



A Public Agency

ADMINISTRATION AND FINANCE

STAFF REPORT

To: SBWMA Board Members
From: John Mangini, Senior Finance Manager
Date: June 23, 2022 Board of Directors Meeting
Subject: Resolution Accepting the Findings from the Annual Operational and Financial Systems Audit for 2021

Recommendation

It is recommended that the SBWMA Board approve resolution #2022-29 attached accepting the findings from the audit of Recology's and SBR's SBR's 2021 financial and operational systems by RRS 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, RRS Consultants performed the annual independent review of the contractor's operational and financial reports for 2021. Overall, the review found that both contractors are in substantial compliance with requirements of the Agreements and no adjustments were recommended by RRS 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 (\$113,661,935) and SBR's payment to the SBWMA for net commodity revenue and public tip fee revenue.

In March 2022, RRS Consulting commenced the annual review for 2021 and concluded their activities by issuing a final findings and recommendations report that was issued in June 2022. RRS 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 2021.

The single most important review step of this audit was to verify the data in Recology's 2021 Revenue Reconciliation in total and by Member Agency. The following financial stats have now been verified:

1. Gross revenue billed of \$113,661,935
2. Disposal fees paid to the SBWMA of \$34,121,862
3. Franchise and other Fees paid to Member Agencies of \$16,798,614
4. The net surplus/<shortfall> balance for each agency ranging from \$309,070 to <\$473,576>

No discrepancies were found.

Summary “Findings” for each contractor are shown in **Table 1 & Table 2** below and a Summary Report is provided in **Attachment A**.

Recology Audit:

Table 1. RECOLOGY Review Findings			
	Area of Review	Findings	Amount
1	Reports	-The Quarterly & Annual Reports were complete & compliant	None
2	Tonnage Data	-Accurate & compliant	None
3	Customer Service	- No inconsistencies were found between source data and reports. - No incorrectly coded tickets were found.	None
4	Liquidated Damages & Incentive/ disincentive	- Recology self-reported and paid LD amounting to \$15,150. - Recology self-reported incentive payments due to Recology amounting to \$115,350. RRS has confirmed the calculations are accurate.	None
5	Tonnage Data	- Very minor variances between SBR & Recology inbound tonnage were found.	None

The review by RRS focused on validating the information provided by Recology in the company’s *Annual Report for 2021* issued to the Member Agencies on February 15, 2022. 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			
	Area of Review	Findings	Amount
1	Reports	- The Quarterly & Annual Reports were compliant.	None
2	Tonnage Data	- Very minor variances between SBR & Recology inbound tonnage were found.	None
3	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 RRS 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 the RRS review of SBR operations and reports, only very minor errors were identified in SBR’s reporting and tonnage. SBR was not assessed any liquidated damages in 2021.

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. This year's audit was conducted by RRS Consulting which is a nationally renowned solid waste planning firm based in Michigan. RRS Consulting was selected for this assignment through a public procurement conducted by Staff in early 2022.

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 RRS to conduct this independent audit was \$43,052 and is included in the adopted FY2022 Budget.

Attachments:

Resolution 2022-29

Exhibit A – RRS Final Report Summary: Collection Services (Recology) and Facility Operations (SBR) Systems and Financial Audit for 2021

Attachment A - [Full RRS Consulting 2021 Audit Final Report- available online only at www.rethinkwaste.org](http://www.rethinkwaste.org)



RESOLUTION NO. 2022-29
RESOLUTION OF THE SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY BOARD OF DIRECTORS
ACCEPTING THE FINDINGS FROM THE AUDIT REPORT OF THE CONTRACTOR’S
2021 FINANCIAL AND OPERATIONAL REPORTING BY RRS CONSULTANTS

WHEREAS, the South Bayside Waste Management Authority (SBWMA) Board of Directors entered into a contract with RRS Consulting Group for the purpose of providing a Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Auditing for 2021 and a Financial Systems Auditing for 2021, and

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

WHEREAS, attached as **Exhibit A** hereto is the RRS 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 2021 by RRS 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 23rd day of June 2022, 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. 20212-29 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 23, 2022.

ATTEST:

Alicia Aguirre, Chairperson of SBWMA

Cyndi Urman, Clerk of the Board

RECOLOGY SAN MATEO COUNTY (RSMC) AND SOUTH BAY RECYCLING (SBR) ANNUAL REPORT AND FINANCIAL SYSTEMS AUDIT

Final Report

Submitted electronically on June 14, 2022

PREPARED BY:



COMMISSIONED BY:



TABLE OF CONTENTS

Table of Contents	i
Executive Summary	1
Background	1
Annual Report Audit	2
Financial Systems Audit	2
Summary of Findings	3
Recology Financial Systems Audit	3
Annual Report Audit of SBR	4
SBR Financial Systems Audit	4
Conclusion	5
Recommendations	5
Annual Report of Recology REview	6
Completeness of Recology’s Annual Report	6
Review of Tonnage Allocations	6
Review of Reported Customer Service Data	7
Review of Reported CSR Statistics	8
Review of CSR Coding Calls	8
Review of Liquidated Damages	8
Review of Performance Incentive/Disincentive Payments	10
Findings Summary	13
FINANCIAL SYSTEMS AUDIT OF RECOLOGY	14
Gross Revenue Billed	14
Recology’s Compensation	17
Additional Cart Fees	18
Annual Report Audit of SBR	21
Review of Inbound and Outbound Tonnage Data	21
Inbound Member Agency Tonnage	24
Outbound Tonnages	24
Review of SBR Liquidated Damages	26
Completeness of Report	26

FINANCIAL SYSTEMS AUDIT OF SBR 27

- Public Self-Haul Revenue..... 27
- Commodity Revenue 27
- Shoreway Buyback Center Payments 28
- CRV Payments..... 28

Appendix A: Recology Annual Reports (Article 9.07)..... 29

Appendix B: SBR Quarterly Reports (Article 9.05) 33

EXECUTIVE SUMMARY

RRS has been contracted by South Bay Waste Management Authority (SBWMA / RethinkWaste) to provide annual report and financial system audit of the SBWMA's collection services contractor and facility operations contractor. For the Operations Audit, RRS reviewed, tested, and verified the accuracy of the information contained in Recology San Mateo County (RSMC) Annual Report as well as South Bay Recycling, LLC (SBR) Annual Report as well as SBR's annual tonnage and commodity revenue report, and provide any recommendations for improvement. For the Financial Systems Audit, RRS verified the mathematical accuracy, consistency in reporting, and back-up documentation for information contained in RSMC's annual Revenue Reconciliation, and the accuracy of SBR's financial systems for tracking, calculating, and reporting payments due to or from SBWMA.

The work constituted a review of Recology's and SBR's financial systems and the accuracy of the financial reports Recology and SBR provide to SBWMA. It did not audit financial statements, nor did it represent a complete review of finance and accounting systems. The purpose of the audit was to 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.

Background

The SBWMA is a joint powers authority of eleven Member Agencies (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.

For the Operations Audit, RRS was contracted to review, test and verify the accuracy of the information contained in the Recology San Mateo County (RSMC) Annual Report as well as South Bay Recycling, LLC (SBR) annual tonnage and commodity revenue report and provide any recommendations for improvement. RRS is contracted to verify the mathematical accuracy, consistency in reporting, and back-up documentation for information contained in RSMC's annual Revenue Reconciliation, and the accuracy of SBR's financial systems for tracking, calculating, and reporting payments due to or from SBWMA. The Financial Systems Audit is designed to confirm the accuracy of financial information provided by Recology and SBR as well as the accuracy of 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 work consists of a review of Recology's and SBR's financial systems and the accuracy of the financial reports Recology and SBR provide to SBWMA and is not an audit financial statements, nor will it represent a complete review of finance and accounting systems. The audit does not need to assess conformance with standard accounting practices (including generally accepted accounting principles, GAAP), but it does need to 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.

Annual Report Audit

Reporting requirements are specified in Article 9 (Record Keeping and Reporting) of Recology's franchise agreements and Article 9 (Contractor Records/Reports) of SBR's operating agreement.

The RRS Scope of Work includes:

- Confirming quarterly and annual reports submitted by the contractors contain complete information (broken down by month) for each of the reporting categories required in accordance with Article 9.06 of the Recology Franchise Agreement(s) and Article 9.5 of the SBR Operating Agreement; and
- Verifying the mathematical accuracy of the calculations contained in the reports;
- Verifying the accuracy of quarterly tonnage data reported by Recology for 2021. Recology's quarterly tonnage data is based on Monthly Tonnage Reports that allocate franchised tonnages among each of the member agencies for the following categories:
 - Commercial,
 - Multi-Family Dwelling (MFD),
 - Roll-Off, and
 - Residential.
- Verifying accuracy of tonnage allocation for each Member Agency – monthly, quarterly and annual totals
- Verifying the accuracy of customer service data reported by Recology for 2021. In Section D of their quarterly and annual reports,
- Verifying the accuracy of Recology's calculated liquidated damages, incentive and disincentive payments and that liquidated damages, incentive, and disincentive payments have been properly calculated and tie to the events reported,
- Verifying SBR's reported data (from franchised services) is consistent with Recology's reports,
- Verifying all other SBR tonnage is also accurate,
- Verifying liquidated damages payments have been properly calculated in accordance with the Operating Agreement and tie to the reported events,
- Verifying and explaining SBR's procedures to identify and report events which would trigger liquidated damages.

Financial Systems Audit

The RRS Scope of Work includes an audit of Recology's annual Revenue Reconciliation for 2021, submitted in accordance with Section 11.03 and Attachment K of Recology's Franchise Agreement for Collection Services with San Mateo County. This audit will include:

- Determining if Recology has accurately calculated each Member Agency's revenue surplus/shortfall for its franchised services;
- Confirming that Recology's billings are consistent with the approved rate schedules and that reported revenues tie to accounting records;
- Verifying net revenue calculations and adjustments;
- Verifying that Contractor's Compensation ties to each Member Agency's approved compensation; and

- Confirming that the amount of Attachment Q revenue reported as billed by Member Agency ties to the records for each different type of charge.

The RRS Scope of Work includes a financial audit of South Bay Recycling (SBR), RethinkWaste's Facility Operations Contractor. This audit will include:

- Determining how 2021 public revenues, commodity revenues, and weight ticket information (including route number and material types) are recorded using SBR's "PC Scales" tracking system, and
- Verifying the mathematical accuracy and logical consistency of the company's reported values.
- Verifying Public Self-Haul Revenue
- Verifying Commodity Revenue
- Verifying Scale House Operations

Summary of Findings

1. RRS review and verification of the data and information presented in the RSMC Annual Report Audit found no significant discrepancies that require any adjustments to the report. The report was complete and fulfilled all the reporting requirements of the Franchise Agreements.
2. RRS was then able to verify that the tonnages from splitting the route tonnages and aggregating by Franchise Agency were correct and accurate and correspond to the data provided in the annual report.
3. RRS verified the accuracy of customer service data reported by Recology for 2021 and is currently validating a small subset of data with RSMC.
4. RRS was able to verify that the liquidated damages from the RSMC annual report for are accurate.
5. RRS verified that RSMC's annual report accurately shows a cumulative disincentive payment of \$138,305 based on the stipulated procedures for calculating diversion level in the Franchise Agreements.

Recology Financial Systems Audit

6. RRS verified revenues from residential and commercial customers reported in the Reconciliation to Recology's system-generated GL report which details revenues for each Member Agency. RRS reviewed and validated adjustments that affect calculations of Gross Billed Revenue in the Reconciliation.
7. RRS verified the calculation of net revenue retained by Recology in total and by Member Agency and verified the calculations are accurate based on Recology's explanations and supporting documentation.
8. RRS reviewed and validated adjustments that affect calculations of Gross Billed Revenue in the Reconciliation.

9. The calculation of net revenue retained by Recology were verified in total and by Member Agency. No mathematical errors in Recology's calculation of net revenue were identified.
10. Recology's net compensation figures listed by Member Agency in the 2021 Reconciliation were verified for all Agencies and directly tie to the approved compensation set by SBWMA for reviewed Member Agencies.
11. The fees and values for unscheduled and intermittent services listed in Attachment Q in the Reconciliation were correct and verified as accurate.
12. The revenues for backyard service included in gross revenues billed for each Member Agency but are deducted from the gross revenues as additional services when Recology calculates the Approved Contractor's Compensation and were verified and are accurate.

Annual Report Audit of SBR

13. RRS verified that the inbound MSW reported by SBR was equal to the RSMC data after deducting the weight of the batteries that were reported.
14. RRS verified that the SBR reported tonnage and the RSMC reported tonnage were equal.
15. RRS verified the yearly tonnage totals for outbound materials and commodities to PC Scales tonnage reports provided by SBR and verified the monthly tons for one sample month (June) to the PC Scales reports provided by SBR.
16. SBR's 2021 Liquidated Damages Report included no reported instance of service issues that would trigger the payment of Liquidated Damages.

SBR Financial Systems Audit

17. SBR's "Customer/Material" PC Scales reports for "Third Party Customers Only" were compared with SBR's monthly remittance statement to SBWMA to verify the accuracy of 2021 self-haul revenue transferred to SBWMA were verified.
18. RRS verified that the gross 2021 commodity revenue as reported on SBR's 2021 December monthly report ties to accounting records.
19. SBR did not make any Buyback Center payments in 2021 due to the closure of the Buyback Center. SBR correctly reported CRV payments, which tie back to CalRecycle data. No adjustments are necessary.

Conclusion

Overall, RRS verified the information submitted in the RSMC and the SBR Annual and Financial Reports and did not discover any discrepancies that would require any changes to the Annual and Financial Reports.

Recommendations

1. There are several supporting documents that are necessary for the review for both the RSMC and the SBR Annual Reports and Financial Audit that should be included with the Annual report submission.
2. RRS recommends that a random annual (or semi-annual) route audit be conducted to verify the split table allocation for tonnage on routes that service multiple Member Agency collection routes.

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
John Mangini, Senior Finance Manager
Date: June 23, 2022 Board of Directors Meeting
Subject: Resolution Approving the Facility Property Insurance Coverage/Premium for Policy Year 2022-23

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2022-30 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 not to exceed premium of \$2,100,000 for the coverage period of July 1, 2022 to June 30, 2023 with a deductible of \$1.5 million.

Analysis

The SBWMA's property insurance policy has been marketed again by Risk Strategies in Burlingame covering the Agency-owned buildings and equipment at the Shoreway facility. Due to our class of business and the 2016 fire insurance claim, no one carrier is willing to carry the full requested insurance coverage of \$65 million. Property coverage is now marketed in layers with various carriers assuming a portion of risk. In Policy Year 2021/2022, seven (7) different carriers provided our entire book of property and fire insurance coverage needs. By comparison, in 2016 the SBWMA had a single insurance carrier handle our entire scope of coverage of property and fire insurance coverage. As of this writing, the SBWMA has not received quotes on all layers of coverage. The last layer of \$1.5 million has yet to be quoted. The quotes covering \$63.5 million carries a premium of \$2,046,385 and can be found on **Attachment A**. The premium increase over the previous year is approximately 24%. Insurance coverage was increased from a historical coverage level of \$60 million to \$65 million for the 2021/2022 coverage period. Business income loss is included in the \$65 million coverage. It is notable that this upcoming Policy Year's property and fire insurance coverage is anticipated to spread amongst 14 different carriers.

At its June 14th meeting, the Finance Committee members and Staff agreed that this is escalating trend in premiums and service providers is concerning and direction was provided to Staff to investigate self-insurance coverage options. Staff will work with Risk Strategies to provide a cost/benefit analysis regarding these options to the Finance Committee at its September 13th meeting. Next steps will be determined following this discussion.

Background

The Agency's historical insurance premiums are illustrated in **Table 1** below. The Agency has been able to secure property/fire insurance policy coverage since the MRF and Transfer Station fires in September 2016. In addition to these incidents, the insurance industry is experiencing increased risk in our class of business which

has also resulted in higher premiums to secure coverage. Many carriers continue declining to quote on our class of business.

Table 1

	2016	2017	2018	2019	2020	2021	2022 Not to Exceed
Premium	\$ 179,596	\$ 766,682	\$ 838,484	\$ 954,916	\$ 1,286,497	\$ 1,691,625	\$ 2,100,000
Increase		\$ 587,086	\$ 71,802	\$ 116,432	\$ 331,581	\$ 405,128	\$ 408,375
Deductible	\$ 5,000	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ 1,500,000	\$ 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	7/1/22 - 6/30/23

Fiscal Impact

The insurance premium for \$65 million in coverage with a \$1.5 million deductible is estimated to be \$2.1 million once the final layer of coverage is quoted.

Attachments:

Resolution 2022-30

Attachment A – Property Insurance Premium Worksheet



RESOLUTION NO. 2022-30

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

Resolution Approving Property/Fire Insurance Policy for Coverage Year 22/23

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 22/23 with \$65 million property insurance coverage with a group of insurance companies for a total premium not to exceed \$2,100,000.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 23th day of June 2022, 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. 2022-30 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 23, 2022.

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 23, 2022 Board of Directors Meeting
Subject: Resolution Approving Mid-Year 2022 Budget Adjustments and the FY2023 Budget Forecast for 2023 Member Agency Tip Fee Projections

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2022-31 attached hereto authorizing the following action:

1. Approval of the Mid-Year Budget Adjustments for FY2022.
2. Approval of the FY2023 Budget Forecast.

Analysis

Staff has conducted a thorough analysis of year-to-date budgeted revenues and expenditures, and has made projections through year-end (December 31st, 2022) and has made forecast projections for FY2023. These findings were reviewed and discussed by the SBWMA Finance Committee at its June 14th meeting.

Staff is presenting a FY2023 Budget Forecast for the purpose of estimating 2023 tipping fees. Tipping fees are an essential component of 2023 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.

- **Attachment A** contains budget worksheets providing line-item detail for all projected revenues, expenditures and capital spending for FY2022 and FY2023 Forecast.

Table 1

FY2022 FINANCIAL SUMMARY					FY2023 Forecast Budget
Categories	FY2022 Adopted Budget	FY2022 MidYear Projection	Variance to Mid-Year Budget	Variance %	
Total Revenue	\$54,828,615	\$55,160,218	331,603	1%	\$58,399,448
SBWMA Program	\$4,136,100	\$4,151,686	\$15,586	0%	\$4,284,724
SB 1383 Compliance	\$1,532,835	\$1,284,835	\$ (248,000)	-16%	\$1,115,000
Shoreway Operations	\$ 43,625,994	\$ 43,447,960	\$ (178,035)	0%	\$ 47,568,752
Total Operating Expense	49,294,929	48,884,480	(410,449)	-1%	52,968,476
Non-Operating Expense	4,521,576	4,517,622	(3,954)	0%	4,620,868
Total Expense	53,816,505	53,402,102	(414,403)	-1%	57,589,344
Net Revenue and Expense	\$ 1,012,110	\$ 1,758,116	\$ 746,006	74%	\$ 810,104

Net Revenue and Expense	\$ 1,012,110	\$ 1,758,116
Non-Bond Funded Capital Expenses	(\$1,190,000)	(\$1,675,000)
Debt Principal Pmt Current	(\$1,305,000)	(\$1,305,000)
Grant Revenue - County of San Mateo	\$0	\$500,000
Change in Enterprise Fund Balance	(\$1,482,890)	(\$721,884)

2022 Net Revenue and Expense is projected at \$1,758,116 which is \$746,006 more than was projected in the Adopted FY2022 Budget. 2023 Net Revenue and Expense is forecasted to be \$810,401 (see Table 1).

Revenues

As shown Table 2 below, there was a Total positive Revenue variance of \$331,603 due to the following:

1. \$.4 million revenue increase from the sale of commodity revenue. 2022 commodity revenue has been stronger than the adopted budget. 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 (non-franchise) volume and revenue.

Table 2

FY2022 REVENUE					
Revenue	FY2022 Adopted Budget	FY2022 MidYear Projection	Variance to Mid-Year Budget	Variance %	FY2023 Forecast Budget
Tip Fee Revenue	\$47,971,628	\$47,888,600	(83,027)	0%	\$51,138,081
<i>Non Franchised</i>	11,744,301	11,582,298	(162,003)	-1%	12,393,431
<i>Franchised</i>	36,227,327	36,306,302	78,976	0%	38,744,650
Net Commodity Sales Revenue*	6,626,765	7,024,994	398,229	6%	6,704,030
Interest Income	199,815	216,216	16,402	8%	259,460
Other Revenue	30,407	30,407	-	0%	30,000
Total Revenue:	54,828,615	55,160,218	331,603	1%	58,131,571

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

Table 3

COMMODITY REVENUE					
COMMODITY REVENUE	FY2022 Adopted Budget	FY2022 Mid-Year Budget	Mid-Year vs. Adopted	Variance %	FY2023 Forecast Budget
Tons Sold	52,874	50,938	(1,936)	-3.7%	52,507
Wtd Avg. Price	\$ 137.53	\$ 153.18	\$ 15.65	11.4%	\$ 142.76
Gross Revenue	\$ 7,271,884	\$ 7,802,855	\$ 530,971	7.3%	\$ 7,374,903
Revenue Share w/ SBR	\$ (645,119)	\$ (777,862)	\$ (132,743)	20.6%	\$ (670,874)
Net Commodity Revenue	\$ 6,626,765	\$ 7,024,994	\$ 398,229	6.0%	\$ 6,704,030

Expenses

Lower than budgeted Expenditures of \$414,403 are primarily due to the following (see **Table 4** and **Table 5**):

1. SBR compensation is lower by \$128k mainly due lower projected recycling tonnage based on lower Q1 2022 volumes.
2. Lower disposal and processing cost of \$176K due to the actual Ox Mountain rate being lower than the Adopted Budget projection by 75 cents per ton.
3. Increase in property insurance premium based on preliminary quotes for the 2022/2023 policy year.
4. The SBWMA Program expense is projected to be \$232K lower than in the Adopted Budget. The favorable variance is mainly due to the reassessment of SB1383 implementation costs.

Table 4

FY2022 SBWMA PROGRAM EXPENDITURES					FY2023 Forecast Budget
Expenditures	FY2022 Adopted Budget	FY2022 MidYear Projection	Variance to Mid-Year Budget	Variance %	
Administrative Expense	\$2,753,500	\$2,802,086	\$48,586	2%	\$2,880,124
Member Agency Support & Contract Compliance	\$ 628,600	\$ 623,600	\$ (5,000)	-1%	\$ 623,600
State Mandated Public Education & Outreach	\$754,000	\$726,000	(\$28,000)	-4%	\$781,000
SB1383 Expenses	\$1,532,835	\$1,284,835	(\$248,000)	-16%	\$1,115,000
Total SBWMA Program Expense:	\$5,668,935	\$5,436,520	(\$232,414)	-4%	\$5,399,724
Total Shoreway Operations:	\$48,147,570	\$47,965,581	(181,989)	0%	\$52,189,620
Total Expenses:	\$53,816,505	\$53,402,102	(414,403)	-1%	\$57,589,344

Table 5

FY2022 SHOREWAY OPERATIONS EXPENSE DETAIL					FY2023 Forecast Budget
Expenditures	FY2022 Adopted Budget	FY2022 MidYear Projection	Variance to Mid-Year Budget	Variance %	
SBR Compensation	\$19,218,059	\$19,089,510	(128,549)	-1%	\$20,865,688
Disposal and Processing	21,548,002	21,371,291	(176,711)	-1%	23,606,573
Property Insurance	1,770,442	1,882,667	112,225	6%	2,097,000
Education Center	85,000	65,000	(20,000)	-24%	85,000
Credit Cards Charge	79,920	74,920	(5,000)	-6%	74,920
Other Operating Expense	547,220	562,220	15,000	3%	562,220
Sewer Charge	107,351	107,351	-	0%	107,351
Project Assessment	270,000	295,000	25,000	9%	170,000
Shoreway Operations:	\$ 43,625,994	\$ 43,447,960	\$ (178,035)	0%	\$ 47,568,752
Bond Interest Expense	2,237,167	2,237,167	-	0%	2,172,917
Franchise Fee (San Carlos)	2,284,409	2,280,455	(3,954)	0%	2,447,952
Total Shoreway Operations	\$ 48,147,570	\$ 47,965,581	\$ (181,989)	0%	\$ 52,189,620

Capital Spending

The capital spending budget has varied from the Adopted Budget in a number of budget lines. The Board has approved a few larger projects in 2022 that were not foreseen (or the full cost was not foreseen) at the time the Adopted Budget was approved in November of 2021, with the **intent to pull from other unspent budget line items to cover the unforeseen costs**. In addition, Staff is further recommending a number of additional smaller projects in 2022. The larger unforeseen projects are listed below. See **Attachment A** for a detailed worksheet on capital projects.

2022 Unforeseen Projects or Project Costs

- Recology Truck Shop Roof Replacement (unbudgeted \$350K)
- MRF Roof Replacement (partial) (unbudgeted \$100K)
- MRF Wall Extension and Repair (Adopted Budget \$200K. Updated Budget \$375K)
- Transfer Station and MFT Tip Floor (Adopted Budget \$200K. Updated Budget \$360K)

Reserve Balances

Table 6 below captures the Mid-Year reserve balance projections for FY2022 compared to the Adopted Budget reserve balance. The projected Total Reserve variance is mainly driven by the favorable result in FY2021 net revenues and expenses.

Table 6

FY2022 BUDGET: RESERVE BALANCES			
	ADOPTED BUDGET FY2022	MID-YEAR BUDGET FY2022	Variance to Adopted Budget
UNCOMMITTED RESERVE:			
RATE STABILIZATON (9% of expense)	\$ 4,843,485	\$ 4,843,485	\$ -
EMERGENCY RESERVE (9% of expense)	4,843,485	4,843,485	-
SELF INSURANCE FUNDING ACCOUNT	394,875	394,875	-
CAPITAL RESERVE	6,242,014	9,062,027	2,820,013
UNDESIGNATED RESERVE			
TOTAL UNCOMMITTED RESERVES	\$ 16,323,860	\$ 19,143,873	\$ 2,820,013
COMMITTED RESERVE			
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 766,789	\$ 766,789	\$ -
TOTAL RESERVES	\$ 17,090,649	\$ 19,910,662	\$ 2,820,013
SHOREWAY REMEDIATION PROJECT	\$ 1,233,640	\$ 1,233,640	\$ -

Bond Project Fund Balance is projected to be approximately \$12 million at the close of FY 2022

2023 Forecasted Tip Fees

Tipping fees are an essential component of 2023 Member Agency Annual Revenue Requirement which is typically calculated and approved by the Board at the September Board Meeting in conjunction with the approval of Recology's Annual Compensation Adjustment Application. The 2023 Forecasted tipping fees are on **Table 7** below. The Board typically approves the actual tip fees at the September Board Meeting.

The 2023 forecasted tip fees have increased to cover an approximately 7% increase in costs. Much of the SBWMA's costs contain index-based adjustments. A couple of the larger budget line items are further explained below.

- SBR's Compensation represents approximately 40% of the budget with compensation increases mainly driven by labor indices with smaller impact from the fuel index. SBR's 2023 compensation is calculated using the April 2022 labor index, which is 4.2%. The large increase in the fuel index brings SBR's projected compensation to 5% for 2023. In addition, the 2023 projection includes the cost for the first year amortization of a new long-haul tractor fleet as approved by the Board at the November 2021 Board Meeting.
- Ox Mountain Disposal represents approximately 20% of the budget. Ox Mountain disposal is tied to indices but is capped at 5% annually per the contract. The Newby Island Organics Processing Contract expires on December 31, 2022, and we are projecting a 15% cost increase for this volume in 2023.
- The 2023 forecast assumes increased inbound material volumes to Shoreway from current levels. Volumes in the commercial sector have declined during the pandemic and the 2023 forecast assumes volumes will increase, but not quite to pre-pandemic levels. This volume increase results in increased revenue and increased total margin on that revenue.

Table 7

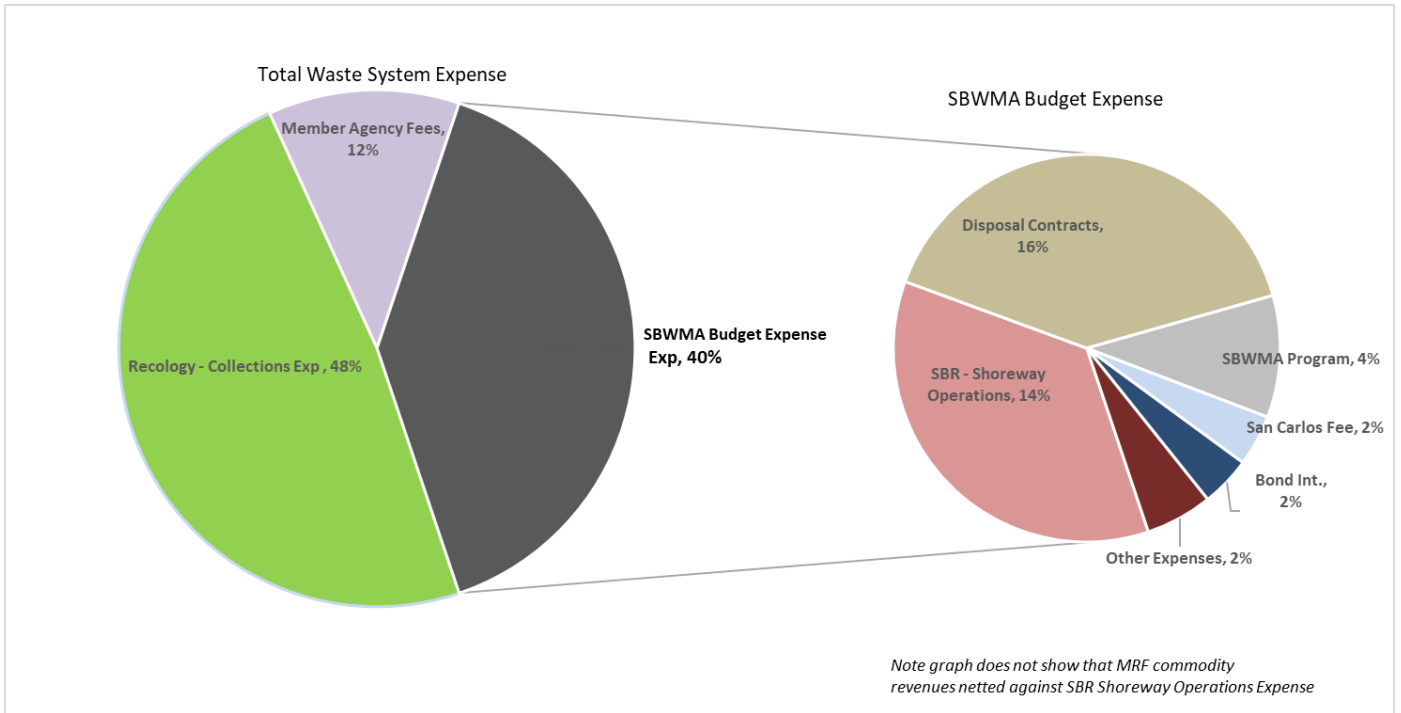
FY 2023 FORECAST - Proposed Tip Fee Adjustments								
	Actual	Actual	Actual	Actual	Proposed			
	2020	7/1/2020	1/1/2021	1/1/2022	1/1/2023	23 vs 22 \$	23 vs 22 %	
Franchise Tip Fees / Ton						incr.	%	
Solid Waste	\$ 121.00	\$ 121.00	\$ 127.00	\$ 130.00	\$ 137.00	\$ 7.00	5.4%	
Green Waste	\$ 126.00	\$ 126.00	\$ 139.00	\$ 143.00	\$ 145.00	\$ 2.00	1.4%	
Food	\$ 141.00	\$ 141.00	\$ 141.00	\$ 144.00	\$ 145.00	\$ 1.00	0.7%	
3rd Party / Ton								
Solid Waste	\$ 127.00	\$ 127.00	\$ 133.00	\$ 135.00	\$ 142.00	\$ 7.00	5.2%	
Green Waste	\$ 128.00	\$ 128.00	\$ 140.00	\$ 143.00	\$ 145.00	\$ 2.00	1.4%	
Food	\$ 141.00	\$ 141.00	\$ 141.00	\$ 144.00	\$ 146.00	\$ 2.00	1.4%	
C&D	\$ 121.00	\$ 121.00	\$ 127.00	\$ 130.00	\$ 135.00	\$ 5.00	3.8%	
Asphalt Roofing	\$ 123.00	\$ 123.00	\$ 128.00	\$ 131.00	\$ 134.00	\$ 3.00	2.3%	
Public Dirt /Ton	\$ 110.00	\$ 115.00	\$ 117.00	\$ 119.00	\$ 122.00	\$ 3.00	2.5%	
Public Tip Fees / Yd	2020	7/1/2020	1/1/2021	1/1/2022	1/1/2023	23 vs 22 \$	23 vs 22 %	
Solid Waste	\$ 44.00	\$ 46.00	\$ 48.00	\$ 49.00	\$ 52.00	\$ 3.00	6.1%	
Green Waste	\$ 35.00	\$ 42.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ -	0.0%	
C&D	\$ 44.00	\$ 46.00	\$ 48.00	\$ 49.00	\$ 49.00	\$ -	0.0%	

Fiscal Impact

The Mid-Year Budget for FY2022 shows a net revenue and expense of \$1.8 million which is \$.7 million higher than the Approved FY2022 Budget.

Chart 1 below illustrates the SBWMA Budget Expense as a percentage of the total waste system expense.

Chart 1. SBWMA FY2022 Budget Expense as Percent of Total Waste System Expense



Attachments:

Resolution 2022-31

Attachment A – Mid-Year 2022 Budget Worksheets

Attachment B – Mid-Year 2022 Budget Tables



RESOLUTION NO. 2022-31

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ACCEPTING MID-YEAR REVIEW OF FY2022 ANNUAL OPERATING BUDGET AND APPROVING THE 2023 OPERATING BUDGET FORECAST

WHEREAS, the South Bayside Waste Management Authority proposed FY2022 budget adjustments as presented provide sufficient funds for normal operations, and

WHEREAS, the South Bayside Waste Management Authority proposed FY2023 budget forecast as presented provide sufficient funds for normal operations and projects tipping fees for calculating the 2023 Member Agency Revenue Requirement

NOW THEREFORE, BE IT RESOLVED, the South Bayside Waste Management Authority hereby approves the adjustments to the fiscal year 2022 operating budget and the FY2023 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 23th day of June 2022, 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. 2022-31 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 23, 2022.

ATTEST:

Alicia Aguirre, Chairperson of SBWMA

Cyndi Urman, Clerk of the Board

Attachment A - MY2022 Budget Revenues by Major Source

	REVENUE SUMMARY	ADOPTED BUDGET FY2022	MID YEAR UPDATE FY2022	Variance to Mid-Year Budget	Variance % to Adopted Budget	Notes	FORECAST BUDGET FY2023
1	ADMINISTRATIVE REVENUE:						
2	INVESTMENT INCOME	\$ 199,815	\$ 216,216	\$ 16,402	8.2%		\$ 259,460
3	TOTAL ADMINISTRATIVE	\$ 199,815	\$ 216,216	\$ 16,402	8.2%		\$ 259,460
4	OPERATIONS REVENUE:						
5	SHOREWAY TIP FEES - Non Franchised	\$ 11,744,301	\$ 11,582,298	\$ (162,003)	-1.4%		\$ 12,401,209
6	SHOREWAY TIP FEES - Franchised	36,227,327	36,306,302	78,976	0.2%		39,004,750
7	COMMODITY SALES REVENUE	7,271,884	7,802,855	530,971	7.3%	Increase in commodity pricing over conservative FY 2022 Budget outlook	7,374,903
8	COMMODITY REVENUE SHARING W/ SBR	(645,119)	(777,862)	(132,743)	20.6%	Increased share over conservative FY 2022 revenue outlook	(670,874)
9	MISCELLANEOUS REVENUE	30,407	30,407	-	0.0%	Mattress rebate revenue	30,000
10	SUBTOTAL OPERATIONS REVENUE	\$ 54,628,800	\$ 54,944,001	\$ 315,201	0.6%		\$ 58,139,989
				\$ -			
11	TOTAL REVENUE	\$ 54,828,615	\$ 55,160,218	\$ 331,603	0.6%		\$ 58,399,448
12	TOTAL OPERATING EXPENSES	\$ 53,816,505	\$ 53,402,102	\$ (414,403)	-0.8%		\$ 57,589,344
13	NET OPERATING	\$ 1,012,110	\$ 1,758,116	\$ 746,006	73.7%		\$ 810,104

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2022	Q1 2022	MID-YEAR BUDGET FY2022	MID-YEAR Variance to Adopted Budget	Variance % to Adopted Budget	Notes	FORECAST BUDGET FY2023
1	ADMINISTRATIVE EXPENSES							
2	ADMINISTRATIVE STAFF	\$ 851,315	\$ 217,985	\$ 812,212	\$ (39,103)	-4.6%	Variance due to the Management Analyst position being vacant for a few months	\$ 876,855
3	MANDATED RECYCLING STAFF	1,152,008	335,464	1,168,597	\$ 16,589	1.4%	Variance due to Fellowship benefits starting July 1 (+\$23K)	1,232,568
4	BOARD COUNSEL	145,000	39,117	175,000	\$ 30,000	20.7%	Support for Executive Director/Agency. Continued complex contracting & regulation support. Anticipated significant use of services, including Ops Agreement, Admin Policy, etc. (SB 1383 legal expenses reflected on line 60).	175,000
5	BOARD MEETINGS	8,000	2,850	6,000	\$ (2,000)	-25.0%	\$4K for Holiday lunch, \$3K annual retreat facilitation, Board meeting treats if return in person	10,000
6	ACCOUNTING SERVICES	132,477	33,119	132,477	\$ -	0.0%	City of Redwood City Accounting Svcs Agreement Year 3	136,451
7	INFORMATION SYSTEMS	45,000	14,920	45,000	\$ -	0.0%	CPI increase begins January 2023	46,350
8	WEBSITE	13,000		13,000	\$ -	0.0%	Website hosting, maintenance, and updates/upgrades as needed	13,000
9	ANNUAL AUDIT	10,000		10,000	\$ -	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	55,060		55,060	\$ -	0.0%	Annual insurance premium for director's and officer's insurance	56,700
11	BANK FEES	7,200	1,061	7,200	\$ -	0.0%	Bank fees on checking account and fees paid to BNY as the Bond Trustee	7,200
12	RENT	70,000	20,980	65,000	(5,000)	-7.1%	Staff Reviewing market options for 2022. Lease expires June 30, 2022 San Carlos rent will go up about \$200/month with current lease. Two option years remain at mutual agreement	68,000
13	PRINTING AND POSTAGE				\$ -	#DIV/0!	Cost is covered in the Accounting Services Agreement	
14	UTILITIES	25,000	2,467	25,000	\$ -	0.0%	Comcast Phone and Internet and San Carlos Utility. ONLY if we don't move or change service providers	26,000
15	OFFICE/TENANT IMPROVEMENTS	10,000	29,499	34,500	\$ 24,500	245.0%	Reconfigure and equip 4 offices, Covid hardening and enhancements	10,000
16	OFFICE SUPPLIES	17,000	465	17,000	\$ -	0.0%	Office supplies - assuming return to in office work	18,000
17	OFFICE EQUIPMENT COSTS	11,100	1,649	11,100	\$ -	0.0%	Base copier lease is \$600/month plus cost per copy which I have increased for return to office work	12,000
18	PUBLICATIONS & PUBLIC NOTICES	2,940		2,940	\$ -	0.0%	Anticipated public procurement notices	3,000
19	PROFESSIONAL DUES & MEMBERSHIPS	9,000	965	9,000	\$ -	0.0%	Memberships to trade and community organizations (CRRA, SWMA, NCRA, CCAC)	10,000
20	VEHICLE MILEAGE & TOLLS	3,000	37	3,000	\$ -	0.0%	Expect to return to normal with fellows returning to in person schools/tours/audits	3,000
21	CELL PHONES	2,500		2,500	\$ -	0.0%	Cell phone business expense.	2,500
22	CONFERENCE & MEETINGS	18,000	66	18,000	\$ -	0.0%	In anticipation of in person meetings and return to conferences	18,000
23	TRAINING	7,500	1,200	7,500	\$ -	0.0%	Professional development opportunities. CCAC training, etc. Retreat & additional management leadership class.	7,500
24	SPONSORSHIPS & DONATIONS	40,000	13,000	40,000	\$ -	0.0%	Industry Sponsorships: CAW,CRRA,SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA	40,000
25	LEGISLATIVE & REGULATORY ADVOCACY	72,000	18,000	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	4,697	70,000	\$ 23,600	50.9%	When return to office or move happens need to replace phone system, two computers in 2022 and equipment for hybrid in person public meetings	25,000
27	TOTAL ADMINISTRATIVE	\$ 2,753,500	\$ 737,540	\$ 2,802,086	\$ 48,586	1.8%		\$ 2,880,124
28	MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE							
29	RATE REVIEW	\$ 27,000		\$ 27,000	\$ -	0.0%	Consultant Rate Application Support.	\$ 27,000
30	FACILITY IMPROVEMENT OVERSIGHT	150,000	10,327	150,000	\$ -	0.0%	Engineering and construction management support. Airport feasibility consultants.	150,000
31	CONTRACT ANNUAL AUDITING	55,000		50,000	\$ (5,000)	-9.1%	Annual Financial & Systems Audit of RSMC and SBR. Slight decrease with new 2022 contract (RRS Consulting)	50,000
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.	21,600
34	RECYCLING TECHNICAL ASSISTANCE	50,000		50,000	\$ -	0.0%	Diversion consultant support.	50,000
35	WASTE CHARACTERIZATION SUPPORT	50,000		50,000	\$ -	0.0%	Waste composition testing (Recology Contract Compliance). O2E Pilot finished slurry lab product testing	50,000
36	COLLECTION RFP CONSULTING SUPPORT	200,000	40,224	200,000	\$ -	0.0%	Operating Agreement RFP	200,000
37								
38	TOTAL MA SUPPORT & CONTRACT COMPLIANCE	\$ 628,600	\$ 50,551	\$ 623,600	\$ (5,000)	-0.8%		\$ 623,600

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2022	Q1 2022	MID-YEAR BUDGET FY2022	MID-YEAR Variance to Adopted Budget	Variance % to Adopted Budget	Notes	FORECAST BUDGET FY2023
39	STATE MANDATED PUBLIC EDUCATION & OUTREACH							
40	STATE'S REQUIRED ANNUAL REPORTS	\$ 33,000		\$ 35,000	\$ 2,000	6.1%	Annual AB 939 EAR submittal for MA cities	\$ 35,000
41	SBWMA ANNUAL REPORT	2,500		2,500	-	0.0%	Creation of SBWMA annual report	2,500
42	DIVERSION PROGRAM SUPPORT	30,000		30,000	-	0.0%	Public spaces recycling assistance; Diversion program support.	30,000
43	EVENT GIVEAWAYS	7,500		7,500	-	0.0%		7,500
44	DIVERSION/COMPLIANCE; ZERO WASTE PROGRAMS	75,000		30,000	(45,000)	-60.0%	Zero Waste Committee initiatives - tech and consulting support. Alternative fuel site infrastructure consulting.	75,000
45	IN-SCHOOL ENVIRONMENTAL EDUCATION	32,000	2,036	32,000	-	0.0%	Materials (\$10K), storage/transport (\$1K), school recognitions (\$4K), staff/technical support (\$17K)	32,000
46	CLIMATE ACTION PLANNING	20,000		20,000	-	0.0%	Annual climate register & Member Agency support.	20,000
47	RECYCLING TECHNICAL ASSISTANCE	35,000		35,000	-	0.0%	Promote reusables for businesses and County Foodware Ordinance; Recycling Technical Assistance	30,000
48	COMMERCIAL/MFD CONTAINERS	34,000		44,000	10,000	29.4%	MFD recycle bags, internal containers, MA containers per Franchise Agreements. 2022: Increase for container and buddy bag purchase and updates	44,000
49	MULTI-FAMILY OUTREACH	90,000	10,258	90,000	-	0.0%	Education and outreach per FA; compliance with state laws; MFD Toolkit and other outreach and service guides	90,000
50	MEMBER AGENCY & RATE PAYER EDUCATION	125,000	2,637	140,000	15,000	12.0%	MA education includes: Bill insert costs (printing) and direct mailings to Member Agency residents who don't bill via Recology and electronic newsletter costs	140,000
51	RESIDENTIAL OUTREACH PROGRAMS	90,000	4,247	90,000	-	0.0%	Education and outreach per FA, Pub Ed Plan, mailing service guides	90,000
52	COMMUNITY EVENTS	35,000	127	25,000	(10,000)	-28.6%	Earth Day (\$10K), Rethink Recycling Day (\$7K), Fixit Clinics (\$25K), tabling event supplies and materials and virtual event/webinar needs (\$3K)	45,000
53	HHW PROGRAM OUTREACH	25,000		25,000	-	0.0%	Annual promotion of local HHW disposal options for all ratepayers	20,000
54	BATTERY OUTREACH	90,000	4,563	90,000	-	0.0%	Educate residents and businesses about risk of battery fires and proper disposal options, including MFD battery bucket	90,000
55	SHRED EVENT SERVICE	30,000	(16,270)	30,000	-	0.0%	Shred, e-waste, and compost events for Member Agencies (coordination, support, outreach, etc.). Shred vendor RFP.	30,000
56	TOTAL STATE MANDATED PUBLIC EDUCATION & OUTREACH	\$ 754,000	\$ 7,599	\$ 726,000	\$ (28,000)	-3.7%		\$ 781,000
57	SBWMA PROGRAM BUDGET - SUB TOTAL	\$ 4,136,100	\$ 795,690	\$ 4,151,686	\$ 15,586	0.4%		\$ 4,284,724
58	SB 1383 ADMINISTRATIVE EXPENSES							
59	MANDATED 1383 COMPLIANCE STAFF	\$ 138,835	\$ 39,954	\$ 138,835	\$ -	0.0%	SB1383 Program Manager II loaded cost. Position was filled in April 2021	143,000
60	SB1383 TECHNICAL ASSISTANCE	150,000	5,597	150,000	-	0.0%	FY 2022: SB1383 Legal counsel support + other technical consultants	\$ 100,000
61	SB1383 OUTREACH AND EDUCATION	124,000	6,011	124,000	-	0.0%	FY 2022: \$124k PSA Campaigns and Customer Letters with translation services.	\$ 100,000
62	SB1383 PROGRAMS	510,000	74,900	262,000	(248,000)	-48.6%	FY 2022: \$92k Recyclist, \$130k Edible Food Recovery; \$40k Procurement Support. Compliance Monitoring and Waiver management moved to line 64 for Mid-Year Budget.	\$ 262,000
63	SB1383 MANDATED MATERIAL SAMPLING	210,000		210,000	-	0.0%	HF&H Consulting's minimum estimate for SB1383 material sampling at the Shoreway. 164 annual samples requirement	210,000
64	ROUTE AUDITING, REPORTING, WAIVER PROCESSING	400,000		400,000	-	0.0%	Estimate for outsourced services. Includes Compliance Monitoring and Waiver management moved from line 62.	300,000
65	TOTAL SB 1383 EXPENSES	\$ 1,532,835		\$ 1,284,835	\$ (248,000)	-16.2%		\$ 1,115,000
66	TOTAL SBWMA PROGRAM BUDGET	\$ 5,668,935	\$ 795,690	\$ 5,436,520	\$ (232,414)	-4.1%		\$ 5,399,724
67	SHOREWAY OPERATIONS							
68	OPERATING CONTRACT - SBR OPERATIONS	\$ 19,218,059	\$ 4,632,396	\$ 19,089,510	(128,549)	-0.7%	Decrease in recycling tonnage based Q1 volume. 2000 ton decrease.	\$ 20,865,688
69	DISPOSAL	21,548,002	4,973,201	21,371,291	(176,711)	-0.8%	FY2022 budgeted Ox Mountain disposal rate was higher than the actual rate	23,606,573
70	INSURANCE SHOREWAY	1,770,442	470,477	1,882,667	112,225	6.3%	Property insurance premium. Estimated increase.	2,097,000
71	SHOREWAY FACILITY COST	230,000	61,953	230,000	-	0.0%	Budget for unanticipated routine Shoreway maintenance items that are non-CapEx.	230,000
72	CREDIT CARDS CHARGES	79,920	17,120	74,920	(5,000)	-6.3%	SBR pass through of credit card fees from their bank from public customers.	74,920

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2022	Q1 2022	MID-YEAR BUDGET FY2022	MID-YEAR Variance to Adopted Budget	Variance % to Adopted Budget	Notes	FORECAST BUDGET FY2023
73	SHOREWAY CHARGES	22,220		22,220	-	0.0%	Amortize O2E equipment	22,220
74	EDUCATION CENTER OPERATIONS	85,000	1,055	65,000	(20,000)	-23.5%	Tours program equipment (\$5K), school bus services (\$25K for half school year), poster and art contests (\$5K), Ed Center upgrades (\$30K)	85,000
75	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k	150,000		150,000	-	0.0%	Unanticipated MRF equipment maintenance (non-CapEx) expense	150,000
76	SEWER FEES (PROPERTY TAX)	107,351		107,351	-	0.0%	Actual sewer charge from City of San Carlos on tax bill based on prior year water usage. Mid-Year estimate was high	107,351
77	E-RECYCLING	95,000	35,225	110,000	15,000	15.8%	E-waste market has shifted from a revenue source to expense. Previously budgeted as revenue	110,000
78	O2E EQUIPMENT MAINTENANCE	50,000		50,000	-	0.0%	Annual maintenance contract	50,000
79	FACILITY OPTIMIZATION STUDY	150,000	4,507	175,000	25,000	16.7%	Facility Optimization Study and report (\$175K).	50,000
80	O2E PILOT TESTING	60,000		60,000	-	0.0%	Anaergia marketing support to WWTP (\$60K).	60,000
81	MRF PHASE II INITIAL ASSESSMENT STUDIES	60,000		60,000	-	0.0%	RFP preparation, market assessment, system optimization consulting, contract preparation	60,000
82	O2E FULL SCALE INITIAL ASSESSMENT	-		-	-		Technical analysis/recommendation, test loads for offsite processing, technology review, contract preparation	-
83	SUB SHOREWAY OPERATIONS COST	\$ 43,625,994	\$ 10,195,935	\$ 43,447,960	\$ (178,035)	-0.4%		\$ 47,568,752
84	TOTAL SHOREWAY OPERATION	\$ 43,625,994	\$ 10,195,935	\$ 43,447,960	\$ (178,035)	-0.4%		\$ 47,568,752
85	TOTAL OPERATING EXPENSES	\$ 49,294,929	\$ 10,991,625	\$ 48,884,480	\$ (410,449)	-0.8%		\$ 52,968,476
86	NON-OPERATING EXPENSES							
87	BOND ISSUANCE & LOSS ON DEBT REFUNDING							
88	DEBT SERVICE BOND INTEREST	\$ 2,237,167	\$ 559,292	\$ 2,237,167	-	0.0%	Budgeted interest expense 2019 Bond Issuance	\$ 2,172,917
89	FRANCHISE FEE TO CITY OF SAN CARLOS	2,284,409	524,885	2,280,455	(3,954)	-0.2%	5% Franchise Fees paid by JPA to the City of San Carlos on tip fee revenue.	2,447,952
90	TOTAL NON-OPERATING EXPENSES	\$ 4,521,576	\$ 1,084,177	\$ 4,517,622	\$ (3,954)	-0.1%		\$ 4,620,868
91	TOTAL SHOREWAY OPERATING EXPENSES	\$ 48,147,570	\$ 11,280,112	\$ 47,965,581	\$ (181,989)	-0.4%		\$ 52,189,620
92	TOTAL EXPENSES (SBWMA Program + All Shoreway Operations)	\$ 53,816,505	\$ 12,075,802	\$ 53,402,102	\$ (414,403)	-0.8%		\$ 57,589,344

Line	CAPITAL EXPENDITURE BUDGET	Year 1	Year 1	Year 2	Year 3	Year 4	Description
		Adopted Budget	Mid-Year Budget	Proposed Budget	Proposed Budget	Proposed Budget	
	Capital Project Name	FY2022	FY2022	FY2023	FY2024	FY2025	
1	Truck shop building	25,000	-	60,000	25,000	25,000	Place holder for unanticipated capital needs.
2	TS building and tip floor	50,000	180,000	100,000	50,000	50,000	Work Completed in April 2022
3	MRF building and tip floor	150,000	180,000	100,000	100,000	100,000	Work Completed in April 2022
4	Admin building	40,000	-	50,000	50,000	50,000	Place holder for unanticipated capital needs.
5	General site projects	100,000	-	300,000	100,000	100,000	Place holder for unanticipated capital needs.
6	MRF sort system upgrades			100,000	300,000	100,000	Place holder for unanticipated capital needs.
7	Storm water treatment	25,000	-	100,000	25,000	25,000	Compliance new SW regulations require treatment of site storm water prior to release.
8	MRF Wall extension/repair & outside storage area	200,000	375,000	-	-	-	Work in design and to be completed in 2022
9	PRC Document shredder	200,000	-				Project not completed
10	Styrofoam Densifier	100,000	-				Project not completed
11	Electrical supply engineering study	50,000	50,000	100,000			Power system capacity analysis for EV fleet
12	EV charge station installation			70,000			Recology collection and service trucks: 2 pilot EV trucks to arrive Jan-2022
13	LED lighting replacement project				200,000		TS light system has reached lifespan and needs replacement
14	MRF system pneumatics refurbishment		65,000				Project pending
15	O2E system Orex chamber wear parts replacement		65,000				Project completed
16	Everest Vision System		45,000				MRF commodities monitoring system
17	Design MRF fire monitoring system		40,000	125,000			Original system needs upgrade.
18	Install MRF fire deluge system			250,000	250,000		Project is sequenced to follow MRF Wall Repair.
19	Recology dispatch office refurbishment		30,000				Repair of water damage from roof leak 2022
20	MRF office refurbishment		25,000	25,000			Repair of water damage from roof leak 2022
21	Roadway utility box replace		60,000				Project pending.
22	MRF Incline belt replacement		70,000				Project pending.
23	MRF IPS baler cylinder replacement		40,000				Project pending.
24	Recology truck shop roof replacement		350,000				Project to be completed in Q3, 2022
25	MRF roof replacement (admin portion of the building)		100,000				Project to be completed in Q3, 2022
26	IPS and Harris baler refurbishment				150,000	150,000	MRF has two original balers that need refurbishment at 7 year intervals.
27	Organics 2 Energy Pilot	500,000		-	-	500,000	Equipment enhancements to accommodate increase in tonnage from 1383 roll-out.
28	Phase II MRF Upgrades	200,000	200,000			5,000,000	Project to be designed after new Operations Contractor installed 2024.
29	Phase III MRF Upgrades				3,000,000		MRF sort system projects designed under new Shoreway Operation Contractor
30	Underground fuel tank removal project	100,000	100,000	5,000,000			Existing UST tanks are single wall and need to be removed in 2024 per regulations
31	Site Paving and Striping			3,000,000			Large scale replacement of worn pavement
32	Site Optimization Study outcome						Based on findings and recommendation of the Site Optimization Plan expected by year end 2022
33	MRF material handler and install			800,000			
34	Residue aluminum recovery magnet				350,000		
35	Transfer station building odor mitigation system				2,500,000	2,500,000	
36	Shoreway power supply system upgrades					5,000,000	
37	Total CIP Projects	1,740,000	1,975,000	10,180,000	7,100,000	13,600,000	
38	FUNDING SOURCE						
39	Bond Project Fund	800,000	300,000	800,000	5,500,000	5,500,000	
40	Capital Reserve	940,000	1,675,000	9,380,000	1,600,000	8,100,000	
41	Total Funding Source	1,740,000	1,975,000	10,180,000	7,100,000	13,600,000	

MY2022 BUDGET

Attachment B - MY2022 Budget Support Files: REVENUE, EXPENSE DETAIL

Update: June 2022

Summary Tables

Table E.1

TIP FEE REVENUE				
	FY2022 Adopted Budget	FY2022 Mid-Year Budget	Mid-Year vs. Adopted	Variance %
Franchise Revenue				
<u>Tons</u>	269,233	269,583	350	0.1%
Wtd Avg. Tip Fee	\$ 134.56	\$ 134.68	0.12	0.1%
Franchise Revenue	\$ 36,227,327	\$ 36,306,302	\$ 78,976	0.2%
Public Revenue				
<u>Cu/Yards</u>	182,282	178,862	(3,420)	-1.9%
Wtd Avg. Tip Fee	\$ 50.92	\$ 50.55	(0.37)	-0.7%
Public Revenue Cu/YDS	\$ 9,280,959	\$ 9,041,126	\$ (239,833)	-2.6%
<u>Tons (3rd party)</u>	8,704	8,569	(135)	-1.5%
Wtd Avg. Tip Fee	\$ 133.64	\$ 134.35	0.71	0.5%
Public Revenue Tons	\$ 1,163,128	\$ 1,151,253	\$ (11,874)	-1.0%
<u>Public Dirt Tons</u>	10,926	11,678	752	6.9%
Wtd Avg. Tip Fee	\$ 119.00	\$ 119.02	0.02	0.0%
Sub Total	\$ 1,300,215	\$ 1,389,919	\$ 89,704	6.9%
Public Revenue Total	\$ 11,744,301	\$ 11,582,298	\$ (162,003)	-1.4%
Total Tip Fee Revenue	\$ 47,971,628	\$ 47,888,600	\$ (83,027)	-0.2%

MY2022 BUDGET

Table B.2

TRANSFER STATION VOLUME					
		FY2022 Adopted Budget	FY2022 Mid-Year Budget	Mid-Year vs. Adopted	Variance %
<u>Total TS Tonnage and Yards</u>					
<u>Franchise tons</u>					
SBWMA Solid Waste	tons	168,765	167,037	(1,728)	-1%
SBWMA Organics	tons	83,533	83,740	207	0%
SBWMA Food Waste	tons	13,368	15,373	2,005	15%
SBWMA Dirt, Inert, Other	tons	3,567	3,433	(134)	-4%
Sub-total Franchise		269,233	269,583	350	0%
<u>Public tons</u>					
Non-SBWMA SW	tons	3,607	3,983	376	10%
Non-SBWMA Scrap	tons	120	76	(44)	-37%
Non-SBWMA FOOD	tons	948	1,232	284	30%
Non-SBWMA C&D	tons	1,804	1,426	(378)	-21%
Non-SBWMA ORGANIC	tons	403	234	(169)	-42%
Non-SBWMA Asphalt Roofing	tons	1,821	1,617	(204)	-11%
Non-SBWMA Clean Wood	tons	0	0	-	0%
Public Weighed Dirt	tons	10,926	11,678	752	7%
Sub-Total Public tons		19,630	20,247	617	3%
Total Tons		288,863	289,830	967	0%
<u>Public Cu/Yds.</u>					
Public Solid Waste Yards	C/Yds.	70,683	69,439	(1,245)	-2%
Public Green Waste Yards	C/Yds.	33,090	31,577	(1,513)	-5%
Public C&D	C/Yds.	78,509	77,846	(663)	-1%
Total Cubic Yards		182,282	178,862	(3,420)	-2%

MY2022 BUDGET

Table B.3

SBR OPERATING EXPENSE					
		FY2022 Adopted Budget	FY2022 Mid-Year Budget	Mid-Year vs. Adopted	Variance %
A. Summary					
	MRF	\$ 7,012,345	\$ 6,881,390	\$ (130,955)	-1.9%
	Transfer Station	5,417,345	5,410,999	(6,346)	-0.1%
	Transportation	6,788,370	6,797,122	8,752	0.1%
	TOTAL SBR EXPENSE	\$ 19,218,059	\$ 19,089,510	\$ (128,549)	-0.7%
B. SBR Expense Detail					
	MRF				
	Tons, Inbound	65,498	64,327	(1,171)	-1.8%
	Tons, residue	(12,625)	(13,389)	(764)	6.1%
	Tons, net sold	52,874	50,938	(1,935)	-3.7%
	Wtd Avg. Rate of net tons sold	\$ 128.99	\$ 131.32	\$ 2.33	1.8%
	Expense	\$ 6,820,345	\$ 6,689,390	\$ (130,955)	-1.9%
	MRF Additional Sorters	\$ 192,000	\$ 192,000	\$ -	0.0%
	Transfer Station				
	Tons	345,772	346,092	320	0.1%
	Wtd Avg. Rate	\$ 13.76	\$ 13.73	\$ (0.03)	-0.2%
	Expense	\$ 4,757,345	\$ 4,750,999	\$ (6,346)	-0.1%
	O2E Processing	\$ 660,000	\$ 660,000	\$ -	0.0%
	Transportation				
	Tons	345,772	346,092	320	0.1%
	Wtd. Avg. Rate	\$ 19.63	\$ 19.64	\$ 0.01	0.0%
	Expense	\$ 6,788,370	\$ 6,797,122	\$ 8,752	0.1%
	TOTAL SBR "PAID" TONS	744,418	743,122	(1,296)	-0.2%
	TOTAL SBR EXPENSE	\$ 19,218,059	\$ 19,089,510	\$ (128,549)	-0.7%

MY2022 BUDGET

Table B.4

DISPOSAL & PROCESSING EXPENSE				
	FY2022 Adopted Budget	FY2022 Mid-Year Budget	Mid-Year vs. Adopted	Variance %
A. Summary				
Solid Waste	\$ 11,226,118	\$ 11,045,927	\$ (180,192)	-1.6%
Organics	\$ 7,428,806	\$ 7,622,375	\$ 193,569	2.6%
C&D, dirt	\$ 3,369,020	\$ 3,192,710	\$ (176,310)	-5.2%
Other	\$ 554,690	\$ 566,624	\$ 11,934	2.2%
Subtotal	\$ 22,578,634	\$ 22,427,636	\$ (150,998)	-0.7%
Paid by SBR on MRF residue	\$ (560,715)	\$ (586,428)	\$ (25,713)	4.6%
O2E Diversion	\$ (469,917)	\$ (469,917)	\$ (0)	0.0%
TOTAL DISPOSAL EXPENSE	\$ 21,548,002	\$ 21,371,291	\$ (176,711)	-0.8%
B. Detail				
<u>Solid Waste (Ox Mtn.)</u>				
Tons, net	202,209	201,752	(457)	-0.2%
Wtd Avg. Rate	\$ 55.52	\$ 54.75	\$ (0.77)	-1.4%
Expense	\$ 11,226,118	\$ 11,045,927	(180,192)	-1.6%
<u>Organics (Newby, BVON)</u>				
Tons, net	101,623	104,250	2,627	2.6%
Wtd Avg. Rate	\$ 73.10	\$ 73.12	\$ 0.02	0.0%
Expense	\$ 7,428,806	\$ 7,622,375	193,569	2.6%
<u>C&D (Zanker)</u>				
Tons, net	41,940	40,090	(1,850)	-4.4%
Wtd Avg. Rate	\$ 80.33	\$ 79.64	\$ (0.69)	-0.9%
Expense	\$ 3,369,020	\$ 3,192,710	(176,310)	-5.2%
<u>Other</u>				
Tires	\$ 2,000	\$ 8,636	\$ 6,636	331.8%
Appliances	\$ 60,560	\$ 57,200	\$ (3,360)	-5.5%
Hazardous Waste	\$ 479,695	\$ 484,741	\$ 5,046	1.1%
Sharps, Misc.	\$ 12,435	\$ 16,047	\$ 3,612	29.0%
Treated Wood Waste			\$ -	0.0%
Expense	\$ 554,690	\$ 566,624	\$ 11,934	2.2%

MY2022 BUDGET

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

ORGANICS PROCESSING EXPENSE DETAIL				
	FY2022 Adopted Budget	FY2022 Mid-Year Budget	Mid-Year vs. Adopted	Variance %
Organics (Newby)				
Tons, net	39,659	35,522	(4,137)	-10.4%
Wtd Avg.Rate	\$ 74.59	\$ 74.59	\$ 0.00	0.0%
Expense	\$ 2,958,151	\$ 2,649,586	(308,565)	-10.4%
Organics (BVON)				
Tons, net	47,648	52,123	4,475	9.4%
Wtd Avg.Rate	\$ 71.42	\$ 71.64	\$ 0.23	0.3%
Expense	\$ 3,402,769	\$ 3,734,200	331,431	9.7%
Food				
Tons, net	14,317	16,605	2,289	16.0%
Wtd Avg.Rate	\$ 74.59	\$ 74.59	\$ -	0.0%
Expense	\$ 1,067,886	\$ 1,238,589	170,703	16.0%
Total Organics				
Tons, net	101,623	104,250	2,627	2.6%
Wtd Avg.Rate	\$ 73.10	\$ 73.12	\$ 0.02	0.0%
Total Organics Expense	\$ 7,428,806	\$ 7,622,375	193,569	2.6%

STAFF REPORT

To: SBWMA Board Members
From: Tj Carter, Recycling and Compliance Program Manager
Date: June 23, 2022 Board of Directors Meeting
Subject: Resolution Approving a Renewal of Contract with Citizen Communications, dba “Recyclist” with Cost Estimator Tool Add-On in an amount not to exceed \$95,000 for SB1383 Recordkeeping Compliance

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No 2022-32 attached hereto authorizing the approval a renewal of contract with Citizen Communications, dba “Recyclist” with Cost Estimator Tool add-on in an amount not to exceed \$95,000 for SB 1383 recordkeeping compliance.

Summary

As detailed in the SBWMA SB 1383 Compliance Plan (approved November 2020) and Implementation of SB 1383 MOU (approved June 2021), the SBWMA is the primary recordkeeper and reporting agency for all the information and documents required in the SB 1383 Implementation Record. To continue those efforts, SBWMA staff are recommending the SBWMA Board of Directors approve the auto- renewal of the contract with the cloud-based system Recyclist with the addition of a Cost Estimator Tool to assist SCS Engineers with outreach and technical assistance to commercial generators who are not yet compliant with SB 1383.

Analysis

Recyclist creates cloud-based solutions to manage solid waste programs. Recyclist’s Software as a Service products provide visibility into waste stream data, ways to track commercial outreach and compliance, and digital recycling education for residents. SBWMA Staff have been using the Recyclist Program Tracker software for the past year to track SB1383 compliance progress. The Recyclist Program Tracker has been instrumental in streamlining the Technical Assistance and Outreach tasks SCS Engineers has been hired to conduct to generators who need composting service. Recology San Mateo County (Recology) provides generator data to upload into the tool. From there, the program tracker allows SCS Engineers to assign generators to team members and track the status of compliance of the individual generator.

The original program tracker was developed during negotiations with Recology for the Outreach and Technical Assistance services now provided by SCS Engineers. The board-approved executed contract for the core Recyclist software is available for review in Exhibit A. At that time, the add-on for the Cost Estimator tool was not needed as Recology’s Waste Zero Specialist have the ability to generate estimates for customers. It has been identified that the \$5,000 add-on for the cost estimator tool will streamline efforts for SCS Engineers and ensure accurate estimates are provided to generators. The proposed contract for this proposed Recyclist Software add-on tool is available for review in Exhibit B.

Additionally, one of the most cumbersome aspects of SB 1383 regulations is the requirement for all jurisdictions to keep comprehensive records called “The Implementation Record.” This includes records of all outreach activities,

waivers granted, copies of educational resources sent out, procurement receipts, enforcement actions including monetary penalties issued, container contamination, and complaints, etc. for each Member Agency. Recyclist is used as the main source to keep the Implementation Records. Recently, the program tracker has been updated to allow each Member Agency to access to their own “jurisdiction-level” records. This allows Member Agency staff to verify the status of compliance, upload procurement records, and run reports on generators in their jurisdiction. A training for Member Agency staff, by Recyclist, is being schedule at the end of June to assist staff with using the program tracker. Following the onboarding webinar with Recyclist, SBWMA will offer individual walkthroughs with each Member Agency to help address further questions.

Though the SBWMA will be leading most of the recordkeeping and reporting, the County of San Mateo Office of Sustainability (OOS) is recording and reporting on the edible food recovery program. The OOS also contracts with Recyclist for their program. An added benefit to the SBWMA is the ability to easily share data between the two program trackers.

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/.

The SBWMA Board of Directors approved a 1-year contract with Recyclist on July 22, 2021 as the SBWMA SB 1383 program tracker and Implementation Record, on behalf of the SBMWA Member Agencies. The subscription of the program tracker includes an auto-renewal unless canceled prior to 30 days before termination date.

Fiscal Impact

The total renewal cost plus Cost Estimator tool for Recyclist will be \$95,000. Funding for renewal of the software was anticipated in the \$510,000 FY22 Budget for SB 1383 (item 62). The \$5,000 add-on can be incorporated into the without an increase to the SB1383 PROGRAMS line item.

Attachments:

Resolution 2022-32

Exhibit A: Executed Recyclist Software Agreement—Core product

Exhibit B: Proposed Recyclist Software Agreement-Cost-Estimator Add on tool



RESOLUTION NO. 2022-32

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING A RENEWAL OF CONTRACT WITH CITIZEN COMMUNICATIONS, DBA RECYCLIST WITH COST ESTIMATOR TOOL ADD-ON IN AN AMOUNT NOT TO EXCEED \$95,000 FOR SB1383 RECORDKEEPING COMPLIANCE

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 cities, counties, and special districts providing solid waste collection services to adopt and enforce an ordinance or other enforceable mechanism to implement relevant provisions of the SB 1383 Regulations including regulation of waste haulers and generators of organic waste and edible food, and enforcement mechanisms and penalties for violations.

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

WHEREAS, The 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 has been designated as the primary recordkeeper of SB 1383 requirements per the Implementation of SB 1383 MOU approved by the SBWMA Board of Directors in June 2021, and the need for an advance software to track requirements on behalf of all Member Agencies; and

WHEREAS, The SBWMA Board of Directors approved a contract with Citizen Communications, dba Recyclist in July 2021 and the program tracker is critical to the SB 1383 implementation efforts specifically for the hired services provided by contractors.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the renewal of contract with Citizen Communications, dba "Recyclist" with Cost Estimator Tool add-on in an amount not to exceed \$95,000 for SB 1383 recordkeeping compliance.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 23rd day of June, 2022, 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. 2022-32 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 23, 2022.

ATTEST:

Alicia Aguirre, Chairperson of SBWMA

Cyndi Urman, Clerk of the Board



SAAS SERVICES ORDER FORM

Customer: South Bayside Waste Management Authority	Contact: TJ Carter
Address: 610 ELM STREET	Phone: (650) 802-3500
SAN CARLOS , CA 94070	Email: tcarter@rethinkwaste.org
Services: Recyclist Program Tracker (the "Service(s)").	Initial Service Term: 12 months, commencing upon completion of implementation.
Service Capacity: Management of regulatory compliance and outreach for commercial and multi-family waste generators within the South Bayside Waste Management Authority service area.	Implementation Services: Company will use commercially reasonable efforts to provide Customer the services described in the Statement of Work ("SOW") attached as Exhibit A hereto ("Implementation Services"), and Customer shall pay Company the Implementation Fee in accordance with the terms herein.
Service Fees: Base Annual Subscription Fee billed upon completion of Implementation Services, subject to the terms of Section 4 herein. Data Import Fees billed upon receipt of each data set, subject to the terms of Section 4 herein.	Implementation Fees (one-time): Payable upon execution of the Agreement, subject to the terms of Section 4 herein.

SERVICE FEES	PRICE	QTY	SUBTOTAL
Program Tracker - Base Annual Subscription Fee	\$24,900.00	1	\$24,900.00
Add On: JPA Jurisdiction-Level Access (per jurisdiction)	\$4,000.00	11	\$44,000.00
Add-On: Waiver Issuance Tool	\$5,000.00	1	\$5,000.00

Total Annual Fees \$73,900.00

IMPLEMENTATION FEES	PRICE	QTY	SUBTOTAL
Program Tracker Implementation Fee	\$5,000.00	1	\$5,000.00

Total One-Time Fees \$5,000.00

SAAS SERVICES AGREEMENT

This SaaS Services Agreement (“Agreement”) is entered into on this 1st day of August 2021 (the “Effective Date”) between Citizen Communications, LLC dba Recyclist with a place of business at 12313 Soaring Way, Suite 1D, Truckee CA 96161 (“Company”), and the Customer listed above (“Customer”). This Agreement includes and incorporates the above Order Form, as well as the attached Terms and Conditions and contains, among other things, warranty disclaimers, liability limitations and use limitations. There shall be no force or effect to any different terms of any related purchase order or similar form unless expressly identifying this Agreement, specifically referencing the provisions of this Agreement to be altered or superseded and signed by the parties after the date hereof.

Citizen Communications, LLC dba Recyclist

DocuSigned by:

35A20C8757CC415...
Name: Emily Coven

Title: Managing Member

Date: 8/18/2021

South Bayside Waste Management Authority

DocuSigned by:

D4BC9A077702435...
Name: Joe La Mariana

Title: Executive Director

Date: 8/21/2021

TERMS AND CONDITIONS

1. SAAS SERVICES AND SUPPORT

1.1 Subject to the terms of this Agreement, Company will use commercially reasonable efforts to provide Customer the Services. As part of the registration process, Customer will identify an administrative user name and password for Customer's Company account. Company reserves the right to refuse registration of, or cancel passwords it deems inappropriate.

1.2 Subject to the terms hereof, Company will provide Customer with reasonable technical support services in accordance with Company's standard practice.

2. RESTRICTIONS AND RESPONSIBILITIES

2.1 Customer will not, directly or indirectly: reverse engineer, decompile, disassemble or otherwise attempt to discover the source code, object code or underlying structure, ideas, know-how or algorithms relevant to the Services or any software, documentation or data related to the Services ("Software"); modify, translate, or create derivative works based on the Services or any Software (except to the extent expressly permitted by Company or authorized within the Services); use the Services or any Software for timesharing or service bureau purposes or otherwise for the benefit of a third; or remove any proprietary notices or labels. With respect to any Software that is distributed or provided to Customer for use on Customer premises or devices, Company hereby grants Customer a non-exclusive, non-transferable, non-sublicensable license to use such Software during the Term only in connection with the Services.

2.2 Further, Customer may not remove or export from the United States or allow the export or re-export of the Services, Software or anything related thereto, or any direct product thereof in violation of any restrictions, laws or regulations of the United States Department of Commerce, the United States Department of Treasury Office of Foreign Assets Control, or any other United States or foreign agency or authority. As defined in FAR section 2.101, the Software and documentation are "commercial items" and according to DFAR section 252.227-7014(a)(1) and (5) are deemed to be "commercial computer software" and "commercial computer software documentation." Consistent with DFAR section 227.7202 and FAR section 12.212, any use modification, reproduction, release, performance, display, or disclosure of such commercial software or commercial software documentation by the U.S. Government will be governed solely by the terms of this Agreement and will be prohibited except to the extent expressly permitted by the terms of this Agreement.

2.3 Customer represents, covenants, and warrants that Customer will use the Services only in compliance with its intended functionality and all applicable laws and regulations. Customer shall be responsible for obtaining and maintaining any equipment and ancillary services needed to connect to, access or otherwise use the Services, including, without limitation,

modems, hardware, servers, software, operating systems, networking, web servers and the like (collectively, "Equipment"). Customer is responsible for maintaining the confidentiality of the passwords assigned to Customer and its users. Customer will immediately notify Company if it becomes aware that a password is lost, stolen, disclosed to an unauthorized third party, or otherwise compromised. Company will be responsible for any and all activities made pursuant to the licenses granted to Customer's hereunder and any of its users' or Equipment or the access credentials to the Services. Customer shall, and shall ensure its users, use commercially reasonable efforts to prevent unauthorized access to, or use of, the Services, and notify Company promptly of any unauthorized access or use. Customer hereby agrees to indemnify and hold harmless Company against any damages, losses, liabilities, settlements and expenses (including without limitation costs and attorneys' fees) in connection with any claim or action that arises from an alleged violation of the foregoing or otherwise from Customer's use of Services. Although Company has no obligation to monitor Customer's use of the Services, Company may do so and may prohibit any use of the Services it believes may be (or alleged to be) in violation of the foregoing.

3. CONFIDENTIALITY; PROPRIETARY RIGHTS

3.1 Each party (the "Receiving Party") understands that the other party (the "Disclosing Party") has disclosed or may disclose business, technical or financial information relating to the Disclosing Party's business (hereinafter referred to as "Proprietary Information" of the Disclosing Party). Proprietary Information of Company includes non-public information regarding features, functionality and performance of the Service. Proprietary Information of Customer includes non-public data provided by Customer to Company to enable the provision of the Services ("Customer Data"). The Receiving Party agrees: (i) to take reasonable precautions to protect such Proprietary Information, and (ii) not to use (except in performance of the Services or as otherwise permitted herein) or divulge to any third person any such Proprietary Information. The Disclosing Party agrees that the foregoing shall not apply with respect to any information after five (5) years following the disclosure thereof or any information that the Receiving Party can document (a) is or becomes generally available to the public, or (b) was in its possession or known by it prior to receipt from the Disclosing Party, or (c) was rightfully disclosed to it without restriction by a third party, or (d) was independently developed without use of any Proprietary Information of the Disclosing Party or (e) is required to be disclosed by law.

3.2 Customer shall own all right, title and interest in and to the Customer Data. Company shall own and retain all right, title and interest in and to (a) the Services and Software, all improvements, enhancements or modifications thereto, (b) any software, applications, inventions or other technology developed in connection with Implementation Services or support, and (c) all intellectual property rights related to any of the foregoing.

3.3 Notwithstanding anything to the contrary, Company shall have the right to collect and analyze data and other information relating to the provision, use and performance of various aspects of the Services and related systems and technologies (including, without limitation, information concerning Customer Data and data derived therefrom), and Company will be free (during and after the term hereof) to (a) use such information and data to improve and enhance the Services and for other development, diagnostic and corrective purposes in connection with the Services and other Company offerings, and (b) disclose such data solely in aggregate or other de-identified form in connection with its business. No rights or licenses are granted except as expressly set forth herein.

4. PAYMENT OF FEES

4.1 Customer will pay Company the then applicable fees described in the Order Form for the Services and Implementation Services in accordance with the terms therein (the "Fees"). If Customer's use of the Services exceeds the Service Capacity set forth on the Order Form or otherwise requires the payment of additional fees (per the terms of this Agreement), Customer shall be billed for such usage and Customer agrees to pay the additional fees in the manner provided herein. Company reserves the right to change the Fees or applicable charges and to institute new charges and Fees at the end of the Initial Service Term or then-current renewal term, upon thirty (30) days prior notice to Customer (which may be sent by email). If Customer believes that Company has billed Customer incorrectly, Customer must contact Company no later than 60 days after the closing date on the first billing statement in which the error or problem appeared, in order to receive an adjustment or credit. Inquiries should be directed to Company's customer support department.

4.2 Company may choose to bill through an invoice, in which case, full payment for invoices issued in any given month must be received by Company thirty (30) days after the mailing date of the invoice. Unpaid amounts are subject to a finance charge of 1.5% per month on any outstanding balance, or the maximum permitted by law, whichever is lower, plus all expenses of collection and may result in immediate termination of Service. Customer shall be responsible for all taxes associated with Services other than U.S. taxes based on Company's net income.

4.3 Following the Initial Service Term, the annual subscription fee shall automatically increase (and annually thereafter) by an amount equal to the greater of five percent (5%) or one hundred percent (100%) of the percentage increase in the Consumer Price Index, Urban Consumers, All Cities Average 1982-84 Equals 100, (CPI-U) during the prior calendar year as published by the U.S. Department of Labor or any successor index, compounded annually from the Effective Date.

5. TERM AND TERMINATION

5.1 Subject to earlier termination as provided below, this Agreement is for the Initial Service Term as specified in the Order Form, and shall be automatically renewed for additional

periods of the same duration as the Initial Service Term (collectively, the "Term"), unless either party requests termination at least thirty (30) days prior to the end of the then-current term.

5.2 In addition to any other remedies it may have, either party may also terminate this Agreement upon thirty (30) days' notice (or without notice in the case of nonpayment), if the other party materially breaches any of the terms or conditions of this Agreement. Customer will pay in full for the Services up to and including the last day on which the Services are provided. Upon any termination, Company will make all Customer Data available to Customer for electronic retrieval for a period of thirty (30) days, but thereafter Company may, but is not obligated to, delete stored Customer Data. All sections of this Agreement which by their nature should survive termination will survive termination, including, without limitation, accrued rights to payment, confidentiality obligations, warranty disclaimers, and limitations of liability.

6. WARRANTY AND DISCLAIMER

Company shall use reasonable efforts consistent with prevailing industry standards to maintain the Services in a manner which minimizes errors and interruptions in the Services and shall perform the Implementation Services in a professional and workmanlike manner. Services may be temporarily unavailable for scheduled maintenance or for unscheduled emergency maintenance, either by Company or by third-party providers, or because of other causes beyond Company's reasonable control, but Company shall use reasonable efforts to provide advance notice in writing or by e-mail of any scheduled service disruption. HOWEVER, COMPANY DOES NOT WARRANT THAT THE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE; NOR DOES IT MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM USE OF THE SERVICES. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION, THE SERVICES AND IMPLEMENTATION SERVICES ARE PROVIDED "AS IS" AND COMPANY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.

7. INDEMNITY

Company shall indemnify Customer from liability to third parties resulting from infringement by the Service of any United States patent or any copyright or misappropriation of any trade secret, provided Company is promptly notified of any and all threats, claims and proceedings related thereto and given reasonable assistance and the opportunity to assume sole control over defense and settlement; Company will not be responsible for any settlement it does not approve in writing. The foregoing obligations do not apply with respect to portions or components of the Service (a) not supplied by Company, (b) made in whole or in part in accordance with Customer specifications, (c) that are modified after delivery by Company, (d) combined with other

products, processes or materials where the alleged infringement relates to such combination, (e) where Customer continues allegedly infringing activity after being notified thereof or after being informed of modifications that would have avoided the alleged infringement, or (f) where Customer's use of the Service is not strictly in accordance with this Agreement. If, due to a claim of infringement, the Services are held by a court of competent jurisdiction to be or are believed by Company to be infringing, Company may, at its option and expense (i) replace or modify the Service to be non-infringing provided that such modification or replacement contains substantially similar features and functionality, (ii) obtain for Customer a license to continue using the Service, or (iii) if neither of the foregoing is commercially practicable, terminate this Agreement and Customer's rights hereunder and provide Customer a refund of any prepaid, unused fees for the Service.

8. LIMITATION OF LIABILITY

8.1 Customer acknowledges, understands and agrees that Company utilizes third party hardware, software and hosting solutions in connection with the Services ("Third Party Solutions") in order to economically provide the Services to Customer. Customer recognizes that the quality of the Services is dependent upon such Third Party Solutions and that Company does not have nor exercise significant bargaining power with such Third Party Solutions so as to reasonably control the Customer's experience resulting from such Third Party Solutions, and therefore notwithstanding any other provision of this Agreement to the contrary, agrees that Company shall not be liable or in breach of this Agreement to the extent such liability or breach is the result of the acts or omissions of Third Party Solutions or their providers.

8.2 NOTWITHSTANDING ANYTHING TO THE CONTRARY, EXCEPT FOR BODILY INJURY OF A PERSON, COMPANY AND ITS SUPPLIERS (INCLUDING BUT NOT LIMITED TO ALL EQUIPMENT AND TECHNOLOGY SUPPLIERS), OFFICERS, AFFILIATES, REPRESENTATIVES, CONTRACTORS AND EMPLOYEES SHALL NOT BE RESPONSIBLE OR LIABLE WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER THEORY: (A) FOR ERROR OR INTERRUPTION OF USE OR FOR LOSS OR INACCURACY OR CORRUPTION OF DATA OR COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY OR LOSS OF BUSINESS; (B) FOR ANY INDIRECT, EXEMPLARY, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES; (C) FOR ANY MATTER BEYOND COMPANY'S REASONABLE CONTROL; OR (D) FOR ANY AMOUNTS THAT, TOGETHER WITH AMOUNTS ASSOCIATED WITH ALL OTHER CLAIMS, EXCEED THE FEES PAID BY CUSTOMER TO COMPANY FOR THE SERVICES UNDER THIS AGREEMENT IN THE 12 MONTHS PRIOR TO THE ACT THAT GAVE RISE TO THE LIABILITY, IN EACH CASE, WHETHER OR NOT

COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND WHETHER OR NOT SUBJECT TO THE INDEMNIFICATION OBLIGATIONS OF COMPANY HEREUNDER.

9. MISCELLANEOUS

If any provision of this Agreement is found to be unenforceable or invalid, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement will otherwise remain in full force and effect and enforceable. This Agreement is not assignable, transferable or sublicensable by Customer except with Company's prior written consent. Company may transfer and assign any of its rights and obligations under this Agreement without consent. This Agreement is the complete and exclusive statement of the mutual understanding of the parties and supersedes and cancels all previous written and oral agreements, communications and other understandings relating to the subject matter of this Agreement, and that all waivers and modifications must be in a writing signed by both parties, except as otherwise provided herein. No agency, partnership, joint venture, or employment is created as a result of this Agreement and Customer does not have any authority of any kind to bind Company in any respect whatsoever. In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorneys' fees. All notices under this Agreement will be in writing and will be deemed to have been duly given when received, if personally delivered; when receipt is electronically confirmed, if transmitted by facsimile or e-mail; the day after it is sent, if sent for next day delivery by recognized overnight delivery service; and upon receipt, if sent by certified or registered mail, return receipt requested. This Agreement shall be governed by the laws of the State of California without regard to its conflict of laws provisions.

EXHIBIT A

Statement of Work

Implementation of the Recyclist Program Tracker includes:

- Configuring data import process to align with Customer's data and programmatic objectives
- Importing initial compliance records
- Setting up user accounts and permissions
- Customizing database fields to meet reasonable customer needs
- Customizing reports to meet reasonable customer needs

Base subscription includes:

- Commercial and multi-family generator database for tracking:
 - Service levels
 - Contact information
 - AB 1826 & AB 341 compliance
 - SB 1383 compliance (rolling out in phases)
 - Log of all outreach activities
- CRM features to schedule and track outreach to commercial generators, including:
 - Site Visits
 - Phone Calls
 - Emails
 - Photos taken
 - Task lists and calendars
 - Task reminders and summaries
- Customization of standard forms and reports to meet reasonable customer needs, such as:
 - Tracking local programs and pilot projects
 - Tracking compliance with state, regional and/or local ordinances
 - Complex customization projects necessitating new forms and/or reports may require additional professional services. Any additional consulting, training, development, configuration, development and/or integration services may be out of scope and subject to Company agreeing to provide such services pursuant to a change order to this SOW.
- Reports in list and/or graph format, with ability to search, sort and filter, and to export to Excel, PDF, or image file
- Cloud-based database that syncs data across all users in real time
- Web-based application, with mobile app for iOS and Android (requires internet connection)
- Secure web hosting with weekly backups
- Support via email, Monday-Friday 9am-5pm PT
- Support via phone by appointment
- Unlimited users

Data Import includes:

- Processing and importing a single-tab Excel worksheet or CSV file
- For service record data imports:
 - Importing new accounts, identifying possibly closed accounts and service-level changes
 - Updating generator compliance statuses to align with new data
- Custom Data Template Surcharge applicable to any Data Imports not delivered in the standard Recyclist Service Record Template

13090458_v7



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
8/10/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER TechInsurance <small>an insurance company</small> 30 N. LaSalle, 25th Floor, Chicago, IL 60602	CONTACT NAME: PHONE (A/C, No, Ext): (800) 668-7020 FAX (A/C, No): 877-826-9067 E-MAIL ADDRESS: INSURER(S) AFFORDING COVERAGE NAIC # INSURER A : Hartford Fire Insurance Company 19682 INSURER B : Sentinel Insurance Company, Limited 11000 INSURER C : INSURER D : INSURER E : INSURER F :
INSURED Citizen Communications LLC Po Box 2319, Truckee, CA, 96160	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:	Yes		46SBMUN2131	7/28/2021	7/28/2022	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N <input type="checkbox"/> N/A If yes, describe under DESCRIPTION OF OPERATIONS below						PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Professional Liability (Errors and Omissions)			46TE0291375-21	7/28/2021	7/28/2022	Occurrence/Aggregate \$2,000,000 / \$2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 Certificate Holder is named as Additional Insured as their interests may appear in regards to general liability. The Errors & Omissions policy includes data privacy network (cyber) coverage and shares a limit with the E&O policy.

CERTIFICATE HOLDER South Bayside Waste Management Authority 610 Elm Street, Suite 202 San Carlos, CA 94070	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	--



12313 Soaring Way, Suite 1D
Truckee, CA 96161
www.recyclist.co

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

06 / 09 / 2022

To Whom It May Concern:

This letter is a request to amend Citizen Communication LLC dba Recyclist's Contract signed August 21, 2021 with the South Bayside Waste Management Authority for the following services:

Amendment to Program Tracker Subscription

Details:

- Addition of Estimate Add-On Tool, covering 11 member jurisdictions with individual rate sheets
- **Add-On: Estimate Creator Tool:** Create & send service estimates (service proposals) based on commercial/multi-family rate sheets, send PDFs to customers directly from the Program Tracker, communicate efficiently with service departments, and keep track of the status of estimates. Especially useful when rolling out new services and/or conducting ongoing right-sizing.

ANNUAL SERVICE FEES	PRICE	QTY	SUBTOTAL
Add-On: Estimate Creator Tool per year	\$5,000.00	1	\$5,000.00

Total Annual Fee \$5,000.00

All other terms and conditions of the contract documents shall remain unchanged.

Sincerely,

Emily Coven
Managing Member

Accepted by:

Name:

Title:

STAFF REPORT

To: SBWMA Board Members
From: Joe LaMariana, Executive Director
John Mangini, Senior Finance Manager
Date: June 23, 2022 Board of Director's Meeting
Subject: Resolution Approving the Revised Reserve Policy

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2022-33 attached hereto authorizing the following action:

Resolution approving the revised Reserve Policy as found in **Exhibit A**.

Summary

Staff recommends revising the Cash Reserve Policy to formally include a Sub-Emergency Reserve for a Self-Insurance Fund to be utilized in the event of a property insurance claim to cover a portion or all of the deductible expense. The Board Finance Committee has reviewed the revised Cash Reserve Policy and recommends it for approval.

Background

The Finance Committee recommends increasing the emergency reserve in response to an increased property insurance deductible and call out this reserve balance on a separate line item. The Sub-Emergency Reserve was first recognized with the approval of the FY2020 Budget and was calculated based on the property insurance premium cost savings realized by increasing the insurance deductible. In the subsequent budget years, the Sub Emergency Reserve has been increased by the difference in property insurance premium between a \$1 million and \$1.5 million deductible. The current property insurance coverage carries a \$1.5 million deductible.

Budgeted 2022 Reserves

Table 1 (below) shows the final approved FY2022 budget reserves. The Sub-Emergency Reserve – Self Insurance Fund balance is \$394,875 for the close of the FY2022 budget year.

Table 1

FY2022 BUDGET: RESERVE BALANCES			
	MID-YEAR BUDGET FY2021	APPROVED BUDGET FY2022	Variance to Mid- Year Budget
UNCOMMITTED RESERVE:			
RATE STABILIZATON (9% of expense)	\$ 4,895,294	\$ 4,843,485	\$ (51,809)
EMERGENCY RESERVE (9% of expense)	4,895,294	4,843,485	(51,809)
SELF INSURANCE FUNDING ACCOUNT	319,875	394,875	75,000
CAPITAL RESERVE	7,696,287	6,242,014	(1,454,272)
UNDESIGNATED RESERVE			
TOTAL UNCOMMITTED RESERVES	\$ 17,806,750	\$ 16,323,860	\$ (1,482,890)
COMMITTED RESERVE			
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 766,789	\$ 766,789	\$ -
TOTAL RESERVES	\$ 18,573,539	\$ 17,090,649	\$ (1,482,890)

Table excludes Shoreway Remediation reserve

Current Policy Description

The current cash reserve policy encompasses five designated reserve accounts as follows – the purpose of each reserve does not change in the new policy:

The Rate Stabilization Reserve is to set aside funds to minimize Transfer Station rate increases resulting from significant one-time revenue shortfalls (e.g., commodity price decreases, loss of tipping fee revenues due to short or long-term closure of the Shoreway facility, etc.).

The Emergency Reserve is to address limited capital needs or significant one-time increases in Shoreway operating expenses as a result of damage caused by natural disasters, acts of war or terrorism, or other community emergency scenarios that are not covered by existing insurance policies. Notably, we currently do not have insurance coverage for damage from a seismic event, flood damage, and damage caused by an act of terrorism. Seismic insurance coverage is reviewed annually but has been declined by the Board due to the high cost (i.e., last quote was \$450,000 per year with a 10 percent deductible). We do maintain coverage for fire; natural gas explosion; a plane crashing into our property; and weather related damage from wind, lightening, or a severe storm.

The Equipment Replacement Reserve is a sinking fund that is funded annually and then drawn down as monies are needed for major MRF equipment capital repairs, and eventually for partial replacement of the single stream processing equipment within the Material Recovery Facility (MRF). The Equipment Replacement Reserve covers the expected equipment replacement costs after the assumed 12-year depreciable life of the single stream processing equipment installed in 2011 plus any significant one-time equipment repair (wear parts) costs not covered in our Shoreway capital budget. Per the Operations Agreement with SBR, the SBWMA is responsible for any repair expenses to stationary equipment when the repair for a single item exceeds \$10,000.

Capital Projects Reserve is intended to fund future capital projects that need to be funded over a term longer than one year and cannot be absorbed by one budget period. The proposed balance and use of this fund shall be approved by the Board as a part of the annual budget process based on a five-year capital project plan.

Undesignated Reserve shall hold any excess funds after the above reserves are fully funded.

Further Background

The policy was revised at the May 23, 2013 Board Meeting to reflect more clarity in defining the purpose and use of each reserve account. Key changes were made to the reserve policy as follows:

- Maintained two previous reserve accounts (Rate Stabilization Reserve and Equipment Replacement Reserve) and replaced the Operating Reserve with an Emergency Reserve Account.
- Changed the priority order of the accounts so the Rate Stabilization Reserve is first in priority followed by the Emergency Reserve.
- Excluded certain operation expenses (i.e., Shoreway buyback payments to customers and door to door HHW collection expenses) in the calculation of the fund levels for each account (i.e., up to maximum of 10% of Operating Expenses) for the Rate Stabilization Reserve and the new Emergency Reserve.

The policy was further revised at the November 15, 2018 Board Meeting to establish a Capital Projects Reserve intended for future capital projects. The previous policy combined the Undesignated Reserve with the Capital Reserve, and the 2018 revision made these two separate reserves.

Fiscal Impact

There is no direct fiscal impact from maintaining the reserve policy other than its intended when needed and approved by the Board. A change in the reserve policy could have a one-time impact to tip fees at Shoreway if the reserves are increased or decreased.

Attachments:

Resolution 2022-33

Exhibit A – SBWMA Reserve Policy Proposed Draft (redlined)



RESOLUTION NO. 2022-33

**RESOLUTION OF THE SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY BOARD OF DIRECTORS
AUTHORIZING THE RESOLUTION APPROVING THE REVISED RESERVE POLICY**

WHEREAS, the South Bayside Waste Management Authority (SBWMA) last revised the Reserve Policy at the November 15, 2018 Board of Directors Meeting, and

WHEREAS, the current reserve policy does not fully meet the needs of the SBWMA, and

WHEREAS, the revised reserve policy establishes a new Sub-Emergency Reserve for Property Insurance Fund, and

WHEREAS, the revised reserve policy will be increased due to increasing property insurance deductibles and to continue calling this reserve out as a separate line item, and

NOW THEREFORE, BE IT RESOLVED, the South Bayside Waste Management Authority hereby approves the Revised Reserve Policy as found in Exhibit A.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 23th day of June 2022, 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. 2022-33 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 23, 2022.

ATTEST:

Alicia Aguirre, Chairperson of SBWMA

Cyndi Urman, Clerk of the Board

SBWMA Reserve Policy – 202219

This policy replaces the previous policy approved by the Board in 2018~~3~~.

The purpose of the Reserve Policy is to establish reserve funds to meet known and estimated future obligations or unknown events causing economic or physical disruption. This policy establishes the level of fund balances and the process whereby funds may be spent. The source of all SBWMA funds are tip fee revenue and commodity revenue.

After meeting all normal operating and debt service obligations of the SBWMA, the following reserve accounts shall be funded in the order of priority as shown below:

1. Rate Stabilization Reserve of up to a maximum of ten percent (10%) of budgeted operating expenses. This fund is available to help minimize Transfer Station tip fee increases resulting from significant one-time revenue shortfalls (e.g., commodity price decreases, loss of revenue due to short closure of the Shoreway facility, etc.). Staff shall propose use of this fund when warranted which will be approved by the Board during the budget approval process.

2. Emergency Reserve of up to a maximum of ten percent (10%) of budgeted operating expenses. This fund is established to make limited emergency capital repairs and reconstruct the Shoreway facility buildings and infrastructure that may be damaged by natural disasters, acts of war or terrorism, or other community emergency scenarios that are not covered by existing insurance policies. Such capital expenses would be those that could not be funded through an existing capital budget. This fund is also available to cover significant one-time increases in operating expenditures associated with the above scenarios.

2.a. Sub-Emergency Reserve – Self Insurance Fund is funded annually at the close of the fiscal year audit and increases annually by up to a maximum of 20% of the current property insurance deductible. This fund is established to be the first fund available in the event of a property insurance claim to cover a portion or all of the deductible expense. This is a cumulative fund as cash is added at the close of each fiscal year, up to a fund maximum of the prior year's property insurance deductible.

Use of the Emergency Reserve ~~this fund~~ is approved by the Finance Committee on an emergency basis and subsequently approved by the Board at the next Board meeting.

3. Equipment Replacement Reserve is established to replace single stream MRF processing equipment based on a 12 year replacement schedule as recommended by the manufacturer. This reserve would also be available to fund any significant one-time unanticipated equipment repair (wear parts) costs not covered in our Shoreway capital budget. Use of this fund is for the actual replacement of existing MRF processing equipment above the \$10,000 maximum responsibility of SBR for any single item of equipment repair.

4. Capital Project Reserve is intended to fund future capital projects that need to be funded over a term longer than one year and cannot be absorbed by one budget period. The proposed balance and use of this fund shall be approved by the Board as a part of the annual budget process based on a five-year capital project plan.

5. Undesignated Reserve shall hold any excess funds after the above reserves are fully funded.

All reserve fund levels will be approved each year as part of the adoption of the fiscal year budget. During the budget process, projected net cash flow, reserve balances, and debt covenant requirements are considered when budgeting Shoreway tip fees which are the main source of reserve funds.

Operating expense for the purpose of funding the first two reserves are defined as all cash expenses including Shoreway operations, SBWMA program, bond interest and franchise fees. Excluded are non-cash expenses such as depreciation. Also excluded are any expenses that are 100% offset by revenue from the same source such as the now defunct HHW program.

It is important to note that ~~the first two~~ funds 1 and 2 are basically static funds with minimal annual changes. Going forward, these balances will be established each year as part of the adoption of the fiscal year budget. Ten percent is not added each year – this is the fixed limit.

~~The third and fourth~~ funds 2a, 3 and 4 are cumulative funds as cash is added each year to reach the total amount needed and depleted by the approved and designated expenditures.

If a reserve fund is utilized to the extent the Board concludes that the fund requires replenishment, a plan to replenish the reserve over a three-year budget cycle to an appropriate level is to be established.