements to ensure that these goals are sufficiently satisfied on a cost-effective basis.
- **Manage Public Education and SBWMA-Planned Community program activities:** to provide technical support for the residential and multi-family unit collection services, and manage the development of the outreach materials for the commercial collection programs. In 2019, there were 18 SBWMA-planned community events (16 "Shred/E-Waste/Compost events); an Earth Day public event (April 27th) and a Rethink Recycling Day public event (October 27th). Over 400 members of the public attended these two "on-site" events, and many hundreds more enjoyed the Shred/E-Waste/Compost Events in their communities.
- **Management of the Shoreway Education Center Tour Program:** including the school and public tours. This program educates an average of over 5,000 tour visitors per year in about 250 facility tours.

Financial Summary:

Overall, the Preliminary FY20/21 Budget reflects weaker financial results compared to the adopted FY19/20 Budget due to reduced volume projections and increased expenses vs. revenues. Staff took an approach to not pace tip fee revenue increases at the rate of expense increases to minimize the impact on Member Agencies Revenue Requirement in the same period as the increases associated with the Restated and Amended Collection Contract with RSMC. Table 4 below provides a financial summary of operations.

Table 4

FY20/21 FINANCIAL SUMMARY					
Categories	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Better/Worse %
Total Revenue	\$55,137,230	\$26,538,352	\$54,222,267	(914,963)	-2%
Program	\$3,819,070	\$2,020,677	\$4,299,237	\$480,168	-13%
Shoreway Operations	\$ 42,542,834	\$ 21,416,309	\$ 44,194,218	\$ 1,651,385	-4%
Total Operating Expense	46,361,903	23,436,987	48,493,456	2,131,552	-5%
Non-Operating Expense	5,176,269	2,304,255	4,673,058	(503,211)	10%
Total Expense	51,538,173	25,741,242	53,166,514	1,628,341	-3%
Net Income to Reserve	\$ 3,599,057	\$ 797,110	\$ 1,055,752	\$ (2,543,305)	-71%

Revenue:

Table 5 below provides a summary of revenue by source with total revenues for FY20/21 decreasing by \$772,854 (-1%) from the FY19/20 Adopted Budget. Franchise revenue is reduced due to budgeted decreased volumes net of increased tip fees. Non-Franchise revenue is slightly up as marked tip fee increases (mainly green waste yardage) covering the budgeted decreased volumes. Interest income is projected to be higher than the FY19/20 Adopted Budget due to the reserve balance in the 2019 Bond Project Fund. Grant revenue from the completion of the Organic to Energy Project came to \$180K.

Table 5

FY20/21 REVENUE					
Revenue	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
Tip Fee Revenue	\$49,142,560	\$23,153,897	\$47,663,273	(\$1,479,288)	-3%
<i>Non Franchised</i>	12,112,251	6,125,906	12,339,646	227,395	2%
<i>Franchised</i>	37,030,309	17,027,991	35,323,627	(1,706,682)	-5%
Net Commodity Sales Revenue*	5,598,516	2,965,050	5,930,100	331,584	6%
Interest Income	376,994	303,686	577,455	200,461	53%
Grant Income	-	180,000	180,000	180,000	
Other Revenue	19,160	6,774	13,548	(5,612)	-29%
Total Revenue:	55,137,230	26,609,407	54,364,376	(772,854)	-1%

*Gross commodity sales less 25% revenue share with SBR and buyback payments.

Table 6 below summarizes the volume, tip fee and revenue change for franchise and public customers. Franchise tonnage is expected to decrease by 7.2% and with only slightly higher tip fees resulting in 4.6% lower revenue. Public customer volume is decreasing by 5.6% with average tip fees increasing by 10.9% providing a 4.6% increase in public yardage revenue. Weighed 3rd party customers, mostly from Recology San Bruno and other jurisdictions, with an expected 17.5% volume decrease based on current trends, resulting in 16.3% revenue decrease.

Table 6

TIP FEE REVENUE					
	FY19/20 Adopted Budget	FY19/20 Mid-Year Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
Franchise Revenue					
Tons	298,681	295,975	277,121	(21,560)	-7.2%
Wtd Avg. Tip Fee	\$ 123.98	\$ 123.98	\$ 127.47	3.49	2.8%
Franchise Revenue	\$ 37,030,309	\$ 36,695,234	\$ 35,323,627	\$ (1,706,682)	-4.6%
Public Revenue					
Cu/Yards	207,466	214,237	195,777	(11,689)	-5.6%
Wtd Avg. Tip Fee	\$ 42.88	\$ 42.85	\$ 47.54	4.66	10.9%
Public Revenue Cu/YDS	\$ 8,896,073	\$ 9,180,186	\$ 9,307,837	\$ 411,764	4.6%
Tons (3rd party - mostly Recology)	18,194	18,311	15,009	(3,185)	-17.5%
Wtd Avg. Tip Fee	\$ 127.07	\$ 127.26	\$ 128.86	1.79	1.4%
Public Revenue Tons	\$ 2,311,880	\$ 2,330,380	\$ 1,934,061	\$ (377,819)	-16.3%
Public Dirt Tons	8,221	9,986	9,469	1,248	15.2%
Wtd Avg. Tip Fee	\$ 110.00	\$ 110.00	\$ 115.93	5.93	5.4%
Sub Total	\$ 904,297	\$ 1,098,489	\$ 1,097,747	\$ 193,449	21.4%
Public Revenue Total	\$ 12,112,251	\$ 12,609,055	\$ 12,339,646	\$ 227,395	1.9%
Total Tip Fee Revenue	\$ 49,142,560	\$ 49,304,289	\$ 47,663,273	\$ (1,479,288)	-3.0%

Table 7 below summarizes commodity revenue. Volume is 2.8% higher than the FY19/20 Adopted Budget based on the recent average tons. Weighted average commodity prices decrease by 14.6% from the FY19/20 Budget. This decrease due to is the closure of the Buyback Center and not receiving the high value CRV container revenue. Net commodity revenue increases 5.9% over the FY19/20 Budget. The global commodity market continues to impact the price of Mixed Paper, which is being budgeted to be sold at negative \$5 per ton.

Table 7

COMMODITY REVENUE				
	FY19/20 Adopted Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
COMMODITY REVENUE				
Tons Sold	59,249	60,909	1,660	2.8%
Wtd Avg. Price	\$ 115.41	\$ 98.53	\$ (16.88)	-14.6%
Gross Revenue	\$ 6,838,073	\$ 6,001,239	\$ (836,834)	-12.2%
Revenue Share w/ SBR	\$ (395,652)	\$ (71,140)	\$ 324,512	-82.0%
Buyback Payments	(843,906)	-	\$ 843,906	-100.0%
Net Commodity Revenue	\$ 5,598,516	\$ 5,930,100	\$ 331,584	5.9%
Price / Volume Impact				
	Price	Volume	Total	
Tonnage Change	115.41	1,660	\$ 191,576	
Price Change	\$ (16.88)	60,909	\$ (1,028,410)	
Total Change (Gross)			\$ (836,834)	

SBWMA Total Expense

Table 8 below and **Chart 1** summarizes the total expenses for the FY20/21 Budget by major category. The Total Expense is projected to be \$53,007,972 and is \$1.5M (3%) higher than the FY19/20 Adopted Budget. Each expense category shown in the table below is discussed in more detail further on. Other expenses are mainly property insurance and equipment maintenance.

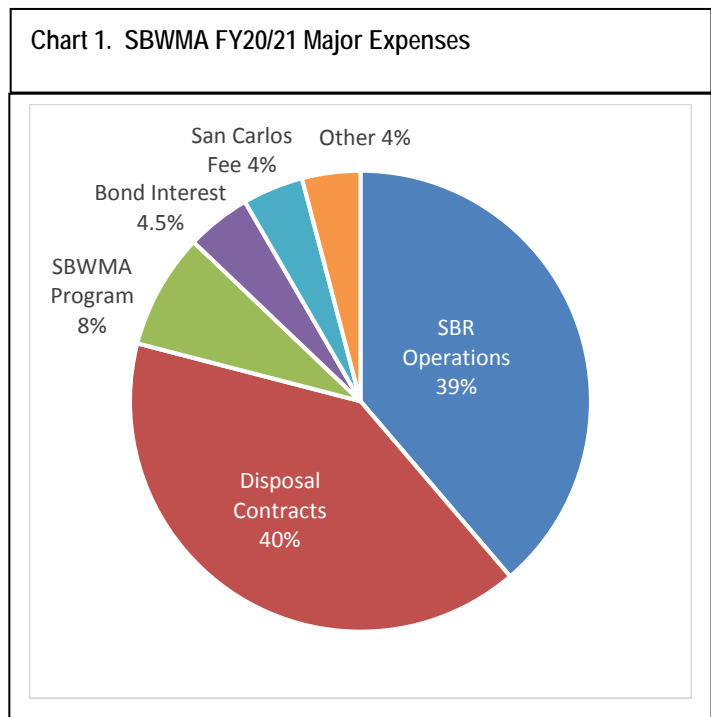


Table 8

FY20/21 TOTAL EXPENSE SUMMARY						
EXPENSE CATEGORIES	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	FY21 vs. FY20 Adopted Budget	FY20 vs. FY21 Adopted Budget %	FY20/21 Budget % of Total
Shoreway Operations	\$42,542,834	\$21,314,538	\$43,990,676	\$1,447,843	3%	83.0%
SBWMA Program	3,819,070	2,085,677	4,344,237	525,168	14%	8.2%
Bond Interest Expense	2,836,101	1,201,667	2,403,333	(432,767)	-15%	4.5%
Franchise Fees to San Carlos	2,340,169	1,102,589	2,269,725	(70,444)	-3%	4.3%
						0.0%
Total Expense	\$51,538,173	\$25,704,471	\$53,007,972	\$1,469,799	3%	100.0%

As can be seen in **Table 8**, Shoreway Operations expense is budgeted to increase by 3%, the SBWMA Program budget will increase by 14%, bond interest expense will decrease 15%, and franchise fees paid to the City of San Carlos will decrease by 3% .

Shoreway Operations Expense:

As shown in **Table 8** above, the Shoreway Operations expenses represent 83% of the FY20/21 SBWMA Total Expense Budget. Shoreway Operations includes all South Bay Recycling (SBR) compensation, disposal and processing expenses and all other direct expenses related to the SBWMA's responsibilities and obligations as the owner of the facility such as property insurance. The Shoreway operating expenses are largely non-discretionary expenses and are variable to tonnage delivered to the Shoreway facility and subject to annual calendar year contractual CPI-based compensation adjustments. Operational detailed data for Shoreway revenue and expenses can be found in **Attachments D and E**.

Shoreway Operations Expense Detail

Table 9 below shows the Shoreway Operations Expense detail for FY20/21. The total expense for the Shoreway operations is projected to be \$43,990,676 which is \$1.5M (3%) over FY19/20 Adopted Budget. Variances for each expense line are discussed below:

Table 9

FY20/21 SHOREWAY OPERATIONS EXPENSE DETAIL					
Expenditures	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
SBR Compensation	\$20,941,990	\$10,235,946	\$20,599,497	(342,493)	-2%
Disposal and Processing	20,026,803	10,086,962	21,421,263	1,394,460	7%
Property Insurance	999,117	660,840	1,321,679	322,562	32%
Education Center	65,000	32,500	65,000	-	0%
Credit Cards Charge	123,610	45,597	91,194	(32,416)	-26%
Other Operating Expense	316,036	207,481	401,618	85,582	27%
Sewer Charge	70,278	45,213	90,426	20,148	29%
					0%
Shoreway Operations:	\$ 42,542,834	\$ 21,314,538	\$ 43,990,676	\$ 1,447,843	3%
Bond Interest Expense	2,836,101	1,201,667	2,403,333	(432,767)	-15%
Franchise Fee (San Carlos)	2,340,169	1,102,589	2,269,725	(70,444)	-3%
Total Shoreway Operations	\$ 47,719,103	\$ 23,618,794	\$ 48,663,735	\$ 944,632	2%

SBR Compensation Expense: There is a projected 2% decrease in the expense paid to SBR to operate the Shoreway facility and transport outbound materials to the disposal and processing facilities. SBR is paid on a per ton basis. The budget assumes a 5% decrease in "paid" tons compared to the FY19/20 budget. SBR's fees per ton change with CPI indices are estimated to increase 2% on January 1, 2021. Similar to the FY 19/20 budget, \$450,000 is included for the cost of additional MRF sorters needed to clean the bales and improve the quality of fiber commodities in response to continued global market deterioration on the price of paper. See **Attachment E, Table E.3** for detail of SBR Operating Expense.

Disposal and Processing Expense: As shown in **Table 10** below, there is a projected \$1,394,460 increase in disposal and processing expense primarily due to projected increased green waste tip fees in January 2021 and a full year of increased solid waste tip fee under the new contract with Ox Mountain Landfill. See **Attachment E, Table E.4** for further details on disposal and processing expense.

Table 10

FY20/21 SHOREWAY DISPOSAL EXPENSE DETAIL					
Disposal Expense by Material Type	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
Solid Waste	\$10,511,836	\$5,563,055	\$11,282,246	770,410	7%
Organics	6,280,246	\$2,828,459	6,824,086	543,840	9%
C&D, dirt	3,282,825	1,749,829	3,423,692	140,867	4%
Other	443,263	223,911	447,821	4,558	1%
Subtotal	\$20,518,170	\$10,365,253	\$21,977,846	\$1,459,675	7%
Paid by SBR (MRF residue)	(491,368)	(278,291)	(556,583)	(65,215)	13%
TOTAL DISPOSAL EXPENSE	\$ 20,026,803	\$ 10,086,962	\$ 21,421,263	\$ 1,394,460	7.0%

Other Operating Expense (see Table 9):

- Property insurance premiums will increase 32% over FY19/20.
- Education Center expense is to provide bus service for school children tours.
- Credit card transaction fees paid by SBR for public/non-franchise customer transactions and reimbursed by the Agency have decreased by \$32K based on the pre-COVID trend.
- Other Operating Expense includes primarily facility and equipment maintenance not covered by SBR in their contract.
- Sewer usage fees are based on the potable water usage (water meter) at the site. The actual FY19/20 fees increased 29% over the prior period. The FY20/21 budget reflects an expense consistent with FY19/20.

Franchise Fee (to City of San Carlos): Under the terms of the land use permit at Shoreway granted by the City of San Carlos to the JPA, the SBWMA pays the City 5% of the total tip fee revenue. Budget is 3% lower than FY19/20 budget due to the net impact of lower volume and higher tip fees on revenue.

SBWMA Program & Administrative Expense:

The SBWMA Program & Administrative summary expense is shown in **Table 11** below and totals \$4,344,237, a 14% increase over the FY19/20 Adopted Budget. The FY20/21 SBWMA Program & Administrative Expense Budget Detail is shown in **Attachment A – FY20/21 Capital & Operating Budget Detail** with expense variances described in line-by-line detail. The increase is mostly due to the anticipated and budgeted SB1383 Program compliance expense.

Table 11

FY20/21 SBWMA PROGRAM EXPENDITURES					
Expenditures	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
Administrative Expense	\$2,432,820	\$1,308,857	\$2,591,234	\$158,415	7%
Member Agency Support & Contract Compliance	\$446,750	\$ 339,820	\$ 579,253	\$ 132,503	30%
State Manadated Public Education & Outreach	\$939,500	\$437,000	\$834,000	(\$105,500)	-11%
SB1383 Expenses			\$339,750	\$339,750	
Total SBWMA Program Expense:	\$3,819,070	\$2,085,677	\$4,344,237	\$525,168	14%
Total Shoreway Operations:	\$47,719,103	\$23,618,794	\$48,663,735	944,632	2%
Total Expenses:	\$51,538,173	\$25,704,471	\$53,007,972	1,469,799	3%

The SBWMA Program & Administrative budget includes the staff, administrative, and program related expenses to operate the JPA. The agency has employed a deliberate, consultant-based model to supplement staff time and expertise to fulfill the contract compliance, agency reporting, program and administrative functions to meet the goals established by the Board, the agency's contracts and regulatory bodies. This dual-tier resources approach strongly benefits the agency by maintaining critical institutional knowledge and in-house program continuity (staff), while strategically flexing (up or down) contractor use on an as-needed basis, without bearing the ongoing commitments associated with maintaining a larger staff.

The anticipated staff wage is planned for **no** increase over prior year (adjustments are made on a calendar year basis). The SBWMA provides non-PERS benefits that are low-cost when compared to other public agencies.

Further staff expense detail and a discussion on staff wages and benefit costs can be found in **Attachment C** – Organization chart and Personnel Summary. SBWMA staff will be working to complete critical projects during the FY20/21 that are detailed in **Attachment B** – SBWMA Programmatic Detail. A summary of the key projects for FY20/21 include:

- Completing the public procurement process for organics processing services for roughly half of the agency-wide organics to be disposed (beyond the expiration of one of the agency's two current contracts for such). This current term expires on December 31, 2020.
- Completion of a technical operations pilot and financial feasibility analysis of two waste processing systems (Organics to Energy, and MRF Upgrades Phase 1) to recover organic materials and other recyclables from residential and commercial solid waste that will boost JPA diversion.
- Implementation of programs and projects that have been approved by the Board and that are part of the updated 2020-24 Long Range Plan and the Zero Waste Committee efforts. These projects include implementation of the following:
 - Targeted recycling and organics outreach campaigns and projects to commercial businesses and multi-family residents.
 - Environmental education program establishing and reinforcing in-school recycling and composting efforts through the provision of student education and engagement, custodial and staff trainings, upgraded waste infrastructure and on-site technical assistance.

Capital Expenditures:

The FY20/21 Capital Expenditures budget is \$9,685,000 of which \$8,900,000 will be paid from the 2019 Bond Project Fund. A 5-year capital schedule of projects is included in **Attachment A** – FY20/21 Capital & Operating Budget Detail.

Reserve Balances and Bond Covenant Projections:

Reserve balances are calculated by adding (or subtracting) the Net Cash Flow to the Beginning Balance to arrive at the Ending Reserve Balance as shown in **Table 12** below. Net Cash Flow is the sum of Net Income, less bond principal payment, less capital expenditure, plus bond issuance proceeds. For FY20/21, net cash flow to reserves is negative \$10,807,406.

Table 12

FY20/21 Cash Flow to Reserve Balance					
Categories	FY19/20 Adopted Budget	6-Month (Jul - Dec) Budget	FY20/21 Preliminary Budget	Variance to Adopted Budget	Variance %
Beginning Reserve Balance	\$ 16,960,990		\$ 31,991,265	\$ 15,030,276	89%
Net Income	\$3,599,057		\$1,356,403	(\$2,242,654)	-62%
Bond Principal Payment	(729,167)		(1,179,167)	(450,000)	62%
Capital Expenditures	(6,539,972)		(9,685,000)	(3,145,028)	48%
Bond Fund	20,000,000		-	(20,000,000)	-100%
Net Cash Flow (to Reserve)	\$ 16,329,918		\$ (9,507,763)		
Ending Reserve Balance	\$ 33,290,908		\$ 22,483,502	\$ (10,807,406)	

Once the Ending Reserve Balance is calculated, it is then distributed to each specific reserve in the priority established in the Board approved Reserve Policy: The objective of the Reserve Policy is to maintain an acceptable level of up to 10% of operating expenses for each of the Rate Stabilization and Emergency Reserve. The Total Reserve is budgeted at \$22.5 million as shown in **Table 13** below. The bond covenants are expected to be achieved.

Table 13

	ACTUAL FY18/19	ADOPTED BUDGET FY19/20	MID-YEAR BUDGET FY19/20	PRELIMINARY BUDGET FY20/21	Variance to Adopted Budget
UNCOMMITTED RESERVE:					
RATE STABILIZATON (9% of expense)	\$ 4,100,000	\$ 4,636,694	\$ 4,617,529	\$ 4,770,717	\$ 134,023
EMERGENCY RESERVE (9% of expense)	4,454,754	4,636,694	4,617,529	4,770,717	134,023
Sub-Emergency Reserve (Prop Ins Premium)		113,985	113,985	113,985	-
CAPITAL RESERVE	4,886,222	7,810,492	8,855,542	7,725,640	(84,852)
UNDESIGNATED RESERVE	1,479,798		-		
TOTAL UNCOMMITTED RESERVES	\$ 14,920,774	\$ 17,197,866	\$ 18,204,586	\$ 17,381,060	\$ 183,194
COMMITTED RESERVE					
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 1,397,514	\$ 1,008,014	\$ 766,789	\$ 982,551	\$ (25,463)
BOND PROCEEDS		\$ 15,085,028	\$ 13,019,891	\$ 4,119,891	\$ (10,965,137)
TOTAL RESERVES	\$ 16,318,288	\$ 33,290,908	\$ 31,991,265	\$ 22,483,502	\$ (10,807,406)
SHOREWAY REMEDIATION PROJECT	\$ 1,233,640	\$ 1,233,640	\$ 1,233,640	\$ 1,233,640	\$ -

Attachments:

Resolution 2020-28 – Adopting the FY20/21 SBWMA Budget and 6-Month (July 1, 2020- December 31, 2020) Transition Budget

Resolution 2020-29 – Granting Authority for Continued Appropriations and Expenditures for Ninety (90) Days SBWMA FY20/21 Capital & Operating Budget Detail

- A. SBWMA FY20/21 Capital & Operating Budget Detail
- B. SBWMA Programmatic Detail (Staff Resources and Description of Key Projects and Work Activities)
- C. Organization Chart & Personnel Summary
- D. Commodity Revenue
- E. Supporting Financial and Operational Data (Tonnage, Fees & Rates, Other)
- F. Gate Rate Conversion (Yard to Tons)



RESOLUTION NO. 2020-28

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ADOPTING THE FY 20/21 SBWMA BUDGET AND 6-MONTH (JULY 1, 2020- DECEMBER 31, 2020) TRANSITION BUDGET

WHEREAS, the South Bayside Waste Management Authority (SBWMA) proposed FY20/21 Budget and 6-Month (July 1, 2020 – December 31, 2020) Transition Budget as presented is balanced and provides sufficient funds for normal operations.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the FY20/21 Budget and 6-Month (July 1, 2020 – December 31, 2020) Transition Budget.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25th day of June 2020, 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. 2020-28 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 25, 2020.

ATTEST:

Jess E (Jay) Benton, Chairperson of SBWMA

Cyndi Urman, Board Secretary



RESOLUTION NO. 2020-29
RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
BOARD OF DIRECTORS
GRANTING AUTHORITY FOR CONTINUED APPROPRIATIONS AND EXPENDITURES FOR
NINETY (90) DAYS

WHEREAS, the South Bayside Waste Management Authority (SBWMA) was on a fiscal year July 1 - June 30th; and

WHEREAS, the South Bayside Waste Management Authority (SBWMA) is transitioning to a calendar year January 1 – December 31, and

WHEREAS, a budget for FY20/21 and 6-month transition budget (July 1, 2020 – December 31, 2020 will not be ready for review and approval by the Board of Directors until after July 1, 2020; and

WHEREAS, there is a continued need to conduct business by the SBWMA after July 1, 2020

THEREFORE, BE IT RESOLVED that the Board grants the Executive Director continued authority for appropriations and expenditures at the current level for the first ninety (90) days after July 1, 2020 for the SBWMA.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25th day of June 2020, by the following vote:

<u>Agency</u>	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>	<u>Agency</u>	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>
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. 2020-29 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 25, 2020.

ATTEST:

 Jess E (Jay) Benton, Chairperson of SBWMA

 Cyndi Urman, Board Secretary

Attachment A - FY20/21 Budget Revenues by Major Source

	REVENUE SUMMARY	ACTUAL FY18/19	ADOPTED BUDGET FY19/20	MID-YEAR BUDGET FY 19/20	Jul1 - Dec31 2020	Jan1 - Jun30 2021	PROPOSED BUDGET FY20/21	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
1	ADMINISTRATIVE REVENUE:									
2	INVESTMENT INCOME	\$ 621,287	\$ 376,994	\$ 757,835	\$ 303,686	\$ 273,770	\$ 577,455	\$ 200,461	53.2%	Return on invested reserves
3	TOTAL ADMINISTRATIVE	\$ 621,287	\$ 376,994	\$ 757,835	\$ 303,686	\$ 273,770	\$ 577,455	\$ 200,461	53.2%	
4	OPERATIONS REVENUE:									
5	SHOREWAY TIP FEES - Non Franchised	\$ 11,694,389	\$ 12,112,251	\$ 12,609,055	6,125,906	6,213,740	\$ 12,339,646	\$ 227,395	1.9%	Reduced volume offset by increased tip fees
6	SHOREWAY TIP FEES - Franchised	34,710,487	37,030,309	36,695,234	17,027,991	18,295,636	\$ 35,323,627	(1,706,682)	-4.6%	Mainly driven projected by reduced volumes
7	COMMODITY SALES REVENUE	6,579,151	6,838,073	5,755,713	3,000,620	3,000,620	6,001,239	(836,834)	-12.2%	Closure of Buyback Center
8	COMMODITY REVENUE SHARING W/ SBR	(438,837)	(395,652)	(297,884)	(35,570)	(35,570)	\$ (71,140)	324,512	-82.0%	
9	BUY BACK CENTER - Payment to Customers	(894,670)	(843,906)	(163,039)	-	-	-	843,906	-100.0%	Closure of Buyback Center
10	MISCELLANEOUS REVENUE	28,324	19,160	19,219	6,774	6,774	13,548	(5,612)	-29.3%	
11	SUBTOTAL OPERATIONS REVENUE	\$ 51,678,845	\$ 54,760,235	\$ 54,618,298	\$ 26,125,721	\$ 27,481,199	\$ 53,606,920	\$ (1,153,315)	-2.1%	
12	TOTAL OPERATING REVENUES	\$ 51,678,845	\$ 54,760,235	\$ 54,618,298	\$ 26,125,721	\$ 27,481,199	\$ 53,606,920	\$ (1,153,315)	-2.1%	
13	NON-OPERATING RECEIPTS									
	GRANT REVENUE	\$ 1,020,000		1,000,000	180,000		180,000			CalRecycle balance due on completion of O2E
14	TOTAL REVENUE	\$ 53,320,131	\$ 55,137,230	\$ 56,376,132	\$ 26,609,407	\$ 27,754,969	\$ 54,364,376	\$ (772,854)	-1.4%	
15	TOTAL OPERATING EXPENSES	\$ 49,188,504	\$ 51,538,173	\$ 51,305,880	\$ 25,704,471	\$ 27,303,520	\$ 53,007,972	\$ 1,469,799	2.9%	
16	NET OPERATING INCOME	\$ 4,131,627	\$ 3,599,057	\$ 5,070,252	\$ 904,936	\$ 451,449	\$ 1,356,403	\$ (2,242,654)	-62.3%	

line	EXPENDITURE SUMMARY	ACTUAL FY18/19	ADOPTED BUDGET FY19/20	MID-YEAR BUDGET FY19/20	Jul1 - Dec31 2020	Jan1 - Jun30 2021	PROPOSED BUDGET FY20/21	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
1	ADMINISTRATIVE EXPENSES									
2	ADMINISTRATIVE STAFF	\$ 644,440	\$ 738,094	\$ 781,264	\$ 395,466	\$ 395,466	\$ 790,932	\$ 52,838	7.2%	No COLA increases. Mgmt Analyst grade level increase in 2019 and included benefits expense.
3	MANDATED COMPLIANCE SUPPORT STAFF	767,238	\$ 1,010,341	983,683	\$ 552,345	\$ 552,345	1,104,690	\$ 94,349	9.3%	No COLA increases. Addition of part-time limited term Project Engineer (expires 12/31/2024)
4	BOARD COUNSEL	140,587	\$ 90,000	120,000	\$ 70,000	\$ 70,000	140,000	\$ 50,000	55.6%	Support for Executive Director/Agency. Continued complex contracting & regulation support.
5	BOARD MEETINGS	5,271	\$ 7,000	7,300	\$ 5,750	\$ 1,750	7,500	\$ 500	7.1%	\$4K for Holiday lunch, and \$2K for refreshments at Board meetings, community room rental fee. Extra study session & holiday
6	ACCOUNTING SERVICES	150,500	\$ 170,059	144,759	\$ 66,400	\$ 64,970	131,369	\$ (38,690)	-22.8%	City of Redwood City Accounting Svcs Agreement Year 2
7	INFORMATION SYSTEMS	29,145	\$ 31,930	31,930	\$ 19,450	\$ 19,450	38,900	\$ 6,970	21.8%	
8	WEBSITE	35,186	\$ 40,000	42,815	\$ 6,500	\$ 6,500	13,000	\$ (27,000)	-67.5%	Website hosting, maintenance, and updates/upgrades as needed
9	ANNUAL AUDIT	6,065	\$ 8,896	8,896	\$ 6,825	\$ 2,275	9,100	\$ 204	2.3%	Fees paid to auditors to prepare FY & CY financial statements
10	D&O INSURANCE	48,470	\$ 48,470	48,354	\$ 24,902	\$ 24,902	49,805	\$ 1,335	2.8%	Annual insurance premium for director's and officer's insurance
11	BANK FEES	16,219	\$ 6,271	6,271	\$ 3,229	\$ 3,229	6,459	\$ 188	3.0%	Bank fees on checking account and fees paid to BNY as the Bond Trustee
12	RENT	56,102	\$ 58,000	62,550	\$ 30,000	\$ 30,000	60,000	2,000	3.4%	Office rent from San Carlos with 3.5% increase every Jan.1. Space at Chamber of Commerce
13	PRINTING AND POSTAGE	226	\$ 300	-	\$ -	\$ -	-	\$ (300)	-100.0%	Cost is covered in the Accounting Services Agreement
14	UTILITIES	21,405	\$ 41,480	41,480	\$ 30,000	\$ 15,000	45,000	\$ 3,520	8.5%	Includes phone and janitor services. Office phone system upgrade; current is obsolete.
15	OFFICE/TENANT IMPROVEMENTS	6,426	\$ 30,000	32,000	\$ 16,000	\$ 16,000	32,000	\$ 2,000	6.7%	Potential need for office space at Shoreway Facility and equipment & records storage
16	OFFICE SUPPLIES	12,724	\$ 19,360	19,360	\$ 9,815	\$ 9,815	19,630	\$ 270	1.4%	Office supplies
17	OFFICE EQUIPMENT COSTS	10,106	\$ 11,300	11,300	\$ 5,100	\$ 5,100	10,200	\$ (1,100)	-9.7%	Base copier lease is \$600/month plus cost per copy
18	PUBLICATIONS & PUBLIC NOTICES		\$ -	1,500	\$ 3,500	\$ 2,000	5,500	\$ 5,500		Anticipated public procurement notices
19	PROFESSIONAL DUES & MEMBERSHIPS	2,634	\$ 3,500	3,500	\$ 1,750	\$ 1,750	3,500	\$ -	0.0%	Memberships to trade and community organizations (CRRA, SWMA, NCRA, CCAC)
20	VEHICLE MILEAGE & TOLLS	1,389	\$ 1,320	1,320	\$ 700	\$ 700	1,400	\$ 80	6.1%	Reimbursement for business use of personal cars (non-auto allowance-eligible employees/fellows).
21	CELL PHONES	1,437	\$ 1,000	1,750	\$ 875	\$ 875	1,750	\$ 750	75.0%	Cell phone business expense. Increased participation by Management Team.
22	CONFERENCE & MEETINGS	22,351	\$ 18,000	18,000	\$ 9,000	\$ 9,000	18,000	\$ -	0.0%	CRRA conference, progress seminar, SWANA meetings, lunch for SBWMA meetings, State of the City addresses
23	TRAINING	5,016	\$ 7,500	8,500	\$ 3,750	\$ 3,750	7,500	\$ -	0.0%	Professional development opportunities. CCAC training, etc. Retreat & additional management leadership class.
24	SPONSORSHIPS & DONATIONS	29,000	\$ 35,000	35,000	\$ 17,500	\$ 17,500	35,000	\$ -	0.0%	Industry Sponsorships: CAW, CRRA, SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA
25	LEGISLATIVE & REGULATORY ADVOCACY	25,853	\$ 45,000	45,000	\$ 25,000	\$ 25,000	50,000	\$ 5,000	11.1%	Mandated agency priorities include these initiatives : Extended Producer Responsibility (EPR); Product Stewardship; Source Reduction Initiatives; Lithium-ion Battery safety
26	COMPUTER PURCHASE	11,807	\$ 10,000	10,000	\$ 5,000	\$ 5,000	10,000	\$ -	0.0%	
27	TOTAL ADMINISTRATIVE	\$ 2,049,595	\$ 2,432,820	\$ 2,466,532	\$ 1,308,857	\$ 1,282,377	\$ 2,591,234	\$ 158,414	6.5%	
28	MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE									
29	RATE REVIEW	\$ 24,918	\$ 31,520	\$ 31,520	\$ 31,520	\$ -	\$ 31,520	\$ -	0.0%	Consultant Rate Application Support.
30	FACILITY IMPROVEMENT OVERSIGHT		\$ 75,000	75,000	185,000	60,000	245,000	\$ 170,000	226.7%	Engineering and construction management support (\$95K). Airport feasibility consultants (\$150K).
31	CONTRACT ANNUAL AUDITING	\$ 49,820	\$ 51,030	51,030	-	56,133	56,133	\$ 5,103	10.0%	Annual Financial & Systems Audit of RSMC and SBR
32	COLLECTION SERVICES FRANCHISE ADMIN.	50,315	\$ 50,000	50,000	25,000	25,000	50,000	\$ -	0.0%	Franchise Administration compliance consulting. Alternative Fuels Consultation
33	FINANCE ANALYSIS SUPPORT	92,409	\$ 19,200	19,200	10,800	10,800	21,600	\$ 2,400	12.5%	On-Call consultant support as needed.
34	RECYCLING TECHNICAL ASSISTANCE	11,843	\$ 90,000	90,000	37,500	37,500	75,000	\$ (15,000)	-16.7%	Diversion consultant support; AB1383 planning
35	WASTE CHARACTERIZATION SUPPORT		\$ 60,000	50,000	30,000	30,000	60,000	\$ -	0.0%	Waste characterization studies to support OREX Pilot Project
36	COLLECTION RFP CONSULTING SUPPORT	100,903	\$ 30,000	30,000	20,000	20,000	40,000	\$ 10,000	33.3%	Anticipated RFPs
37	BATTERY MANAGEMENT PLANNING	36,114	\$ 40,000	40,000	-	-	-	\$ (40,000)	-100.0%	Absorbed into the Battery outreach one below (line 57). Battery program change is complete.
38										
39	TOTAL MA SUPPORT & CONTRACT COMPLIANCE	\$ 366,321	\$ 446,750	\$ 436,750	\$ 339,820	\$ 239,433	\$ 579,253	\$ 132,503	29.7%	
40	STATE MANDATED PUBLIC EDUCATION & OUTREACH									
41	STATE'S REQUIRED ANNUAL REPORTS	\$ 26,864	\$ 32,000	\$ 32,000	\$ 31,000	\$ 2,000	\$ 33,000	\$ 1,000	3.1%	Annual AB 939 EAR submittal for 10-MAs
42	SBWMA ANNUAL REPORT	1,962	\$ 2,500	2,500	-	2,500	2,500	\$ -	0.0%	Creation of SBWMA annual report
43	DIVERSION PROGRAM SUPPORT	4,392	\$ 90,000	90,000	25,000	25,000	50,000	(40,000)	-44.4%	Public spaces recycling assistance (\$30k); Diversion program support (\$20k)
44	EVENT GIVEAWAYS	4,753	\$ 7,500	7,500	3,000	4,500	7,500	\$ -	0.0%	
45	LONG RANGE PLAN		\$ -	-	\$ -	\$ -	-	\$ -	#DIV/0!	

line	EXPENDITURE SUMMARY	ACTUAL FY18/19	ADOPTED BUDGET FY19/20	MID-YEAR BUDGET FY19/20	Jul1 - Dec31 2020	Jan1 - Jun30 2021	PROPOSED BUDGET FY20/21	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
46	DIVERSION/COMPLIANCE; ZERO WASTE PROGRAMS	241,450	\$ 105,000	90,000	37,500	37,500	75,000	(30,000)	-28.6%	Zero Waste Committee initiatives - tech and consulting support
47	IN-SCHOOL ENVIRONMENTAL EDUCATION		\$ 65,000	45,000	16,000	16,000	32,000	(33,000)	-50.8%	Materials (\$6K), storage/transport (\$12K), recognition (\$5K), staff/tech support (\$40K). Previously budgeted on line 46.
48	LARGE EVENT & VENUE SUPPORT	11,704	\$ -	-	-	-	-	-	#DIV/0!	
49	CLIMATE ACTION PLANNING	16,051	\$ 25,000	25,000	-	25,000	25,000	-	0.0%	Annual climate register & Member Agency support.
50	RECYCLING TECHNICAL ASSISTANCE	1,324	\$ 85,000	85,000	42,500	42,500	85,000	-	0.0%	AB 1826 & AB 341 Compliance (\$10k); Promote reusables for businesses (\$60k); Recycling Technical Assistance(\$15k)
51	COMMERCIAL/MFD CONTAINERS	44,529	\$ 35,000	35,000	17,000	17,000	34,000	(1,000)	-2.9%	MFD recycle bags, internal containers, MA containers per Franchise Agreements
52	MULTI-FAMILY OUTREACH	20,368	\$ 90,000	90,000	45,000	45,000	90,000	-	0.0%	Education and outreach per FA; compliance with state laws; MFD Toolkit and other outreach
53	MEMBER AGENCY & RATE PAYER EDUCATION	63,020	\$ 110,000	110,000	65,000	45,000	110,000	-	0.0%	Biannual newsletters to Member Agency residents.
54	RESIDENTIAL OUTREACH PROGRAMS	60,442	\$ 90,000	90,000	45,000	45,000	90,000	-	0.0%	Education and outreach per FA, Annual Service Notice mailing.
55	COMMUNITY EVENTS	22,630	\$ 52,500	45,000	25,000	25,000	50,000	(2,500)	-4.8%	Earth Day (\$15K), Rethink Recycling Day (\$10K), Fixit Clinics (\$25K)
56	HHW PROGRAM OUTREACH		\$ 30,000	30,000	15,000	15,000	30,000	-	0.0%	Annual promotion of local HHW disposal options for all ratepayers
57	BATTERY OUTREACH	84,463	\$ 90,000	90,000	55,000	35,000	90,000	-	0.0%	Educate residents and businesses about risk of battery fires and proper disposal options, including MFD battery bucket
58	SHRED EVENT SERVICE	(2,882)	\$ 30,000	30,000	15,000	15,000	30,000	-	0.0%	Shred, e-waste, and compost events for Member Agencies (coordination, support, outreach, etc.) RFP for Shredding Services
59	TOTAL STATE MANDATED PUBLIC EDUCATION & OUTREACH	\$ 601,071	\$ 939,500	\$ 897,000	\$ 437,000	\$ 397,000	\$ 834,000	\$ (105,500)	-11.2%	
60	SBWMA PROGRAM BUDGET	\$ 3,016,987	\$ 3,819,070	\$ 3,800,282	\$ 2,085,677	\$ 1,918,810	\$ 4,004,487	\$ 185,417	4.9%	
61	SB1383 COMPLIANCE	-	\$ -	-	-	339,750	339,750	339,750		Source: HFH Presentation 3/20/2020 - Projected start up costs from the Cash Flow Projection Slide 39 (FY19/20 & FY20/21 of \$927,000). Includes 1.0 Net New FTE (Program Manager II)
62	TOTAL SBWMA PROGRAM BUDGET	\$ 3,016,987	\$ 3,819,070	\$ 3,800,282	\$ 2,085,677	\$ 2,258,560	\$ 4,344,237	\$ 525,167	13.8%	
63	SHOREWAY OPERATIONS									
64	OPERATING CONTRACT - SBR OPERATIONS	\$ 21,029,629	\$ 20,941,990	\$ 20,701,545	\$ 10,235,946	\$ 10,363,551	\$ 20,599,497	(342,493)	-1.6%	Budgeted reduced volume
65	DISPOSAL	18,817,076	\$ 20,026,803	20,485,690	10,086,962	11,334,320	21,421,263	1,394,460	7.0%	Organics processing increase and full year of increased rates for the new Ox Mountain disposal contract
66	INSURANCE SHOREWAY	884,827	\$ 999,117	985,459	660,840	660,840	1,321,679	322,562	32.3%	Property insurance premium. Estimated increase.
67	SHOREWAY FACILITY COST	205,145	\$ 200,000	200,000	100,000	100,000	200,000	-	0.0%	Budget for unanticipated routine Shoreway maintenance items that are non-CapEx
68	CREDIT CARDS CHARGES	77,968	\$ 123,610	106,702	45,597	45,597	91,194	(32,416)	-26.2%	SBR pass through of credit card fees from their bank from public customers.
69	SHOREWAY CHARGES	26,690	\$ 26,690	26,690	13,345	-	13,345	(13,345)	-50.0%	Full amortization of 2015 additional trailer cost in December 2020.
70	EDUCATION CENTER OPERATIONS	61,616	\$ 65,000	65,000	32,500	32,500	65,000	-	0.0%	Tours program equipment, school bus services, poster and art contests.
71	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k	126,956	\$ 50,000	50,000	50,000	50,000	100,000	50,000	100.0%	Unanticipated MRF equipment maintenance (non-CapEx) expense
72	SEWER FEES (PROPERTY TAX)	70,623	\$ 70,278	90,426	45,213	45,213	90,426	20,148	28.7%	Actual sewer charge from City of San Carlos on tax bill based on prior year water usage
73	E-RECYCLING	30,364	19,346	61,661	44,136	44,136	88,273	68,927	356.3%	E-waste market has shifted from a revenue source to expense. Previously budgeted as revenue
74	SUB SHOREWAY OPERATIONS COST	\$ 41,330,894	\$ 42,542,834	\$ 42,773,172	\$ 21,314,538	\$ 22,676,157	\$ 43,990,676	\$ 1,447,843	3.4%	
75	TOTAL SHOREWAY OPERATION	\$ 41,330,894	\$ 42,542,834	\$ 42,773,172	\$ 21,314,538	\$ 22,676,157	\$ 43,990,676	\$ 1,447,843	3.4%	
76	TOTAL OPERATING EXPENSES	\$ 44,347,881	\$ 46,361,903	\$ 46,573,454	\$ 23,400,216	\$ 24,934,717	\$ 48,334,914	\$ 1,973,009	4.3%	
77	NON-OPERATING EXPENSES									
78	LOSS ON SALE OF PROPERTY									
79	DEBT SERVICE BOND INTEREST	\$ 2,633,833	\$ 2,836,101	\$ 2,384,556	\$ 1,201,667	\$ 1,201,667	\$ 2,403,333	(432,767)	-15.3%	Budgeted interest expense 2019 Bond Issuance
80	FRANCHISE FEE TO CITY OF SAN CARLOS	2,206,790	2,340,169	2,347,870	1,102,589	1,167,136	2,269,725	(70,444)	-3.0%	5% Franchise Fees paid by JPA to the City of San Carlos on tip fee revenue.
81	TOTAL NON-OPERATING EXPENSES	\$ 4,840,623	\$ 5,176,269	\$ 4,732,426	\$ 2,304,255	\$ 2,368,803	\$ 4,673,058	\$ (503,211)	-9.7%	
82	TOTAL SHOREWAY OPERATING EXPENSES	\$ 46,171,517	\$ 47,719,103	\$ 47,505,598	\$ 23,618,794	\$ 25,044,960	\$ 48,663,735	\$ 944,632	2.0%	
83	TOTAL EXPENSES (SBWMA Program + All Shoreway Operations)	\$ 49,188,504	\$ 51,538,173	\$ 51,305,879	\$ 25,704,471	\$ 27,303,520	\$ 53,007,972	\$ 1,469,798	2.9%	\$ 1,469,799

FY20/21 BUDGET

CAPITAL EXPENDITURE BUDGET			<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Description</i>
<i>Line</i>	<i>Capital Project Name</i>	<i>Mid-Year Update FY19/20</i>	<i>Proposed Budget FY20/21</i>	<i>Proposed Budget FY21/22</i>	<i>Proposed Budget FY22/23</i>	<i>Proposed Budget FY23/24</i>		
1	Site paving repairs and restriping ²	45,000	45,000		1,500,000			Repaving of collection fleet parking area. Planned after fuel tank removal project.
2	Truck shop building maintenance	25,000	125,000	25,000	25,000	25,000		Place holder for unanticipated capital needs.
3	TS building and tip floor	200,000	50,000	50,000	200,000	50,000		Tip floor resurfacing needs to be completed
4	MRF building and tip floor	-	75,000	50,000	100,000	50,000		Not anticipating this work
5	Admin building maintenance	40,000	40,000	40,000	40,000	40,000		Place holder for unanticipated capital needs.
6	Site maintenance	50,000	150,000	50,000	50,000	50,000		Place holder for unanticipated capital needs.
7	Leachate Pumps	100,000	100,000					Failing bunker pumps
8	Replace Optical Sorter Software & Hardware	841,500						Equipment (without sales tax) approved by Board (Reso #44). Funded by Equipment Replace Reserve
9	Fire suppression	100,000	100,000	100,000	100,000			Place holder for unanticipated capital needs. The agency has an interest in implementing new fire prevention technologies but does not have a specific project planned.
10		-	-	-	-	-		Place holder for unanticipated capital needs.
11	Storm Water Treatment System	236,500	50,000	50,000	50,000	50,000		Compliance new SW regulations require treatment of site storm water prior to release. Board Resolution # 2019-58 approved expenditure of \$236,500.
12			-					
13	Enhancements to Public Recycling Center	50,000	50,000	-	-	-		Need to remove from final FY 19/20 budget. Project budgeted and completed in FY 18/19
14	Shredding to Public Recycling Center				100,000			Agency has interest in providing confidential document shredding services as benefit to residents.
17	CIP Projects (See detail)	6,980,109	8,900,000	8,000,000	6,500,000	10,000,000		
18	Total Budget for Capital Projects	8,668,109	9,685,000	8,365,000	8,665,000	10,265,000		
FUNDING SOURCE								
20	Bond Proceeds (\$20M)	6,980,109	8,900,000	4,119,891	-	-		
21	Capital Reserve	1,688,000	785,000	4,245,109	8,665,000	10,265,000		
22	Total Funding Source	8,668,109	9,685,000	8,365,000	8,665,000	10,265,000		
CIP Project Detail								
24	Organics 2 Energy Pilot	1,250,000						Project approved by BOD. Anticipated start date 1/2020.
25	Phase I MRF Upgrades	5,730,109	900,000					BOD Approval resolution numbers 2019-45 and 2019-54
26	Phase II MRF Upgrades		3,000,000	3,000,000				Project to be designed after assessment of Phase I improvements and market conditions
27	Organics 2 Energy Full Project		5,000,000	5,000,000				Project to be designed after assessment of Pilot O2E and market conditions
28	BAAQMD Anticipated compliance					10,000,000		Biofilters for BAAQMD air control for proposed regulations 13.2
29	Underground Storage Tank Removal				1,500,000			Existing UST tanks are single wall and need to be removed using Remediation Reserve.
30	New Fueling System Project				2,500,000			System design pending replacement collection fleet fuel decision.
31	New Biogas Fueling System				2,500,000			Same as above. Tied to O2E and planned GHG reduction goals.
32	Total CIP Project Detail	6,980,109	8,900,000	8,000,000	6,500,000	10,000,000		

Budget Expense Category	Description of Program for FY20/21: <i>(Proposed Expense Line Items 1-26)</i>
ADMINISTRATIVE EXPENSE: \$2,591,234 <i>(Proposed Expense line item 27)</i>	
Staff Resources: Joe La Mariana, <i>Executive Director</i> ; John Mangini, <i>Sr. Finance Manager</i> ; Grant Ligon, <i>Management Analyst III</i> ; Cyndi Urman, <i>Clerk of the Board/Executive Assistant</i>	
<p>Program Description/Justification: Provides for overall administrative operations of agency, including: personnel administration, budget development, financial projections, expense payment processing, fiscal management, Board of Directors administration, customer service, risk management, records retention, and IT.</p> <p>Executive Director:</p> <ul style="list-style-type: none"> • Provide ongoing Executive Committee, Board Members, Member Agency Staff support in a timely, professional and accurate manner. • Manage the agency's strategic vision and daily administrative operations through the support of staff, Board/TAC members and all stakeholders. • Establish and maintain all agency financial goals and program standards. <p>Sr. Finance Manager:</p> <ul style="list-style-type: none"> • Review the prior year budget to identify budget variances and plan for a mid-year adjustment, if needed and prepare the following fiscal year's budget. • Prepare two calendar year financial projections to facilitate Shoreway tip fee review/adjustment and "testing" of bond covenant requirements. • Complete prior year financial audit and calendar year financial statements for bond reporting. • Meet bond covenants and reporting requirements as specified in the Indenture to ensure compliance including the two debt coverage ratios. • Verify South Bay Recycling (SBR) monthly reporting of tonnages per Operations Agreement, and monthly invoice and calculation of commodity revenue. • Manage monthly cash transfers to/from SBR per Operations Agreement for commodity revenue, public revenue, and payments for operations. • Manage monthly billings to and payments from Recology for tipping at Shoreway as prescribed in the Member Agency franchise agreements. • Renew general insurance policies (property, general liability, EIL, D&O, etc.) and ensure proper coverage is maintained. • Manage the payroll process and benefits administration, making payments to vendors for payroll, retirement plan, and HSA plan via set procedures. <p>Management Analyst III:</p> <ul style="list-style-type: none"> • Perform analysis, tracking and reporting on contractual responsibilities supporting the franchise agreement, SBR billing, and disposal/processing contracts. • Manage the Agency's public contract/procurement process for all proposals (RFP)/request for qualifications (RFQ), and related noticing and other activities. • Provide ongoing in-house solid waste program support and expertise to meet numerous deliverables, as required by new laws. • Provide critical path support for broad-ranging agency initiatives, e.g. Long Range Planning process and resulting programs such as Alternative (Fleet) Fuels. • Identify, win and manage grants to mitigate the future cost impacts on ratepayers. <p>Clerk of the Board/Executive Assistant:</p> <ul style="list-style-type: none"> • Provide Board Packets to the Board of Directors, and Board committee/subcommittee packets, minutes and administrative support, accurately and on time. • Maintain the Board of Directors webpage and, as needed, update the Board Member website resource portal feature. • Maintain accurate and up-to-date records for the SBWMA, including Board meeting minutes, resolutions, ordinances and contracts. • Update, as necessary, the Board of Directors JPA and Contracts Resources Binder. • Manage compliance with record retention and other Board-adopted policies • Process forms (e.g. annual Form 700), invoices and other documents in accordance with established procedures, checking for accuracy and completeness. • Provide information and assistance regarding SBWMA programs, policies and procedures to the public, member agencies, vendors, and contractors. 	

Budget Expense Category	Description of Program for FY20/21 <i>(Proposed Expense Line Items 28-38)</i>
MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE: \$579,253 <i>(Proposed Expense Line Item 39)</i>	
Staff Resources: Joe La Mariana, <i>Executive Director</i> ; Hilary Gans, <i>Sr. Operations and Engineering Manager</i> ; John Mangini, <i>Sr. Finance Manager</i> ; Julia Au, <i>Program Manager II (Outreach and Communications)</i> ; Grant Ligon, <i>Management Analyst III</i>	
Program Description/Justification: Provides technical support for mandated programs and contractual requirements through member agency staff (TAC); state regulators; and key agency contractors (South Bay Recycling (SBR) and Recology).	
<p>Key Details:</p> <ul style="list-style-type: none"> • Contract administration support for collection services franchise agreements including follow-up on audit findings, financial auditing, and amendment(s). • Continued oversight of SBR's operations per the Shoreway Operations Agreement. • Management of the annual SBR compensation application review process and completion of the final SBWMA financial report. • Manage the annual Member Agency rate review process, including review of the annual Recology compensation application and completion of the SBWMA final reports reviewing the Recology compensation application and consolidated rate report. • Initiate audit work and review of operational data included in the compensation applications. • Review Annual Report from Recology, as required per Member Agency franchise agreements. • Conduct rate (calendar) year audit of collection services and facility operations reports, tonnage data and customer service systems. • Hire contractor to conduct rate year audit of financial systems (including Recology's revenue reconciliation) of both contractors to verify financial risks to SBWMA and its Member Agencies. • Implement audit findings, as appropriate, and follow up with Recology to ensure progress on implementing audit recommendations. • Provide prompt responses to questions/issues/complaints from the public and Member Agencies regarding their franchise agreements/collection services. • Provide prompt responses to questions/issues/complaints that are raised by the public and Member Agencies regarding their use of the Shoreway facility. • Develop a Member Agency snapshot report and make presentations to Member Agency governing bodies upon request. • Prepare financial analysis for projected revenue and total collection and pass-through costs to determine total rate adjustment for each Member Agency. • Prepare a collection cost variance analysis by detailed cost categories by Member Agency to aid in understanding collection cost changes. • Support Member Agencies with analysis of rate issues and attend rate hearings or rate related meetings as requested. • Update 5-year collection cost projection by Member Agency for collection cost components: Recology cost, disposal expense and Member Agency fees. • Review Recology's Revenue Reconciliation Report. • With TAC member engagement, plan/promote 16 separate shred and compost giveaway events with Recology per the Franchise Agreement (electronic waste recycling and battery collection also included, but not required per Agreement). <p>New Efforts in FY20/21:</p> <ul style="list-style-type: none"> • Secure Board and Member Agency approvals of final "Amendment One" (Bulky Item Collection; Abandoned Waste) terms. • Transitional planning from current Franchise Agreement terms to newly restated/amended terms in 2021, including adoption of organics management measures necessary for compliance with State Senate Bill 1383. • Continue expansion of Public Spaces Recycling Program, based on data and other feasibility analysis. • Provide proactive legislative and regulatory support for various agency priorities, including the safe handling and disposal of Lithium-Ion batteries. 	

Budget Expense Category	Description of Program for FY20/21 <i>(Proposed Expense line items 40-58 and 61)</i>
STATE MANDATED PUBLIC EDUCATION & OUTREACH: \$1,173,750 <i>(Proposed Expense Line Item 59 plus Line 61)</i>	
Staff Resources: Joe La Mariana, <i>Executive Director</i> ; Julia Au, <i>Program Manager II (Outreach and Communications)</i> ; Emi Hashizume, <i>Program Manager II (Environmental Education and Non-Franchise Recyclables)</i> ; Joanna Rosales, <i>Outreach and Communications Coordinator</i>	
<p>Program Description/Justification: Staff services provided to ensure compliance with state-mandated laws promoting waste reduction, recycling, and reporting requirements per AB 939, AB 341, AB 1826, and SB 1383 include: Development and implementation of public education and outreach strategies to promote residential and commercial waste reduction and recycling collection programs and services; oversight of collection services for Member Agencies; compliance with annual reporting required; and implementation of Long Range Plan projects.</p> <p>Key Program Efforts:</p> <ul style="list-style-type: none"> • Develop, implement, and manage on-going outreach activities related to California State Laws, including but not limited to AB 1826, AB 341, and SB 1383, through production and distribution via various and appropriate print, media, and in-person or digital channels. • Manage and provide outreach for residential and commercial/multi-family collection services to meet specific community needs through on-going and targeted campaigns. • Develop, submit, and manage with Recology a three-year Public Education and Recycling Technical Assistance Plan that includes methods of tracking effectiveness and engagement levels on outreach campaigns and tools. • Promote residential collection services through newsletters and bill inserts in collaboration with Recology. • Continue publishing Agency annual report. • Engage Public Education and Outreach Subcommittee on outreach campaigns and efforts. • Continue ongoing media partnerships – BayROC, PenTV, etc. • Establish and reinforce in-school recycling and composting efforts through the provision of student education and engagement, custodial and staff trainings, upgraded waste infrastructure and on-site technical assistance. • Support implementation of County of San Mateo Environmental Health’s Food Share Table Program at schools in RethinkWaste service area, as permitted during Covid-19. <p>New Efforts in FY20/21:</p> <ul style="list-style-type: none"> • Continue to review and update core Pub Ed materials with Public Education and Outreach Subcommittee and Recology engagement. • Research and develop targeted outreach campaigns to Multi-Family residents and non-English speakers for proper sorting. • Continued reinforcement and growth of In-Schools Program, including the addition of waste-focused distance learning resources, virtual presentations and asynchronous educational opportunities, and off-site support for students, teachers, and facilities staff to account for COVID-19. 	

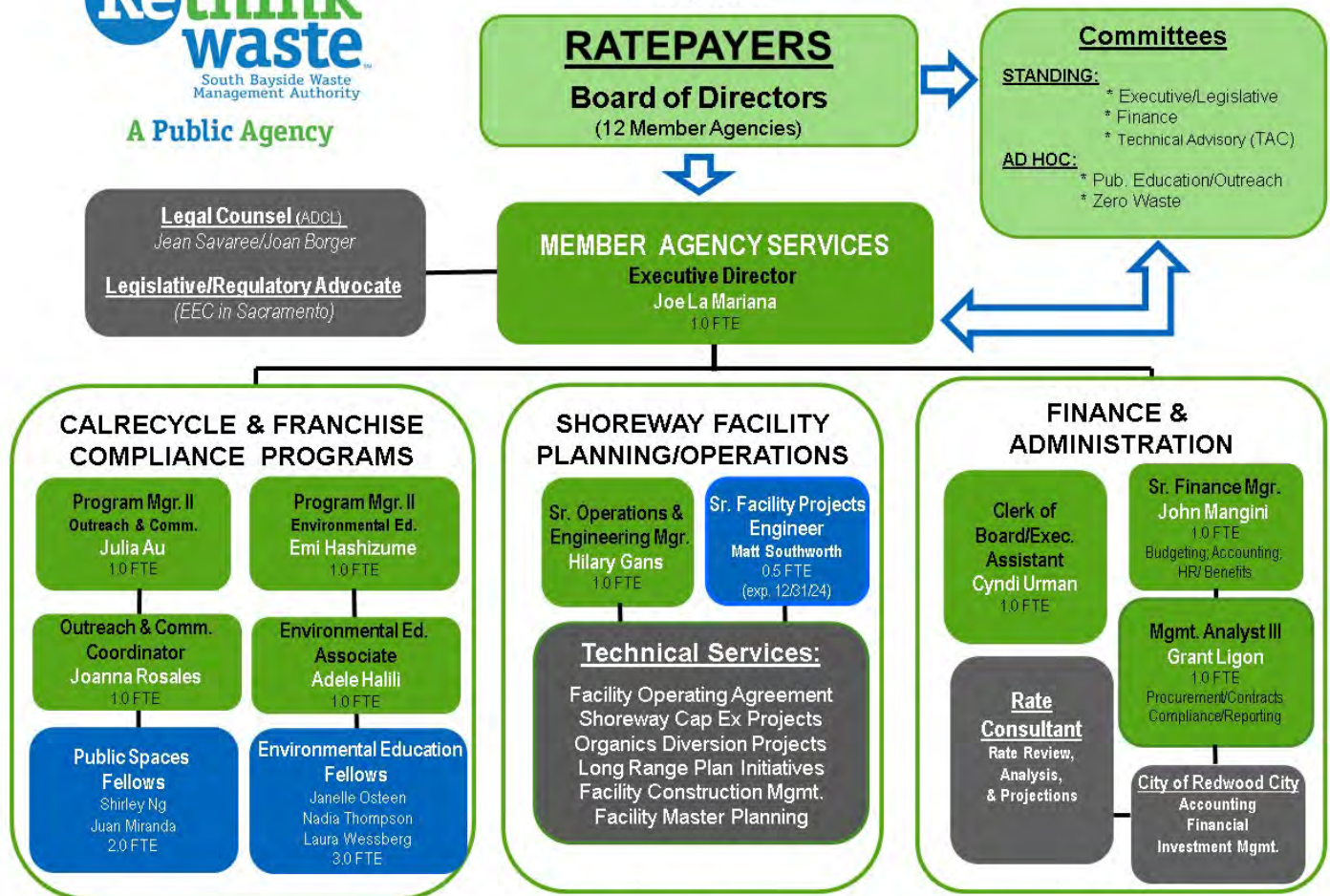
Budget Expense Category	Description of Program for FY20/21 <i>(Proposed Expense line items 63-74)</i>
SHOREWAY OPERATIONS: \$43,990,676 <i>(Proposed Expense Line Item 75)</i>	
Staff Resources: Hilary Gans, Sr. Operations and Engineering Manager; Matt Southworth, Sr. Facility Projects Engineer; John Mangini, Sr. Finance Manager; Grant Ligon, Management Analyst III; Emi Hashizume, Program Manager II (Environmental Education and Non-Franchise Recyclables); Adele Halili, Environmental Education Associate	
<p>Program Description/Justification: SBWMA staff activities regarding Shoreway operations including: oversight of SBR operations and contract compliance and management of financial transactions relating to SBR; Shoreway facility capital repairs and maintenance; education center operations; management of disposal and processing contracts, including review and payment of invoices; facility insurance; and billing Recology for tons delivered to Shoreway.</p> <p>Key Details:</p> <ul style="list-style-type: none"> • Ongoing operational oversight and contract compliance of MRF, transfer station, and transportation operations performed by SBR. • Ongoing management of third party recycling and disposal contracts for solid waste, organics, and C&D debris. • Manage organics processing contracts to meet operational, financial and environmental requirements. • Oversee third party tonnage and host fee payment for third-party tons used to generate additional agency income and lower Shoreway operating costs. • Ongoing management of Shoreway Facility capital and maintenance projects are at, or below, budget. • Lead Transfer Station/MRF equipment and facility design to meet long range plan and rapidly changing market needs of program. • Provide Zero Waste Committee with technical/administrative support. <p>Environmental Education and Community Events:</p> <ul style="list-style-type: none"> • Conduct the Shoreway schools and public tours program and meet goals to maintain or exceed number of tour participants relative to prior year, accounting for the number of tours cancelled due to Covid-19 and extreme weather conditions caused by wildfires. • Manage the onsite community events as permitted during Covid-19 to promote resource conservation including the following: Earth Day and Rethink Recycling Day events at Shoreway; Trash to Art and Poster contests; expansion of compost donation program throughout Member Agency schools and community gardens. <p>New Efforts in FY20/21:</p> <ul style="list-style-type: none"> • Identify and plan new operating procedures and capital improvement projects to further the Agency's environmental goals and improve the quality of commodities for marketing purposes. • Identify, plan and implement new environmental-themed events at the Shoreway facility or via virtual platforms for the general public, as permitted during Covid-19. • Incorporate new equipment and processes at the Shoreway facility into the tours educational programming. 	

ATTACHMENT C: Proposed Organization Chart/Personnel Summary for FY20/21



SBWMA Organization Chart

July 1, 2020



Green = SBWMA staff = 9.0 FTE; Blue = Non-Benefitted/Ltd Term = 5.5 FTE; Grey = Consultants/Technical Services

FY20/21 Proposed Staffing

SBWMA staff provides comprehensive solid waste program and facility planning, compliance, public education, outreach and contract management services on behalf of its member agencies, while supporting the agency-owned Shoreway Environmental Center solid waste and recycling facility. This work is mandated by state law; by franchise agreement contractual obligation; and by virtue of the Agency’s facility ownership. Delivery of Agency financial, environmental and service standard goals have historically been accomplished by a small group of experienced industry professionals (Staff) and highly-regarded technical contractors who provide supplemental support for the Agency on an “as-needed” basis.

In anticipation of expanded compliance requirements by SB 1383 and extensive new planned Facilities Capital Projects and engineering review needs the proposed FY20/21 Staffing Plan includes half (0.5) new FTEs compared to the FY19/20 budget. The proposed 0.5 FTE is a part-time non-benefitted staff position, titled “Part-Time Sr. Facilities Engineer” and the position expires on 12/31/24 (Board-approved position on November 21, 2019 (resolution #2019-56 This position will reduce the burden on the Sr. Operations/Engineering Manager by overseeing routine/maintenance Shoreway Capital projects, such as the \$250k Transfer Station Floor Resurfacing Project that was recently completed.

The above change is reflected on the proposed organizational chart in this Staffing Plan (above) and in Table 1 (below).

Table 1 SBWMA Staffing Plan by FY					
Staff Position Title	FY16/17 <i>Actual</i>	FY17/18 <i>Actual</i>	FY18/19 <i>Actual</i>	FY19/20 <i>Actual</i>	FY20/21 <i>Proposed</i>
Executive Director	1.0	1.0	1.0	1.0	1.0
Sr. Operations/Engineering Manager	1.0	1.0	1.0	1.0	1.0
Sr. Finance Manager	1.0	1.0	1.0	1.0	1.0
Sr. Facility Projects Engineer <i>(Ltd. Term)</i>	0	0	0	0	0.5
Program Manager II – Outreach & Communications <i>(Formerly Recycling Outreach Programs Manager)</i>	Vacant	1.0	1.0	1.0	1.0
Management Analyst III <i>(Formerly Recycling Programs Manager)</i>	1.0	Vacant	Vacant	1.0	1.0
Clerk of the Board/Executive Assistant <i>(Formerly Board Secretary/Office Mgr.)</i>	1.0	1.0	1.0	1.0	1.0
Program Manager II – Environmental Education	1.0	1.0	1.0	1.0	1.0
Environmental Education Associate	0	0	0	1.0	1.0
Environmental Education Coordinator	1.0	1.0	1.0	0	0
Outreach and Communications Coordinator	0	0	0	1.0	1.0
Environmental Programs Associate	1.0	1.0	0	0	0
Total Agency Staff <i>(Regular Status):</i>	8.0	7.0	8.0	9.0	9.5
Long Range Plan Fellowships <i>(Limited terms-1-3yrs.; Non-benefitted positions)</i>	0	4.0	4.0	5.0	5.0

Salary Ranges

The salary ranges for all Agency Staff positions (some are currently vacant) are presented below for FY20/21 (see Table 2). Historically, salary surveys are conducted every three years to ensure that Staff salaries and benefits are competitively priced within market. Salary ranges and benefits are evaluated to “like” solid waste public agencies and/or departments in the greater Bay Area. The last salary survey was conducted Spring 2019 to establish the adjusted market-based salary ranges for each position.

Table 2 SBWMA Staff: Salary Ranges by Position	
Staff Position	Current Salary Range/Yr.
Executive Director <i>(Determined by professional services agreement)</i>	N/A
Sr. Operations and Engineering Mgr.	\$133,249 - \$166,117
Sr. Finance Manager	\$133,249 - \$166,117
Sr. Facility Projects Engineer <i>(Non-benefited; Ltd. term part-time; expires 12/31/24)</i>	\$133,249 - \$166,117
Management Analyst III	\$112,196 - 140,245
Program Mgr. II <i>(Outreach and Communications; Environmental Education)</i>	\$100,976 - \$126,220
Clerk of Board/Executive Assistant	\$77,000 - \$96,250
Environmental Education Coordinator	\$60,000 - 69,999
Outreach and Communications Coordinator	\$63,800 – 79,750
Environmental Education Associate	\$52,208-\$59,999
Long Range Plan Fellowships* <i>(non-benefitted, limited term positions)</i>	\$25.75/hr.

*The RethinkWaste Fellowship positions are fulltime. Each one can, by mutual agreement, be renewed annually for 1, 2 or 3 years. This program is modeled after the County of San Mateo's Office of Sustainability program. These positions provide environmental industry-based, independent work assignments for recent college grads while they help the agency achieve its critical long-term goals.

Budget Assumptions for Merit Increases

Due to the extreme COVID crisis impacts to our agency revenues, a merit increase pool of 0% of wages is assumed for all positions within the current salary ranges for January 1, 2021. Actual merit increases are awarded by the Executive Director on a calendar year basis per the Board-adopted Compensation Policy. NOTE: When Fellowship positions are renewed, a 0% increase is also assumed.

Employee Benefits

No proposed changes in the employee benefit plans. Total benefit expense as percent of base compensation is estimated at 25.7% for FY20/21. A summary of the current benefits is as follows:

Deferred Compensation (Retirement):

SBWMA has adopted a self-directed retirement plan under Section 401(a) of the Internal Revenue Service Code to which the Employer contributes an amount equal to 10 percent of the employee's base salary. The plan is with **John Hancock** which holds all of the employee accounts. The employee vests in the 401(a) retirement plan immediately. SBWMA also has a 457b plan into which employees can voluntarily contribute. SBWMA matches the first 2% of employee contributions.

Employees may join both plans on the first of the month following the date of hire. The contribution amounts are subject to IRS limitations.

NOTE: SBWMA does not participate in the federal Social Security system. If the Agency were to participate in the Social Security system, the agency would incur an extra 6.2% of the staff's gross salaries, up to the statutory limit of \$117,000 for each qualified employee. **In FY20/21, this annual savings for the Agency projects out to be \$77,296.**

Group Health Insurance – General:

SBWMA strives to offer group insured plans for medical, dental, vision, life insurance, and long term disability insurance for the benefit of the employee and his/her family that are competitive with similar industry benefits. The health insurance is brokered through **Arrow Benefits Group**.

Medical insurance:

The SBWMA currently offers a high deductible HSA medical plan with **Anthem Blue Cross** for employees and their families. There is a 45% coinsurance after the deductible has been met for most services. Currently, six employees participate in the plan and three employees have opted out. The premium is age based – the average premium is \$830 per month plus the HSA average contribution of \$407 per month per employee.

Dental insurance:

Dental insurance is provided by **Premier Access** for employees and their families. Basic care is covered 100% and major care (crowns, dentures) is covered at 60% up to the maximum annual benefit of \$2,000. The average monthly premium per employee is \$112.

Vision Plan:

Vision insurance is provided by **Premier Access** for employees and their families. A \$10 copay applies to most services. Frames are covered up to \$120 once per year. The average monthly premium per employee is \$17.

Life Insurance:

Term life insurance is provided by **Guardian Insurance**. The employee is provided at 100% of salary up to \$200,000. The average monthly premium per employee is \$72.

HR and Payroll Support:

The SBWMA contracts with **Modern HR**, a third party professional employment organization for the following scope of work:

- (a) As needed, support for human resources issues including, but not limited to, hiring, firing and discipline.
- (b) As needed, support for compliance with federal, state and local laws and ordinances regarding employment.
- (c) As agreed upon, consult on various Client projects.
- (d) Provide payroll and payroll tax filing services.
- (e) Workers' Compensation insurance.

We pay \$115/month per employee for their services.

FY20/21 BUDGET

COMMODITY REVENUE				
	FY19/20 Adopted Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
<u>COMMODITY REVENUE</u>				
Tons Sold	59,249	60,909	1,660	2.8%
Wtd Avg. Price	\$ 115.41	\$ 98.53	\$ (16.88)	-14.6%
Gross Revenue	\$ 6,838,073	\$ 6,001,239	\$ (836,834)	-12.2%
Revenue Share w/ SBR	\$ (395,652)	\$ (71,140)	\$ 324,512	-82.0%
Buyback Payments	(843,906)	\$ -	\$ 843,906	-100.0%
Net Commodity Revenue	\$ 5,598,516	\$ 5,930,100	\$ 331,584	5.9%
<u>Price / Volume Impact</u>				
	Price	Volume	Total	
Tonnage Change	115.41	1,660	\$ 191,576	
Price Change	\$ (16.88)	60,909	\$ (1,028,410)	
Total Change (Gross)			\$ (836,834)	

FY20/21 BUDGET

Attachment E - FY20/21 Budget Support Files: REVENUE, EXPENSE DETAIL

Update: April 2020

Summary Tables

Table E.1

TIP FEE REVENUE					
	FY19/20 Adopted Budget	FY19/20 Mid-Year Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
Franchise Revenue					
<u>Tons</u>	298,681	295,975	277,121	(21,560)	-7.2%
Wtd Avg. Tip Fee	\$ 123.98	\$ 123.98	\$ 127.47	3.49	2.8%
Franchise Revenue	\$ 37,030,309	\$ 36,695,234	\$ 35,323,627	\$ (1,706,682)	-4.6%
Public Revenue					
<u>Cu/Yards</u>	207,466	214,237	195,777	(11,689)	-5.6%
Wtd Avg. Tip Fee	\$ 42.88	\$ 42.85	\$ 47.54	4.66	10.9%
Public Revenue Cu/YDS	\$ 8,896,073	\$ 9,180,186	\$ 9,307,837	\$ 411,764	4.6%
<u>Tons (3rd party - mostly Recology)</u>	18,194	18,311	15,009	(3,185)	-17.5%
Wtd Avg. Tip Fee	\$ 127.07	\$ 127.26	\$ 128.86	1.79	1.4%
Public Revenue Tons	\$ 2,311,880	\$ 2,330,380	\$ 1,934,061	\$ (377,819)	-16.3%
<u>Public Dirt Tons</u>	8,221	9,986	9,469	1,248	15.2%
Wtd Avg. Tip Fee	\$ 110.00	\$ 110.00	\$ 115.93	5.93	5.4%
Sub Total	\$ 904,297	\$ 1,098,489	\$ 1,097,747	\$ 193,449	21.4%
Public Revenue Total	\$ 12,112,251	\$ 12,609,055	\$ 12,339,646	\$ 227,395	1.9%
Total Tip Fee Revenue	\$ 49,142,560	\$ 49,304,289	\$ 47,663,273	\$ (1,479,288)	-3.0%

FY20/21 BUDGET

Table E.2

TRANSFER STATION VOLUME						
		FY19/20	FY19/20	FY20/21	FY21 vs. FY20	
Total TS Tonnage and Yards		Adopted Budget	Mid-Year Budget	Proposed Budget	Adopted Budget	Variance %
<u>Franchise tons</u>						
SBWMA Solid Waste	tons	182,013	181,305	172,409	(9,604)	-5.3%
SBWMA Organics	tons	88,121	86,560	85,087	(3,034)	-3.4%
SBWMA Food Waste	tons	24,630	24,556	15,878	(8,752)	-35.5%
SBWMA Dirt, Inert, Other	tons	3,917	3,554	3,748	(170)	-4.3%
Sub-total Franchise		298,681	295,975	277,121	(21,560)	-7.2%
<u>Public tons</u>						
Non-SBWMA SW	tons	4,161	4,707	4,249	87	2.1%
Non-SBWMA Scrap	tons	307	263	188	(119)	-38.7%
Non-SBWMA FOOD	tons	4,766	4,681	2,943	(1,823)	-38.2%
Non-SBWMA C&D	tons	7,025	6,417	5,052	(1,973)	-28.1%
Non-SBWMA ORGANIC	tons	368	349	433	66	17.9%
Non-SBWMA Asphalt Roofing	tons	1,568	1,895	2,144	576	36.7%
Non-SBWMA Clean Wood	tons	0	0	0	-	0.0%
Public Weighed Dirt	ton:	8,221	9,986	9,469	1,248	15.2%
Sub-Total Public tons		26,415	28,298	24,479	(1,937)	-7.3%
Total Tons		325,096	324,273	301,600	(23,496)	-7.2%
<u>Public Cu/Yds.</u>						
Public Solid Waste Yards	C/Yds.	62,546	66,227	61,315	(1,232)	-2.0%
Public Green Waste Yards	C/Yds.	48,320	49,855	50,208	1,888	3.9%
Public C&D	C/Yds	96,600	98,155	84,254	(12,345)	-12.8%
Total Cubic Yards		207,466	214,237	195,777	(11,689)	-5.6%

FY20/21 BUDGET

Table E.3

SBR OPERATING EXPENSE						
A. Summary	FY19/20 Adopted Budget	FY19/20 Mid-Year Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %	
MRF	\$ 7,613,837	\$ 7,178,224	\$ 7,823,623	\$ 209,786	2.8%	
Transfer Station	5,189,041	5,265,748	5,015,520	\$ (173,521)	-3.3%	
Transportation	8,098,228	8,216,689	7,749,548	\$ (348,680)	-4.3%	
Interest	40,885	40,885	10,806	\$ (30,079)	-73.6%	
TOTAL SBR EXPENSE	\$ 20,941,990	\$ 20,701,545	\$ 20,599,497	\$ (342,493)	-1.6%	
B. SBR Expense Detail	FY19/20 Adopted Budget	FY19/20 Mid-Year Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %	
<u>MRF</u>						
Tons, Inbound	72,150	71,790	73,719	1,569	2.2%	
Tons, residue	(12,901)	(12,810)	(12,810)	91	-0.7%	
Tons, net sold	59,249	58,980	60,909	1,660	2.8%	
Wtd Avg. Rate *	\$ 120.02	\$ 113.84	\$ 120.99	\$ 0.98	0.8%	
Expense	\$ 7,110,815	\$ 6,714,273	\$ 7,369,628	\$ 258,813	3.6%	
MRF Additional Sorters	\$ 503,022	\$ 463,951	\$ 453,995	\$ (49,027)	-9.7%	
<u>Transfer Station</u>						
Tons	390,532	396,030	368,291	(22,241)	-5.7%	
Wtd Avg. Rate	\$ 13.29	\$ 13.30	\$ 13.62	\$ 0.33	2.5%	
Expense	\$ 5,189,041	\$ 5,265,748	\$ 5,015,520	\$ (173,521)	-3.3%	
<u>Transportation</u>						
Tons	390,532	396,030	368,291	(22,241)	-5.7%	
Wtd. Avg. Rate	\$ 20.74	\$ 20.75	\$ 21.04	\$ 0.31	1.5%	
Expense	\$ 8,098,228	\$ 8,216,689	\$ 7,749,548	\$ (348,680)	-4.3%	
Interest	\$ 40,885	\$ 40,885	\$ 10,806	\$ (30,079)	-73.6%	
TOTAL SBR "PAID" TONS	840,312	851,040	797,490	(42,822)	-5.1%	
TOTAL SBR EXPENSE	\$ 20,941,990	\$ 20,701,545	\$ 20,599,497	\$ (342,493)	-1.6%	

* Mid Year Wtd Avg reduction due to credit issued by SBR correcting prior years compensated profit related to VRS Program

FY20/21 BUDGET

Table E.4

DISPOSAL & PROCESSING EXPENSE					
	FY19/20 Adopted Budget	FY19/20 Mid-Year Budget	FY20/21 Proposed Budget	FY21 vs. FY20 Adopted Budget	Variance %
A. Summary					
Solid Waste	\$ 10,511,836	\$ 10,609,691	\$ 11,282,246	\$ 770,410	7.3%
Organics	\$ 6,280,246	\$ 6,292,011	\$ 6,824,086	\$ 543,840	8.7%
C&D, dirt	\$ 3,282,825	\$ 3,619,062	\$ 3,423,692	\$ 140,867	4.3%
Other	\$ 443,263	\$ 453,021	\$ 447,821	\$ 4,558	1.0%
Subtotal	\$ 20,518,170	\$ 20,973,785	\$ 21,977,846	\$ 1,459,675	7.1%
Paid by SBR on MRF residue	\$ (491,368)	\$ (488,096)	\$ (556,583)	\$ (65,215)	13.3%
TOTAL DISPOSAL EXPENSE	\$ 20,026,803	\$ 20,485,690	\$ 21,421,263	\$ 1,394,460	7.0%
B. Detail					
Solid Waste (Ox Mtn.)					
Tons, net	220,793	222,760	211,857	(8,936)	-4.0%
Wtd Avg. Rate	\$ 47.61	\$ 47.63	\$ 53.25	\$ 5.64	11.9%
Expense	\$ 10,511,836	\$ 10,609,691	\$ 11,282,246	\$ 770,410	7.3%
Organics (Newby, Grover)					
Tons, net	123,864	122,669	110,004	(13,860)	-11.2%
Wtd Avg. Rate	\$ 50.70	\$ 51.29	\$ 62.03	\$ 11.33	22.4%
Expense	\$ 6,280,246	\$ 6,292,011	\$ 6,824,086	\$ 543,840	8.7%
C&D (Zanker)					
Tons, net	45,874	50,601	46,430	555	1.2%
Wtd Avg. Rate	\$ 71.56	\$ 71.52	\$ 73.74	\$ 2.18	3.0%
Expense	\$ 3,282,825	\$ 3,619,062	\$ 3,423,692	\$ 140,867	4.3%
Other					
Tires	\$ 4,022	\$ 5,380	\$ 4,980	\$ 958	23.8%
Appliances	\$ 40,240	\$ 41,120	\$ 41,120	\$ 880	2.2%
Hazardous Waste	\$ 389,714	\$ 397,788	\$ 392,788	\$ 3,075	0.8%
Sharps, Misc.	\$ 9,287	\$ 8,733	\$ 8,933	\$ (355)	-3.8%
Expense	\$ 443,263	\$ 453,021	\$ 447,821	\$ 4,558	1.0%
Summary					
TS Tons	390,532	396,030	368,291	(22,241)	-5.7%
Wtd Avg. Rate	\$ 51.28	\$ 51.73	\$ 58.16	\$ 6.88	13.4%
Disposal Expense	\$ 20,026,803	\$ 20,485,690	\$ 21,421,263	\$ 1,394,460	7.0%

GATE RATE CONVERSION (YARDS to TONS) *			
July 1, 2020	Low Range	High Range	Franchise Tonnage Rate
Solid Waste	\$ 138	\$ 368	\$ 121
<i>Gate Rate (Yards)</i>	\$ 46	\$ 46	
<i>Yards/Ton Conversion Rate (Yard per Ton)</i>	3.0	8.0	-
Green Waste	\$ 168	\$ 323	\$ 126
<i>Gate Rate (Yards)</i>	\$ 42	\$ 42	
<i>Yards/Ton Conversion Rate (Yard per Ton)</i>	4.0	7.7	-
C&D	\$ 184	\$ 322	\$ 121
<i>Gate Rate (Yards)</i>	\$ 46	\$ 46	
<i>Yards/Ton Conversion Rate (Yard per Ton)</i>	4.0	7.0	

* Data for high and low ranges from three sources (US EPA April 2016 Volume-to-Weight Report, SBWMA 2018 Self-Haul Material Bulk Density Test and South Bay Recycling's MASS Balance Reports).



A Public Agency

SHOREWAY OPERATIONS AND CONTRACT MANAGEMENT

STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Senior Facility & Contract Manger
Date: June 25, 2020 Board of Directors Meeting
Subject: Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services at the Shoreway facility for FY20/21.

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2020-30 attached hereto authorizing the following action: **Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services for FY20/21 for a not to exceed amount of \$53,328.**

Analysis

SBWMA staff requires construction management support to complete Shoreway maintenance and capital projects. The Board approved FY20/21 Budget contained several capital projects and **Attachment A** provides a detail list of the projects to be completed at Shoreway. Staff is looking to TannerPacific to assist in the construction management of these projects by: developing technical specifications, engineered drawings, and public bidding of Shoreway projects; and after project award, construction management services including permit coordination, management of request for information (RFI), inspection of completed work, and progress payment sign-off.

TannerPacific's work for the SBWMA will be performed on a time & materials basis. TannerPacific has provided a cost estimate (Attachment A) for the total level-of-effort for Construction Management services for FY20/21. TannerPacific's cost effectiveness was evaluated against other CM firms and their cost/hour bill rate is reasonable for the services required. Since TannerPacific is the CM firm for SVCW, they are able to provide unique connectivity between the SBWMA and SVCW which is important for the launch and contractual management of the O2E project.

Background

TannerPacific was selected by Staff because the company has demonstrated a keen awareness to the SBWMA's needs for strong on-site support in coordination with ongoing facility operations. TannerPacific is a local construction management firm that has extensive knowledge of the Shoreway Environmental Center and who's employees worked on the Shoreway Master Plan projects between 2008-2011. During Master Plan selection process several CM firms were evaluated and Covello/TannerPacific was determined to provide the lowest hourly with offices closest to the Shoreway facility. Over the past years, TannerPacific has continued to deliver good value and quality of services.

Fiscal Impact

The estimated cost for Construction Management offered by TannerPacific over the 1-year term of the planned construction projects is \$53,328. The costs for the Construction Management services will be drawn from a

combination of the 1) the operations budget line item Facility Improvement Oversight and 2) assigned to Capital Expense projects where the construction management service are used to support the projects.

Attachments:

Resolution 2020-30

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



RESOLUTION NO. 2020-30

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services for FY20/21

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

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

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves a Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services for FY20/21 with a not to exceed amount of \$53,328.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California the 25th Day of June, 2020 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. 2020 - 30 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 25, 2020.

ATTEST:

Jay Benton, Chairperson of SBWMA

Cyndi Urman, Board Secretary

ATTACHMENT A

		Engineer	Inspector
TPI Number			Task Order
			Total TP Budget
	Mechanics Shop roof repair	Andrew	\$5,656
	Fire system engineering and installation at MRF	Andrew	\$18,848
	Shoreway electrical supply assessment	Andrew	\$11,272
	Phase II MRF	Andrew	\$6,272
	WWTP coordination with SVCW	Andrew	\$5,672
	HVAC replacement Recology truck Shop	Joel	\$5,608
			\$53,328

STAFF REPORT

To: SBWMA Board Members
From: Grant Ligon, Management Analyst III
Hilary Gans, Sr. Operations and Engineering Manager
Date: June 25, 2020 SBWMA Board of Directors Meeting
Subject: Resolution An Approving Organics Processing Agreement with Recology-BVON for a Five Year Term, 2021-2025, at a Cost of Approximately \$5,437,238

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2020-31 attached hereto authorizing the following action: **Approving An Organics Processing Agreement with Recology-BVON for approximately \$5,437,238 for 2021-25** (Agreement can be found in Exhibit A).

Summary

The current Agreement for Organics Processing Services with Recology-Blossom Valley Organics North (BVON) expires on December 31, 2020. A Request for Proposal (RFP) process was conducted starting in February of 2020. This process resulted in one proposal being received. This proposal was submitted from our current service provider, Recology-BVON. While the proposed services to be provided within the scope of this contract by Recology-BVON are the same as the current contract and with similar volumes, the costs proposed by the company have increased dramatically (93%) which will result in a projected cost increase to the SBWMA of \$2,622,785 per year.

The lack of responses to this procurement solicitation and the increase in costs clearly indicate that there is a serious gap in available organic processing capacity to serve the Bay Area cities and regional marketplace. Furthermore, the anticipated future increase in organics volumes resulting from State Senate Bill 1383 will only exacerbate this shortage. This unfavorable scenario underscores the vital importance of the SBWMA's commitment to the current Organics-to-Energy (O2E) pilot project's operational, environmental and cost-avoidance goals. Upon the O2E pilot's proof-of-concept and presumed full scale-up, the larger O2E project would allow the Agency to redirect all commercial food waste and targeted organics-rich loads to local Waste Water Treatment Plants for green energy recovery. This scenario will be favorable to the Agency because these materials are the most expensive classification for composters to process. Even at full-scale up, however, it is important to note that the Agency will still need strong composting partnerships in the future to properly divert the remaining green waste materials that we collect from our 435,000 residents and 11,000 businesses and multi-family properties.

Given the lack of respondents to this RFP process, and given the fact that Recology-BVON has provided the agency with extremely reliable composting services over the past two contract terms, staff is recommending the Agency enter into a new 5-year Agreement (plus a 2 year extension that can be mutually agreed upon) with Recology-BVON. This proposed base term would begin on January 1, 2021 and expire on December 31, 2025. A two-year extension period is also included in this agreement language that, if activated by mutual agreement, would be from January 1, 2026 to December 31, 2027.

Analysis

Current Materials Handling

Currently organic materials are collected in the service area by Recology San Mateo County (Recology) and delivered to the Shoreway Environmental Center where they are loaded onto transfer trailers and transported by SBR to two compost facilities - Newby Island composting facility in San Jose and the Recology-BVON compost facility outside of Tracy. The current agreement for composting services with Recology-BVON will expire on December 31, 2020. In February, Staff distributed this RFP solicitation package via the following channels, as required by the Agency's Purchasing Policy:

- Directly to 16 known industrial-scale composting facilities in the greater bay area/Northern California region.
- Public posting of an RFP for Composting Services online with an active link to the RFP documents, and
- Noticing in the San Mateo Daily Journal on March 12, 2020.

One proposal was received by the April 8, 2020 deadline. It was from Recology's Blossom Valley Organics North business unit (BVON).

As presented to the Board in the past, the lack of compost facilities and the difficulty of permitting new facilities has led to an extreme shortage of compost processing capacity necessary to handle the large amount of organic materials generated and diverted by Bay Area cities. In the future, this gap in composting capacity is forecast to be further constrained as organic materials volumes are mandated to increase through SB 1383's implementation by California cities during the next few years. To independently verify this situation, Staff reviewed R3 Consulting's 2019 report prepared for CalRecycle summarizing the status and capacity of permitted regional composting facilities throughout the state. The R3 Consulting report concluded that there is a severe shortage in composting capacity in the Northern California market.

Evaluation of Cost and Other Factors

A cost increase between \$2,622,785 for 2021 scenario A (below), in which both the Residential Green Waste (RGW) and Commercial Source-Separated Organics (CSSO) Tipping Fees are separately used, and \$3,170,677 (for 2021 scenario B, in which only the Mixed Organics Tipping Fee is used) per year is anticipated versus the current cost for service by Recology-BVON (see **Table 1**). That projected current annual cost, not including transportation (which is performed by Shoreway Site Operator South Bay Recycling, Inc.), for processing these organic materials at Recology-BVON in 2020 is \$2,814,453, given how only the Mixed Organics tipping fee is used. This occurs due to how the Transfer Station merges collected RGW and CSSO into one pile for off-hauling to Recology-BVON and Newby, meaning Recology-BVON cannot differentiate in the SBWMA inbound loads they receive, and thus must charge the Mixed Organics rate. Within the current 2015-20 Agreement, the Mixed Organics tipping fee is relatively low (only slightly higher than the lowest RGW tipping fee, and much lower than the CSSO tipping fee). Thus, there is minimal financial incentive to keep collected RGW and CSSO loads separate, as the Mixed Organics rate gives a lower tipping fee than if the two individual tipping fees are used separately (for 2020 the latter projected weighted tipping fee would be \$43.42, higher than the \$39.03 Mixed Organics tipping fee).

In contrast, under the proposed Agreement, the Mixed Organics tipping fee of \$83.00 is nearly as high as the CSSO tipping fee of \$85.00. Thus it makes strong financial sense for the Agency in 2021 to keep the inbound RGW and CSSO apart in the Transfer Station, to facilitate separate transportation to Recology-BVON to be charged the separate tipping fees. That would translate to a weighted tipping fee of \$75.40, lower than the \$83.00 Mixed Organics tipping fee. The costs under the new Agreement are estimated at \$5,437,238 (Scenario A, with separate RGW and CSSO tipping fees) to \$5,985,130 (Scenario B, with Mixed Organics tipping fee only), using the same projected tonnages by each of the two material types for both 2020 and 2021. This results in a 93% (A) to 113% (B) increase, or near-to-over doubling in the processing cost at Recology-BVON. Scenario A is selected going forward for budgeting projections and operating conditions given its financial benefits to the SBWMA.

Table 1. BVON Rate Change Impact.

Composter	Material Type	Tipping Fee (1)	Annual Tonnage (2)	Annual Cost (1x2)	% Increase
Recology BVON – 2020	Residential Green Waste	\$34.67	--	--	--
	Commercial SSO	\$56.55	--	--	--
	Mixed Organics	\$39.03	72,110	\$2,814,453	--
	Total	--	72,110	\$2,814,453	--
Recology BVON – 2021	Residential Green Waste	\$69.00	43,257	\$2,984,733	--
	Commercial SSO	\$85.00	28,853	\$2,452,505	--
	Total (Scenario A)	--	72,110	\$5,437,238 (A)	93%
	Mixed Organics (Scenario B)	\$83.00	72,110	\$5,985,130 (B)	113%
	Total Est. Cost Increase			\$2,622,785 (A)	--
	Total Est. Cost Increase			\$3,170,677 (B)	--

The justification offered by Recology-BVON for the per ton tipping fee increases from 2020 to 2021 is that the company's costs of operation have significantly increased due to much more stringent permit requirements for significant capital improvements to comply with extensive mandated stormwater management compliance, site odor management, a transition of the facility labor force to a collective bargaining environment, and residue disposal costs. For example, their site is currently in the process of converting their windrow composting facility to a covered aerated static pile system.

Beyond cost, the other major difference (again, unfavorable to the SBWMA) between the current and proposed Agreement with Recology-BVON is the contamination level. The proposed agreement has an 8% limit on contamination for all but the RGW loads (set at 5% contamination), while the current Agreement has a tiered system uniform for the three material types that levies progressively higher penalties starting at 5% contamination, and allows for contamination as high as 20%. Since the SBWMA suspended the Contamination Monitoring (2017) that was part of the Restated and Amended Franchise Agreement with Recology San Mateo County (RSMC), the Agency does not have data on the current contamination levels in the organics shipped to Recology-BVON. As proposed in the new BVON agreement, if the SBWMA loads contain greater than 5% contamination for RGW or 8% contamination for the CSSO and Mixed Organics material streams (which will be permitted up to 10% contamination in Year One, to allow for smoother transition to the more stringent 8% contamination standard), Recology-BVON can reject and dispose of inbound loads, and assess a financial penalty to the SBWMA.

Should BVON assess contamination penalties on SBWMA organics loads, then it will be a clear indication that RSMC is out of compliance with **Section 6.2 Limitation on Contamination** of the Collection Services Franchise Agreement that strictly limits contamination on organics and recyclables. Also, at the SBWMA's discretion and based on SBWMA Board's reinstating the quarterly contamination sampling plan (which the Board decided to not enforce following Restated and Amended Franchise Agreement completion), contamination penalties in the Franchise Agreement can be enforced to prevent excessively contaminated materials from being delivered to the Shoreway Environmental Center by RSMC. Section 6.2 of the Franchise Agreement sets those maximum contamination levels for RSMC at 5% for MFD and Commercial Plant Materials and Single-Family Organic Materials (RGW), and 10% for Commercial Organic Materials (CSSO).

Regarding Service Quality, for the past 10-years Recology-BVON has provided reliable composting services to the SBWMA. SBR has been able to consistently transport organics to this facility without problem and has not had problems turning trucks around quickly. These operational attributes are extremely important to our Agency's financial cost management objectives.

Given the SBWMA's large daily volume of organic materials received, Staff feels that it is important to maintain a diversity of outlets for the organic materials. Therefore, Staff is recommending to continue with Recology-BVON based on the goal of splitting the organic materials generated by the SBWMA between two composting service providers.

Agreement

An Agreement for Organic Materials Processing, signed by Recology-BVON, is provided in **Exhibit A**.

Background

The SBWMA currently generates approximately 120,000 tons per year of source separated compostable materials from residential, multi-family, and commercial collection programs - about 26% of the total volume of materials that flows through the Shoreway Environmental Center.

- On April 2, 2008 the SBWMA issued an RFP for Organic Materials Processing Services. Six companies proposed and the two that provided the lowest overall cost for the SBWMA were Newby and Recology-Grover (now know as BVON).
- On April 22, 2010, the Board approved four-year agreements with Newby and Recology-Grover for Organic Materials Processing Services that expired on December 31, 2014. Both composting services agreements were renewed in 2014: one with Newby through 2017 (which was then renewed for another five years, through 2022) and one with Recology-BVON through 2020.

Fiscal Impact

The impact of tip fee increases for composting services is anticipated in the FY20/21 budget. Under normal (non-COVID) circumstances the fiscal impact as included in the FY 20/21 budget of the \$28.45 to \$43.97 per ton rate increases will be \$2,622,785 (see **Table 1**), but note that **the FY 20/21 budget set for approval is planning on 35% reduction in food waste inbound tonnage**. That may reduce the Recology-BVON disposal costs due to less CSSO tons being charged at the new higher tipping fee, which is not being incorporated into this Staff Report and budgeting in order to keep a conservative approach. The annual rate of change is fixed at that of the All Urban Consumers Index (CPI-U) for the San Francisco Bay Area for the five base years and mutually agreed-upon extension for 2 years (if executed). Staff will evaluate the overall budget impact of this change as well as others and provide the Board recommendations for setting Shoreway gate fees in 2021.

Environmental Impact

California Environmental Quality Act (CEQA): In accordance with Section 15061(b)(3) of the CEQA Guidelines, no environmental review is necessary because it can be seen with certainty that there is no possibility that the recommendation in this report may have a significant negative effect on the environment. Continuing the services provided by Recology-BVON will divert green waste from disposal at landfills in compliance with SBWMA goals and regulatory requirements.

Attachments:

Resolution 2020-31

Attachment A - [Organics Processing Agreement for 2021-25 with Recology-BVON available online only at www.rethinkwaste.org](http://www.rethinkwaste.org)

NOTE: The document at the above link will be available no later than 06/22/2020 at 2PM



RESOLUTION NO. 2020-31

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING AN ORGANICS PROCESSING AGREEMENT WITH RECOLOGY-BVON FOR A FIVE YEAR TERM, 2021-2025, AT A COST OF APPROXIMATELY \$5,437,238

WHEREAS, the South Bayside Waste Management Authority (SBWMA) desires to engage qualified contractors to render processing services at a composting facility for Organic Materials generated from the SBWMA Member Agencies (the Services); and

WHEREAS, the SBWMA has negotiated an Agreement with Recology-Blossom Valley Organics North (BVON), attached hereto as Exhibit A, which will provide the highest quality Services for the SBWMA and its Member Agencies; AND

WHEREAS, approval of the proposed Agreement is exempt from the requirements of the California Environmental Quality Act (CEQA) and no environmental review is necessary because, in accordance with Section 15061(b)(3) of the CEQA Guidelines, it can be seen with certainty that there is no possibility that the recommendation in this report may have a significant negative effect on the environment. Continuing the services provided by Recology-BVON will divert green waste from disposal at landfills in compliance with SBWMA goals and regulatory requirements.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby authorize that the Agreement with Recology-BVON attached hereto as Exhibit A is approved and the Executive Director is authorized to sign the Agreement.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25th day of June 2020, 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. 2020-31 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 25, 2020.

ATTEST:

Jess E (Jay) Benton, Chairperson of SBWMA

Cyndi Urman, Board Secretary



A Public Agency

INFORMATIONAL ITEMS



STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
Julia Au, Outreach and Communications Manager
Date: June 25, 2020 Board of Directors Meeting
Subject: 2020 Legislative Session Update

Recommendation:

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

Summary

The purpose of this report is to provide an update to the Board monthly on the current 2019-2020 California Legislative Session and regulatory activities being conducted by our lobbyist, Environmental and Energy Consulting (EEC). All activities conducted from May 16 – June 12 are listed in Attachment A for review. Due to changes in legislative process, the number of bills the SBWMA is tracking has been changing. Attachment B provides in-depth information on high priority legislative bills the Agency is tracking along with current positions and status/location.

In addition to EEC's work on tracking legislation and helping secure organic waste recycling funding in an Assembly stimulus bond (AB 3256-Garcia), EEC has been hard at work to help assemble a coalition of Northern California waste agencies to coordinate support of shared funding and legislative priorities. The group of 10 agencies first met June 16 and hope to meet quarterly to establish shared policy goals.

Analysis

The SBWMA contracts with EEC to act as the Agency's legislative and regulatory lobbyist in California. EEC is a registered lobbying firm in the state of California (Lobbying ID # 1371848). On January 24, 2019, the Board approved the 2019-2020 SBWMA Legislative and Regulatory Platform that identifies 12 topic areas of importance to the Agency and our member agencies to guide the identification of critically relevant bills and regulatory action that need attention during the legislative session. The Executive Committee (SBWMA Board Chair, Jay Benton, and SBWMA Vice Chair, Alicia Aguirre) serves as the Agency's Legislative and Regulatory Committee and Staff is provided with strategic feedback and direction during our monthly Executive Committee/Board Agenda Review meetings. Based on this feedback, Staff provides EEC with tactical direction on key issues, prospective bills, and regulations that are in alignment with the Agency's Board-approved bi-annual Legislative Platform.

Attachments:

Attachment A – May-June 2020 Legislative Update

Attachment B – 2020 California Legislative Bills and Positions



RethinkWaste June 2020 Legislative Report

I. Key Dates & Updates

- At the time of the drafting of this report, the Senate and Assembly came to an agreement on the proposed 2020-2021 state budget, but are still in negotiations with the Governor to finalize it. Given the new tax filing deadline is July 15, EEC anticipates that the Legislature and Governor will be negotiating a second budget later this summer that will include a Cap-and-Trade Expenditure Plan.
- June 19 and June 26 are the last days for the Assembly and Senate, respectively, to pass bills out of their house of origin.
- Summer recess begins June 19 for the Assembly and July 2 for the Senate. Both houses return from recess July 12.

II. Legislative Updates

- [SB 1156](#) (Archuleta) – SUPPORT
 - i. Requires CalRecycle to create an education campaign promoting the proper disposal of lithium-ion batteries and requires the Department of Forestry and Fire Protection to develop a model protocol for lithium-ion battery fire detection, handling, and suppression for the solid waste industry.
- [AB 2287](#) (Eggman) – SUPPORT
 - i. Authorizes CalRecycle to create standards for labeling compostable products and guidelines to ensure compostable and biodegradable products are easily distinguishable
- [AB 2959](#) (Calderon) – SUPPORT
 - i. Clarifies prior legislation to ensure local jurisdictions maintain control to regulate food waste under solid waste franchises
- [AB 3256](#) (E. Garcia) – SUPPORT IF AMENDED
 - i. A potential economic recovery funding package. RethinkWaste has requested \$300M to CalRecycle for organic waste recycling infrastructure.

III. May & June Activities

- Assemblymember Eduardo Garcia's office has indicated that he intends to include \$300M to CalRecycle for organic waste recycling funding in his stimulus bond, AB 3256. This is a major success for the coalition of local

governments, waste haulers, and nonprofits we've been working with to pressure Assemblymembers to support this funding, but it will need support from the Senate and Governor as well.

- EEC is working with the same coalition of waste groups to push the Senate to adopt similar funding provisions in Senator Allen's bond, SB 45. We have met with five progressive Senate offices so far known to be supportive of recycling investments, but are still trying to confirm a Senate "champion".
- EEC has scheduled a call with a coalition of Northern California solid waste agencies to coordinate supporting shared funding and legislative priorities, including the crucial need for SB 1383 infrastructure funding. We intend to initially hold these calls quarterly.
- RethinkWaste is supporting 2 bills that passed off the Assembly floor and now head to their second house and is also supporting one bill on the Senate suspense file.
- EEC, in coordination with Recology, Californians Against Waste, and California Product Stewardship Council, have requested that Senator Archuleta and his sponsor, the California Waste Haulers Council, amend SB 1156 to clarify that their bill does not completely solve the lithium-ion battery disposal hazard issue. Our intent has been to make sure their bill, if it passes this year, is not used as a reason to block efforts for RethinkWaste's more comprehensive recycling policy next year. The author's office and sponsor has asked that we wait until the bill is in the Assembly to discuss potential amendments further.

Attachment B: 2020 RethinkWaste Priority Bills Overview

Bill # & Author	What does it do?	Sponsor?	Position	Status
AB 1080 (Gonzalez) Priority 1	Adopts regulations to source reduce and recycle 75% of single-use packaging and priority plastic products sold or distributed in California by 2030	None	Support	Senate Floor
AB 1672 (Bloom)	Develops standards for flushability and requires labeling of “flushable” and “non-flushable” wipes	NSAC and California Association of Sanitation Agencies	Support	Senate Rules
AB 2287 (Eggman)	Authorizes CalRecycle to create standards for labeling compostable products and guidelines to ensure compostable/biodegradable products are easily distinguishable	Californians Against Waste & Biodegradable Products Institute	Support	Passed off the Assembly floor (76-0), headed to Senate Rules Committee.
AB 2959 (Calderon)	Clarifies AB 3036 (Cooley) to ensure local jurisdictions maintain control to regulate food waste under solid waste franchises.	CRRC South	Support	Passed off the Assembly floor (47-16), headed to Senate Rules Committee
AB 3256 (E. Garcia)	As Assembly vehicle for an economic recovery package.	None	Support if Amended	Passed out of Assembly Appropriations Committee (13-4), now in Assembly Rules Committee
SB 54 (Allen) Priority 1	Adopts regulations to source reduce and recycle 75% of single-use packaging and priority plastic products sold or distributed in California by 2030	None	Support	Assembly Floor
SB 667 (Hueso)	Vehicle for SB 1383 stimulus package	None	Watch	Assembly Appropriations Suspense file
SB 1156 (Archuleta)	Creates an education campaign promoting the proper disposal of lithium-ion batteries and requires a	California Waste Haulers Council	Support	Passed out of Senate Environmental Quality



Bill # & Author	What does it do?	Sponsor?	Position	Status
	model protocol for handling lithium-ion battery fires			Committee on consent, now on the Senate suspense file
SB 1258 (Stern)	Creates parameters for the Climate Catalyst Revolving Fund. Currently does not include recycling infrastructure funding	None	Support if Amended	Passed out of Senate Business, Professions, & Consumer Protection Committee (9-0), now on the Senate suspense file



STAFF REPORT

To: SBWMA Board Members
From: John Mangini, Senior Finance Manager
Date: May 28, 2020 Board of Directors
Subject: 2020 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 2020. 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 2020:

January 2020

- Approved FY18/19 audited Financial Statement
- Approved Mid-Year FY19/20 Operating Budget

March 2020

- Recology submitted the unaudited 2019 Revenue Reconciliation Report (March 31)

May 2020

- Review Preliminary (Draft) FY20/21 SBWMA Budget at May 12, 2020 Finance Committee meeting
- Review Preliminary (Draft) FY20/21 SBWMA Budget at May 28, 2020 Board meeting
- Approval of unaudited 2019 calendar year financial statement for bond reporting requirement.
- Approval of Work Plan to align the Fiscal Year to a Calendar Year Accounting Period beginning January 1, 2021

June 2020

- Approval of the Final FY20/21 SBWMA Operating Budget at June 25th, 2019 Board meeting.
- Recology's 2021 Compensation Application submitted to the SBWMA and Member Agencies (*June 15*)
- SBWMA and Member Agency comments are submitted to Recology on its 2020 Compensation Application (*June 26*)
- SBWMA issues letters requesting confirmation from Member Agencies on their estimated 2021 Member Agency fees (e.g., franchise fees) to be included in their 2021 solid waste rates. (*Due: June 30*)
- Review of the Revenue Reconciliation Report from the Financial Systems audit report on Recology

July 2020

- SBR's 2021 Compensation Application to be submitted to the SBWMA (*July 3*).
- Recology revised 2021 Compensation Application submitted to SBWMA & Member Agencies (*July 17*)
- SBWMA issues the following reports to the Board and Member Agency staff for review and comment:

- Estimated 2020 and 2021 residential and commercial base revenue
- Estimated collected tonnage for 2012 and 2021
- 2020 Residential rates vs. 2021 cost analysis.
 - Optional at Member Agency request: Estimated residential revenue changes due to cart migration (i.e., lost revenue).
- Summary of 2021 Member Agency fees to be used in the 2021 cost projections based on Member Agency feedback.

August 2020

- SBWMA issues Draft Report Reviewing Recology's 2021 Compensation Application, recommended total Revenue Requirement, and Rate Adjustment (*August 10*)
- SBWMA issues the Draft Report Reviewing SBR's 2021 Compensation Application (*August 17*)
- Comments sent from Member Agencies on draft Reports Reviewing Recology's & SBR's 2021 Compensation Application (*August 27*)

September 2020

- SBWMA TAC Workshop to review Pre-Final Report Reviewing Recology's 2021 Compensation Application.
- SBWMA issues Final Report Reviewing Recology's 2021 Compensation Application including the recommended total Collection Rate Adjustment for 2021. (*September BOD Packet*)
- SBWMA issues Final Report Reviewing SBR's 2021 Compensation Application. (*September BOD Packet*).
- Approval of SBR 2021 Compensation Application (*September 24 BOD Meeting*)
- Approval of Recology 2021 Compensation Application and total recommended Revenue Requirement (*September 24 BOD Meeting*)

October 2020

- Finance Committee Meeting to review FY2021 Budget (*October 13*)
- Joint TC/Board Study Session (*October 22*):
 - Review Preliminary (Draft) 2021 Calendar, Fiscal Year Budget, and CIP)
 - Review final SB1383 Regulations w/projected implementation costs for 2020 compliance activities

September – December 2020

- Member Agencies issue Prop. 218 notices and approve their final 2021 solid waste rates

November 2020

- Approval of the Final Calendar/Fiscal Year Budget at November 19th Board meeting
- SBWMA issues report to Board on recommended January 1, 2021 Shoreway tip fees with adjustments, if necessary (includes calendar year 2020 & 2021 SBWMA financial projections with assumed tip fee and net reserve funding)

STAFF REPORT

To: SBWMA Board Members
From: John Mangini, Senior Finance Manager
Date: June 25, 2020 Board of Directors Meeting
Subject: Check Register Detail for May 2020

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 issued in May 2020 are listed on the attached (Attachment A) report for review.

Analysis

As of July 1, 2019, the SBWMA entered into a contract with the City of Redwood City for accounting services including the issuing of all payments and deposit of all receipts. In accordance with the SBWMA and the City of Redwood City's policies, checks are normally issued every two weeks. All SBWMA invoices are approved for payment by the program manager and then by the Executive Director or Finance Manager. Total A/P spending for May 2020 was \$3,165,600.05 as detailed in **Attachment A**.

If you have any questions on this, please contact Cyndi Urman or John Mangini.

Attachments:

Attachment A – May 2020 Check Register Detail Report

South Bayside Waste Management Authority

CHECK DETAIL

May 2020

DATE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	TRANSACTION TYPE	AMOUNT
100010 Wells Fargo Bank						
05/11/2020	ACH	County of San Mateo		100010 Wells Fargo Bank	Expense	-3,122.00
			Environmental Health - Solid waste facility permit	505005 Facility Improvement Oversight		3,122.00
05/11/2020 WIRE MODERN HR, INC.						
			PPE 5/9/20	100010 Wells Fargo Bank	Expense	-56,412.49
			PPE 5/9/20	500000 Salaries - Admin		22,723.24
			PPE 5/9/20	500100 Salaries - Recycling		33,064.35
			PPE 5/9/20	501000 Benefits - Payroll Taxes		875.36
			PPE 5/9/20	501005 Benefits - Workers Comp Ins		480.30
			PPE 5/9/20	501030 Benefits - CPE Fee		775.38
			PPE 5/9/20	501010 Benefits - Retirement Employee		-5,755.75
			PPE 5/9/20	500150 Salaries - Car Allowance		2,650.00
			PPE 5/9/20	500200 Salaries - Opt Out Medical		1,599.61
05/11/2020 ACH WELLS FARGO						
			April 2020 Client Analysis Service Charge	100010 Wells Fargo Bank	Expense	-379.48
				503005 Bank Fees & Services		379.48
05/13/2020 10187 SCAPES INC						
			Inv# 19585	100010 Wells Fargo Bank	Check	-78.75
			Shoreway Facility Cost - April 2020 Monthly Maintenance	507015 Shoreway Facility Cost		78.75
05/13/2020 10188 LPG FIRE PROTECTION INC.						
			Inv# 2020-129 & 2020-131	100010 Wells Fargo Bank	Check	-77,444.00
			Organics to Energy; PO# 3010-000651 - Inv# 2020-129	6001008 Facilities Improvements (SF067)		69,384.00
			Organics to Energy Pilot; Copper Scope - Inv# 2020-131	6001008 Facilities Improvements (SF067)		8,060.00
05/13/2020 10189 BULK HANDLING SYSTEMS (BHS)						
			Inv# 1905692	100010 Wells Fargo Bank	Check	-29,319.82
			MRF Phase 1 Sales Tax	6001017 Facilities Improvements - Phase MRF Upgrades		29,319.82
05/13/2020 10190 SAN MATEO DAILY JOURNAL						
			Ad# 02747235	100010 Wells Fargo Bank	Check	-840.00
			Public notices; 4/23/20 Cust# 02104979-000	503040 Publications & Public Notices		840.00

South Bayside Waste Management Authority

CHECK DETAIL

May 2020

DATE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	TRANSACTION TYPE	AMOUNT
05/13/2020	10191	R3 CONSULTING GROUP INC	Inv# 9690	100010 Wells Fargo Bank	Check	-11,393.75
			Contract Annual Auditing; services thru April 30, 2020	5050102 Annual Contract Auditing		11,393.75
05/13/2020	10192	STEVEN SHERMAN CONSULTING	Inv# 2020-1-SBWMA-PSA17-01	100010 Wells Fargo Bank	Check	-3,214.04
			Long Range Plan; Professional services Jan 1-Feb 29, 2020- Recycling, Tech Assistance, Public outreach, organics and regulations assistance	5060051 Diversion; Zero Waste Programs		3,214.04
05/13/2020	10193	E-RECYCLING OF CALIFORNIA	Order# I2002613	100010 Wells Fargo Bank	Check	-1,708.94
			e-recycling; Receive date 4/24/20 - Order# I2002613	400400 E-Recycling Revenue		-1,708.94
05/13/2020	10194	AARONSON DICKERSON COHN & LANZONE	Inv# 420049-SB.R	100010 Wells Fargo Bank	Check	-18,266.88
			Board Counsel; Thru April 24,2020	502005 Board Counsel		18,266.88
05/13/2020	10195	Comcast	Acct# 8155 20 033 0447972	100010 Wells Fargo Bank	Check	-265.53
			Utilities; services from Apr 29 to May 28, 2020	503020 Utilities & Phone		265.53
05/13/2020	10196	KBA DOCUMENT SOLUTIONS LLC	Inv. #7159704	100010 Wells Fargo Bank	Check	-466.39
			Office Equipment; Contract# 42087343 - Inv# 7159704	503035 Office Equipment Costs		466.39
05/13/2020	10197	CITY OF SAN CARLOS	Inv# 16998	100010 Wells Fargo Bank	Check	-4,896.10
			Rent - May 2020	503010 Rent		4,896.10
05/13/2020	10198	LIEBERT CASSIDY WHITMORE	Inv# 1494997 & 1496694	100010 Wells Fargo Bank	Check	-1,976.00
			Board Counsel; Matter#: SO475-00004 services thru 2/29/20 - Inv# 1494997	502005 Board Counsel		1,710.00
			Board Counsel; Matter# SO 475-00004 - Inv# 1496694	502005 Board Counsel		266.00
05/13/2020	10199	Shred-It USA	INV. #8129624206	100010 Wells Fargo Bank	Check	-256.16
			Office Supplies; cust# 11574392	503030 Office Supplies		256.16
05/13/2020	10200	WELLS FARGO	Acct# 4856 2003 7906 1909	100010 Wells Fargo Bank	Check	-1,787.77
			Deposit for Emi's 20/21 Leadership class	503065 Training		100.00
			Facebook ads	5060205 Residential Outreach Programs		1.62
			Docu-sign Acct purchase	503030 Office Supplies		300.00
			Staff training class	503065 Training		1,350.00

South Bayside Waste Management Authority

CHECK DETAIL

May 2020

DATE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	TRANSACTION TYPE	AMOUNT
			Office Supplies	503030 Office Supplies		16.16
			Mail Chimp Account	5060204 Member Agency & Rate Payer Education		19.99
05/13/2020	10201	SAN CARLOS CHAMBER OF COMMERCE	Inv# 104556	100010 Wells Fargo Bank	Check	-600.00
			Sponsorships; farmers' market sponsorship May 2020	503070 Sponsorship & Donations		600.00
05/13/2020	10202	COMMON GOAL CONSULTING GROUP, INC	Inv# 006 & 010	100010 Wells Fargo Bank	Check	-2,965.00
			Long Range Planning; services from 4/1/20-4/30/20 - Inv# 006	5060051 Diversion; Zero Waste Programs		1,202.50
			Facility Improvement Oversight; services 4/1-4/30 - Inv# 010	505005 Facility Improvement Oversight		1,762.50
05/13/2020	10203	SWANA Legislative Task Force	Inv# 2020-005	100010 Wells Fargo Bank	Check	-1,000.00
			Sponsorship & Donations; Supplemental public agency assessment	503070 Sponsorship & Donations		1,000.00
05/15/2020	WIRE	CITY OF SAN CARLOS		100010 Wells Fargo Bank	Expense	-121,133.17
			April 2020 franchise fee	507055 Franchise Fee to the City of San Carlos		121,133.17
05/15/2020	ACH	STERLING HSA	August 2019 HSA	100010 Wells Fargo Bank	Expense	-1,775.00
			May 2020 - Sterling HSA	501025 Benefits - Sterling HSA		1,775.00
05/18/2020	ACH	JOHN HANCOCK USA		100010 Wells Fargo Bank	Expense	-39,874.14
			4/2, 4/16, and 4/30 EE and ER contributions	501015 Benefits - Retirement Employer		39,874.14
05/19/2020	WIRE	SOUTH BAY RECYCLING LLC		100010 Wells Fargo Bank	Expense	-
			Invoice #2020-03	5070105 Disposal & Processing - OTHER		1,606,704.57
			Invoice #2020-03	507005 Operator Compensation SBR		6,301.70
			Invoice #2020-03	400350 Miscellaneous Revenue		1,576,316.26
			Invoice #2020-03	400350 Miscellaneous Revenue		1,297.48
			Invoice #2020-03	507015 Shoreway Facility Cost		10,207.66
			Invoice #2020-03	507030 Shoreway Charges		2,224.17
			Invoice #2020-03	507025 Credit Card		6,344.25

South Bayside Waste Management Authority

CHECK DETAIL

May 2020

DATE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	TRANSACTION TYPE	AMOUNT
			Invoice #2020-02	Charges 507005 Operator Compensation SBR		574.83
			Invoice #2020-01	507005 Operator Compensation SBR		6,033.18
05/26/2020	WIRE	MODERN HR, INC.		100010 Wells Fargo Bank	Expense	-52,062.43
			PPE 5/23/20	500000 Salaries - Admin		22,723.25
			PPE 5/23/20	500100 Salaries - Recycling		33,064.35
			PPE 5/23/20	501000 Benefits - Payroll Taxes		808.89
			PPE 5/23/20	501005 Benefits - Workers Comp Ins		446.31
			PPE 5/23/20	501030 Benefits - CPE Fee		775.38
			PPE 5/23/20	501010 Benefits - Retirement Employee		-5,755.75
05/27/2020	10204	SCS ENGINEERS	Inv# 377558	100010 Wells Fargo Bank	Check	-3,025.00
			Facility Improvement Oversight - services from 4/1/20-4/30/20	505005 Facility Improvement Oversight		3,025.00
05/27/2020	10205	AT&T	Acct. #650-596-7146-704-9	100010 Wells Fargo Bank	Check	-883.16
			Shoreway Facility cost; monthly service May 13 thru Jun 12, 2020	507015 Shoreway Facility Cost		883.16
05/27/2020	10206	TANNER PACIFIC INC	Inv# 220-111	100010 Wells Fargo Bank	Check	-4,408.21
			Facility Improvement oversight; Professional services 2/16/20-5/1/20	505005 Facility Improvement Oversight		4,408.21
05/27/2020	10207	RECOLOGY BLOSSOM VALLEY ORGANICS-N	Inv. #200004	100010 Wells Fargo Bank	Check	-124,972.50
			DISPOSAL-BVO - April 2020	5070103 Disposal & Processing - BVON		124,972.50
05/27/2020	10208	BROWNING FERRIS INDUSTRIES OF CA INC	INV. #4278-100006235	100010 Wells Fargo Bank	Check	-289,112.87
			DISPOSAL-NEWBY - April 2020	5070102 Disposal & Processing - NEWBY		289,112.87
05/27/2020	10209	BFI OF CALIFORNIA INC Ox Mtn Landfill - 4227	Inv. #4227-000056809	100010 Wells Fargo Bank	Check	-687,990.50

South Bayside Waste Management Authority

CHECK DETAIL

May 2020

DATE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	TRANSACTION TYPE	AMOUNT
			DISPOSAL OX MTN. - April 2020	5070101 Disposal & Processing - OX		687,990.50
05/27/2020	10210	PREMIER ACCESS INSURANCE COMPANY	Group ID 17242 Reg ID 1000550973	100010 Wells Fargo Bank	Check	-988.16
			Benefits; Billing period June 2020; Registration ID: 1000550973	501035 Benefits - Guardian Life		988.16
05/27/2020	10211	Environmental and Energy Consulting	Inv# 1789	100010 Wells Fargo Bank	Check	-3,333.33
			Legislative Services; Consulting & Lobbying May 2020	504000 Legislative & Reg Advocacy		3,333.33
05/27/2020	10212	Joanna Rosales	5/20/20	100010 Wells Fargo Bank	Check	-19.54
			Office Supplies reimbursement	503030 Office Supplies		19.54
05/27/2020	10213	STUDIO EM GRAPHIC DESIGN	INV. #17922 & 17925	100010 Wells Fargo Bank	Check	-545.00
			Residential Outreach - Ad design; COVID Best Practices 17922	5060206 Community Events		327.00
			Residential Outreach - Specialty Item Design; labels 17925	5060206 Community Events		218.00
05/27/2020	10214	S. Groner and Associates (SGA)	INV. #2342	100010 Wells Fargo Bank	Check	-3,044.00
			Battery Outreach Campaign; 4/1-4/30/20	506025 Curbside Battery Outreach		3,044.00
05/27/2020	10215	MICHAEL'S STEAM CLEANING		100010 Wells Fargo Bank	Check	-850.00
			Office Improvements deep cleaning of carpets & upholstery	503025 Tenant Improvements		850.00
05/27/2020	10216	KBA DOCUMENT SOLUTIONS, LLC	Inv. #55Y1088045	100010 Wells Fargo Bank	Check	-8.35
			Office Equipment; Contract# 42087343 - Inv# 55Y1088045	503035 Office Equipment Costs		8.35
05/27/2020	10217	CITY OF SAN CARLOS	Inv# 17029	100010 Wells Fargo Bank	Check	-183.00
			Community Room Rental; 1st Q Jan-Mar	503010 Rent		183.00
05/27/2020	10218	THE OFFICE CITY	Inv# IN-1639549, IN-1639558	100010 Wells Fargo Bank	Check	-70.46
			OFFICE SUPPLIES; IN-1639549	503030 Office Supplies		35.23
			OFFICE SUPPLIES; INV IN-1639558	503030 Office Supplies		35.23
05/27/2020	10219	E-RECYCLING OF CALIFORNIA	Order# I2002802 & I2002914	100010 Wells Fargo Bank	Check	-2,230.41
			e-recycling; Receive date 5/8/20 - Order# I2002802	400400 E-Recycling Revenue		-1,065.39

South Bayside Waste Management Authority

CHECK DETAIL

May 2020

DATE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	TRANSACTION TYPE	AMOUNT
			e-recycling; Receive date 5/14/20 - Order# I2002914	400400 E-Recycling Revenue		-1,165.02
05/27/2020	ACH	Anthem Blue Cross		100010 Wells Fargo Bank	Expense	-4,983.03
			June 2020 Medical Benefits	501020 Benefits - Medical		4,983.03
05/28/2020	ACH	GUARDIAN LIFE INSURANCE CO OF AMERICA	September 2019 Life and LTD insurance	100010 Wells Fargo Bank	Expense	-1,010.12
			June 2020 Life & LTD Insurance	501035 Benefits - Guardian Life		1,010.12
Total:						\$3,165,600.05

STAFF REPORT

To: SBWMA Board Members
From: Cyndi Urman, Office Manager/Board Secretary
Date: June 25, 2020 Board of Directors Meeting
Subject: Technical Consulting Contracts: January – May 2020

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 regular basis on the technical consulting contracts that have been issued. All contracts issued in between January and May 2020 are listed in Attachment A for review.

Throughout a given calendar year, staff will update this listing two to four times per year with any new technical contracts issued.

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

Attachments:

Attachment A – Technical Consulting Contracts – January – May 2020

Technical Consultant Contracts January - May 2020

Vendor Name	Amount of Contract	Scope of Work	Date of Award	Contract Procedures Used	Budget Line Item	Budget Line Item Description
Lalouh*	\$51,672	Annual Service Notice Printing and Mailing	1/15/2020	Quotes Received	506025-05	Residential Outreach
HF&H Consultants	\$20,000	Potential Member Agency Exit Financial Analysis	3/18/2020	Single Source (Professional Services)	505000	Rate Review
Underground Agency	\$49,500	Recycling Outreach Campaign	3/25/2020	RFP	506020-03 and 506020-05	Residential and Multi-Family Outreach
S. Groner and Associates	\$5,490	Multi-Family Service Guide	4/3/2020	RFP	506020-03	Multi-Family Outreach
Ascent Environmental*	\$31,540	Technical Assistance with Cal Recycle Electronic Annual Reports	4/24/2020	RFQ	505025-01	Cal Recycle EARs
DTE Networks*	\$38,863	FY20/21 IT Services	4/24/2020	Single Source (Professional Services)	502025	IT Services

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

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

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

STAFF UPDATE

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

July 23, 2020

TBD

August 2020 – No Meeting

September 24, 2020

- Closed Session Executive Director Performance Evaluation
- Resolution Approving Recology San Mateo County 2021 Compensation Application
- Resolution Approving South Bay Recycling 2021 Compensation Application
- Resolution Approving 2021-2023 Public Education Plan
- Resolution Approving Contract Extension for Legislative Advocacy services
-
- Resolution Approving Contract for MRF Wall Repairs
- Presentation of Draft Calendar Year 2021 SBWMA Operating Budget
- South Bay Recycling's request for compensation adjustment (format is TBD)
- 2019 Rate Survey
- Shoreway Environmental Center Project Update
 - MRF Phase I Equipment Upgrades Update
 - Organics-to-Energy Source Separated Organics Results
 - Stormwater Repairs
 - Tip Floor Repairs
 - Tunnel Pump Repairs
- Review of MRF Phase I Project—to date

October 22, 2020 - Study Session

- Board/TAC/Finance Committee Study Session:
(New Proposed Calendar Year DRAFT Budget period: January 1, 2021 – December 31, 2021)
- SB1383 Action Plan Study Session Review (w/HFH)

November 19, 2020

- Board and TAC Annual Holiday Lunch before the Board Meeting
- Resolution Approving Calendar Year Budget (January 1, 2021 – December 31, 2021)
- Resolution Approving Calendar Year and Fiscal Year 2021 SBWMA Operating Budget
- Resolution Approving Organics-to-Energy Pilot Phase II (full Scale Up) Equipment
- Resolution Approving SB1383 Action Plan
- Resolution Recommending Approval of Amendment One Modifications to the Member Agency Franchise Agreements with Recology San Mateo County

December 2020 – No Meeting

January 28, 2021*

- Election of 2021 Board Chair and Vice Chair
- Resolution Approving MRF Phase II-Equipment Upgrades Approval of MRF Phase II Equipment Purchase
- Resolution Recommending Approval of Amendment One Modifications to the Member Agency Franchise Agreements with Recology San Mateo County
- Resolution approving 2021-2023 Legislative Platform

The 2021 Board of Director's Calendar will be approved at the November 19, 2020 Board Meeting