



# ADMINISTRATION AND FINANCE

## STAFF REPORT

**To:** SBWMA Board Members  
**From:** Joe La Mariana, Executive Director  
**Date:** June 24, 2021 Board of Directors Meeting  
**Subject:** Appointment of Ad Hoc Selection Committee (AHSC) to Review and Recommend to the Board, the Terms of a Request for Proposals (RFP) Regarding the Selection of a Contractor to Operate the Shoreway Recycling and Disposal Center Commencing January 1, 2024

### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No 2021-14 authorizing the following action:

Appoint Three (3) SBWMA Board Members as an Ad Hoc Selection Committee (AHSC) to Review and Recommend to the Board, the Terms of a Request for Proposals (RFP) Regarding the Selection of a Contractor to Operate the Shoreway Recycling and Disposal Center Commencing January 1, 2024

### Background

The current Shoreway Operations Agreement term with South Bay Recycling (SBR) began on January 1, 2011 and will expire on December 31, 2023, at which time a new agreement will need to be in place. Due to the size (\$20M per year) and complexity of the existing Operating Agreement, Staff recommended, and on March 25, 2021, the Board approved a two (2) year Work Plan (March 2021 – January 2023) for issuing a Request for Proposals (RFP) for selection of a contractor to operate the Shoreway Recycling and Disposal Center, beginning on January 1, 2024. On that same date, the Board approved a contract with HF&H Consultants to aid in the development of the RFP. With Staff engagement and direction, HF&H will implement the Board approved Work Plan to guide the solicitation, evaluation, selection/award, contract negotiation and mobilization (and transition) to the selected contractor. The targeted endpoint of the selection process is anticipated to be a proposed awardee's contract presented for SBWMA Board consideration in fall 2022, with the transition of services continuing through 2023.

### Analysis

The approved RFP Work Plan Timeline and Key Tasks include the following:

Date	Task	Details
2021 – Mar	RFP-Guidance Sr. Consultant Selected	<ul style="list-style-type: none"> <li>• RFO posted 1/4/21, with proposals due 1/29/21.</li> <li>• RFO proposals reviewed 2/21-3/21, and top choice selected.</li> </ul>
2021 – Mar	RFP-Guidance Sr. Consultant and Work Plan Approved	<ul style="list-style-type: none"> <li>• Sr. Consultant's Contract (HF&amp;H) approved at 3/28/21 Board Meeting.</li> <li>• Board approval of Work Plan for RFP Process.</li> </ul>

		<ul style="list-style-type: none"> <li>Confirmation of <b>3 TAC member Ad Hoc Evaluation Committee (AHEC)</b>.</li> <li>Then <b>meet 3 times</b> (Apr, June, Aug) with Agency staff and AHEC for RFP strategy/material development.</li> </ul>
2021 – Sept	RFP strategy refined, and task list, timeline and documents approved	<ul style="list-style-type: none"> <li>Sr. Consultant guides Agency in developing RFP materials based on their experience, knowledge, and templates, adhering to task list and timeline, to be used in RFP documents.</li> <li><b>Meet 2 times</b> (early Sept and 9/23/21 Board meeting), first with <b>Ad Hoc Selection Committee (AHSC) of 3 Board members</b>, to finalize and approve RFP materials.</li> <li>Assist Board Meeting Staff Report/Resolution writing (continues below).</li> </ul>
2021 – Oct	Release RFP documents to industry	<ul style="list-style-type: none"> <li>Staff posts RFP materials and required noticing (AHSC meetings to resume in March), with purpose of eliciting Statements of Qualification within Proposals for most efficient shortlisting of top 2 proposals for Parallel Negotiations (PN).</li> </ul>
2022 – March	Collect Proposal with Statement of Qualifications (SOQ) responses	<ul style="list-style-type: none"> <li>Collect and start reviewing Proposal (with SOQ) responses based on quality, cost, and other criteria, led by Consultant/AHSC (<b>meet 2 times</b>).</li> </ul>
2022 – May	Complete Proposal (with SOQ) response evaluation	<ul style="list-style-type: none"> <li>Finalize review and scoring of SOQ responses, with Staff/AHSC and facilitated by interviews and facility tours.</li> </ul>
2022 – Aug-Sept	Select top two responders for Parallel Negotiations	<ul style="list-style-type: none"> <li>Select top two Proposals, for 9/22/22 Board approval of PN (or 11/17/22 Board meeting as a fallback date).</li> <li>Start negotiation of remaining contract items to be finalized.</li> </ul>
2022 – Oct-Nov	Execute Parallel Negotiations	<ul style="list-style-type: none"> <li>Complete three rounds of negotiations meetings and Operating Agreement revisions for each of 2 shortlisted proposers, resolving all disputes (<b>meet 3 times each</b>) and presenting to Board one time (11/17/22).</li> </ul>
2023 – Jan	Approve contract and execute mobilization/transition plan (if applicable)	<ul style="list-style-type: none"> <li>Board approves winning best-value Contractor (1/27/23) and Agency signs new contract.</li> <li>Agree upon and start mobilization and transition plan if not incumbent (<b>meet 3 times</b>).</li> </ul>
2023 – Dec 31	Current Operating Agreement expires	<ul style="list-style-type: none"> <li>Agreement with SBR expires.</li> </ul>
2024 – Jan 1	New Operating Agreement begins	<ul style="list-style-type: none"> <li>New Agreement starts for 10 years, with potential extensions.</li> </ul>

As noted in the Work Plan, the RFP strategy is to be refined, the task list, timeline, and documents approved in September 2021. To achieve this milestone, the Work Plan calls for an AHSC, comprised of three (3) Board Members, to review and provide strategic direction for the draft RFP prior to Board approval, followed by general distribution to potential proposers in October 2021.

**Recommendation**

Staff recommends to the Board that it now select three (3) Board Members for appointment to the AHSC to complete the above-described work.

**Fiscal Impact**

There is no fiscal impact associated with appointment of three (3) Board Members to the AHSC.

**Attachments:**

Resolution 2021-14



## RESOLUTION NO. 2021-14

**RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPOINTING THREE (3) SBWMA BOARD MEMBERS AS AN AD HOC SELECTION COMMITTEE (AHSC) TO ASSIST IN THE DRAFTING OF A REQUEST FOR PROPOSALS (RFP), RECEIVING RESPONSES TO THE RFP, AND MAKE RECOMMENDATIONS TO THE BOARD REGARDING THE SELECTION OF A CONTRACTOR TO OPERATE THE SHOREWAY RECYCLING AND DISPOSAL CENTER COMMENCING JANUARY 1, 2024.**

**WHEREAS**, on March 25, 2021, the Board approved a Request for Proposals (RFP) Work Plan Timeline and Key Tasks; and

**WHEREAS**, the Work Plan calls for appointment of an Ad Hoc Selection Committee (AHSC), comprised of three (3) Board Members, to assist in the drafting of an RFP, receive responses to the RFP, and make recommendations to the Board regarding the selection of a contractor to operate the Shoreway Recycling and Disposal Center commencing January 1, 2024; and

**WHEREAS**, the Board wishes to appoint three (3) Board Members to the AHSC.

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves the appointment of the following Board Members to the AHSC: \_\_\_\_\_.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the June 24, 2021, by the following vote:

Agency	Yes	No	Abstain	Abse nt	Agency	Yes	No	Abst ain	Abse nt
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				
Menlo Park									

I HEREBY CERTIFY that the foregoing Resolution No. 2021-14 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 14, 2021.

ATTEST:

\_\_\_\_\_  
Alicia Aguirre, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Clerk of the Board

## STAFF REPORT

**To:** SBWMA Board Members  
**From:** John Mangini, Senior Finance Manager  
 Joe La Mariana, Executive Director  
**Date:** June 24, 2021 Board of Directors Meeting  
**Subject:** Resolution Approving Fiscal Year 2021-2022 Property Insurance Coverage

### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2021-15 attached hereto authorizing the following action:

Approve and accept \$65 million property insurance policy renewal coverage with a group of insurance companies for a total premium of \$1,691,625 for the coverage period of July 1, 2021 to June 30, 2022 with a deductible of \$1.5 million.

### Summary

The SBWMA Finance Committee reviewed the available property insurance quotes at its June 8<sup>th</sup> meeting and recommended that the coverage carried be 80% of the total estimated replacement value of the \$81 million in Shoreway assets, or \$65 million in coverage. The committee commented that it is extremely unlikely that an event would destroy all assets at the Shoreway site and decided on this level risk tolerance and that they were comfortable using an 80% asset replacement model for this year's insurance coverage.

### Analysis

The SBWMA's property insurance policy has been marketed again by Risk Strategies in Burlingame covering the buildings and equipment at the Shoreway facility. At the request of the SBWMA, Risk Strategies obtained quotes with options on coverage levels and deductible levels. The quotes from carriers range from \$1.43M to \$1.8M depending on the deductible and level of coverage (not less than \$60M). Quotes were obtained for our historical coverage level of \$60 million and for the estimated replacement value of all Shoreway assets (including business interruption coverage) for a total of \$81 million. Staff also requested deductible quotes for \$1.5 million and \$2.5 million. **Table 1** below illustrates the varying quotes obtained.

**Table 1**

<b>Property Insurance - All Risk Coverage - 2021</b>				<b>2020, Expiring term</b>
	<b>Perils excess of</b>	<b>\$1,500,000 Deductible</b>	<b>\$2,500,000 Deductible</b>	<b>\$1,500,000 Deductible</b>
<b>All Layers to \$60M</b>	<b>\$60,000,000</b>	<b>\$1,581,375</b>	<b>\$1,428,740</b>	<b>\$1,286,497</b>
<b>All Layers to \$65M</b>	<b>\$65,000,000</b>	<b>\$1,691,625</b>	<b>N/A</b>	<b>N/A</b>
<b>All Layers to \$81M</b>	<b>\$81,075,856</b>	<b>\$1,794,875</b>	<b>\$1,642,240</b>	<b>N/A</b>

The insurance industry is experiencing increased risk in our class of business which has also resulted in higher premiums to secure coverage. Many carriers are now declining to quote on our class of business. Other factors outside of our Agency's control are also contributing to higher premiums and include; multiple years of catastrophic events, California's historic 2020 wildfire season and 2021 outlook, turmoil in the US and globally, social upheaval and COVID-19.

**Background**

The Agency's insurance premiums have increased \$1.5M since 2016 as illustrated in **Table 2** below. Although at higher premiums, our agency has secured property/fire insurance policy coverage since the MRF and Transfer Station fires in September 2016. The new policy for FY 21/22 will follow the recent pattern of having multiple layers of shared coverage.

**Table 2**

	2016	2017	2018	2019	2020	2021
Premium	\$ 179,596	\$ 766,682	\$ 838,484	\$ 954,916	\$ 1,286,497	\$ 1,691,625
Increase		\$ 587,086	\$ 71,802	\$ 116,432	\$ 331,581	\$ 405,128
Deductable	\$ 5,000	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ 1,500,000	\$ 1,500,000
Period	7/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/18 - 6/30/19	7/1/19 - 6/30/20	7/1/20 - 6/30/21	7/1/21 - 6/30/22

**Additional Information**

Staff had recently reported to the Board that Risk Strategies advised Staff that a 2020 subrogation settlement between the insurance carrier that covered the 2016 fire claims and other insured parties may, indeed, help to reduce our property insurance premium, as the insurance market may consider these additional insured parties when underwriting the SBWMA's policy quote. Risk Strategies has advised that this settlement likely helped with our quoted premiums, but not as much as the Agency would have liked.

*Verlan Fire Insurance Company was the SBWMA's property insurance carrier in 2016 and paid \$8.7M in claims for the September 2016 fire, including business interruption reimbursement. Verlan has recently achieved a reimbursement recovery settlement with South Bay Recycling's (SBR's) insurance company in the amount of \$3.75M, and also achieved a secondary settlement with Bulk Handling Systems' (BHS) insurance company for \$148K. BHS is the manufacturer of the MRF sorting equipment system at the Shoreway Facility.*

Additionally, Risk Strategies' Facilities and Fire Engineer visited the Shoreway site in April and performed an engineering survey and provided a survey report to potential carriers. Risk Strategies has advised that this survey likely helped with our quoted premiums, but not as much as the Agency would have liked.

The SBWMA does not carry Earthquake insurance because of the high premium, high deductible, and limited coverage. In addition, the Agency maintains an Emergency Reserve that would help to offset an earthquake event.

**Fiscal Impact**

Property insurance premium of \$1,691,625 on a \$65 million property insurance policy coverage for the period of July 1, 2021 to June 30, 2022 with a deductible of \$1.5 million.



Attachments:  
Resolution 2021-15



## RESOLUTION NO. 2020-15

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

#### Resolution Approving Property/Fire Insurance Policy for Coverage Year 21/22

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

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

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves a Resolution Approving Property/Fire Insurance Policy renewal for coverage year 21/22 with \$65 million property insurance coverage with a group of insurance companies for a total premium of \$1,691,625.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24<sup>th</sup> day of June 2021, by the following vote:

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

I HEREBY CERTIFY that the foregoing Resolution No. 2021-15 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 24, 2021.

ATTEST:

\_\_\_\_\_  
Alicia Aguirre, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Clerk of the Board

## STAFF REPORT

To: SBWMA Board Members  
 From: John Mangini, Senior Finance Manager  
 Date: June 24, 2021 Board of Directors Meeting  
 Subject: Review and Recommendation of Approval Mid-Year Review and Adjustments and the FY2022 Budget Forecast

### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2021-16 attached hereto authorizing the following action:

1. Approval of the Mid-Year Budget Adjustments for FY2021.
2. Approval of the FY2022 Budget Forecast.

### Analysis

Staff has conducted a thorough analysis of year-to-date revenues and expenditures, and has made projections through year-end (December 31<sup>st</sup>) and has made forecast projections for FY2022. These findings were reviewed and discussed by the SBWMA Finance Committee at its June 8<sup>th</sup> meeting. The Finance Committee suggested Staff perform a further review in a couple of budget areas, which are described later in this staff report.

Staff is presenting a FY2022 Budget Forecast for the purpose of estimating 2022 tipping fees. Tipping fees are an essential component of 2022 Member Agency Annual Revenue Requirement which is typically calculated and approved by the Board at its September meeting in conjunction with the approval of Recology's Annual Compensation Adjustment Application. The Finance Committee suggested a further review of revenue and tipping fees for the FY2022 Budget Forecast, which has resulted in an adjusted average tip fee increase of 2% in FY2022 rather than the 3% to 5% increase presented to the Finance Committee. Finance Committee also suggested a review of the calculated % decrease in commodity revenue in the FY2022 Forecast. No changes were made in this area.

- **Attachment A** contains budget worksheets providing line-item detail for all projected revenues, expenditures and capital spending for FY2021 and FY2022 Forecast.

Table 1

FY2021 NET INCOME					FY2022 Forecast Budget
Categories	FY2021 Adopted Budget	FY2021 MidYear Projection	Variance to Adopted Budget	Variance %	
Total Revenue	\$55,081,566	\$56,820,993	\$1,739,427	3.2%	\$56,821,112
Total Expenditures	\$54,392,158	\$54,170,423	(\$221,736)	-0.4%	\$55,440,758
<b>Net Income to Reserve</b>	<b>\$689,408</b>	<b>\$2,650,570</b>	<b>\$1,961,162</b>	<b>284.5%</b>	<b>\$1,380,353</b>

2021 Net Income is projected at \$2,650,570 which is \$1,961,162 more than was projected in the Adopted FY2021 Budget. 2022 Net Income is forecasted to be \$1,380,353 (see Table 1).

## Revenues

As shown Table 2 below, there was a Total positive Revenue variance of \$1,739,427 due to the following:

1. \$1.6 million revenue increase from the sale of commodity revenue. Commodity pricing is projected to be consistent with Q1 2021. The forecasted 2022 commodity pricing is projecting a 14% reduction from projected 2021 pricing. Factoring in commodity revenue share paid to SBR, 2022 net commodity revenue is projected to be 12% lower than the 2021 projection. A commodity revenue summary is provided in Table 3 below.
2. A slight increase in Franchise volume and revenue and a slight decrease in public volume and revenue.
3. Decreased interest income of \$110,530 based on current yields.

Table 2

FY2021 REVENUE					
Revenue	FY2021 Adopted Budget	FY2021 MidYear Projection	Variance to Adopted Budget	Variance %	FY2022 Forecast Budget
Tip Fee Revenue	\$48,977,424	\$49,183,299	\$205,876	0%	\$50,044,984
<i>Non Franchised</i>	13,077,573	12,892,874	(184,699)	-1%	13,101,095
<i>Franchised</i>	35,899,851	36,290,425	390,574	1%	36,943,889
Net Commodity Sales Revenue*	5,809,440	7,434,847	1,625,407	28%	6,573,281
Interest Income	282,970	172,440	(110,530)	-39%	172,440
Other Revenue	11,733	30,407	18,674	159%	30,407
<b>Total Revenue:</b>	<b>55,081,566</b>	<b>56,820,993</b>	<b>1,739,427</b>	<b>3%</b>	<b>56,821,112</b>

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

Table 3

COMMODITY REVENUE					
<i>COMMODITY REVENUE</i>	FY2021 Adopted Budget	FY2021 Mid-Year Projection	Variance to Adopted Budget	Variance %	FY2022 Forecast Budget
Tons Sold	58,577	58,835	259	0.4%	59,130
Wtd Avg. Price	\$ 105.54	\$ 141.91	\$ 36.37	34.5%	\$ 121.78
Gross Revenue	\$ 6,182,116	\$ 8,349,326	\$ 2,167,209	35.1%	\$ 7,200,572
Revenue Share w/ SBR	\$ (372,677)	\$ (914,479)	\$ (541,802)	-145.4%	\$ (627,291)
<b>Net Commodity Revenue</b>	<b>\$ 5,809,440</b>	<b>\$ 7,434,847</b>	<b>\$ 1,625,407</b>	<b>28.0%</b>	<b>\$ 6,573,281</b>

## Expenses

Lower than budgeted Expenditures of \$221,736 are primarily due to the following (see Table 4 and Table 5):

1. SBR compensation is higher mainly due to projected O2E Pilot processing costs with minimal expected diversion of organics sent to the organics composting sites. We are processing third party organics tons to operate the pilot.
2. Lower disposal and processing cost of \$224,244 due to the avoidance of the higher Blossom Valley Organics tip fee for food waste. Operations has redirected food waste to Newby Island for organics processing from the Blossom Valley processing site. The new contract with Blossom Valley contains a premium cost for food waste. Sending food waste to Newby saves \$13 per ton.
3. The SBWMA Program expense is projected to be \$564K lower than in the Adopted Budget. The favorable variance is mainly due to the reassessment of SB1383 implementation costs.

Table 4

FY2021 SBWMA PROGRAM EXPENDITURES					
Expenditures	FY2021 Adopted Budget	FY2021 MidYear Projection	Variance to Adopted Budget	Variance %	FY2022 Forecast Budget
Administrative Expense	\$2,606,017	\$2,559,034	(\$46,983)	-2%	\$2,680,533
Member Agency Support & Contract Compliance	\$ 1,151,600	\$ 1,111,600	\$ (40,000)	-3%	\$ 993,000
State Manadated Public Education & Outreach	\$802,000	\$762,000	(\$40,000)	-5%	\$758,000
SB1383 Expenses	\$927,000	\$489,813	(\$437,187)	-47%	\$708,000
<b>Total SBWMA Program Expense:</b>	<b>\$5,486,617</b>	<b>\$4,922,447</b>	<b>(\$564,170)</b>	<b>-10%</b>	<b>\$5,139,533</b>
<b>Total Shoreway Operations:</b>	<b>\$48,905,541</b>	<b>\$49,247,975</b>	<b>342,435</b>	<b>1%</b>	<b>\$50,301,225</b>
<b>Total Expenses:</b>	<b>\$54,392,158</b>	<b>\$54,170,423</b>	<b>(221,736)</b>	<b>0%</b>	<b>\$55,440,758</b>

Table 5

FY2021 SHOREWAY OPERATIONS EXPENSE DETAIL					
Expenditures	FY2021 Adopted Budget	FY2021 MidYear Projection	Variance to Adopted Budget	Variance %	FY2022 Forecast Budget
SBR Compensation	\$19,520,431	\$19,926,348	405,917	2%	\$20,203,988
Disposal and Processing	22,682,546	22,458,303	(224,244)	-1%	\$23,110,520
Property Insurance	1,386,222	1,523,897	137,675	10%	\$1,645,809
Education Center	57,000	57,000	-	0%	\$85,000
Credit Cards Charge	69,899	79,275	9,376	13%	\$80,000
Other Operating Expense	448,253	437,386	(10,868)	-2%	\$450,400
Sewer Charge	90,426	105,200	14,774	16%	\$105,200
<b>Shoreway Operations:</b>	<b>\$ 44,254,778</b>	<b>\$ 44,587,408</b>	<b>\$ 332,631</b>	<b>1%</b>	<b>\$ 45,680,917</b>
Bond Interest Expense	2,318,458	2,318,458	-	0%	2,237,167
Franchise Fee (San Carlos)	2,332,305	2,342,109	9,804	0%	2,383,142
<b>Total Shoreway Operations</b>	<b>\$ 48,905,541</b>	<b>\$ 49,247,975</b>	<b>\$ 342,435</b>	<b>1%</b>	<b>\$ 50,301,225</b>

### Capital Spending

The capital spending budget is consistent with the Adopted Budget. See **Attachment A** for a worksheet on capital projects.

### Reserve Balances

**Table 6** below captures the Mid-Year reserve balance projections for FY2021 compared to the Adopted Budget reserve balance. The projected Total Reserve variance is driven by the favorable increase in net income.

**Table 6**

FY2021 BUDGET: RESERVE BALANCES			
	ADOPTED BUDGET FY2021	MID-YEAR BUDGET FY2021	Variance to Adopted Budget
<b>UNCOMMITTED RESERVE:</b>			
RATE STABILIZATON (9% of expense)	\$ 4,895,294	\$ 4,895,294	\$ -
EMERGENCY RESERVE (9% of expense)	4,895,294	4,895,294	-
Sub-Emergency Reserve (Prop Insurance)	319,875	319,875	-
<b>CAPITAL RESERVE</b>	<b>5,512,029</b>	<b>7,473,192</b>	<b>1,961,162</b>
UNDESIGNATED RESERVE			
<b>TOTAL UNCOMMITTED RESERVES</b>	<b>\$ 15,622,493</b>	<b>\$ 17,583,655</b>	<b>\$ 1,961,162</b>
<b>COMMITTED RESERVE</b>			
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 596,800	\$ 596,800	\$ -
<b>TOTAL RESERVES</b>	<b>\$ 16,219,293</b>	<b>\$ 18,180,455</b>	<b>1,961,162</b>
SHOREWAY REMEDIATION PROJECT	\$ 1,233,640	\$ 1,233,640	\$ -

**Bond Project Fund Balance is projected to be approximately \$11 million at the close of FY 2021**

### 2022 Forecasted Tip Fees

Tipping fees are an essential component of 2022 Member Agency Annual Revenue Requirement which is typically calculated and approved by the Board at its September meeting in conjunction with the approval of Recology's Annual Compensation Adjustment Application. The 2022 Forecasted tipping fees are on **Table 7** below.

Table 7

FY 2022 FORECAST - Proposed Tip Fee Adjustments								
	Actual	Actual	Actual	Actual	Proposed			
	1/1/2019	2020	7/1/2020	1/1/2021	1/1/2022	22 vs 21 \$	22 vs 21 %	
<b>Franchise Tip Fees / Ton</b>						<b>incr.</b>	<b>%</b>	
Solid Waste	\$ 121.00	\$ 121.00	\$ 121.00	\$ 127.00	\$ 129.00	\$ 2.00	1.6%	
Green Waste	\$ 126.00	\$ 126.00	\$ 126.00	\$ 139.00	\$ 142.00	\$ 3.00	2.2%	
Food	\$ 141.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ 144.00	\$ 3.00	2.1%	
<b>3rd Party / Ton</b>								
Solid Waste	\$ 127.00	\$ 127.00	\$ 127.00	\$ 133.00	\$ 135.00	\$ 2.00	1.5%	
Green Waste	\$ 128.00	\$ 128.00	\$ 128.00	\$ 140.00	\$ 143.00	\$ 3.00	2.1%	
Food	\$ 141.00	\$ 141.00	\$ 141.00	\$ 141.00	\$ 144.00	\$ 3.00	2.1%	
C&D	\$ 121.00	\$ 121.00	\$ 121.00	\$ 127.00	\$ 130.00	\$ 3.00	2.4%	
Asphalt Roofing	\$ 123.00	\$ 123.00	\$ 123.00	\$ 128.00	\$ 131.00	\$ 3.00	2.3%	
<b>Public Dirt /Ton</b>	\$ 103.00	\$ 110.00	\$ 115.00	\$ 117.00	\$ 119.00	\$ 2.00	1.7%	
<b>Public Tip Fees / Yd</b>	<b>1/1/2019</b>	<b>2020</b>	<b>7/1/2020</b>	<b>1/1/2021</b>	<b>1/1/2022</b>	<b>22 vs 21 \$</b>	<b>22 vs 21 %</b>	
Solid Waste	\$ 44.00	\$ 44.00	\$ 46.00	\$ 48.00	\$ 49.00	\$ 1.00	2.1%	
Green Waste	\$ 35.00	\$ 35.00	\$ 42.00	\$ 50.00	\$ 50.00	\$ -	0.0%	
C&D	\$ 44.00	\$ 44.00	\$ 46.00	\$ 48.00	\$ 49.00	\$ 1.00	2.1%	

### Fiscal Impact

The Mid-Year Budget for FY2021 shows Net Income of \$2.7 million which is \$2.0 million higher than the Approved FY2021 Budget.

### Attachments:

Resolution 2021-16

Attachment A – Mid-Year 2021 Budget Worksheets

Attachment B – Mid-Year 2021 Budget Tables



## RESOLUTION NO. 2021-16

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ACCEPTING MID-YEAR REVIEW OF FY2021 ANNUAL OPERATING BUDGET AND APPROVING THE 2022 OPERATING BUDGET FORECAST

**WHEREAS**, the South Bayside Waste Management Authority proposed FY2021 budget adjustments as presented provide sufficient funds for normal operations, and

**WHEREAS**, the South Bayside Waste Management Authority proposed FY2022 budget forecast as presented provide sufficient funds for normal operations and projects tipping fees for calculating the 2022 Member Agency revenue requirement

**NOW THEREFORE, BE IT RESOLVED**, the South Bayside Waste Management Authority hereby approves the adjustments to the fiscal year 2021 operating budget and the FY2022 budget forecast.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24<sup>th</sup> day of June 2021, by the following vote:

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

I HEREBY CERTIFY that the foregoing Resolution No. 2021-16 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 24, 2021.

ATTEST:

\_\_\_\_\_  
Alicia Aguirre, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Clerk of the Board



Attachment A - FY2021 Mid- Year Budget Revenues by Major Source

	REVENUE SUMMARY	ADOPTED BUDGET FY2021	APRIL 2021 YTD	MID YEAR UPDATE FY2021	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
<b>1</b>	<b>ADMINISTRATIVE REVENUE:</b>						
2	INVESTMENT INCOME	\$ 282,970	\$ 57,480	\$ 172,440	\$ (110,530)	-39.1%	Lower interest on invested reserves. April YTD accrual estimate
3	<b>TOTAL ADMINISTRATIVE</b>	<b>\$ 282,970</b>	<b>\$ 57,480</b>	<b>\$ 172,440</b>	<b>\$ (110,530)</b>	<b>-39.1%</b>	
<b>4</b>	<b>OPERATIONS REVENUE:</b>						
5	SHOREWAY TIP FEES - Non Franchised	\$ 13,077,573	\$ 3,740,193	\$ 12,892,874	\$ (184,699)	-1.4%	
6	SHOREWAY TIP FEES - Franchised	35,899,851	10,929,858	36,290,425	390,574	1.1%	
7	COMMODITY SALES REVENUE	6,182,116	2,606,277	8,349,326	2,167,209	35.1%	Increase in commodity pricing based on Q1 2021 actuals
8	COMMODITY REVENUE SHARING W/ SBR	(372,677)		(914,479)	(541,802)	145.4%	Increased share on higher commodity revenue
9	MISCELLANEOUS REVENUE	11,733	9,818	30,407	18,674	159.2%	Mattress rebate revenue
<b>10</b>	<b>SUBTOTAL OPERATIONS REVENUE</b>	<b>\$ 54,798,596</b>	<b>\$ 17,286,145</b>	<b>\$ 56,648,553</b>	<b>\$ 1,849,957</b>	<b>3.5%</b>	
<b>11</b>	<b>TOTAL REVENUE</b>	<b>\$ 55,081,566</b>	<b>\$ 17,343,625</b>	<b>\$ 56,820,993</b>	<b>\$ 1,739,427</b>	<b>3.2%</b>	
<b>12</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 54,392,158</b>	<b>\$ 15,352,933</b>	<b>\$ 54,170,423</b>	<b>\$ (221,736)</b>	<b>-0.4%</b>	
<b>13</b>	<b>NET OPERATING INCOME</b>	<b>\$ 689,408</b>	<b>\$ 1,990,692</b>	<b>\$ 2,650,570</b>	<b>\$ 1,961,162</b>	<b>284.5%</b>	

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2021	APRIL 2021 YTD	MID-YEAR UPDATE FY2021	MID-YEAR Variance to Adopted Budget	Variance % to Adopted Budget	Notes	FORECAST BUDGET FY2022
1	<b>ADMINISTRATIVE EXPENSES</b>							
2	ADMINISTRATIVE STAFF	\$ 810,754	\$ 266,012	\$ 810,585	\$ (169)	0.0%	No COLA increases.	\$ 834,902
3	MANDATED RECYCLING STAFF	1,039,393	312,112	1,038,620	\$ (774)	-0.1%	No COLA increases. Reduced hours for Fellowship positions. Hold on vacated Fellowship positions until August. Expanded responsibility increases for Program Manager II and Outreach and Communications Coordinator.	1,069,778
4	BOARD COUNSEL	160,000	41,093	160,000	\$ -	0.0%	Support for Executive Director/Agency. Continued complex contracting & regulation support.	160,000
5	BOARD MEETINGS	6,700	-	7,400	\$ 700	10.4%	\$4K for Holiday lunch, \$3K annual retreat	8,000
6	ACCOUNTING SERVICES	130,345	40,561	130,345	\$ -	0.0%	City of Redwood City Accounting Svcs Agreement Year 2	129,500
7	INFORMATION SYSTEMS	45,000	12,951	45,000	\$ -	0.0%	CPI increase begins January 2023	45,000
8	WEBSITE	13,000	1,216	13,000	\$ -	0.0%	Website hosting, maintenance, and updates/upgrades as needed	13,000
9	ANNUAL AUDIT	14,000	891	14,000	\$ -	0.0%	Fees paid to auditors to prepare FY & CY financial statements. Full CY and FY audits in the period.	11,000
10	D&O INSURANCE	50,857	11,738	50,857	\$ -	0.0%	Annual insurance premium for director's and officer's insurance	52,383
11	BANK FEES	6,459	2,370	6,459	\$ -	0.0%	Bank fees on checking account and fees paid to BNY as the Bond Trustee	6,700
12	RENT	69,300	20,270	69,300	\$ -	0.0%	Staff Reviewing market options for 2022. Lease expires June 30, 2022	85,000
13	PRINTING AND POSTAGE				\$ -	#DIV/0!	Cost is covered in the Accounting Services Agreement	-
14	UTILITIES	25,000	5,597	25,000	\$ -	0.0%	Comcast Phone and Internet and San Carlos Utility. Janitorial is in Tennant Improvements	27,000
15	OFFICE/TENANT IMPROVEMENTS	10,000	-	6,000	\$ (4,000)	-40.0%	Included extra cleaning of the office \$600 per month, carpet cleaning twice per year \$1800 other misc.	25,000
16	OFFICE SUPPLIES	19,000	1,287	10,000	\$ (9,000)	-47.4%	Office supplies	20,000
17	OFFICE EQUIPMENT COSTS	10,200	2,652	10,200	\$ -	0.0%	Base copier lease is \$600/month plus cost per copy	12,000
18	PUBLICATIONS & PUBLIC NOTICES	3,360	-	2,520	\$ (840)	-25.0%	Anticipated public procurement notices	2,520
19	PROFESSIONAL DUES & MEMBERSHIPS	9,000	926	9,000	\$ -	0.0%	Memberships to trade and community organizations (CRRA, SWMA, NCRA, CCAC )	9,000
20	VEHICLE MILEAGE & TOLLS	3,000	40	1,500	\$ (1,500)	-50.0%		3,000
21	CELL PHONES	1,750	922	1,750	\$ -	0.0%	Cell phone business expense. Increased participation by Management Team.	2,250
22	CONFERENCE & MEETINGS	18,000	1,215	18,000	\$ -	0.0%	CRRA Meeting and full staff attendance - Aug 2021	10,000
23	TRAINING	7,500	124	7,500	\$ -	0.0%	Professional development opportunities. CCAC training, etc. Retreat & additional management leadership class.	7,500
24	SPONSORSHIPS & DONATIONS	35,000	2,000	35,000	\$ -	0.0%	Industry Sponsorships: CAW,CRRA,SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA	40,000
25	LEGISLATIVE & REGULATORY ADVOCACY	72,000	24,000	72,000	\$ -	0.0%	Mandated agency priorities include these initiatives : Extended Producer Responsibility (EPR); Product Stewardship; Source Reduction Initiatives; Lithium-ion Battery safety	72,000
26	COMPUTER PURCHASE	46,400	438	15,000	\$ (31,400)	-67.7%	Need to replace the phone system and server see email with list. Move phone sys replace to 2022	35,000
27	<b>TOTAL ADMINISTRATIVE</b>	<b>\$ 2,606,017</b>	<b>\$ 748,414</b>	<b>\$ 2,559,034</b>	<b>\$ (46,983)</b>	<b>-1.8%</b>		<b>\$ 2,680,533</b>
28	<b>MEMBER AGENCY SUPPORT &amp; CONTRACT COMPLIANCE</b>							
29	RATE REVIEW	\$ 35,000	\$ 91	\$ 35,000	\$ -	0.0%	Consultant Rate Application Support.	\$ 36,000
30	FACILITY IMPROVEMENT OVERSIGHT	245,000	11,809	200,000	\$ (45,000)	-18.4%	Engineering and construction management support. Airport feasibility consultants.	200,000
31	CONTRACT ANNUAL AUDITING	65,000	-	50,000	\$ (15,000)	-23.1%	Annual Financial & Systems Audit of RSMC and SBR. Expected increase with new 2022 contract	60,000
32	COLLECTION SERVICES FRANCHISE ADMIN.	75,000	-	75,000	\$ -	0.0%	Franchise Administration compliance consulting. Alternative Fuels Consultation \$50K.	75,000
33	FINANCE ANALYSIS SUPPORT	21,600	-	21,600	\$ -	0.0%	On-Call consultant support as needed.	22,000
34	RECYCLING TECHNICAL ASSISTANCE	50,000	2,795	50,000	\$ -	0.0%	Diversion consultant support.	50,000
35	WASTE CHARACTERIZATION SUPPORT	75,000	-	75,000	\$ -	0.0%	Waste composition testing (Recology Contract Compliance). O2E Pilot finished slurry lab product testing	75,000
36	COLLECTION RFP CONSULTING SUPPORT	100,000	-	150,000	\$ 50,000	50.0%	Operating Agreement RFP	150,000
38	MASTER PLAN ASSESSMENT	130,000	-	100,000	\$ (30,000)	-23.1%	Master Plan assessment and report (\$70K). Electrical system capacity analysis consultant support (\$30K)	50,000
39	O2E PILOT TESTING	80,000	-	80,000	\$ -	0.0%	Anaergia marketing support to WWTP (\$60K). EPA share in data collection and report preparation (\$20K)	-
40	MRF PHASE II INITIAL ASSESSMENT STUDIES	130,000	-	130,000	\$ -	0.0%	RFP preparation, market assessment, system optimization consulting, contract preparation	130,000
41	O2E FULL SCALE INITIAL ASSESSMENT	145,000	-	145,000	\$ -	0.0%	Technical analysis/recommendation, test loads for offsite processing, technology review, contract preparation	145,000

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2021	APRIL 2021 YTD	MID-YEAR UPDATE FY2021	MID-YEAR Variance to Adopted Budget	Variance % to Adopted Budget	Notes	FORECAST BUDGET FY2022
42								
43	<b>TOTAL MA SUPPORT &amp; CONTRACT COMPLIANCE</b>	\$ 1,151,600	\$ 14,695	\$ 1,111,600	\$ (40,000)	-3.5%		\$ 993,000
44	<b>STATE MANDATED PUBLIC EDUCATION &amp; OUTREACH</b>							
45	STATE'S REQUIRED ANNUAL REPORTS	\$ 33,000	\$ 86	\$ 33,000	\$ -	0.0%	Annual AB 939 EAR submittal for MA cities	\$ 33,000
46	SBWMA ANNUAL REPORT	2,500	-	2,500	-	0.0%	Creation of SBWMA annual report	2,500
47	DIVERSION PROGRAM SUPPORT	45,000	-	30,000	(15,000)	-33.3%	Public spaces recycling assistance; Diversion program support.	45,000
48	EVENT GIVEAWAYS	7,500	-	7,500	-	0.0%		7,500
49	LONG RANGE PLAN	-	-	-	-	#DIV/0!		-
50	DIVERSION/COMPLIANCE; ZERO WASTE PROGRAMS	75,000	-	75,000	-	0.0%	Zero Waste Committee initiatives - tech and consulting support. Alternative fuel site infrastructure consulting.	75,000
51	IN-SCHOOL ENVIRONMENTAL EDUCATION	32,000	-	22,000	(10,000)	-31.3%	Materials, storage/transport, school recognitions, staff/technical support	32,000
52	LARGE EVENT & VENUE SUPPORT	-	-	-	-	#DIV/0!		-
53	CLIMATE ACTION PLANNING	25,000	-	25,000	-	0.0%	Annual climate register & Member Agency support.	25,000
54	RECYCLING TECHNICAL ASSISTANCE	85,000	-	85,000	-	0.0%	2021: AB 1826, AB 341, AB 827 Compliance (\$10k); Promote reusables for businesses (\$60k); Recycling Technical Assistance(\$15k), 2022: Promote reusables for businesses and Recycling Tech. Assistance	30,000
55	COMMERCIAL/MFD CONTAINERS	34,000	-	34,000	-	0.0%	MFD recycle bags, internal containers, MA containers per Franchise Agreements. 2022: Increase for container and buddy bag purchahse and updates	50,000
56	MULTI-FAMILY OUTREACH	90,000	15,207	90,000	-	0.0%	Education and outreach per FA; compliance with state laws; MFD Toolkit and other outreach	90,000
57	MEMBER AGENCY & RATE PAYER EDUCATION	93,000	-	93,000	-	0.0%	Direct newsletter mailings to Member Agency residents.	93,000
58	RESIDENTIAL OUTREACH PROGRAMS	90,000	10,332	90,000	-	0.0%	Education and outreach per FA,	90,000
59	COMMUNITY EVENTS	40,000	114	25,000	(15,000)	-37.5%	Earth Day (\$5K), Rethink Recycling Day (\$10K), Fixit Clinics (\$25K)	35,000
60	HHW PROGRAM OUTREACH	30,000	-	30,000	-	0.0%	Annual promotion of local HHW disposal options for all ratepayers	30,000
61	BATTERY OUTREACH	90,000	-	90,000	-	0.0%	Educate residents and businesses about risk of battery fires and proper disposal options, including MFD battery bucket	90,000
62	SHRED EVENT SERVICE	30,000	-	30,000	-	0.0%	Shred, e-waste, and compost events for Member Agencies (coordination, support, outreach, etc.) RFP for Shredding Services	30,000
63	<b>TOTAL STATE MANDATED PUBLIC EDUCATION &amp; OUTREACH</b>	\$ 802,000	\$ 25,740	\$ 762,000	\$ (40,000)	-5.0%		\$ 758,000
64	<b>SBWMA PROGRAM BUDGET - SUB TOTAL</b>	\$ 4,559,617	\$ 788,849	\$ 4,432,634	\$ (126,983)	-2.8%		\$ 4,431,533
65	<b>SB 1383 ADMINISTRATIVE EXPENSES</b>							
66	MANDATED 1383 COMPLIANCE STAFF		-	89,813	\$ 89,813	#DIV/0!		133,000
67	SB1383 TECHNICAL ASSISTANCE		\$ 9,017	\$ 150,000	\$ 150,000	#DIV/0!	FY 2021: \$30K Debra K. Consulting, \$80K HF&H, \$40k Legal Counsel. FY 2022: Legal Counsel + other technical consultants	\$ 75,000
68	SB1383 OUTREACH AND EDUCATION			\$ 100,000	\$ 100,000	#DIV/0!	FY 2021: 1383 PSA Campaign, Brochure, and Letters to Customers. FY 2022: PSA Campaigns and Customer Letters	\$ 100,000
69	SB1383 PROGRAMS			\$ 150,000	\$ 150,000	#DIV/0!	FY 2021: \$80k for Recyclist, \$70k Edible Food Recovery Program. FY 2022: Recyclist, Edible Food Recovery, and Procurement Support	\$ 400,000
70	SB1383 COMPLIANCE	927,000			(927,000)	-100.0%	Source: HFH Presentation 10/15/2020 - Projected start up costs from the Cash Flow Projection Slide (FY19/20 & FY20/21 of \$927,000). Includes 1.0 Net New FTE (Program Manager II)	-
71	<b>TOTAL SB 1383 EXPENSES</b>	\$ 927,000	\$ 9,017	\$ 489,813	\$ (437,187)	-47.2%		\$ 708,000
72	<b>TOTAL SBWMA PROGRAM BUDGET</b>	\$ 5,486,617	\$ 797,866	\$ 4,922,447	\$ (564,170)	-10.3%		\$ 5,139,533
73	<b>SHOREWAY OPERATIONS</b>							
74	OPERATING CONTRACT - SBR OPERATIONS	\$ 19,520,431	\$ 5,956,763	\$ 19,926,348	405,917	2.1%	Increase due to O2E Pilot processing costs	\$ 20,203,988

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2021	APRIL 2021 YTD	MID-YEAR UPDATE FY2021	MID-YEAR Variance to Adopted Budget	Variance % to Adopted Budget	Notes	FORECAST BUDGET FY2022
75	DISPOSAL	22,682,546	6,693,812	22,458,303	(224,244)	-1.0%		23,110,520
76	INSURANCE SHOREWAY	1,386,222	440,674	1,523,897	137,675	9.9%	Property insurance premium. Estimated increase.	1,645,809
77	SHOREWAY FACILITY COST	230,000	43,670	230,000	-	0.0%	Budget for unanticipated routine Shoreway maintenance items that are non-CapEx. \$30K sea level rise study	230,000
78	CREDIT CARDS CHARGES	69,899	26,425	79,275	9,376	13.4%	SBR pass through of credit card fees from their bank from public customers.	80,000
79	SHOREWAY CHARGES	36,000	6,740	36,000	-	0.0%	Amortize O2E equipment	24,000
80	EDUCATION CENTER OPERATIONS	57,000	975	57,000	-	0.0%	Tours program equipment, school bus services, poster and art contests, Ed Center upgrades	85,000
81	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k	100,000	6,825	50,000	(50,000)	-50.0%	Unanticipated MRF equipment maintenance (non-CapEx) expense	75,000
82	SEWER FEES (PROPERTY TAX)	90,426	52,600	105,200	14,774	16.3%	Actual sewer charge from City of San Carlos on tax bill based on prior year water usage	105,200
83	E-RECYCLING	82,253	48,554	121,386	39,132	47.6%	E-waste market has shifted from a revenue source to expense. Previously budgeted as revenue	121,400
84	<b>SUB SHOREWAY OPERATIONS COST</b>	<b>\$ 44,254,778</b>	<b>\$ 13,277,038</b>	<b>\$ 44,587,408</b>	<b>\$ 332,631</b>	<b>0.8%</b>		<b>\$ 45,680,917</b>
85	<b>TOTAL SHOREWAY OPERATION</b>	<b>\$ 44,254,778</b>	<b>\$ 13,277,038</b>	<b>\$ 44,587,408</b>	<b>\$ 332,631</b>	<b>0.8%</b>		<b>\$ 45,680,917</b>
86	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 49,741,395</b>	<b>\$ 14,074,904</b>	<b>\$ 49,509,856</b>	<b>\$ (231,539)</b>	<b>-0.5%</b>		<b>\$ 50,820,450</b>
87	<b>NON-OPERATING EXPENSES</b>							
88	BOND ISSUANCE & LOSS ON DEBT REFUNDING							
89	DEBT SERVICE BOND INTEREST	\$ 2,318,458	\$ 579,615	\$ 2,318,458	-	0.0%	Budgeted interest expense 2019 Bond Issuance	\$ 2,237,167
90	FRANCHISE FEE TO CITY OF SAN CARLOS	2,332,305	698,414	2,342,109	9,804	0.4%	5% Franchise Fees paid by JPA to the City of San Carlos on tip fee revenue.	2,383,142
91	<b>TOTAL NON-OPERATING EXPENSES</b>	<b>\$ 4,650,763</b>	<b>\$ 1,278,029</b>	<b>\$ 4,660,567</b>	<b>\$ 9,804</b>	<b>0.2%</b>		<b>\$ 4,620,309</b>
92	<b>TOTAL SHOREWAY OPERATING EXPENSES</b>	<b>\$ 48,905,541</b>	<b>\$ 14,555,067</b>	<b>\$ 49,247,975</b>	<b>\$ 342,435</b>	<b>0.7%</b>		<b>\$ 50,301,225</b>
93	<b>TOTAL EXPENSES (SBWMA Program + All Shoreway Operations)</b>	<b>\$ 54,392,158</b>	<b>\$ 15,352,933</b>	<b>\$ 54,170,423</b>	<b>\$ (221,736)</b>	<b>-0.4%</b>		<b>\$ 55,440,758</b>

**2021 MID-YEAR CAPITAL BUDGET**

CAPITAL EXPENDITURE BUDGET	Year 1	Year 2	Year 3	Description
Capital Project Name	Proposed Budget CY2021	Proposed Budget CY2022	Proposed Budget CY2023	
Site paving repairs and restriping <sup>2</sup>			1,500,000	Repaving of collection fleet parking area. Planned after fuel tank removal project.
Truck shop building	25,000	25,000	25,000	Place holder for unanticipated capital needs.
TS building and tip floor	50,000	200,000	50,000	Tip floor resurfacing. Place holder for unanticipated capital needs.
MRF building and tip floor	50,000	100,000	50,000	Tip floor resurfacing. Place holder for unanticipated capital needs.
Admin building	40,000	40,000	40,000	Place holder for unanticipated capital needs.
General site projects	100,000	100,000	100,000	Place holder for unanticipated capital needs.
MRF fire suppression	100,000	100,000	50,000	Place holder for unanticipated capital needs. The agency has an interest in implementing new fire prevention.
Storm water treatment	50,000	25,000	25,000	Compliance new SW regulations require treatment of site storm water prior to release.
MRF Wall extension/repair & outside storage area	100,000	70,000		Extend height of existing MRF Pushwall, repair damaged wall, pave and fence outside area
PRC Document shredder	150,000			New customer service feature at PRC
Electrical Engineering & Design	100,000			Power capacity Upgrade
Alt Fuels 1x Charger Installation	185,000			1 Charger for 2 pilot EV trucks to arrive Jan-2022, with future 2+ chargers, 4+ trucks planned'
CIP Projects (see detail below)	1,260,000	12,500,000	9,000,000	
<b>Total Budget for Capital Projects</b>	<b>2,210,000</b>	<b>13,160,000</b>	<b>10,840,000</b>	

FUNDING SOURCE				
Bond Project Fund	1,260,000	11,100,000	-	
Capital Reserve	950,000	2,060,000	10,840,000	
<b>Total Funding Source</b>	<b>2,210,000</b>	<b>13,160,000</b>	<b>10,840,000</b>	

CIP Project Detail	Year 1	Year 2	Year 3	Description
Organics 2 Energy Pilot	100,000			Equipment enhancements to O2E Pilot
Phase I MRF Upgrades				Project under design with planned BOD approval 2019 and start in 2020.
Phase II MRF Upgrades	1,100,000	5,000,000		Project to be designed after assessment of Phase I improvements and market conditions
Organics 2 Energy Full project	60,000	5,000,000	5,000,000	Project to be designed after assessment of Pilot O2E and market conditions
Underground fuel tank removal project			1,500,000	Existing UST tanks are single wall and need to be removed using Remediation Reserve.
New Fleet fueling system project			2,500,000	System design pending replacement collection fleet fuel decision.
Shoreway power supply system upgrade		2,500,000		
	<b>\$ 1,260,000</b>	<b>\$ 12,500,000</b>	<b>\$ 9,000,000</b>	

**FY2021 MID-YEAR BUDGET**

Attachment B - MY2021 Budget Support Files: REVENUE, EXPENSE DETAIL

Update: May 2021

Summary Tables

Table B.1

TIP FEE REVENUE				
	FY2021 Adopted Budget	FY2021 Mid-Year Budget	Adopted vs. Mid-Year	Variance %
<b>Franchise Revenue</b>				
<u>Tons</u>	273,858	276,328	2,470	0.9%
Wtd Avg. Tip Fee	\$ 131.09	\$ 131.33	0.24	0.2%
<b>Franchise Revenue</b>	<b>\$ 35,899,851</b>	<b>\$ 36,290,425</b>	<b>\$ 390,574</b>	<b>1.1%</b>
<b>Public Revenue</b>				
<u>Cu/Yards</u>	210,860	208,730	(2,130)	-1.0%
Wtd Avg. Tip Fee	\$ 49.49	\$ 49.95	0.47	0.9%
<b>Public Revenue Cu/YDS</b>	<b>\$ 10,434,497</b>	<b>\$ 10,426,845</b>	<b>\$ (7,651)</b>	<b>-0.1%</b>
<u>Tons ( 3rd party )</u>	11,465	9,522	(1,943)	-16.9%
Wtd Avg. Tip Fee	\$ 129.09	\$ 130.05	0.96	0.7%
<b>Public Revenue Tons</b>	<b>\$ 1,480,033</b>	<b>\$ 1,238,366</b>	<b>\$ (241,668)</b>	<b>-16.3%</b>
<u>Public Dirt Tons</u>	9,941	10,493	552	5.6%
Wtd Avg. Tip Fee	\$ 117.00	\$ 117.00	-	0.0%
<b>Sub Total</b>	<b>\$ 1,163,042</b>	<b>\$ 1,227,663</b>	<b>\$ 64,620</b>	<b>5.6%</b>
<b>Public Revenue Total</b>	<b>\$ 13,077,573</b>	<b>\$ 12,892,874</b>	<b>\$ (184,699)</b>	<b>-1.4%</b>
<b>Total Tip Fee Revenue</b>	<b>\$ 48,977,424</b>	<b>\$ 49,183,299</b>	<b>\$ 205,876</b>	<b>0.4%</b>

**FY2021 MID-YEAR BUDGET**

Table B.2

<b>TRANSFER STATION VOLUME</b>					
		<b>FY2021 Adopted Budget</b>	<b>FY2021 Mid-Year Budget</b>	<b>Adopted vs. Mid-Year</b>	<b>Variance %</b>
<b><u>Total TS Tonnage and Yards</u></b>					
<b><u>Franchise tons</u></b>					
SBWMA Solid Waste	tons	174,822	172,158	(2,664)	-1.5%
SBWMA Organics	tons	82,952	85,682	2,730	3.3%
SBWMA Food Waste	tons	12,274	14,993	2,719	22.2%
SBWMA Dirt, Inert, Other	tons	3,810	3,495	(316)	-8.3%
<b><u>Sub-total Franchise</u></b>		<b>273,858</b>	<b>276,328</b>	<b>2,470</b>	<b>0.9%</b>
<b><u>Public tons</u></b>					
Non-SBWMA SW	tons	4,435	3,802	(633)	-14.3%
Non-SBWMA Scrap	tons	178	121	(57)	-32.0%
Non-SBWMA FOOD	tons	0	578	578	0.0%
Non-SBWMA C&D	tons	5,031	3,101	(1,930)	-38.4%
Non-SBWMA ORGANIC	tons	412	220	(192)	-46.6%
Non-SBWMA Asphalt Roofing	tons	1,409	1,700	292	20.7%
Non-SBWMA Clean Wood	tons	0	0	-	0.0%
Public Weighed Dirt	ton:	9,941	10,493	552	5.6%
<b><u>Sub-Total Public tons</u></b>		<b>21,406</b>	<b>20,015</b>	<b>(1,391)</b>	<b>-6.5%</b>
<b><u>Total Tons</u></b>		<b>295,264</b>	<b>296,343</b>	<b>1,079</b>	<b>0.4%</b>
<b><u>Public Cu/Yds.</u></b>					
Public Solid Waste Yards	C/Yds.	64,445	68,033	3,588	5.6%
Public Green Waste Yards	C/Yds.	50,135	45,896	(4,240)	-8.5%
Public C&D	C/Yds	96,279	94,801	(1,479)	-1.5%
<b><u>Total Cubic Yards</u></b>		<b>210,860</b>	<b>208,730</b>	<b>(2,130)</b>	<b>-1.0%</b>



**FY2021 MID-YEAR BUDGET**

Table B.3

<b>SBR OPERATING EXPENSE</b>				
<b>A. Summary</b>	<b>FY2021 Adopted Budget</b>	<b>FY2021 Mid-Year Budget</b>	<b>Adopted vs. Mid-Year</b>	<b>Variance %</b>
MRF	\$ 7,276,520	\$ 7,215,396	\$ (61,123)	-0.8%
Transfer Station	4,967,651	5,471,195	\$ 503,544	10.1%
Transportation	7,276,261	7,239,757	\$ (36,504)	-0.5%
Interest	-	-	\$ -	0.0%
<b>TOTAL SBR EXPENSE</b>	<b>\$ 19,520,431</b>	<b>\$ 19,926,348</b>	<b>\$ 405,917</b>	<b>2.1%</b>
<b>B. SBR Expense Detail</b>	<b>FY2021 Adopted Budget</b>	<b>FY2021 Mid-Year Budget</b>	<b>Adopted vs. Mid-Year</b>	<b>Variance %</b>
<b><u>MRF</u></b>				
Tons, Inbound	68,923	71,372	2,449	3.6%
Tons, residue	(10,346)	(12,536)	(2,190)	21.2%
Tons, net sold	58,577	58,835	259	0.4%
Wtd Avg. Rate	\$ 116.82	\$ 120.43	\$ 3.62	3.1%
Expense	<b>\$ 6,842,660</b>	<b>\$ 7,085,796</b>	<b>\$ 243,137</b>	<b>3.6%</b>
<b>MRF Additional Sorters</b>	<b>\$ 433,860</b>	<b>\$ 129,600</b>	<b>\$ (304,260)</b>	<b>-70.1%</b>
<b><u>Transfer Station</u></b>				
Tons	366,195	365,774	(421)	-0.1%
Wtd Avg. Rate	\$ 13.57	\$ 14.96	\$ 1.39	10.3%
Expense	<b>\$ 4,967,651</b>	<b>\$ 5,471,195</b>	<b>\$ 503,544</b>	<b>10.1%</b>
<b><u>Transportation</u></b>				
Tons	366,195	365,774	(421)	-0.1%
Wtd. Avg. Rate	\$ 19.87	\$ 19.79	\$ (0.08)	-0.4%
Expense	<b>\$ 7,276,261</b>	<b>\$ 7,239,757</b>	<b>\$ (36,504)</b>	<b>-0.5%</b>
<b><u>Interest</u></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>TOTAL SBR "PAID" TONS</b>	<b>790,967</b>	<b>790,383</b>	<b>(584)</b>	<b>-0.1%</b>
<b>TOTAL SBR EXPENSE</b>	<b>\$ 19,520,431</b>	<b>\$ 19,926,348</b>	<b>\$ 405,917</b>	<b>2.1%</b>



**FY2021 MID-YEAR BUDGET**

Table B.4

DISPOSAL & PROCESSING EXPENSE				
	FY2021 Adopted Budget	FY2021 Mid-Year Budget	Adopted vs. Mid-Year	Variance %
<b>A. Summary</b>				
Solid Waste	\$ 11,348,115	\$ 11,273,504	\$ (74,611)	-0.7%
Organics	\$ 7,970,827	\$ 7,780,131	\$ (190,697)	-2.4%
C&D, dirt	\$ 3,364,396	\$ 3,356,356	\$ (8,040)	-0.2%
Other	\$ 445,638	\$ 586,272	\$ 140,633	31.6%
<b>Subtotal</b>	<b>\$ 23,128,977</b>	<b>\$ 22,996,263</b>	<b>\$ (132,715)</b>	<b>-0.6%</b>
Paid by SBR on MRF residue	\$ (446,431)	\$ (537,960)	\$ (91,529)	20.5%
<b>TOTAL DISPOSAL EXPENSE</b>	<b>\$ 22,682,546</b>	<b>\$ 22,458,303</b>	<b>\$ (224,244)</b>	<b>-1.0%</b>
<b>B. Detail</b>				
<b>Solid Waste (Ox Mtn.)</b>				
Tons, net	210,396	210,170	(227)	-0.1%
Wtd Avg. Rate	\$ 53.94	\$ 53.64	\$ (0.30)	-0.6%
Expense	<b>\$ 11,348,115</b>	<b>\$ 11,273,504</b>	<b>(74,611)</b>	<b>-0.7%</b>
<b>Organics (Newby, BVON)</b>				
Tons, net	110,491	110,410	(81)	-0.1%
Wtd Avg. Rate	\$ 72.14	\$ 70.47	\$ (1.67)	-2.3%
Expense	<b>\$ 7,970,827</b>	<b>\$ 7,780,131</b>	<b>(190,697)</b>	<b>-2.4%</b>
<b>C&amp;D (Zanker)</b>				
Tons, net	45,308	45,194	(113)	-0.3%
Wtd Avg. Rate	\$ 74.26	\$ 74.27	\$ 0.01	0.0%
Expense	<b>\$ 3,364,396</b>	<b>\$ 3,356,356</b>	<b>(8,040)</b>	<b>-0.2%</b>
<b>Other</b>				
Tires	\$ 3,976	\$ 5,768	\$ 1,792	45.1%
Appliances	\$ 44,320	\$ 58,720	\$ 14,400	32.5%
Hazardous Waste	\$ 389,171	\$ 471,866	\$ 82,695	21.2%
Sharps, Misc.	\$ 8,171	\$ 15,747	\$ 7,576	92.7%
Treated Wood Waste		\$ 34,171	\$ 34,171	0.0%
Expense	<b>\$ 445,638</b>	<b>\$ 586,272</b>	<b>\$ 140,633</b>	<b>31.6%</b>
<b>Summary</b>				
TS Tons	366,195	365,774	(421)	-0.1%
Wtd Avg. Rate	\$ 61.94	\$ 61.40	\$ (0.54)	-0.9%
Disposal Expense	<b>\$ 22,682,546</b>	<b>\$ 22,458,303</b>	<b>\$ (224,244)</b>	<b>-1.0%</b>

**FY2021 MID-YEAR BUDGET**

Table B.4a (subset of Disposal Expense - Organics, only, Detail)

ORGANICS PROCESSING EXPENSE DETAIL				
	FY2021 Adopted Budget	FY2021 Mid-Year Budget	Adopted vs. Mid-Year	Variance %
<b>Organics (Newby)</b>				
Tons, net	49,857	37,160	(12,698)	-25.5%
Wtd Avg. Rate	\$ 72.02	\$ 72.07	\$ 0.05	0.1%
Expense	<b>\$ 3,590,723</b>	<b>\$ 2,678,085</b>	<b>(912,638)</b>	<b>-25.4%</b>
<b>Organics (BVON)</b>				
Tons, net	48,360	57,679	9,320	19.3%
Wtd Avg. Rate	\$ 69.00	\$ 69.00	\$ (0.00)	0.0%
Expense	<b>\$ 3,336,815</b>	<b>\$ 3,979,864</b>	<b>643,049</b>	<b>19.3%</b>
<b>Food</b>				
Tons, net	12,274	15,571	3,297	26.9%
Wtd Avg. Rate	\$ 85.00	\$ 72.07	\$ (12.93)	-15.2%
Expense	<b>\$ 1,043,289</b>	<b>\$ 1,122,181</b>	<b>78,892</b>	<b>7.6%</b>
<b>Total Organics</b>				
Tons, net	110,491	110,410	(81)	-0.1%
Wtd Avg. Rate	\$ 72.14	\$ 70.47	\$ (1.67)	-2.3%
<b>Total Organics Expense</b>	<b>\$ 7,970,827</b>	<b>\$ 7,780,131</b>	<b>(190,697)</b>	<b>-2.4%</b>

## STAFF REPORT

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To: SBWMA Board Members  
From: Tj Carter, Program Manager II, Recycling and Compliance  
Date: June 24, 2021 Board of Directors Meeting  
Subject: Resolution Recommending approval of the Implementation of SB 1383 Memorandum Of Understanding to the SBWMA Member Agencies

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### Recommendation

It is recommended that the SBWMA Board of Directors recommend Resolution No 2021-17 attached hereto recommending the approval of Implementation of SB 1383 Memorandum of Understanding (MOU) by the SBWMA Member Agencies.

### Summary

The SBWMA Board of Directors approved the SBWMA SB 1383 Compliance Plan on November 19, 2020 which outlined anticipated responsibilities between the SBWMA and its Member Agencies. The SBWMA has drafted an Implementation of SB 1383 MOU detailing the roles and responsibilities of the SBWMA and its Member Agencies based on the SB 1383 program implementation and management requirements identified in this law. The draft MOU was provided to the SBWMA Technical Advisory Committee at their May 13<sup>th</sup> and June 10<sup>th</sup> meetings. With this considerable TAC input, this version of the MOU is formally recommended to the SBWMA Board of Directors for approval.

### Analysis

SB 1383 allows a jurisdiction to designate a public or private entity to fulfill its SB 1383 responsibilities. As detailed in the SBWMA SB 1383 Compliance Plan, the SBWMA will take on a significant portion of the SB 1383 program responsibilities. These responsibilities have been detailed in Attachment A in the form of a MOU between SBWMA and all 11 Member Agencies. It is anticipated there will be one MOU between the SBWMA and all 11 Member Agencies.

Note that while SB 1383 allows for delegation of responsibilities to others, it states that "a jurisdiction shall remain ultimately responsible for compliance with the requirements of this chapter." It also states that a jurisdiction may not delegate its authority to impose civil penalties, or to maintain an action to impose civil penalties, to a private entity.

The following list summarizes the SB 1383-related responsibilities the SBWMA is slated to perform in the MOU:

- 1) **Education and outreach.** The SBWMA shall provide educational materials and community outreach to organic waste generators in English, Spanish, and Chinese that explain and provide information on the requirements of the SB 1383 regulations.

- 2) **Procurement.** The SBWMA shall annually notify each Member Agency of its Organic Waste product procurement target, as required and determined by CalRecycle. Before CalRecycle releases the official procurement targets for each Jurisdiction on January 1, 2022 and every five years thereafter, the SBWMA shall assist the Jurisdictions in calculating estimates of the procurement targets.
- 3) **Reporting and recordkeeping.** The SBWMA will be the primary recordkeeper for all the information and documents required in the Implementation Record. Each Member Agency will be given access to their own set of records through a cloud-based software.
- 4) **Organics waste processing capacity and diversion planning.** The SBWMA will work with the County of San Mateo to estimate existing Organics processing and Edible Food recovery capacities available.
- 5) **Model Tools.** The SBWMA will revise the Model Tools, which were created by CalRecycle and HF&H, to better fit the Member Agencies' needs. The SBWMA will assist the Member Agencies in tailoring the language further if necessary, although it will ultimately be the Member Agencies' responsibility to use or adopt them.
- 6) **Complaints and waivers.** The SBWMA will support the Member Agencies in complaint and violation investigations and waiver applications. The SBWMA will collect and forward complaints alleging non-compliance to Member Agencies, including the names and associated contact information of generators who repeatedly refuse to comply with the regulations, and will support Member Agencies in complaint investigation.

SB 1383 allows for the ability of public entities to waive organic waste collection for de minimus volumes and physical space limitations. The SBWMA will collect waiver requests, verify waiver eligibility, and work with Member Agencies to approve waivers as needed.

Member Agencies will be responsible for:

- 1) All other parts of the SB 1383 regulations not detailed in the MOU.
- 2) **Sharing of information.** Sharing information with the SBWMA as information is available including all data, documents, contact information and other necessary information for the SBWMA to carry out responsibilities in the MOU.
- 3) **Staff and funding.** The SBWMA has hired one full-time Program Manager II to manage the SB 1383 program on the participating member agency's behalf. Additional costs shall be jointly shared by Member Agencies through the garbage tipping fee rate. Budget changes related to the MOU will be integrated into the Agency's regular budget process, as approved by the Board of Directors.

### **Background**

In September 2016, SB 1383 (Lara, Chapter 395, Statutes of 2016) established statewide methane emissions reduction targets in an effort to reduce emissions of short-lived climate pollutants in various sectors of California's economy. It includes statewide goals to reduce the disposal of organic waste and recover edible food for human consumption. To accomplish these statewide goals, SB 1383 regulations, which were approved on November 3rd 2020, include prescriptive requirements for jurisdictions related to recycling and organics collection, inspection, and enforcement policies and programs and edible food recovery. The SBWMA and its Member Agencies need to

comply with nearly all SB 1383 requirements by January 1, 2022 with the significant exception that enforcement actions do not need to commence until January 1, 2024.

More information regarding SB 1383 can be found online at [www.calrecycle.ca.gov/organics/slcp/](http://www.calrecycle.ca.gov/organics/slcp/).

### **Fiscal Impact**

For CY 2021, a budget of \$927,000 has been allocated for SB 1383's Year One compliance, including the fully loaded salary and benefits cost for the new Program Manager II position. Additional costs will be jointly shared by Member Agencies through the garbage tipping fee rate. Budget changes related to the MOU will be integrated into the Agency's regular budget process, as approved by the Board of Directors. If a Member Agency withdraws from the MOU, the Member Agency's share of the costs will be required to be paid to SBWMA on a proportionate basis.

Member Agencies may incur additional costs related to implementation of their SB 1383 responsibilities, including enforcement and procurement requirements.

### **Attachments:**

**Resolution 2021-17**

**Attachment A** – Implementation of SB 1383 Memorandum of Understanding

**Attachment B** – [Presentation on SB 1383 Memorandum of Understanding Implementation Responsibilities - available online only at www.rethinkwaste.org](http://www.rethinkwaste.org)



## RESOLUTION NO. 2021-17

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

**WHEREAS**, the State of California passed SB 1383 (Chapter 395, Statutes of 1383), which required the California Department of Resources Recycling and Recovery (CalRecycle) to adopt regulations to reduce organic waste by 50 percent from its 2014 baseline level by 2020 and 75 percent by 2025; and

**WHEREAS**, CalRecycle has finalized regulations and revised Chapter 12 (Short-lived Climate Pollutants) of Division 7 of Title 14 of the California Code of Regulations (“SB 1383 Regulations”); and

**WHEREAS**, the SB 1383 Regulations require local agencies or jurisdictions, among other things, to implement programs requiring organic waste generators and waste haulers to meet minimum standards for organic waste collection services, inspect waste containers for prohibited contamination of materials, provide education and outreach information to organic waste generators, report to CalRecycle on compliance with SB 1383 Regulations, and maintain records of compliance with SB 1383 Regulations; and

**WHEREAS**, Jurisdictions may utilize a Joint Powers Authority to comply with the requirements of Chapter 12: Short-lived Climate Pollutants, except that the Jurisdictions shall remain ultimately responsible for compliance; and

**WHEREAS**, The South Bayside Waste Management Agency (SBWMA) Board of Directors adopted the SB 1383 Compliance Plan in November 2020 outlining the roles and responsibilities between SBWMA and its Member Agencies; and

**WHEREAS**, The SBWMA developed an Implementation of SB 1383 Memorandum of Understanding (MOU) detailing the roles and **responsibilities** between SBWMA and its Member Agencies; and

**WHEREAS**, The SBWMA Technical Advisory Committee reviewed and recommended the approval of the Implementation of SB 1383 MOU to the SBWMA Board of Directors; and

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves the recommendation of the Implementation of SB 1383 Memorandum of Understanding to the SBWMA Member Agencies for adoption.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24<sup>th</sup> day of June, 2021, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				

Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				
Menlo Park									

I HEREBY CERTIFY that the foregoing Resolution No. 2021-17 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 24, 2021.

ATTEST:

\_\_\_\_\_  
Alicia Aguirre, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Clerk of the Board

**Memorandum of Understanding  
Between the Jurisdictions of Belmont, Burlingame, East Palo Alto, Foster City,  
Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, West Bay  
Sanitary District, and the County of San Mateo and  
The South Bayside Waste Management Authority  
Regarding Implementation of SB 1383 Regulations**

This Memorandum of Understanding (“MOU”) is made this \_\_\_\_ day of \_\_\_\_\_, 2021 (“Effective Date”) by and between the **COUNTY OF SAN MATEO**, a political subdivision of the State of California, the **CITIES OF BELMONT, BURLINGAME, EAST PALO ALTO, FOSTER CITY, HILLSBOROUGH, MENLO PARK, REDWOOD CITY, SAN CARLOS, SAN MATEO**, each a municipal corporation of the State of California, the **WEST BAY SANITARY DISTRICT**, a California independent district, (the County and Cities and West Bay Sanitary District are referred to individually herein as a “Jurisdiction”) and the **SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY**, a California joint powers authority (“Agency”) (collectively the “Parties”).

**RECITALS**

**WHEREAS**, the Agency is a joint powers authority established pursuant to the California Joint Exercise of Powers Act (Gov. Code section 6500 *et seq.*); and

**WHEREAS**, each of the Jurisdictions is a member of the Agency, and the Agency operates certain core programs on behalf of and for the benefit of the Jurisdictions, including but not limited to providing education regarding recycling, composting, and other methods of waste diversion to the Jurisdictions and the public, and conducting, preparing, and submitting all monitoring and reporting pursuant to the Integrated Waste Management Act (California Public Resources Code §§40000 *et seq.*); and

**WHEREAS**, the State of California passed SB 1383 (Chapter 395, Statutes of 1383), which required the California Department of Resources Recycling and Recovery (CalRecycle) to adopt regulations to reduce statewide disposal of organic waste by 50 percent from its 2014 baseline level by 2020 and 75 percent by 2025; and

**WHEREAS**, CalRecycle has finalized SB 1383 Regulations that among other things created new Chapter 12 (Short-lived Climate Pollutants) of Division 7 of Title 14 of the California Code of Regulations (“SB 1383 Regulations”); and

**WHEREAS**, the SB 1383 Regulations require local agencies or jurisdiction to implement Edible Food Recovery programs; to promote consistency within jurisdictions throughout San Mateo County and leverage economies of scale, the County has offered to lead the creation of a County-wide Edible Food Recovery Program on behalf of the unincorporated areas of the county and all the cities in the county and has developed a separate MOU to be entered into by the cities in conjunction with that program;



**WHEREAS**, in addition, the SB 1383 Regulations require local agencies or jurisdictions, among other things, to implement programs requiring organic waste generators and waste haulers to meet minimum standards for organic waste collection services, inspect waste containers for prohibited contamination of materials, provide education and outreach information to organic waste generators, report to CalRecycle on compliance with SB 1383 Regulations, and maintain records of compliance with SB 1383 Regulations; and

**WHEREAS**, Jurisdictions may designate a public or private entity to fulfill the requirements of Chapter 12: Short-lived Climate Pollutants, except that the Jurisdictions shall remain ultimately responsible for compliance; and

**WHEREAS**, the Parties are entering into this MOU to designate certain roles and responsibilities that the Agency shall assume on behalf of the Jurisdictions to implement the SB 1383 Regulations (excluding the Edible Food Recovery Program requirements undertaken by the County in the separate MOU) that will take effect on January 1, 2022 under the terms and conditions as set forth herein.

**NOW, THEREFORE**, in consideration of the foregoing, the Parties hereby agree as follows:

## **AGREEMENT**

1. **Term.** This MOU shall commence on the Effective Date and remain in full force and effect until terminated as set forth in Section 6 of this MOU.

2. **Definitions.**

(a) “Agency” means the South Bayside Waste Management Authority.

(b) “CalRecycle” or “Department” means the California State Department of Resources Recycling and Recovery.

(c) “City” means one of the cities or towns that is a member of the Agency.

(d) “County” means the County of San Mateo.

(e) “Edible Food” means food intended for human consumption.

(f) “Generator” means a person or entity that is responsible for the initial creation of organic waste.

(g) “Hauler” means a person or entity who collects material from a Generator and delivers it to a reporting entity, end user, or a destination outside of the state. “Hauler” includes public contract haulers, private contract haulers, food waste

self-haulers, and self-haulers. A person who transports material from a reporting entity to another person is a transporter, not a hauler.

(h) “Implementation Record” means all records, physical or electronic, that must be stored in one central location and are required by Chapter 12: Short-lived Climate Pollutants.

(i) “Jurisdiction” means a City, or West Bay Sanitary District, or the County, each of which provides solid waste collection services within their jurisdictional boundaries.

(j) “Local Enforcement Agency” or “LEA” means the San Mateo County Department of Health Services, Solid Waste Local Enforcement Agency.

(k) “Organics,” or “Organic Waste” are materials that originate from living organisms and their metabolic waste products, including but not limited to, food, green material, landscape and pruning waste, organic textiles, paper products, printing and writing paper, vegetables, grain, meat, bones, paper towels, leaves, and wood.

(l) “Route review” means a visual inspection of containers along a hauler route for the purpose of determining container contamination, and may include mechanical inspection methods such as the use of cameras.

(m) “SB 1383 Regulations,” “Regulations,” or “Chapter” means, for the purposes of the MOU, Chapter 12 (Short-lived Climate Pollutants) of Division 7 of Title 14 of the California Code of Regulations. Regulatory references to specific sections listed in the MOU shall be to the SB 1383 Regulations, unless specifically noted otherwise.

(n) “Waste evaluation” means collecting samples from garbage, recycling, and organics from different areas in the jurisdiction so that the samples are representative of the jurisdiction’s waste stream.

### 3. Responsibilities of the Agency.

(a) **General.** The Agency shall conduct the services described in this Section for the Jurisdictions. The Jurisdictions are delegating certain responsibilities related to Chapter 12 to the Agency as described in this Section. The Agency shall conduct the services described in this Section for the Jurisdictions in a manner in which each Jurisdictions receives services in an equitable manner.

(b) **Education and outreach.** The Agency shall provide educational materials and community outreach to organic waste Generators in English, Spanish, and Chinese that explain and provide information on the requirements of the SB 1383 Regulations, as more specifically described below, and will be consistent with the scope of work listed in the three-year Public Education and Recycling Technical Assistance Plan.

(i) Prior to February 1, 2022, the Agency will make available to Generators, through print and/or electronic media, information regarding §§ 18984.9, 18984.10, 18985.1, 18985.2, 18988.3, 18991.3, 18991.4, and 18991.5 of the Regulations. This information shall be maintained and updated at least annually.

(ii) The Agency shall send letters to residential and commercial Generators who have not subscribed to Recyclable Materials or Organics Collection Services and those who are found to have prohibited container contaminants. The letters shall provide information and resources to comply with the Regulations related to the collection and recovery of Recyclable Materials and Organic Waste. The Agency shall work with each individual Jurisdiction and the franchise Hauler to tailor the letters to the Jurisdiction's needs.

(c) **Procurement.** The Agency shall annually notify each Jurisdiction of its Organic Waste product procurement target, as required and determined by CalRecycle. Before CalRecycle releases the official procurement targets for each Jurisdiction on January 1, 2022 and every five years thereafter, the Agency shall assist the Jurisdictions in calculating estimates of the procurement targets. (§18993.1)

(d) **Reporting and recordkeeping.**

(i) The Agency shall submit reports for Organics processing capacity and Edible Food recovery planning requirements according to the County within 120 days of the County's request as required by Article 11 of Chapter 12 (§ 18992.3).

(ii) The Agency will be the primary recordkeeper for all the information and documents required in the Implementation Record. (§ 18995.2) Each Jurisdiction will be given access to their own set of records through a cloud-based software. Agency staff will upload documents within the 60-day timeframe as required in the Chapter, provided that the information is made available to the Agency by the necessary parties in a timeframe that allows for such uploading.

(iii) Upon request by a CalRecycle representative or the public through a Public Records Act request, either the Agency or the Jurisdiction will provide access to the Implementation Record. Agency and Jurisdiction shall notify the other of the request and coordinate a response.

(iv) The Agency shall submit the Initial Jurisdiction Compliance Report and Jurisdiction Annual Reports to CalRecycle as detailed in §§ 18994.1, 18994.2.

(e) **Organic waste processing capacity and diversion planning.** The Agency shall work with the County of San Mateo to estimate existing Organics processing and Edible Food recovery capacities available in the service area (§§ 18992.1, 18992.2). If it is found that either are lacking, the Agency shall assist the Jurisdictions in creating an implementation plan to expand capacity.

(f) **Model Tools.** The Agency shall revise three Model Tools, which were created by CalRecycle and HF&H, to better fit the Jurisdictions' needs. The Agency shall assist the Jurisdictions in tailoring the language further if necessary, although it will ultimately be the Jurisdictions' responsibility to use or adopt them. The Model Tools are:

- (i) Model Franchise Agreement Amendment and Exhibits with Recology;
- (ii) Model Mandatory Organic Waste Disposal Reduction Ordinance; and
- (iii) Model Procurement Policy

(g) **Complaints and violations.** Agency shall forward to the Jurisdictions all complaints alleging non-compliance with the Regulations for investigation. The Agency shall also provide to the Jurisdictions the names and associated contact information of Generators who repeatedly refuse to comply with the Regulations. The Agency shall notify the Jurisdictions of these complaints and violations within 10 business days of receipt of such complaints by the Agency.

(h) **Waivers.**

(i) Since the authority to issue waivers cannot be delegated to a private entity, the Agency shall approve or deny each waiver request, with support from Jurisdiction as needed, except as otherwise provided herein. Waivers may be granted by the Agency for de minimis volumes and physical space limitations. (§ 18984.11). Eligibility for waivers will be reviewed by the Agency every 5 years after written verification of eligibility is provided by the Commercial Business or property owner. The Agency will provide Jurisdictions with a list of Generators who are approved and denied a waiver.

(1) The Agency will create a standardized waiver request form for Jurisdictions and Haulers to distribute or make available to Generators. This form will be a printable document maintained on the Agency's website.

(2) De Minimis Waivers: The Agency may waive a Commercial Business' obligation (including Multi-Family Residential Dwellings) to comply with some or all of the Recyclable Materials and Organic Waste requirements of each Jurisdiction's ordinance if the Commercial Business provides documentation that the business' total Solid Waste, Recyclable Materials, and Organic Waste collection service is two cubic yards or more per week and Organic Waste subject to collection in the Organic Waste Container comprises less than 20 gallons per week or the Paper Products and Printing and Writing Paper subject to collection in the Recyclable Materials Container; or if the total Solid Waste, Recyclable Materials, and Organic Waste collection service is less than two cubic yards per week and Organic Waste subject to collection in the Green Container comprises less than 10 gallons per week or

the Paper Products and Printing and Writing Paper subject to collection in the Recyclable Materials Container.

(3) **Physical Space Waivers:** The Agency may waive a Commercial Business' or property owner's obligations (including Multi-Family Residential Dwellings) to comply with some or all of the recyclable materials and/or Organic Waste collection service requirements if the Agency has evidence from its own staff, a hauler, licensed architect, or licensed engineer demonstrating that the premises lacks adequate space for the collection containers required for compliance with the Recyclable Materials and Organic Waste collection requirements specified in each Jurisdictions' ordinance or municipal code.

(4) Since weekly pickup of solid waste is required by the LEA, Collection Frequency Waivers will not be granted to Generators in any of the Jurisdictions.

(i) **Emergency Circumstances – Waivers for Jurisdiction**

(i) The Agency will notify CalRecycle and apply for a waiver to landfill organics if any of the Jurisdictions experience a natural disaster, uses a recyclable materials or organic waste processing facility that has a temporary operational failure, or unforeseen operational restrictions have been imposed upon it by a regulatory agency. (§18984.13)

4. **Responsibilities of the Jurisdictions.**

(a) The Jurisdictions shall assume responsibility for all other requirements specified for Jurisdictions in the Regulations not expressly stated to be covered by the Agency in this MOU.

(b) **Sharing of information.** Within thirty (30) days of request by the Agency, or as soon as such information is available to the Jurisdictions, the Jurisdictions shall share with the Agency all data, documents, contact information for Generators within the Jurisdiction, or any other information necessary for the Agency to carry out the responsibilities listed in this MOU.

(c) **Staff and funding.** In order for the Agency to carry out its responsibilities in connection with the administration and implementation of the SB 1383 Regulations as specified in this MOU, costs shall be jointly shared by participating Jurisdictions through the garbage tipping fee rate. Budget changes related to this MOU will be integrated into the Agency's regular budget process, as approved by the Board of Directors.

5. **Indemnification/Hold Harmless.** Agency shall indemnify, defend, and hold harmless the Jurisdictions, their legislative bodies, officials, consultants, agents, and employees from and against any and all loss, damages, liability, claims, suits, costs and expenses, including reasonable attorney's fees, arising from Agency's performance of this MOU, with the exception of matters that are based upon the negligent or

intentional acts or omissions of the Jurisdictions, their legislative bodies, officials, consultants, agents and employees.

6. **Withdrawal of Jurisdictions; Termination by Agency.** Any Jurisdiction may withdraw as a Party to this MOU upon giving one hundred and eighty (180) calendar days' prior written notice to the other Parties. Further, the Agency may terminate this MOU upon giving three hundred and sixty-five (365) days' prior written notice to the Jurisdictions.

(a) Upon termination of this MOU, the Agency shall have no further obligations to carry out the Agency Responsibilities as described in this MOU. The Agency will provide the Jurisdiction all records related to the Implementation Record (§ 18995.2). If a Jurisdiction withdraws from this MOU, the Jurisdiction will be required to pay the Agency, for its full portion of expense and consultant contract costs, to conduct the services described in Section 3 under this MOU including costs generated through the end of the Agency's fiscal year of the Jurisdiction withdrawal.

(b) The costs of services under the MOU will be reapportioned to the remaining Jurisdictions. Reapportioned costs will be brought to the SBWMA Board of Directors through the regular budgeting process.

7. **Notice.** During the Term of this MOU, all notices shall be made in writing and either served personally, sent by first class mail, or sent by email provided confirmation of delivery is obtained at the time of email transmission, addressed as follows:

To: Agency	South Bayside Waste Management Authority Attention: Executive Director 610 Elm Street, Suite 202 San Carlos, CA 94070 Telephone Number: Email:
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To City of Belmont:	City of Belmont Attention: City Manager _____ Belmont, CA _____ Telephone Number: Email:
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To City of Burlingame:	City of Burlingame Attention: City Manager _____
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Burlingame, CA \_\_\_\_\_  
Telephone Number:  
Email:

To City of East Palo Alto:

City of East Palo Alto  
Attention: City Manager

\_\_\_\_\_  
East Palo Alto, CA \_\_\_\_\_  
Telephone Number:  
Email:

To City of Foster City:

City of Foster City  
Attention: City Manager

\_\_\_\_\_  
Foster City, CA \_\_\_\_\_  
Telephone Number:  
Email:

To Town of Hillsborough:

Town of Hillsborough  
Attention: City Manager

\_\_\_\_\_  
Hillsborough, CA \_\_\_\_\_  
Telephone Number:  
Email:

To City of Menlo Park:

City of Menlo Park  
Attention: City Manager

\_\_\_\_\_  
Menlo Park, CA \_\_\_\_\_  
Telephone Number:  
Email:

To City of Redwood City:

City of Redwood City  
Attention: City Manager

\_\_\_\_\_  
Redwood City, CA \_\_\_\_\_  
Telephone Number:  
Email:

To City of San Carlos:	City of San Carlos Attention: City Manager <hr/> San Carlos, CA _____ Telephone Number: Email:
To City of San Mateo:	City of San Mateo Attention: City Manager <hr/> San Mateo, CA _____ Telephone Number: Email:
To County of San Mateo:	County of San Mateo Attention: County Manager <hr/> Redwood City, CA _____ Telephone Number: Email:
To West Bay San. District:	West Bay Sanitary District Attention: District Manager <hr/> Menlo Park, CA _____ Telephone Number: Email:

Any Party may change the address to which notice is to be given by providing the other Parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change.

Service of notices shall be deemed complete on the date of receipt if personally served or if served using email provided confirmation of delivery is obtained at the time of email transmission. Service of notices sent by first class mail shall be deemed complete on the fifth (5<sup>th</sup>) day following deposit in the United States mail.

8. **Governing Law and Venue.** This MOU shall be deemed to be executed within the State of California and construed in accordance with and governed by laws of the State of California. Venue in any proceeding or action among the participating Jurisdictions arising out of this MOU shall be in San Mateo County, California.



9. **Amendment.** This MOU and the exhibits hereto may only be amended in writing signed by all Parties, and any purported amendment shall be of no force or effect. This MOU may be amended to both extend the term and conditions, as well as to add tasks. Agency shall not begin new tasks without express written permission of the Cities.

10. **Entire Agreement.** This MOU and its exhibits constitute the entire agreement between the Jurisdictions and the Agency and supersedes all prior negotiations, representations, or agreements, whether written or oral.

[Signatures on following page]

**SIGNATURE PAGE FOR MEMORANDUM OF UNDERSTANDING  
Between the Jurisdictions of Belmont, Burlingame, East Palo Alto, Foster City,  
Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, West Bay  
Sanitary District, and the County of San Mateo and  
The South Bayside Waste Management Authority  
Regarding Implementation of SB 1383**

**IN WITNESS WHEREOF**, the Parties hereto have executed this agreement in duplicate on the day and year first above written.

**CITY OF BELMONT**, A Municipal Corporation of the State of California

By: \_\_\_\_\_

City Manager

APPROVED AS TO FORM:

\_\_\_\_\_

City Attorney

**CITY OF BURLINGAME**, A Municipal Corporation of the State of California

By: \_\_\_\_\_

City Manager

APPROVED AS TO FORM:

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City Attorney

**CITY OF EAST PALO ALTO, A**  
Municipal Corporation of the State of  
California

By: \_\_\_\_\_

City Manager

APPROVED AS TO FORM:

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City Attorney

**CITY OF FOSTER CITY, A Municipal**  
Corporation of the State of California

By: \_\_\_\_\_

City Manager

APPROVED AS TO FORM:

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City Attorney

**TOWN OF HILLSBOROUGH, A**  
Municipal Corporation of the State of  
California

By: \_\_\_\_\_

City Manager

APPROVED AS TO FORM:

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City Attorney

**CITY OF MENLO PARK**, A Municipal Corporation of the State of California

By: \_\_\_\_\_

City Manager

APPROVED AS TO FORM:

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City Attorney

**CITY OF REDWOOD CITY**, A Municipal Corporation of the State of California

By: \_\_\_\_\_

City Manager

APPROVED AS TO FORM:

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City Attorney

**CITY OF SAN CARLOS**, A Municipal Corporation of the State of California

By: \_\_\_\_\_

City Manager

APPROVED AS TO FORM:

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City Attorney

**CITY OF SAN MATEO**, A Municipal Corporation of the State of California

By: \_\_\_\_\_

City Manager

APPROVED AS TO FORM:

\_\_\_\_\_

City Attorney

**COUNTY OF SAN MATEO**, A Municipal Corporation of the State of California

By: \_\_\_\_\_

County Administrator

APPROVED AS TO FORM:

\_\_\_\_\_

County Counsel

**WEST BAY SANITARY DISTRICT**, An Independent District of the State of California

By: \_\_\_\_\_

District Manager

\_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

District Counsel

**SOUTH BAYSIDE WASTE  
MANAGEMENT AUTHORITY, A California  
Joint Powers Authority**

By: \_\_\_\_\_

Executive Director

APPROVED AS TO FORM:

\_\_\_\_\_

Agency Counsel

