



# SBWMA BOARD OF DIRECTORS MEETING

THURSDAY, NOVEMBER 17, 2022 at 3:00 p.m.

IN PERSON OR VIA ZOOM

Place:

Silicon Valley Clean Water Administrative  
Offices 2<sup>nd</sup> Floor Pelican Conference Rm.:  
1400 Radio Road Second Floor  
Redwood Shores, CA 94065  
[Link to driving directions/map](#)

Join Zoom Meeting:

<https://us02web.zoom.us/j/85858631735?pwd=TVZFcEM1bWw3am0yOS9OZjUrbi9GUT09>  
Dial in: 1 669 900 9128  
Meeting ID: 858 5863 1735  
Passcode: 041914

Pursuant to Government Code Section 54953, and SBWMA Resolution 2022-43, this meeting will be held both in person and virtually. The public may participate in person or by joining the zoom meeting:  
<https://us02web.zoom.us/j/85858631735?pwd=TVZFcEM1bWw3am0yOS9OZjUrbi9GUT09>.

### Public Comment:

Live verbal public comments may be made by members of the public joining the meeting via Zoom. Zoom access information is provided above. Use the “raise hand” feature (for those joining by phone, press \*9 to “raise hand”) during the public comment period for the agenda item you wish to address. The BOARD CHAIR will call on people to speak by name provided or last 4 digits of phone number for dial-in attendees. Please clearly state your full name for the record at the start of your public comment

Written public comments for the record may be submitted in advance by 12:00 p.m. on the meeting date by email to: [rethinker@rethinkwaste.org](mailto:rethinker@rethinkwaste.org) and will be made part of the written record but will not be read verbally at the meeting. Written public comments submitted by email should adhere to the following: 1) Clearly indicate the Agenda Item No. or specify “Public” in the Subject Line for items not on the agenda and 2) Include the submitter’s full name

Pursuant to Ralph M. Brown Act, government code section 54953, all votes shall be by roll call if any members of the board of directors are participating by teleconference and/or video conference.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Cyndi Urman at (650) 802.3510 or [curman@rethinkwaste.org](mailto:curman@rethinkwaste.org). Notification in advance of the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting.

### AGENDA

- 1. Call to Order/Roll Call
- 2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so. Each speaker is limited to three minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting. If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board’s general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time. *Speakers may also submit comments via email prior to the meeting by sending those comments to [rethinker@rethinkwaste.org](mailto:rethinker@rethinkwaste.org).*

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#### MEMBER AGENCIES

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

November 10, 2022

3. Executive Director's Report

p. 5

4. Approval of Consent Calendar

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

A. Approval of the Minutes from the October 27, 2022, Board of Directors Meeting ACTION p. 15

B. Approval of the 2023 SBWMA Board of Directors and Brown Act Committees Meeting Calendars ACTION p. 21

C. Resolution Approving a 2-Year Contract with Environmental and Energy Consulting (EEC) for a not to exceed amount of \$144k for Legislative Policy Advocate Consulting ACTION p. 27

D. Resolution Approving a One Year Contract with Royal Coach Tours not to exceed \$60,000 with an optional two one-year extensions for a total contract award not to exceed \$180,000 for | Shoreway Tours Bussing Services ACTION p. 45

E. Resolution of the SBWMA Board of Directors finding that meetings of the Board of Directors, Technical Advisory Committee, and all Board appointed Brown Act Committees held via hybrid formally protects against the ongoing and imminent health and safety risks posed to COVID-19 and determining that all such meetings will continue to be held in hybrid format to allow attendance in person or remotely pursuant to California Government Code section 54953(E) ACTION p. 63

5. Administration and Finance

A. Resolution Approving the FY2023 Operations Budget and Capital Improvement Plan ACTION p 71

6. Collection and Recycling Program Support and Compliance

No Items

7. Shoreway Operations and Contract Management

A. Approval of a Successor Agreement for the Operation of the Shoreway Environmental Center to Commence January 1, 2024; and Finding that Approval of the Agreement is Exempt from Review under the California Environmental Quality Act Pursuant to Guideline Section 15301, Existing Facilities ACTION p. 109

8. Public Education Outreach and Legislation

A. Approval of a Resolution to Appoint one Board Member and one TAC Member to the Public Education and Outreach Committee ACTION p. 163

9. Informational Items Only (no action required)

A. Update on the Status of SB 1383 Implementation and Compliance p. 169

B. Update on the Status of the Underground Storage Tanks Removal Project p. 173

C. 2022/23 Finance and Rate Setting Calendar p. 177

D. 2023 Meeting Planning Guide p. 181

10. Board Member Comments

11. Adjourn to Closed Session:

A. Pursuant to Government Code Section 54957-Public Employee Performance Evaluation-Executive Director

B. Pursuant to Government Code Section 54957.6-Conference With Labor Negotiator-Agency Designated Representative: Jean B. Savaree; Unrepresented Employee: Executive Director

12. Adjourn

MEMBER AGENCIES

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November 10, 2022



# EXECUTIVE DIRECTOR'S REPORT





## STAFF REPORT

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To: SBWMA Board Members  
From: Joe La Mariana, Executive Director  
Date: November 17, 2022 Board of Directors Meeting  
Subject: Executive Director's Report

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Staff and Agency partners continue to be hard at work supporting numerous projects, programs, and facility initiatives. Here are the highlights:

### 1. Contractor Updates:

#### a. Recology San Mateo County (Recology)

Planning talks continue between Recology and staff on several important topics, including 1. costing out of 1383-mandated collection and program management services and 2. re-activating the Shoreway site's licensing agreement renewal. The current agreement was extended and it expires on June 30, 2023. The SBWMA Board has provided staff with clear direction to maintain the same terms while syncing the term expiration dates to coincide with the Franchise Agreement's expiration which is December 31, 2035. Staff will work collaboratively with Recology to present a revised site licensing agreement for board consideration in early 2023.

#### b. South Bay Recycling (SBR) Operations

SBR has been conducting a Fall cleaning of the facilities that includes pressure washing the buildings and pavement and refreshing the landscaping. This effort is important to keeping the 12-year-old facility looking its best and is greatly appreciated!

### 2. Administration & Finance:

#### a. FY 2023 Budget

The FY 2023 SBWMA Budget reflects staff recommendations to manage revenues and expenses during the period January 1, 2023 through December 31, 2023 with the goal of meeting the established bond covenant ratio and maintain agency/system cash flow obligation. Costs in the Shoreway Operations expense section of the budget are projected to increase fairly significantly compared to prior years due to contractual obligations, which is triggering the need for increased budgeted tip fees. The Shoreway Operators compensation is increasing 8% due to index based contract adjustments and projected volume increases; Disposal and Processing is projected to increase 9% due index based adjustments, volume increase and the Newby Island organics processing contract extension increase of 21% in 2023. Property insurance is also projected to increase 24% over the adopted FY 2022 Budget (the current property insurance premium is just shy

or \$2.1M). At Finance Committee direction, staff is working with agency broker, Risk Strategies, to create an alternative insurance coverage model called a “captive” insurance program that could provide the agency with better cost containment and program control in the future. This model will be reviewed at the January Finance Committee meeting. If the numbers make sense, this item will then be brought forward to the Board for consideration.

b. **Operations Agreement RFQ Update**

Staff and consultants completed the Phase 2 parallel negotiations process. Seven rounds of negotiation meetings have been completed for each proposer, for a total of fourteen meetings. Modifications to the Operations Agreement have been made to balance risk and proposers have submitted final cost proposals reflecting the modifications discussed during the negotiation meetings. Cost proposals show a large increase over current costs and both proposers are well qualified and propose contract terms that would meet SBWMA’s operating needs and responsibilities. For more details and information on staff’s recommendation, proposal evaluation and costs, see Agenda Item 7A.

c. **Site Optimization Study Update**

Since the kick-off meeting on May 16, 2022, the SCS team continued their technical review and evaluation of the site conditions and needs, including seeking input from key stakeholders of the Shoreway Environmental Center, such as Recology and SBR, and leading discussions with the City of San Carlos and County of San Mateo to pursue expanding the operations to adjacent or nearby sites. The SCS team evaluated multiple draft-level site layout options and presented three options during the FY2023 Budget/CIP study session on October 27th. A final findings and recommendations technical report will be presented for Board approval at the January 26, 2023 Board meeting. With Board acceptance and approval to move forward, staff will create a work plan to develop a facility master plan to meet future site operational needs for Board review in June 2023.

3. **Committee Updates:**

- a. **Finance Committee Meeting** (no meeting held)
- b. **Legislative Committee** (next meeting December 5)
- c. **Pub Ed/Outreach Committee** (no meeting held)
- d. **Technical Advisory Committee** (no meeting held)
- e. **Zero Waste Committee** (no meeting held)

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

a. **SB 1383 Update**

**Contamination Monitoring Route Reviews**

The SBWMA, SCS Engineers, and Blue Strike Environmental, with support from Recology, completed the first annual SB 1383-required contamination monitoring route reviews the week of 10/30-11/4.

Data collected from the route reviews will help inform the SBWMA about contamination issues on specific routes in each Member Agency, including what materials are incorrectly found in each cart/bin. SBWMA staff will share out the route review report at the next Board of Directors meeting. More information is included in the staff report for SB 1383 Implementation Updates under agenda item 9A.

**b. Community Outreach and Environmental Education**

**i. Environmental Education (EE) Program Update**

The Environmental Education (EE) team completed its first full In-Schools Program rollout of the year at College Park Elementary School in San Mateo. In addition to providing new compost and recycling bins in lunch and common spaces, the EE team conducted assemblies and lunch bin monitoring over the course of two weeks. Future assemblies at St. Charles School (San Carlos) are scheduled for late November.

The team is supporting several San Carlos School District campuses in their Green Teams initiatives by providing equipment and assistance with training, starting with a Green Team kick-off meeting at White Oaks Elementary in mid-October. This month, the team delivered equipment to Arundel Elementary School and plans to support the facilitation of Green Team meetings at Arundel and Brittan Acres Elementary.

**ii. Public Spaces Program Update**

Staff led a presentation at Barrett Community Center in Belmont to discuss the importance of sorting and reducing waste at the community level. The six Barrett Community Center representatives in attendance will disseminate waste reduction methodologies and encourage proper sorting behavior change to more than 600 children in the upcoming months.

**iii. Shoreway Tours**

The Tours team continues to offer both in-person and virtual tours of the Shoreway Environmental Center. The last month featured our regularly scheduled Public Tours on the first Thursday of the month. On November 10, the team hosted the first in-person tour for elementary school students (in a new split-tour process) since before the pandemic. We are thrilled to welcome back classes to Shoreway!

**iv. Rethink Recycling Days**

The 5th annual Rethink Recycling Day events this past October were a successful entry back into in-person events for staff. Staff hosted two in-person tours on Saturday, October 22nd where around 45 visitors from our service area joined us to learn about what happens to their waste. On Tuesday, October 25th nearly 40 attendees participated in waste-related craft activities, story-time, and recognition of the 2022 Poster Contest winners. On Wednesday, October 26th, around 20 community members attended and participated in a virtual soap workshop led by a guest instructor. See a few photos from the events in **Attachment A**.

**c. New Recycling Startup in the SBWMA Service Area**

SBWMA staff have been notified by a few Member Agencies about a new Seattle-based recycling startup, Ridwell, operating in the service area. Ridwell offers subscriptions to collect various items including plastic film, textiles, batteries, and lightbulbs for recycling from homes and apartments. SBWMA staff are staying informed on the developments of the operations and will notify Member Agencies as new information becomes available.

## 5. Shoreway Operations and Contract Management

### a. Commodity Prices

As presented last month, the pricing for recycled commodities are at a historical low with mixed paper being moved at near zero value. Container grades are fairing better but are still at market lows. Port and shipping issues are still requiring overflow bales to be stored onsite.

### b. Construction on Shoreway Road

A new phase of construction on Shoreway Road by Silicon Valley Clean Water (SVCW) have severely constricted traffic on Shoreway to one lane north and south of the facility and created congestion and unsafe traffic issues. Concerns have been raised to SVCW and there are some efforts being made to reduce impacts.

### c. Facility Happenings

Fire suppression system corrections are now being addressed by Walschon as approved by the Board in October as required by the insurance companies.

Respectfully submitted,



Joe La Mariana  
Executive Director

### Attachments:

Attachment A – Photos from Rethink Recycling Day

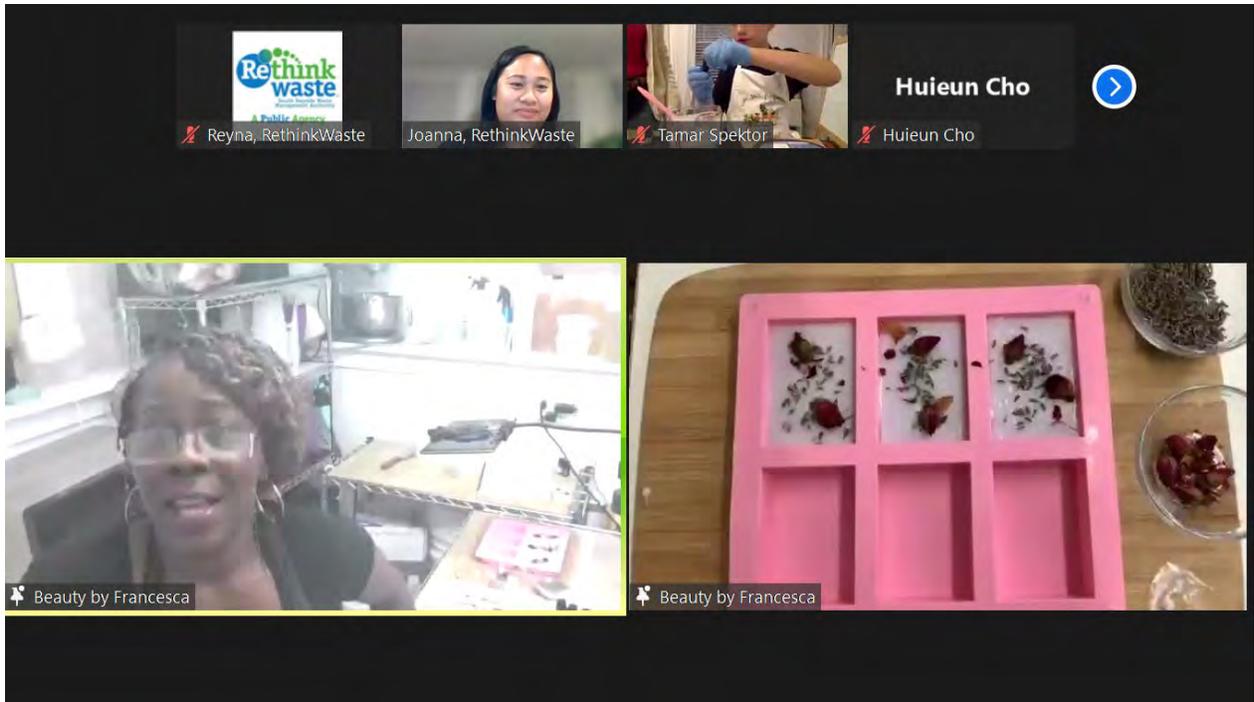
Attachment A: Photos from Rethink Recycling Days (RRD)



*Saturday, October 22: Chiara Barausky-da Silva and Andy Zhang leading and In-Person Shoreway Facility Tour inside the Materials Recovery Facility*



*October 25: RRD Kids Workshop. Top, Daphny Pan leads a crafting activity. Above, all seven of our 2022 Poster Contest winners together with their certificates!*



*October 26: Screenshot from Soap Webinar lead by guest speaker Francesca*





# CONSENT CALENDAR



**DRAFT MINUTES**

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE BOARD OF DIRECTORS  
October 27, 2022– 2:00 p.m.  
Via Zoom Tele or Video Conference Only

Call to Order: 2:00 PM

1. Call to Order/Roll Call

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

All Members and the public participated by Zoom Video or Conference Call

2. Public Comment (Closed Session)

Persons wishing to address the Board on matters NOT on the posted agenda may do so. Each speaker is limited to three minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting. If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time. *Speakers may also submit comments via email prior to the meeting by sending those comments to [rethinker@rethinkwaste.org](mailto:rethinker@rethinkwaste.org).*

None

3. Adjourn to Closed Session:

Closed Session- Public Employee Performance Evaluation-Executive Director per Government Code Section 54957.

4. Adjourn Closed Session and Call to Order/Roll Call Open Session

Call to Order Open Session 2:10PM

Agency	Present	Absent	Agency	Present	Absent
Belmont	X		Redwood City	X	
Burlingame	X		San Carlos	X	3:44PM
East Palo Alto	X	3:20PM	San Mateo	X	
Foster City	X		County of San Mateo	X	
Hillsborough	2:59PM		West Bay Sanitary District		X
Menlo Park	X				

**5. Public Comment (Open Session)**

None

**6. Executive Director’s Report**

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

- Staff Member Chiara Barausky-da Silva is leaving RethinkWaste. She will be taking a sustainability position at a start up in San Francisco. He thanked Chiara for her time at the Agency and noted that the Agency’s fellow program has been really successful at getting people ready for the next step on their career paths.
- There are currently two fellow vacancies, and the positions are posted on the agency website.
- The two-year procurement process for the Operations Agreement is coming to a close, and staff is expecting to recommend the award of this contract at the November 17 board meeting. He noted that each of the two finalists will be given the option to present to the board, and because of this he expects this section of the meeting discussion to last at least an hour.
- The November 17 board meeting will be at Silicon Valley Clear Water (SVCW), and will begin at 3PM and go to 5:30, a little longer than normal.
  - Chair Aguirre noted that it’s very important to drive no more than 10 miles an hour once inside the gate for safety reasons when you arrive at SVCW.
  - Executive Director La Mariana added that in addition to the Operations Agreement decision there are two other items of notable discussion including the 2023 budget and the final Site Optimization Study
- There will be SB 1383 mandated route reviews conducted by SCS Engineers from 10/30 to 11/4. These will be ongoing in the future, but this is the first round. Member Agency City Managers, City Staff, Public Works departments and police departments have all received notice of the route reviews.
- He thanked the Outreach and Education team for their enthusiastic work on Rethink Recycling Days events including the Spooktacular Kids Workshop
  - Member Froomin commented that staff did a great job, and the event was well attended.
- In January the Finance Committee will meet and discuss actual numbers for setting up a Captive Insurance program to help control rising insurance costs.
- With the upcoming November election there will be a change in agency leadership. Vice Chair Bonilla is not seeking re-election, and he reminded the board that with that transition the Board members will need to determine who the next Chair and Vice Chair of the agency will be. The election may be moved to November, or it may remain in January as it has in years’ past.

**7. Approval of Consent Calendar**

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

- A. Approval of the Minutes from the September 22, 2022, Board of Directors Meeting
- B. Resolution Approving Revised MOU with Silicon Valley Clean Water

Motion/Second: Bonilla/Froomin

Roll Call Vote: 9-0-0-2

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont	X				Redwood City	X			
Burlingame	X				San Carlos	X			

East Palo Alto	X				San Mateo	X			
Foster City	X				County of San Mateo	X			
Hillsborough				X	West Bay Sanitary Dist.				X
Menlo Park	X								

**8. Administration and Finance**

**A. STUDY SESSION: Presentation of the FY2023 Operations Budget and Capital Improvement Plan**

Executive Director La Mariana introduced the item. He noted that this item is still in draft form, and a few things are still works in progress, including Attachment C (the agency's staffing plan). He noted that the draft budget was reviewed last week by the finance committee with a lot of discussion because costs and market conditions have changed dramatically during the past 6-12 months. In the last couple of weeks there has also been a steep decline in commodity market values, so at the direction of the Finance Committee staff has adjusted commodity revenue forecasting even more conservatively than what is normally forecast in the budget. He added that it's likely that things will even out as they usually do but given the current conditions staff has set the planning bar low. He also noted that the budget includes tip fee adjustment percentages that are higher than normal. After surveying other facility rates in the local marketplace, Staff has learned that Shoreway's tip fees are low, so staff feels the market can bear this larger tip fee increase. Other budget notable items include seed money for year one of a proposed multi-year facility master planning process, which would be the next logical step after the site optimization study; a 4% COLA adjustment for agency staff; adding medical benefits for the 5 fellow positions; and adding a new full-time staff engineer position to help with the large volume and scope of capital projects planned at the Shoreway site.

Staff Mangini then shared a PowerPoint presentation overviewing the FY2023 draft budget.

Member Rak asked if the final Budget version include the 2021 numbers to get a sense of how tonnage is improving after the pandemic, and how much revenue is coming from the public tons. He noted that an 11% tip fee increase for public drop off is a pretty big, and he was curious how much of a difference that increase will make in agency revenue. Given inflation he wanted to minimize cost increases and asked if there is way to not increase tip fees as much.

Staff Mangini answered that public tee fee revenue is about \$12M.

Member Rak asked if staff had considered contracting the new proposed staff engineering position instead of hiring a full-time staff member.

Executive Director La Mariana answered yes, but that the overriding component of his recommendation to make this position a staff position is the sheer number of and complexity of projects at the site. If these projects were to be contracted out the costs would be at least as high as hiring a staff member, and with a staff member there is strong continuity and direct agency ownership of the projects. He added that part of this presentation will be the capital projects listand you'll see it is an extensive list.

Member Froomin commented that he'd like to have the Finance Committee look at whether tip fees should include debt principal payment because income is needed to make those required debt principal payments. He added that this year might not be the year given the impact on rates already, but it would be helpful for Member Agencies as they set rates to ensure that the debt principal payment is covered. He also noted that capital improvement project funds come out of reserve balances, and reserves are currently being bought down to fund projects without the money being put back into the reserves to build them back up. The Agency needs to look at how money is being put aside for reserves for capital projects, and how debts are being paid for the long-term financial health of the organization. He noted that some large capital projects in the future are going to need to be paid through

borrowing, not using cash on hand which means there will be additional principal payments to make which all need to be considered in the rates to make sure there is sufficient funds available. Lastly, Member Froomin asked about the Organics-to-Energy (O2E) project not necessarily being a cost-saving measure but having a lot of environmental benefits. He asked if the staff report could compare if all of the O2E material went to organics disposal processing how much that would cost. He also asked, now that SVCW is charging a tip fee for the O2E slurry including transportation how much is the environmentally beneficial project costing or saving the rate payers?

Chair Aguirre agreed with Member Froomin that the reserve balances were her biggest concern when reviewing the budget.

Executive Director La Mariana noted that the Finance and Executive Committees have given Staff strong feedback on the reserves, so this budget now includes \$400,000 being added to the equipment replacement reserve, because that is the reserve that is being depleted. And will include another \$400,000 each year for the next five years to provide about \$2M in total funding in this critically important reserve and reallocate from other reserves to replenish that reserve fund. He then noted the Shoreway Remediation Project reserve also has \$1.2M in reserves earmarked for the underground storage tank removal project. Staff anticipates that that will cover approximately 30% of the project costs and, as a budget-friendly planning measure, the remaining costs have been split into two projected budget years (FY2023 and FY2024).

2:59PM Board Member Al Royce, Hillsborough is now present.

Staff Mangini answered Member Froomin's question regarding debt principal payment. He noted that, yes, the debt principal payment is outgoing cash flow, but it's, it's also reducing debt. So, reducing an asset which is cash reserve and reducing liability on the other end. He added that Member Froomin's perspective is correct, it is still outgoing cash, just not for accounting purposes.

Staff Mangini asked Member Rak to clarify what comparative 2021 numbers he would like to see in the final presentation. Member Rak answered the 2021 financial results and tonnage.

Member Brownrigg directed staff to put together a helpful set of talking points regarding efficiency. Helping elected officials make the case that expenses are hopefully either in line or even better than our competitors in other parts of the bay area. He then asked what this budget will mean for the average rate increase this year and prospectively next year.

Staff Mangini answered in September the board approved Recology's 2023 compensation as well as the 2023 tipping fees for member agencies which established the 2023 revenue requirement for 2023. 2023 has already been projected out, however, tip fees needed to be raised a little more which was impactful to the revenue requirement by roughly 0.7% to rates.

Member Brownrigg and Staff Mangini agreed to look at table 8 and the 0.7% impact in 2023 after the meeting, as well as the project increase due to the new operations agreement on the 2024 rates.

**Executive Director La Marina noted that the Operations Agreement RFQ will result in at least a 10% rate increase in 2024, and he encouraged member agencies to try to smooth out that large jump by adding at least 5% to this year's rates so next year isn't such a large jump.** As Member Brownrigg mentioned there is a rate stabilization reserve fund, so the finance committee could make a recommendation on when and how much of that reserve fund to tap into to soften rate increases. He asked the finance committee members and board members at large to give feedback to staff on commodity revenues and possibly using the rate stabilization reserves to soften rate impacts before the November board meeting.

3:20PM Member Abrica now absent

Staff Gans went over the proposed capital budget projects, estimated dollar amounts for each project and the regulations and operational needs driving capital projects over the next five years.

Vice Chair Bonilla thanked staff for the budget presentations and fellow board members their questions regarding the budget and capital plans. He noted that in San Mateo they had a study session on the proposed rate increases for 2023, and he has received a lot of letters and pointed questions about the 2023 rate increases, so he encouraged all the board members to really pay attention so that they can report out on the SBWMA to their fellow council members, so increases aren't a surprise at rate time.

Chair Aguirre commented that in Redwood City they give updates at almost every meeting so that there are no surprises.

Executive Director La Mariana reiterated that he and Sr. Finance Manager, John Mangini are readily available to sit in on study sessions at the member agencies to help get the message across, so he encouraged member agencies to reach out if they would like staff present. He also noted that there is a major reset of the California solid waste industry's infrastructure and its associated costs. The Shoreway facility has been working hard for 40 years, and as you can see from this capital list that Staff Gans just reviewed, our facility is showing its age. So, a certain level of investment is required to keep the facility running at its highest and best use, despite it being in addition to all these other factors contributing to rising rates. He noted that he feels like this is an educational opportunity to work with communities on these topics and to boil very complex thoughts into understandable dialogue with the community.

Member Rak noted that in San Carlos they did a rate reduction program with PG&E for qualified residents where the city matched rate reduction for qualified PG&E customers, and the administration was pretty straight forward for the city, so maybe something similar could be looked at here.

## **9. Collection and Recycling Program Support and Compliance**

No Items

## **10. Shoreway Operations and Contract Management**

### **A. STUDY SESSION: Review of Shoreway Site Optimization Plan DRAFT Report**

Executive Director La Mariana introduced the item and gave background on the project. He noted that this is the first time the board has seen the preliminary draft findings report by SCS Engineers who was selected via RFP process to evaluate the Shoreway site and look at future needs of the site on many different levels for the next 40 years of the site. He noted some driving factors of this study included member agencies housing plans and goals which will impact population growth and there for increase the amount of material that comes through the facility; growth of future work force at the site due to the new operations agreement, and SB1383 compliance; and the need for the RethinkWaste administrative work group to move to the site due to loss of lease at the San Carlos Library. This office lease expires on June 30, 2024. He noted that the site is already space constrained and at a significant parking deficit, so that must be addressed, as well as having space and infrastructure available to be able to remain at the forefront of innovative ways to handle waste material. He noted that after the board approves this finding report at the November meeting, the next logical step is to move into a master planning phase which a much longer-term process due to specific guidelines, procedures and protocols that are required due to CEQA. If the Board decides to move forward into formal master planning process, the preliminary phase would be about three years. If there is rationale to move forward, the build out it would be phased in over 10 years.

Tim Flannigan of SCS Engineers then gave a presentation to the board introducing the team that performed the study and outlining their draft findings. He noted that this really is a site sustainability and survivability study.

3:44PM Member Rak now absent

Tim Flannigan went over the three scenario maps that SCS laid out as options for site development. He noted that scenarios one and two are basically the same with the exception of the development of a different ingress and egress to improve traffic flow in scenario one. He noted that scenario three represented the most out of the box thinking, it moves some operations off site that don't necessarily need to be done at the facility with the solid waste facility permit to free up some space on the site. He went over the design alternatives in scenario three, noting that these alternatives are their recommendations for maximizing the Shoreway site survivability.

Member Brownrigg commented that there is increasing pushback from residents about rising costs, and it's not the optimal time to be talking to residents about having to upgrade the site especially if it seems frivolous. So, it's important to make the case that it's not frivolous. He asked for further explanation of the term survivability of the site.

Tim Flannigan noted that the site has served the SBWMA service area well for 30 years. But there is a relative sea change in regulations that are going to constrain the site including a 75% organics diversion law, and new Air and Water Board regulations. There is an absolutely critical need to have a greater expansion of the Shoreway site to ensure that it continues its mission of sustainable, cost-effective waste reduction, recycling and solid waste programs. He added that this will take several years to develop, plan permit and implement, so it won't show up tomorrow.

Executive Director La Mariana summarized the proposed layout of the site. (Scenario 3). It would include four major buildings and adding a right of way on the Redwood City side of the property. And, he is willing to talk to any Board or TAC members off line if they have questions.

#### **11. Public Education Outreach and Legislation**

No Items

#### **12. Informational Items Only (no action required)**

- A. 2022 Legislative Session Update
- B. Update on the Status of SB 1383 Implementation and Compliance
- C. 2022 Finance and Rate Setting Calendar
- D. Check Register Detail for September 2022
- E. 2022-2023 Meeting Planning Guide

#### **13. Board Member Comments**

#### **14. Adjourn 4:01PM**

## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Cyndi Urman, Clerk of the Board  
**Date:** November 17, 2022 Board of Directors Meeting  
**Subject:** Approval of the 2023 SBWMA Board of Directors and Brown Act Committees Meeting Calendars

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### Recommendation

It is recommended that the SBWMA Board of Directors approve a 2023 Board of Directors meeting calendar and hold these monthly meetings at the Silicon Valley Clean Water (SVCW) Administrative Offices at 1400 Radio Road, Redwood Shores in their second floor Pelican Conference room.

### Summary

Staff recommends continuing with a 4<sup>th</sup> Thursday of the month meeting date as there are not any Member Agency governing body meetings on this day of the week. Historically the November Board meeting has been moved to the third Thursday due to Thanksgiving falling on the 4<sup>th</sup> Thursday, and staff recommends continuing with that practice in 2023. Additionally, staff recommends that the 4<sup>th</sup> Thursday in February be a half day Board Retreat instead of a regular board meeting, and the 4<sup>th</sup> Thursday in October serve as a budget and CIP review study session instead of a regular board meeting.

### Analysis

The 3PM time frame on the 4<sup>th</sup> Thursday of the month was chosen to avoid as many regional conflicts as possible, as well as increase parking availability at the SVCW site. Staff has analyzed the action items that take place at the Board level monthly, and recommends 8 monthly meetings, 1 retreat, and 1 study session meeting schedule for 2023. Staff recommends meeting monthly except for August and December, and canceling meetings if there are not any action or discussion items in a given month.

### Background

The SBWMA monthly Board meetings have historically been held the on the fourth Thursday of the month starting at 2 pm but is now recommending a 3PM start time due to increased parking availability at that time at SVCW. This day of the week and time was selected to minimize any overlap with Member Agency governing body meetings on Mondays Tuesdays and Wednesdays and other regional government meetings. As requested by the Board of Directors, staff has also checked the national holiday calendar and found no conflicting dates with any major national or religious holidays in 2023. Staff usually sends out the agenda and Board packet one-week prior to the Board meeting.

### Fiscal Impact

Should the Board continue to meet at Silicon Valley Clean Water there is no charge for the use of the space. Any meetings held at the City of San Carlos community room will be charged \$65 per meeting for the use of the Conference room.

### Attachments

Attachment A – Proposed 2023 Board Meeting Dates; TAC Meeting Dates, Finance Committee Meeting Dates, and Legislative Committee Dates



**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
2023 BOARD MEETING SCHEDULE**

Meetings of the South Bayside Waste Management Authority Board of Directors are held on the fourth Thursday of the month from 3PM to 5PM unless otherwise noted\*

Location: Via Tele or Video Conference or In Person  
Silicon Valley Clean Water Administrative Offices  
2nd Floor, Pelican Conference Room  
1400 Radio Road Redwood Shores, CA, 94065

January	26	2023
February	23 (RETREAT 12N to 4PM)	2023
March	23	2023
April	27	2023
May	25	2023
June	22 (3PM to 5:30PM)	2023
July	27	2023
August	NO MEETING IN AUGUST	
September	28	2023
October	26	2023
November	16 (Third Thursday)	2023
December	NO MEETING IN DECEMBER	



**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
2023 TAC MEETING SCHEDULE**

Meetings of the South Bayside Waste Management Authority Technical Advisory Committee are held on the second\* Thursday of the following months from 3:00 pm to 5:00 pm

Location: Via Tele or Video Conference or In Person  
 Silicon Valley Clean Water Administrative Offices  
 2nd Floor, Pelican Conference Room  
 1400 Radio Road Redwood Shores, CA, 94065

February	23 (Board/TAC Retreat 1-4PM)	2023
March	9	2023
May	11	2023
August	10	2023
September	14	2023



**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY**  
**2023 FINANCE COMMITTEE MEETING SCHEDULE**

Meetings of the South Bayside Waste Management Authority Finance Committee are held via Zoom Tele or Video Conference or in the SBWMA Offices at 610 Elm Street Suite 202 San Carlos, CA or at the San Carlos Library 2<sup>nd</sup> floor conference room at 610 Elm Street Room A/B San Carlos, CA Please refer to each agenda for exact location information.

Meetings are held on the second Tuesday of January, June, and October from 12:00 pm to 2:00 pm

January	10	2023
June	13	2023
October	10	2023



**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
2023 LEGISLATIVE COMMITTEE MEETING SCHEDULE**

via Zoom Tele or Video Conference or in the  
SBWMA Offices at 610 Elm Street Suite 202 San Carlos, CA or  
at the San Carlos Library 2<sup>nd</sup> floor conference room at 610 Elm Street Room A/B San Carlos, CA  
Please refer to each agenda for exact location information.

Meetings are held on the first Monday of the month from 2:00 pm to 3:00 pm unless otherwise noted.

February	6	2023
March	6	2023
April	3	2023
May	1	2023
June	5	2023
July	NO MEETING	
August	28*	2023
September	NO MEETING	
October	2	2023
November	7	2023
December	4	2023

\*Due to the first Monday of September being the Labor Day holiday The August and September meetings are combined on August 28, 2023





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## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Julia Au, Sr. Outreach, Education and Compliance Manager  
**Date:** November 17, 2022 Board of Directors Meeting  
**Subject:** Resolution Approving a 2-Year Contract with Environmental and Energy Consulting (EEC) for a not to exceed amount of \$144k for Legislative Policy Advocate Consulting

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### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2022-50 attached hereto authorizing the approval of a two-year contract with Environmental and Energy Consulting (EEC) for a not to exceed amount of \$144k to provide legislative and regulatory lobbying consulting services for the SBWMA.

### Summary

To continue the SBWMA's industry leadership in solid waste advocacy at the California state legislative level, with the Administration and with State regulatory agencies, Staff recommends the SBWMA enter into a new two-year contract with EEC to represent the Agency for the 2023-2024 legislative session.

### Analysis

Since 2018, EEC has represented the SBWMA on California state legislative and regulatory matters. During this time, EEC has developed important relationships for the Agency on the legislative level. Notably, EEC successfully represented and advocated on behalf of the Agency for the past four in support of our co-sponsored legislation on the safe and proper handling and disposal of lithium-ion batteries. In addition, EEC helped spearhead and launch a statewide coalition of like-minded public agencies to discuss and move together on important legislative and regulatory policies called Zero Waste Now.

SBWMA staff has been very satisfied with the level of representation by EEC on the state and legislative level in the past four years, especially in advocating for our important issues on batteries, single-use plastics, increasing discussion in expanding California-based organics and recycling processing infrastructure, and engaging our local state legislative delegation.

The current contract with EEC expires on December 31, 2022. The proposed contract would start on January 1, 2023 and last two years to coincide with the legislative session. The new two-year contract includes a ranking on the priority of activities to be conducted by EEC, with high priority given to implementation of recently passed battery legislation, engaging the Administration and relevant agencies to ease implementation of SB 1383 regulations, exploring new opportunities to engage in legislation on priority issues, and provide regular updates to the SBWMA on these activities. Medium priorities include tracking and providing updates on local regulations issued by the local regulatory districts and boards, while low priorities include submitting letters and attend public committee hearings and helping staff the Zero Waste Now coalition.

### Background

In 2018, the SBWMA sought greater representation and presence in Sacramento due to the new and emerging issues facing the SBWMA and the solid waste industry including, but not limited to proper battery handling and disposal, organics and recycling infrastructure and regulations related to SB 1383.

In September 2018, the SBWMA joined with another leading multi-jurisdictional joint powers authority, the Alameda County Waste Management Authority (StopWaste), in the issuance of a joint Request for Qualifications (RFQ) for legislative lobbying services. This joint effort was due to the two agency's similar missions and aligned stances on most, if not all, environmental and solid waste issues. Initially, it was envisioned that this joint RFQ process would result in the selection of a single lobbying firm representing both agencies in a highly coordinated fashion. After staff from both agencies interviewed the five top RFQ finalists, the SBWMA and StopWaste agreed to select two different advocacy firms, thereby greatly expanding the advocacy sphere of influence in Sacramento in the interests of both agencies.

The SBWMA entered into an initial one-year agreement with Environmental and Energy Consulting in December 2018 for \$40,000 to ensure that there would be no lag time in representation and in January 2019, amended and expanded this contract to two years for a total of \$80,000 to better align with the legislative session and then in November 2020 increased the amount to \$72,000 annually due to the increase in priority activities, requests to focus on regulatory assistance, and time associated with sponsorship of legislation,

**Fiscal Impact**

The cost of the two-year agreement will not exceed \$144,000. The proposed FY 2023 budget includes Legislative and Regulatory Advocacy for \$72,000.

**Attachments:**

Resolution 2022-50

Exhibit A – Environmental and Energy Consulting Professional Services Agreement



## RESOLUTION NO. 2022-50

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING A 2-YEAR CONTRACT WITH ENVIRONMENTAL AND ENERGY CONSULTING FOR A NOT TO EXCEED AMOUNT OF \$144K FOR LEGISLATIVE POLICY ADVOCATE CONSULTING

**WHEREAS**, the SBWMA has determined that it is vital and necessary that its interests be actively advocated for with the California State Legislature and regulatory agencies in California; and

**WHEREAS**, the SBWMA has determined that outside legislative advocacy services would be the most appropriate method to ensure that the SBWMA is adequately represented in the legislative, administrative and regulatory processes in California; and

**WHEREAS**, Environmental and Energy Consulting has the appropriate qualifications and experience with the state legislative and regulatory processes as well as expertise in environmental issues having been the Agency's lobbyists the past four years; and

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves a 2-Year contract with Environmental and Energy Consulting for legislative policy advocate consulting attached hereto as 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 17th day of November, 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. 2022-50 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2022.

ATTEST:

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

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



PROFESSIONAL SERVICES AGREEMENT  
FOR  
2023-2024 LEGISLATIVE AND REGULATORY SERVICES

This Agreement is made and entered into as of the 17<sup>th</sup> of November, 2022 by and between the SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY hereinafter called "AUTHORITY" and Environmental and Energy Consulting (EEC) hereinafter called "CONSULTANT".

RECITALS

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

- A. That AUTHORITY desires to engage CONSULTANT to provide professional services;
- B. That CONSULTANT is qualified to provide such services to the AUTHORITY and;
- C. That the AUTHORITY has elected to engage the services of CONSULTANT upon the terms and conditions as hereinafter set forth.

- 1. Services. The services to be performed by CONSULTANT under this Agreement shall include those services set forth in Exhibit A, attached hereto and, by this reference, made a part hereof ("Services").

Performance of the Services specified in Exhibit A is hereby made an obligation of CONSULTANT under this Agreement, subject to any changes that may be made subsequently hereto upon the mutual written agreement of the parties.

Where in conflict, the terms of this Agreement supersede and prevail over any terms set forth in Exhibit A.

- 2. Term. The term of this Agreement shall commence upon the date hereinabove written through the end of the 2023-2024 California Legislative session and completion of the Services on accordance with the Schedule of Performance in Exhibit A, unless terminated earlier pursuant to Section 10 of this Agreement.

- 3. Schedule. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement and in accordance with the schedule set forth in Exhibit A. Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. AUTHORITY'S agreement to extend the term or the schedule for performance shall not preclude



recovery of damages for delay if the extension is required due to the fault of CONSULTANT.

- 4. Compensation; Expenses; Payment. AUTHORITY shall compensate CONSULTANT for all Services performed by CONSULTANT hereunder in an amount based upon CONSULTANT's monthly rates during the time of the performance of the Services. A copy of CONSULTANT's monthly rates for which Services hereunder shall be performed are set forth in CONSULTANT's fee schedule included in Exhibit A, attached hereto and by this reference incorporated herein.

Notwithstanding the foregoing, the combined total of compensation and reimbursement of costs payable hereunder shall not exceed the sum One Hundred Forty-Four Thousand Dollars (\$144,000), or Seventy-Two Thousand Dollars (\$72,000) per legislative year unless the performance of Services and/or reimbursement of costs and expenses in excess of said amounts have been approved in advance of performing such Services or incurring such costs and expenses by AUTHORITY's Executive Director (for contracts less than \$60,000) or AUTHORITY Board (for contracts \$60,000 or more) evidenced by motion duly made and carried.

Compensation and reimbursement of costs and expenses hereunder shall be payable upon monthly billing therefor by CONSULTANT to AUTHORITY, which billing shall include an itemized statement, briefly describing by task and labor category or cost/expense items billed as, as more particularly described in Exhibit B, attached hereto and by this reference made a part hereof.

- 5. Additional Services. In the event AUTHORITY desires the performance of additional services not otherwise included within the Services described in Exhibit A, such services shall be authorized in advance of the performance thereof by AUTHORITY's Executive Director (for contracts less than \$60,000) or AUTHORITY Board (for contracts \$60,000 or more) by motion duly made and carried. Such amendment to this Agreement shall include a description of the services to be performed thereunder, the maximum compensation and reimbursement of costs and expenses payable therefor, the time of performance thereof, and such other matters as the parties deem appropriate for the accomplishment of such services. Except to the extent modified by written amendment, all other terms and conditions of this Agreement shall be deemed incorporated in each such amendment.
- 6. Records. CONSULTANT shall keep and maintain accurate records of all time expended and costs and expenses incurred relating to Services to be performed by CONSULTANT hereunder. Said records shall be available to AUTHORITY for review and copying during regular business hours at CONSULTANT's place of business or as otherwise agreed upon by the parties.
- 7. Reliance on Professional Skill of CONSULTANT. CONSULTANT represents that it has the necessary professional skills to perform the



Services required and the AUTHORITY shall rely on such skills of the CONSULTANT to do and perform the work. In performing Services hereunder CONSULTANT shall adhere to the standards generally prevailing for the performance of expert consulting services similar to those to be performed by CONSULTANT hereunder.

8. Documents. All documents, plans, drawings, renderings, and other papers, or copies thereof, as finally rendered, prepared by CONSULTANT pursuant to the terms of this Agreement, shall, upon preparation and delivery to AUTHORITY, become the property of AUTHORITY.
9. Relationship of Parties. It is understood that the relationship of CONSULTANT to the AUTHORITY is that of an independent contractor and all persons working for or under the direction of CONSULTANT are its agents or employees and not agents or employees of the AUTHORITY.
10. Termination or Suspension of Agreement or Services.
  - (a) The AUTHORITY may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days prior written notice thereof to CONSULTANT. Upon receipt of such notice, CONSULTANT will immediately discontinue its performance of the Services.
  - (b) CONSULTANT may terminate this Agreement or suspend its performance of the Services by giving thirty (30) days prior written notice thereof to AUTHORITY, but only in the event of a substantial failure of performance by AUTHORITY.
  - (c) Upon such suspension or termination, CONSULTANT shall deliver to the AUTHORITY immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed, prepared by CONSULTANT or its contractors, if any, or given to CONSULTANT or its contractors, if any, in connection with this Agreement. Such materials will become the property of AUTHORITY.
  - (d) Upon such suspension or termination by AUTHORITY, CONSULTANT will be paid for the Services rendered or materials delivered to AUTHORITY in accordance with the scope of services on or before the effective date (i.e., 10 days after giving notice) of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, AUTHORITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's services which are of direct and immediate benefit to AUTHORITY as such determination may be made by the Executive Director acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 11, 12, 13, 10(d), and 15.

(e) No payment, partial payment, acceptance, or partial acceptance by AUTHORITY will operate as a waiver on the part of AUTHORITY of any of its rights under this Agreement.

11. Indemnity. To the fullest extent allowed by law, CONSULTANT hereby agrees to defend, indemnify, and save harmless AUTHORITY, its boards, officers, employees and agents, from and against any and all claims, suits, actions liability, loss, damage, expense, cost (including, without limitation, costs and fees of litigation) of every nature, kind or description, which may be brought against, or suffered or sustained by, AUTHORITY, its boards, officers, employees, and agents caused by, or alleged to have been caused by, the negligence, intentional tortuous act or omission, or willful misconduct of CONSULTANT, its officers, employees, subcontractors or agents in the performance of any services or work pursuant to this Agreement.

The duty of CONSULTANT to indemnify and save harmless, as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

CONSULTANT’s responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law.

The defense and indemnification obligations of this agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained within this Agreement.

12. Insurance. CONSULTANT shall acquire and maintain Workers’ Compensation, employer’s liability, commercial general liability, owned and non-owned and hired automobile liability, professional liability and cyber liability insurance coverage relating to CONSULTANT’s services to be performed hereunder covering AUTHORITY’s risks in form subject to the approval of the AUTHORITY Attorney and/or AUTHORITY’s Risk Manager. The minimum amounts of coverage corresponding to the aforesaid categories of insurance per insurable event, shall be as follows:

<u>Insurance Category</u>	<u>Minimum Limits</u>
Workers’ Compensation	statutory minimum
Employer’s Liability	\$1,000,000 per accident for bodily injury or disease
Commercial General Liability	\$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury, personal injury and property damage
Automobile Liability	\$1,000,000 per accident for bodily injury and property damage (coverage required to the extent applicable to



CONSULTANT's vehicle usage in performing services hereunder)

<sup>1</sup>Professional Liability \$1,000,000 per claim and aggregate

Cyber Liability \$1,000,000 per claim and annual aggregate with a carrier with an A.M. Best rating of A VI (also titled Network Security/Cyber/Privacy liability)

The requirements for coverage and limits shall be the greater of either (1) the minimum coverage and limits specified in this Agreement or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named Insured.

CONSULTANT agrees to include with all subcontractors in their subcontracts the same requirements and provisions of this agreement including the indemnity and insurance requirements to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by CONSULTANT shall agree to be bound to CONSULTANT and AUTHORITY in the same manner and to the same extent as CONSULTANT is bound to AUTHORITY under this Agreement and its accompanying documents. Subcontractors shall further agree to include these same provisions with any sub-subcontractors. A copy of the indemnity and insurance provisions of this Agreement will be furnished to the Subcontractor upon request. CONSULTANT shall require all subcontractors to provide a valid certificate of insurance and the required endorsements included in the subcontract agreement and will provide proof of compliance to the AUTHORITY prior to commencement of any work by the subcontractor.

Applicable to Workers Compensation, Employers Liability, Commercial General Liability, and Automobile Liability policies, concurrently with the execution of this Agreement, CONSULTANT shall, on the Insurance Coverage form provided in Exhibit C, or equivalent, furnish AUTHORITY with certificates and copies of information or declaration pages of the insurance required hereunder and, with respect to evidence of commercial general liability and automobile liability insurance coverage, original endorsements:

- (a) Precluding cancellation or reduction in per occurrence limits before the expiration of thirty (30) days (10 days for nonpayment) after AUTHORITY shall have received written notification of cancellation in coverage or reduction in per occurrence limits by first class mail;

<sup>1</sup> Note: Professional liability insurance coverage is not required if the CONSULTANT is not providing a service regulated by the state. (Examples of service providers regulated by the state are insurance agents, professional engineers, doctors, certified public accountants, lawyers, etc.) Please check the following if professional liability insurance coverage is NOT required for this agreement. JA Recommended Risk Manager] the approved [Signature] Risk Manager]



- (b) Naming the South Bayside Waste Management Authority, its officers, boards, employees, and agents, as additional insureds; and
- (c) Providing that CONSULTANT's insurance coverage shall be primary insurance with respect to South Bayside Waste Management Authority, its officers, boards, employees, and agents, and any insurance or self-insurance maintained by AUTHORITY for itself, its officers, boards, employees, and agents shall be in excess of CONSULTANT's insurance and not contributory with it. CONSULTANT and its insurer may not seek contribution from AUTHORITY's insurance or self-insurance.

The limits of insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of AUTHORITY, to the extent required by this Agreement, before the AUTHORITY's insurance or self-insurance may be called upon to protect AUTHORITY as a named Insured.

All self-insured retentions (SIR) must be disclosed to AUTHORITY for approval and shall not reduce the limits of liability coverage. Policies containing and SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named CONSULTANT/Named Insured or AUTHORITY.

AUTHORITY reserves the right to obtain a full certified copy of any insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.

Any and all Subcontractors shall agree to be bound to CONSULTANT and AUTHORITY in the same manner and to the same extent as CONSULTANT is bound to AUTHORITY under this Agreement. Subcontractors shall further agree to include the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, in any agreement with sub-subcontractors to the extent that they apply to the scope of the sub-subcontractor's work. A copy of the indemnity and insurance provisions of this Agreement shall be furnished to any subcontractor upon request.

CONSULTANT shall maintain insurance as required by this Agreement to the fullest amount allowed by law and shall maintain insurance for a minimum of five (5) years following completion of Services. In the event CONSULTANT fails to obtain or maintain completed operations coverage as required by this Agreement, the AUTHORITY at its sole discretion may purchase the coverage required and the cost will be paid by CONSULTANT.

- 13. WORKERS' COMPENSATION. CONSULTANT certifies that he is aware of the provisions of the Labor Code of the State of California which require



every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and CONSULTANT certifies that he will comply with such provisions before commencing the performance of the work of this agreement.

- 14. NON-DISCRIMINATION. The CONSULTANT will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The CONSULTANT will take affirmative action to ensure that applicants are employed and the employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, advancement, demotion, transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The CONSULTANT shall at all times be in compliance with the requirements of the Federal Americans With Disabilities Act (Public Law 101-336) which prohibits discrimination on the basis of disability by public entities. The CONSULTANT agrees to post in conspicuous places available to employees and applicants for employment any notices provided by the AUTHORITY setting forth the provisions of this non-discrimination clause.
- 15. Notice. All notices required by this Agreement shall be given to the AUTHORITY and CONSULTANT in writing, by first class mail, postage prepaid, addressed as follows:

AUTHORITY: Rethink Waste  
 610 Elm Street, Suite 202  
 San Carlos, CA 94070  
 Attention: Julia Au, Program Manager  
 Joanne Nghiem, Management Analyst III

CONSULTANT: Environmental and Energy Consulting  
 Reed Addis, Principal  
 1121 L Street, Suite 309  
 Sacramento, CA 95814  
 Phone: (916) 426-9170  
[reed@caleec.com](mailto:reed@caleec.com)

- 16. Non-Assignment. This Agreement is not assignable either in whole or in part.
- 17. Amendments. This Agreement may be amended or modified only by written agreement signed by both parties.
- 18. Validity. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.



- 19. Governing Law. This Agreement shall be governed by the laws of the State of California and any suit or action initiated by either party shall be brought in the County of San Mateo, California. In the event of litigation between the parties hereto to enforce any provision of the Agreement, the unsuccessful party will pay the reasonable attorney's fees and expenses of litigation of the successful party.
- 20. Mediation. Should any dispute arise out of this Agreement, the parties shall meet in mediation and attempt to reach a resolution with the assistance of a mutually acceptable mediator. Neither party shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution. The costs of the mediator, if any, shall be paid equally by the parties. If a mediated settlement is reached neither party shall be deemed the prevailing party for purposes of the settlement and each party shall bear its own legal costs.
- 21. Conflict of Interest. VENDOR may serve other clients, but none that would place VENDOR in a "conflict of interest" as that term is defined in State law.
- 22. Entire Agreement. This Agreement, including Exhibits A, B, and C, comprises the entire Agreement.
- 23. Authorization. This Agreement becomes effective when endorsed by both parties in the space provided below. The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.
- 24. Counterparts. This Agreement may be signed in multiple counterparts, which shall, when executed by all the parties, constitute a single binding agreement.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have caused this Agreement to be executed on the date first written above.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

Dated: \_\_\_\_\_

\_\_\_\_\_  
Alicia Aguirre, Board President

ATTEST:

Dated: \_\_\_\_\_

\_\_\_\_\_  
Cyndi Urman, Board Secretary

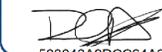


APPROVED AS TO FORM

Dated: \_\_\_\_\_

\_\_\_\_\_  
Jean Savaree, Legal Counsel

Dated: 11/9/2022  
\_\_\_\_\_

CONSULTANT  
DocuSigned by:  
  
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\_\_\_\_\_  
Reed Addis, Principal EEC



## EXHIBIT A

### SCOPE OF WORK, WORK SCHEDULE, AND FEE SCHEDULE FOR 2023-2024 LEGISLATIVE AND REGULATORY SERVICES

#### **INTRODUCTION**

The AUTHORITY determined that it is vital and necessary that its interests be actively advocated for with the California State Legislature and regulatory agencies in California and determined that having an outside legislative advocacy service would be the most appropriate method to ensure representation in the legislative, administrative and regulatory processes in California.

#### **BACKGROUND**

In 2019, the AUTHORITY sought greater representation and presence in Sacramento due to the new and emerging issues facing the AUTHORITY and the solid waste industry including, but not limited to, proper battery handling and disposal, organics and recycling infrastructure, and regulations related to SB 1383. Since this time, there are new and emerging issues including, but not limited to, solar panels and EV batteries and regulations for solid waste facilities like Shoreway and regulations related to recently passed battery legislation that require continued monitoring and advice by an advocacy group to best represent the AUTHORITY. Having a legislative advocate work on the below tasks has and will continue to raise the AUTHORITY's profile in Sacramento.

#### **Task 1: High Priority Tasks**

- CONSULTANT will work with agencies to implement passed legislation sponsored by AUTHORITY to collect and recycle lithium-ion batteries.
- CONSULTANT will help AUTHORITY continue to work with agencies and the Legislature to ease the implementation of SB 1383.
- CONSULTANT will explore opportunities with AUTHORITY to sponsor or engage with legislation to address priority issues that may include EV batteries, plastics, and other priority issues as determined and/or raise AUTHORITY profile in Sacramento.
- CONSULTANT will regularly provide updates to AUTHORITY on any sponsored legislation and SB 1383 implementation.

#### **Task 2: Medium Priority Tasks**

- CONSULTANT will track agency activities and provide updates and strategic advice on how AUTHORITY should engage in these activities.
- CONSULTANT will track and provide updates on local regulations issued by the Bay Area Air Quality Management District and the regional water quality control board.

#### **Task 3: Lower Priority Tasks**

- CONSULTANT will monitor legislation of importance to AUTHORITY, submit support letters, and advocate at public committee hearings.

- CONSULTANT will advocate for funding in the budget to support organic waste recycling infrastructure from cap-and-trade auction revenues or another funding mechanism.
- CONSULTANT will staff the “Zero Waste Now” coalition to help waste management agencies advocate for a set of waste policies and priorities.

### SCHEDULE OF PERFORMANCE

CONSULTANT shall perform Services so as to complete each milestone within the number of days/weeks specified below. The time to complete each milestone may be increased or decreased by mutual written agreement of the project managers for CONSULTANT and SBWMA so long as all Services are completed within the term of the Agreement. CONSULTANT shall provide a detailed schedule of Services consistent with the schedule below within 2 weeks of receipt of the notice to proceed.

Task	Completion
1. High Priority Tasks	December 31, 2024
2. Medium Priority Tasks	December 31, 2024
3. Lower Priority Tasks	December 31, 2024

### COMPENSATION

The AUTHORITY agrees to compensate the CONSULTANT for professional services performed in accordance with the terms and conditions of this Agreement based on the monthly rate schedule attached.

The compensation to be paid to CONSULTANT under this Agreement for all services, additional services, and reimbursable expenses shall not exceed the amount(s) stated in Section 4 of this Agreement. CONSULTANT agrees to complete all Services and Additional Services, including reimbursable expenses, within this/these amount(s). Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth in this Agreement shall be at no cost to the AUTHORITY.

Description	Monthly Rate
<b>Consulting</b>	\$4,200
<b>Lobbying</b>	\$1,800
<b>Total</b>	\$6,000

EXHIBIT B

SAMPLE INVOICE

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

INVOICE

Your Company Name  
 Address  
 City State Zip  
 Phone Number

Date:  
 Project Number:  
 Invoice Number:

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

SBWMA Project: Project Title  
 Invoice for Professional Services from 1/1/23 to 1/31/23

TASK 1 TITLE/Description

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

TOTAL THIS TASK: \$400

TASK 2 TITLE/Description

Professional Personnel:	Hours:	Rate:	Amount:
John Doe	3.0	\$200.00	\$600.00
<b>TOTALS:</b>	<b>3.0</b>		<b>\$600.00</b>

TOTAL THIS TASK: \$600.00

**TOTAL THIS INVOICE \$1,000.00**

**BILLING LIMITS:**

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

## EXHIBIT C

### INSURANCE FORMS

CONSULTANT shall provide, in addition to the Certificates of Insurance, original Endorsement affecting the coverages specified in Section 12 - INSURANCE of the Agreement on the attached form. No substitute form will be accepted.

#### **ATTACHED**

1. Insurance Coverage Form



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 12/29/2021

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.

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.

Table with columns for PRODUCER (Vaultari Insurance Services), CONTACT NAME, PHONE (888) 524-0798, FAX (866) 206-8646, E-MAIL ADDRESS (certificates@vaultariins.com), INSURER(S) AFFORDING COVERAGE (Crum & Forster Specialty Insurance Company), and NAIC # (44520).

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

Main table listing coverages: COMMERCIAL GENERAL LIABILITY (LIMITS: 1,000,000, 50,000, 5,000, 1,000,000, 2,000,000, 2,000,000, 1,000,000), AUTOMOBILE LIABILITY (LIMITS: 1,000,000), UMBRELLA LIAB, EXCESS LIAB, WORKERS COMPENSATION AND EMPLOYERS' LIABILITY, and Professional Liab. (LIMITS: 1,000,000).

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER CANCELLATION

Table with columns for CERTIFICATE HOLDER (Proof of Insurance) and 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: [Signature]).



## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Emi Hashizume, Environmental Education Manager  
**Date:** November 17, 2022 Board of Directors Meeting  
**Subject:** Resolution Approving a One Year Contract with Royal Coach Tours not to exceed \$60,000 with an optional two, one-year extensions for a total contract award not to exceed \$180,000 for Shoreway Tours Bussing Services

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### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2022-51 attached hereto authorizing the approval of a one-year base contract with up to two additional option years for a total contract value of \$180,000 with Royal Coach Tours for student bus services for the Shoreway Tour Program.

### Summary

To meet current and anticipated transportation needs to support the reactivation of the SBWMA's restructured Environmental Education program's on-site facility tour program for school children, and to satisfy a public procurement review via the RFQ process, Staff recommends and seeks approval for the execution of a contract with Royal Coach Tours for bus services for a base year term of not-to-exceed amount of \$60,000, with the ability to execute up to two additional optional years for a total not-to-exceed amount of \$180,000. The vendor recommendation is based on qualifications and the anticipated needs of the in-person Shoreway Tours Program.

### Analysis

Procuring bus services for school field trips is a large expense for schools – the high cost of student transportation is often a barrier that prevents classes from underserved and low-income communities from participating in off-campus learning opportunities. To equitably accommodate all school requests and offer more accessible programming, the Shoreway Tours Program provides no-cost busing to 3<sup>rd</sup> through 5<sup>th</sup> grade classes from schools located in the SBWMA service area.

The current bus service contract expires in December 2022. A new RFQ for bus services was issued to eleven (11) companies on Friday, September 23, 2022. The SBWMA received two (2) qualified proposals by the October 19<sup>th</sup>, 2022, deadline.

SBWMA Staff completed an initial review of both proposals and selected the final recommendation based on quality of proposal and pricing structure. The proposals were reviewed by Emi Hashizume (SBWMA Environmental Education Manager), Reyna Ocegüera (SBWMA Environmental Education Coordinator), Julia Au (SBWMA Senior Outreach, Education and Compliance Manager) and Joanne Nghiem (SBWMA Senior Management Analyst). After contacting the top two (2) candidates with follow-up questions, Staff selected the final vendor recommendation based on the following criteria:

- quality of proposal

- pricing structure (trip length, passenger counts, etc.)
- scheduling and cancellation policies
- proximity of local dispatch center and company headquarters
- staff responsiveness

Based on Royal Coach Tours' trip rates (compared to the other proposal), flexibility with passenger counts, and highly responsive management, Staff recommends Royal Coach Tours as the company to provide transportation services to classes participating in the Shoreway Tour Program. The proposed contract with Royal Coach Tours is in **Exhibit A**, which includes a full scope of work, timeline, and detailed costs.

If bus services are not provided or covered by SBWMA, then school groups must arrange carpooling or independently pay for the cost of traveling to the Shoreway Environmental Center for in-person tours.

### **Background**

SBWMA currently holds a contract with Royal Coach Tours for Shoreway Tours Program bussing services, previously approved by the Board of Directors. Royal Coach Tours has been the bus service provider for the Agency since 2020. Due to the COVID-19 pandemic, temporary suspension of in-person tours, moratorium and then slow re-introduction of in-person student learning and off-campus field trips, transportation services for school tours were not heavily utilized the past 3 years. SBWMA Staff plans to return to regularly hosting in-person tours for classes and necessitates a transportation provider that reflects the high standards of SBWMA.

### **Fiscal Impact**

The adopted FY 2023 budget includes \$60,000 for bussing services. SBWMA currently pays an average of \$480 per trip with Royal Coach Tours. With the approval of the recommended contract, the Agency will pay an average of \$498 per trip. This adjusted price will not substantively impact budget projections.

#### Attachments:

Resolution 2022-51

Exhibit A – Proposed Contract with Royal Coach Tours



## RESOLUTION NO. 2022-51

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A ONE YEAR BASE CONTRACT WITH UP TO TWO ADDITIONAL OPTION YEARS FOR A TOTAL CONTRACT VALUE OF \$180,000 WITH ROYAL COACH TOURS FOR SHOREWAY TOURS PROGRAM BUS SERVICES

**WHEREAS**, the SBWMA Board of Directors has considered entering into an agreement with Royal Coach Tours for the purpose of providing the following services:

Transportation services for one base year starting January 1, 2023 as described in the Contract attached hereto as **Exhibit A**, and;

**WHEREAS**, no-cost bus transportation for students in the SBWMA service area is an important and vital component of the Shoreway Tour Program;

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves the Executive Director to execute a one-year contract with Royal Coach Tours for student bus services with a not-to-exceed budget of \$60,000, with the possible execution of an optional term up to two additional years, for a total contract value not-to-exceed \$180,000.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 17<sup>th</sup> day of November, 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. 2022-51 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2022.

ATTEST:

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

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

VENDOR AGREEMENT FOR PRODUCTS AND/OR SERVICES  
FOR  
SCHOOL TOURS BUS TRANSPORTATION SERVICES

This Agreement is made and entered into as of the 1<sup>st</sup> day of January, 2023 by and between the SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY hereinafter called "AUTHORITY" and ROYAL COACH TOURS, INC. hereinafter called "VENDOR".

RECITALS

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

- A. That AUTHORITY desires to engage VENDOR to provide a product and/or services to the AUTHORITY;
- B. That VENDOR is qualified to provide the product and/or services to the AUTHORITY and;
- C. That the AUTHORITY has elected to engage VENDOR upon the terms and conditions as hereinafter set forth.
  - 1. A. Services. The services to be performed by VENDOR under this Agreement are set forth in Exhibit A, attached hereto and, by this reference, made a part hereof ("Services").

Performance of the Services specified in Exhibit A is hereby made an obligation of VENDOR under this Agreement, subject to any changes that may be made subsequently hereto upon the mutual written agreement of the parties.

Where in conflict, the terms of this Agreement supersede and prevail over any terms set forth in Exhibit A.

B. Product. The product to be supplied by VENDOR under this Agreement is set forth in Exhibit A, attached hereto and, by this reference, made a part hereof ("Product").

Timely delivery of the Product specified in Exhibit A is hereby made an obligation of VENDOR under this Agreement, subject to any changes that may be made subsequently hereto upon the mutual written agreement of the parties.

- 2. Term. The term of this Agreement shall commence upon the date hereinabove written and shall expire at midnight on December 31, 2023, unless: (a) extended as provided in the paragraph below, or (b) terminated earlier pursuant to Section 9 of this Agreement.

AUTHORITY in its sole discretion, may extend the Term for up to two additional one-year periods (i.e., until December 31, 2025), on the same terms and conditions. If AUTHORITY wishes to extend the Term, it shall give VENDOR notice of its intent to extend at least ninety (90) days prior to the expiration of the then-existing Term.

3. Schedule. Time is of the essence in the performance of Services under this Agreement. VENDOR shall complete the Services within the term of this Agreement and in accordance with the schedule set forth in Exhibit A. Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by VENDOR in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the VENDOR. AUTHORITY'S agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of VENDOR.
4. Compensation; Expenses; Payment. AUTHORITY shall compensate VENDOR for all Products supplied or Services performed by VENDOR hereunder as shown in Exhibit A attached hereto and by this reference incorporated herein.

Notwithstanding the foregoing, the combined total of compensation and reimbursement of costs payable hereunder shall not exceed the sum Sixty Thousand Dollars (\$60,000) per year unless additional amounts have been approved in advance of supplying the Product, performing the Services or incurring the costs and expenses by AUTHORITY's Executive Director (for contracts less than \$60,000) or Board of Directors (for contracts \$60,000 or more) evidenced by motion duly made and carried.

Compensation and reimbursement of costs and expenses hereunder shall be payable to VENDOR as set forth in Exhibit B. Billing shall include an itemized statement, briefly describing by task and labor category or cost/expense items billed as more particularly described in Exhibit B, attached hereto and by this reference made a part hereof.

5. Additional Services. In the event AUTHORITY desires the delivery of additional Products or performance of additional Services not otherwise included within Exhibit A, such Products or Services shall be authorized in advance by AUTHORITY's Executive Director (for contracts less than \$60,000) or Board of Directors (for contracts \$60,000 or more) by motion duly made and carried. Such amendment to this Agreement shall include a description of the Product to be delivered or Services to be performed thereunder, the maximum compensation and reimbursement of costs and expenses payable therefor, the time of performance thereof, and such other matters as the parties deem appropriate. Except to the extent

modified by written amendment, all other terms and conditions of this Agreement shall be deemed incorporated in each such amendment.

6. Records. VENDOR shall keep and maintain accurate records of Products delivered or of all time expended in performing Services and costs and expenses incurred relating thereto. Said records shall be available to AUTHORITY for review and copying during regular business hours at VENDOR's place of business or as otherwise agreed upon by the parties.
7. Documents. All documents, plans, drawings, renderings, and other papers, or copies thereof, as finally rendered, prepared by VENDOR pursuant to the terms of this Agreement, shall, upon preparation and delivery to AUTHORITY, become the property of AUTHORITY
8. Relationship of Parties. It is understood that the relationship of VENDOR to the AUTHORITY is that of an independent contractor and all persons working for or under the direction of VENDOR are its agents or employees and not agents or employees of the AUTHORITY.
9. Termination or Suspension of Agreement.
  - (a) The AUTHORITY may suspend the performance of the Services or delivery of Products, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days prior written notice thereof to VENDOR. Upon receipt of such notice, VENDOR will immediately discontinue its performance of the Services or delivery of Products.
  - (b) VENDOR may terminate this Agreement or suspend its performance of the Services or delivery of Products by giving thirty (30) days prior written notice thereof to AUTHORITY, but only in the event of a substantial failure of performance by AUTHORITY.
  - (c) Upon such suspension or termination, VENDOR shall deliver to the AUTHORITY immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed, prepared by VENDOR or its contractors, if any, or given to VENDOR or its contractors, if any, in connection with this Agreement. Such materials will become the property of AUTHORITY.
  - (d) Upon such suspension or termination by AUTHORITY, VENDOR will be paid for the Services rendered, delivery of Products or materials delivered to AUTHORITY in accordance with the scope of Services or delivery of Products on or before the effective date (i.e., 10 days after giving notice) of suspension or termination; provided, however, if this Agreement is suspended or terminated on account

of a default by VENDOR, AUTHORITY will be obligated to compensate VENDOR only for that portion of VENDOR's Services or Products which are of direct and immediate benefit to AUTHORITY as such determination may be made by the Executive Director acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 10, 11, 12, 9(d), and 14.

(e) No payment, partial payment, acceptance, or partial acceptance by AUTHORITY will operate as a waiver on the part of AUTHORITY of any of its rights under this Agreement.

10. Indemnity. Each party hereby covenants and agrees to indemnify, defend, save and hold harmless the other Party, its parent company, subsidiaries and affiliates, and their directors, officers, and employees, free and clear from and against any and all liabilities, losses, costs, expenses (including reasonable attorney's fees), judgements, claims, claims of copyright infringement, administration of claims, liens and demands of any kind whatsoever caused by, resulting from or in any way connected with their own (i) negligent acts or omissions, or willful misconduct, or the negligent acts or omissions or willful misconduct of their owners, officers, agents, employees, temporary employees, hired-workers, contractors, subcontractors or members in connection with the service provided and/or (ii) their breach of any representations or warranties set forth in this Agreement.

11. Insurance. VENDOR shall acquire and maintain Workers' Compensation, employer's liability, commercial general liability, owned and non-owned and hired automobile liability insurance coverage relating to VENDOR's Services or Product delivery to be performed hereunder covering AUTHORITY's risks in form subject to the approval of the AUTHORITY's Attorney and/or AUTHORITY's Risk Manager. The minimum amounts of coverage corresponding to the aforesaid categories of insurance per insurable event shall be as follows:

<u>Insurance Category</u>	<u>Minimum Limits</u>
Workers' Compensation	statutory minimum
Employer's Liability	\$1,000,000 per accident for bodily injury or disease
Commercial General Liability	\$1,000,000 per occurrence and \$2,000,000 aggregate for bodily

	injury, personal injury and property damage
Automobile Liability	\$1,000,000 per accident for bodily injury and property damage (coverage required to the extent applicable to VENDOR's vehicle usage in performing services hereunder)
<sup>1</sup> Cyber Liability	\$1,000,000 per claim and annual aggregate with a carrier with an A.M. Best rating of A VI (also titled Network Security/Cyber/Privacy liability)

The requirements for coverage and limits shall be the greater of either (1) the minimum coverage and limits specified in this Agreement or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named Insured.

VENDOR agrees to include with all subcontractors in their subcontracts the same requirements and provisions of this agreement including the indemnity and insurance requirements to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by VENDOR shall agree to be bound to VENDOR and AUTHORITY in the same manner and to the same extent as VENDOR is bound to AUTHORITY under this Agreement and its accompanying documents. Subcontractors shall further agree to include these same provisions with any sub-subcontractors. A copy of the indemnity and insurance provisions of this Agreement will be furnished to the Subcontractor upon request. VENDOR shall require all subcontractors to provide a valid certificate of insurance and the required endorsements included in the subcontract agreement and will provide proof of compliance to the AUTHORITY prior to commencement of any work by the subcontractor.

Applicable to Workers Compensation, Employers Liability, Commercial General Liability, and Automobile Liability policies, concurrently with the execution of this Agreement, VENDOR shall, on the Insurance Coverage form provided in Exhibit C, or equivalent, furnish AUTHORITY with certificates and copies of all declaration and endorsement pages for the insurance policy or policies required hereunder. With respect to

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<sup>1</sup> Note: Cyber liability insurance coverage is not required if the VENDOR is not providing a service involving control of and/or access to SBWMA's website or sensitive financial/other data. Please check and initial the following if cyber liability is **NOT** required for this agreement.  Recommended \_\_\_\_\_ [Project Manager]  Approved \_\_\_\_\_ [Risk Manager]

commercial general liability and automobile liability insurance coverage, VENDOR must obtain and provide the following original endorsements:

- (a) Precluding cancellation or reduction in per occurrence limits before the expiration of thirty (30) days (10 days for nonpayment) after AUTHORITY shall have received written notification of cancellation in coverage or reduction in per occurrence limits by first class mail;
- (b) Naming the AUTHORITY, its boards, officers, employees and agents, as additional insureds; and
- (c) Providing the additional insured coverage under VENDOR's insurance policy shall be primary and non-contributory insurance with respect to AUTHORITY, its boards, officers, employees and agents, and any insurance or self-insurance maintained by AUTHORITY for itself, its officers, boards, employees, or agents shall be in excess of VENDOR's insurance and not contributory with it. VENDOR and its insurer may not seek contribution from AUTHORITY's insurance or self-insurance.

The limits of insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of AUTHORITY, to the extent required by this Agreement, before the AUTHORITY's insurance or self-insurance may be called upon to protect AUTHORITY as a named Insured.

All self-insured retentions (SIR) must be disclosed to AUTHORITY for approval and shall not reduce the limits of liability coverage. Policies containing and SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named VENDOR/Named Insured or AUTHORITY.

AUTHORITY reserves the right to obtain a full certified copy of any insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.

Any and all Subcontractors shall agree to be bound to VENDOR and AUTHORITY in the same manner and to the same extent as VENDOR is bound to AUTHORITY under this Agreement. Subcontractors shall further agree to include the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, in any agreement with sub-subcontractors to the extent that they apply to the scope of the sub-subcontractor's work. A copy of the indemnity and insurance

provisions of this Agreement shall be furnished to any subcontractor upon request.

VENDOR shall maintain insurance as required by this Agreement to the fullest amount allowed by law and shall maintain insurance for a minimum of five (5) years following completion of this project or service. In the event VENDOR fails to obtain or maintain completed operations coverage as required by this Agreement, the AUTHORITY at its sole discretion may purchase the coverage required and the cost will be paid by VENDOR.

12. WORKERS' COMPENSATION. VENDOR certifies that he is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and VENDOR certifies that he will comply with such provisions before commencing the performance of the work of this agreement.
13. NON-DISCRIMINATION. The VENDOR will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The VENDOR will take affirmative action to ensure that applicants are employed and the employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, advancement, demotion, transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The VENDOR shall at all times be in compliance with the requirements of the Federal Americans With Disabilities Act (Public Law 101-336) which prohibits discrimination on the basis of disability by public entities. The VENDOR agrees to post in conspicuous places available to employees and applicants for employment any notices provided by the AUTHORITY setting forth the provisions of this non-discrimination clause.
14. Notice. All notices required by this Agreement shall be given to the AUTHORITY and VENDOR in writing, by first class mail, postage prepaid, addressed as follows:

AUTHORITY: Rethink Waste  
610 Elm St, Suite 202  
San Carlos, CA 94070  
Attention: Emi Hashizume, Environmental  
Education Manager  
Joanne Nghiem, Management Analyst III

VENDOR: Royal Coach Tours, Inc.  
Attention: Lynee Craddock, Director of Sales  
630 Stockton Ave  
San Jose, CA 95126

15. Non-Assignment. This Agreement is not assignable either in whole or in part.
16. Amendments. This Agreement may be amended or modified only by written agreement signed by both parties.
17. Validity. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
18. Governing Law. This Agreement shall be governed by the laws of the State of California and any suit or action initiated by either party shall be brought in the County of San Mateo, California. In the event of litigation between the parties hereto to enforce any provision of the Agreement, the unsuccessful party will pay the reasonable attorney's fees and expenses of litigation of the successful party.
19. Mediation. Should any dispute arise out of this Agreement, the parties shall meet in mediation and attempt to reach a resolution with the assistance of a mutually acceptable mediator. Neither party shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution. The costs of the mediator, if any, shall be paid equally by the parties. If a mediated settlement is reached neither party shall be deemed the prevailing party for purposes of the settlement and each party shall bear its own legal costs.
20. Entire Agreement. This Agreement, including Exhibits A, B, and C, comprises the entire Agreement.
21. Authorization. This Agreement becomes effective when endorsed by both parties in the space provided below. The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.
22. Counterparts. This Agreement may be signed in multiple counterparts, which shall, when executed by all the parties, constitute a single binding agreement.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have caused this Agreement to be executed on the date first written above.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

Dated: \_\_\_\_\_

\_\_\_\_\_  
Alicia Aguirre, Board President

ATTEST:

Dated: \_\_\_\_\_

\_\_\_\_\_  
Cyndi Urman, Board Secretary

APPROVED AS TO FORM

Dated: \_\_\_\_\_

\_\_\_\_\_  
Jean Savaree, Legal Counsel

VENDOR

Dated: 11/4/2022

  
\_\_\_\_\_  
Lynee Cradduck, Director of Sales

## EXHIBIT A

### SCOPE OF WORK AND WORK SCHEDULE FOR BUS TRANSPORTATION SERVICES

#### **Scope of Deliverables and Services:**

The services to be performed by VENDOR under this Agreement are outlined in the Scope of Work (see below). Performance of the work specified in the Scope of Work is hereby made an obligation of VENDOR under this Agreement, subject to any changes that may be made subsequently hereto upon the mutual written agreement of AUTHORITY and VENDOR.

#### **Project Schedule:**

Busing services shall be scheduled as needed. The Term of this Agreement shall commence on or around January 1st, 2023 and shall terminate on December 31st, 2023, unless extended or terminated earlier. At most around seven bus trips per week will be required, of which half would need pick-up from schools around 8:45am and then from Shoreway around 11am (after morning tour ends). The other half would need pick-up from schools at 11:45am and from Shoreway at 2pm (after afternoon tour ends).

#### **Scope of Work:**

VENDOR will provide bus transportation to and from the Shoreway Environmental Education Center, located at 333 Shoreway Road San Carlos, California from schools located within the South Bayside Waste Management's (herein SBWMA) service area. Member agencies include the cities of Belmont, Burlingame, East Palo Alto, Foster City, Menlo Park, Redwood City, San Carlos and San Mateo, the Town of Hillsborough, the County of San Mateo and the West Bay Sanitary District.

Buses will be scheduled as needed. The Environmental Education Manager, or designee, will contact VENDOR to make busing arrangements no less than a week in advance of the planned event. The Environmental Education Manager will provide email or phone call requests and/or changes to scheduling of buses. The Environmental Education Manager will provide pick up and drop off times for scheduled buses. VENDOR will provide written/email confirmation of all scheduled requests at least one week before the scheduled bus trips. VENDOR will provide name of driver and contact information one day before the scheduled bus trips. If less than seven days prior notice has not been given on cancellation of bus service scheduled pursuant to this agreement, SBWMA will pay the full applicable charge (busing service charge) to VENDOR.

If VENDOR cancels bus service without 24 hours' notice to the Environmental Education Manager, VENDOR will arrange for comparable bus service from another provider at no added cost to SBWMA and will immediately notify the Environmental Education Manager. If alternate bus service cannot be provided, or if a scheduled pickup or drop off is more than 30 minutes late, SBWMA and the affected school will

incur costs to reschedule classroom activities, loss of staff time, and inconvenience to the public served by the SBWMA's programs. As a remedy of VENDOR's failure to provide service, the VENDOR will, at SBWMA's discretion either: (1) provide bus services on an alternative date selected by SBWMA at no charge to SBWMA or; (2) pay liquidated damages to the SBWMA in an amount equal to busing services charge.

If VENDOR driver expects to arrive at the pre-scheduled school site later than 15 minutes after the appointed time, VENDOR will notify the Environmental Education Manager and school site with estimated time of arrival. If no such notification has been received, buses arriving later than 30 minutes after the appointed time will be considered to have been cancelled by VENDOR without 24 hours' notice.

Tours to the Environmental Education Center are provided to schools throughout the 11 Member Agencies of SBWMA and multiple tours may occur on the same day. This will require that VENDOR provide two individual buses on such days. All buses provided by VENDOR shall be in good working order and equipped to provide the bus transportation services required by this Agreement.

#### Certifications:

1. Each bus used by VENDOR that is providing bus transportation services pursuant to this Agreement must be currently certified by the California Highway Patrol as a School Pupil Activity Bus (SPAB) and must possess and display its SPAB certificate as required by law.
2. VENDOR motor carrier terminals and maintenance facilities shall maintain, throughout the term of this Agreement, a safety compliance rating of Satisfactory, as assigned by the California Highway Patrol (CHP). A current copy of your CHP rating report shall be forwarded to the Environmental Education Manager.
3. VENDOR shall notify SBWMA in writing within 24 hours of any change in status or of change rating assigned by the California Highway Patrol to VENDOR's motor carrier terminals and maintenance. Failure to keep the agencies informed of your rating can void any and all agreements between SBWMA and VENDOR. VENDOR will not receive compensation for any remaining trips due to an unsatisfactory rating with the California Highway Patrol.
4. Upon request by SBWMA at any time after this agreement, VENDOR shall immediately deliver to SBWMA copies of any and all certificates or inspection reports required by this Section and the California Highway Patrol.
5. Upon request by SBWMA or school officials, including teachers, at any time immediately before, during or after a scheduled field trip, drivers employed by VENDOR to provide bus transportation service pursuant to this Agreement shall immediately produce for inspection valid evidence of their current certification to drive a School Pupil Activity Bus.

EXHIBIT B

VENDOR'S FEES, FEE SCHEDULE AND SAMPLE INVOICE  
FOR BUS TRANSPORTATION SERVICES

**Total Contract Services:**

Payment under this Agreement shall be as per Exhibit A, not to exceed \$60,000 per year.

**Itemized Fees:**

VENDOR will submit invoices to SBWMA for payment of serviced tours. The amount for each bus trip is outlined below. Trip is defined as the time from pick-up at school to drip-off at school.

<b>Passengers</b>	<b>23</b>	<b>38</b>	<b>48</b>	<b>50</b>	<b>56</b>
3 Hours	\$498	\$525	\$550	\$575	\$598
Each Additional Hour	\$96	\$102	\$114	\$117	\$118

**Project Payment Schedule:**

VENDOR will submit invoices to SBWMA for payment of serviced tours on a weekly basis (or within 1 month of each bus trip), using the sample invoice template provided below.

**Sample Invoice:**

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

SAMPLE INVOICE

Vendor Name  
 Address  
 City State Zip  
 Phone Number

Date:  
 Project Number:  
 Invoice Number:

RethinkWaste  
 Attn: Emi Hashizume, Environmental Education Manager  
 610 Elm Street, Suite 202  
 San Carlos, CA 94070

SBWMA Project: Bus Transportation Services  
 Invoice for Professional Services from 1/1/23 to 1/31/23

**TITLE/Description e.g. trip date, number of passengers, School and pickup/arrival times**

January 11, 2023

39 passengers

- 8:45 a.m. Pick up at Elementary School, Burlingame to Shoreway Environmental.
- 9:25 a.m. Arrived at Shoreway Environmental Center, San Carlos
- 10:45 a.m. Depart Shoreway Environmental Center, San Carlos
- 11:20 a.m. Arrived at Elementary School, Burlingame

Charge: \$500

January 12, 2023

30 passengers

- 9:00 a.m. Pick up at Elementary School, San Mateo to Shoreway Environmental.
- 9:30 a.m. Arrived at Shoreway Environmental Center, San Carlos
- 10:45 a.m. Depart Shoreway Environmental Center, San Carlos
- 11:15 a.m. Arrived at Elementary School, San Mateo

Charge: \$500

**TOTAL THIS INVOICE \$1,000.00**

**BILLING LIMITS:**

Total Contract Amount		\$60,000.00
Prior Invoices	0%	\$0.00
Current Contract Balance	100%	\$60,000.00
<b>This Invoice</b>	<b>2%</b>	<b>\$1,000.00</b>
Contract Balance	98%	\$59,000.00

## EXHIBIT C

### INSURANCE FORMS

VENDOR shall provide, in addition to the Certificates of Insurance, original Endorsement affecting the coverages specified in Section 11 - INSURANCE of the Agreement on the attached form. No substitute form will be accepted.

#### **ATTACHED**

1. Insurance Coverage Form





## STAFF REPORT

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**To:** SBWMA Board of Directors  
**From:** Jean Savaree, General Counsel  
**Date:** November 17, 2022 Board of Directors Meeting  
**Subject:** Resolution of the SBWMA Board of Directors finding that meetings of the Board of Directors, Technical Advisory Committee, and all Board appointed Brown Act Committees held via hybrid formally protects against the ongoing and imminent health and safety risks posed to COVID-19 and determining that all such meetings will continue to be held in hybrid format to allow attendance in person or remotely pursuant to California Government Code section 54953(E)

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### Recommendation

It is recommended that the SBWMA Board of Directors adopt the attached resolution, making the findings required under AB 361 (California Government Code Section 54953) to continue holding public meetings of the Board, Technical Advisory Committee (TAC) and all subcommittees of the Board via teleconference/Zoom videoconference to allow members of those bodies, staff, and the public to attend meetings remotely.

### Background and Discussion

On October 21, 2021, November 18, 2021, January 27, 2022, February 24, 2022, April 28, 2022, and June 23, 2022, the SBWMA Board of Directors approved resolutions that made the findings required to continue SBWMA's practice of holding public meetings by Zoom videoconference. Specifically, those resolutions found that:

- 1) the declared state of emergency in response to the COVID-19 pandemic remained in effect;
- 2) State or local officials have imposed or recommended measures to promote social distancing; and
- 3) meeting in person would present imminent risks to the health and safety of attendees.

At the Board's September 22, 2022 meeting, it directed by resolution that meetings of the Board would switch to a hybrid format to allow attendees to participate in the meeting either in person or by Zoom videoconference. The resolution directing that meetings be held in hybrid format made similar findings to the prior resolutions authorizing fully-remote meetings; mainly that attendance at in-person meetings presents an imminent risk of COVID-19 transmission.

Pursuant to AB 361, the Board's findings and authorization to continue meeting remotely cannot remain effective for more than thirty (30) days. As such, the Board must reconsider its determination at each of its meetings to reauthorize remote meetings until the Board no longer believes remote meetings are necessary.

The attached resolution makes similar findings to those previously made by the Board. Staff believes that these finding can and should be made by the Board, due to the ongoing threat of COVID-19 transmission.

On February 9, 2022, the San Mateo County Health Officer, in conjunction with health officers from the other Bay Area counties, announced that he would align the County with the State's masking requirements. While the State subsequently lifted its indoor masking requirements for vaccinated people on February 16, 2022, and for unvaccinated people on March 1, 2022, the California Department of Public Health (CDPH) continues to strongly recommend that all persons, regardless of vaccination status, continue indoor masking.

The San Mateo County Health Officer made a similar recommendation when announcing the County's alignment with the State. Specifically, County Health noted that "continuing to mask in indoor public settings, especially crowded or poorly ventilated spaces, remains the safest choice for an individual and protects those who are medically vulnerable or are not able to get vaccinated, like our youngest children." Further, the County recommended that "people should continue to choose layered prevention strategies, such as wearing well-fitted masks (N95 or double layer cloth over surgical are best); staying home and testing when symptomatic; testing before gatherings; and improving indoor ventilation in situations where these strategies can add protection for themselves and others."

On September 13, 2022, Louise Rogers, Chief of San Mateo County Health, issued a message which noted:

*The key messages for prevention and protection remain relevant as we head into the fall and winter seasons. In addition to vaccination, including boosters, we continue to strongly recommend wearing a high-quality mask in indoor public settings and increasing ventilation – such as by opening windows and doors where possible – to help prevent infection.<sup>1</sup>*

Holding hybrid meetings protects against the ongoing threat of COVID-19 transmission and is the least disruptive method the Board can utilize to protect against the ongoing threat of COVID-19 transmission. COVID-19 spreads easily and quickly through airborne droplets, particularly when indoors. While face coverings, testing, and ventilating indoor spaces can reduce transmission, they cannot eliminate the threat. Conducting hybrid meetings allows attendees to fully participate without requiring that they gather in the same indoor space. Further, hybrid meetings allow those that wish to attend meetings in person to do so, while also allowing attendees to participate in meetings even if they are not comfortable or safe attending in person. Hybrid meetings also allow attendees to participate remotely if have been exposed to COVID-19 or are experiencing symptoms of COVID-19.

## Conclusion

As the California state of emergency in response to COVID-19 remains effective and because the California Department of Public Health and San Mateo County Health Officer recommends face coverings and other distancing measures when people gather in indoor public locations, Staff recommends that the Board of Directors approve the attached resolution to continue utilizing a hybrid meeting format.

## Attachments:

1. Resolution 2022-53

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<sup>1</sup> <https://www.smchealth.org/health-officer-updates/september-13-2022-message-chief>



## RESOLUTION NO. 2022-53

**RESOLUTION OF THE SBWMA BOARD OF DIRECTORS FINDING THAT MEETINGS OF THE BOARD OF DIRECTORS, TECHNICAL ADVISORY COMMITTEE, AND ALL BOARD-APPOINTED SUBCOMMITTEES VIA HYBRID FORMAT PROTECTS AGAINST THE ONGOING AND IMMINENT HEALTH AND SAFETY RISKS POSED BY COVID-19 AND DETERMINING THAT ALL SUCH MEETINGS WILL CONTINUE TO BE HELD IN HYBRID FORMAT TO ALLOW ATTENDANCE IN PERSON OR REMOTELY PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54953(E)**

**WHEREAS**, on March 4, 2020, the Governor declared a state of emergency in response to the COVID-19 pandemic and California remains in a declared state of emergency; and

**WHEREAS**, on March 17, 2020, the Governor issued Executive Order N-29-20, temporarily suspending certain provisions of the Ralph M. Brown Act to allow local agencies to hold public meetings teleconference; and

**WHEREAS**, through subsequent Executive Orders, local agencies were able to continue holding public meetings by teleconference through September 30, 2021; and

**WHEREAS**, on an emergency basis, on September 16, 2021, the State adopted AB 361, codified at California Government Code Section 54953, which allows local agencies to continue meeting by teleconference under certain circumstances and after making certain findings; and

**WHEREAS**, the South Bayside Waste Management Authority (SBWMA) Board of Directors, Technical Advisory Committee (TAC), and all Board-appointed subcommittees have met by videoconference from March 2020 to September 2022 and found it to be an effective method of receiving public input, holding deliberations, and conducting the general business of the SBWMA; and

**WHEREAS**, the California Department of Public Health (CDPH) and San Mateo County Health Officer lifted their respective indoor mask requirements on February 16, 2022, but still "strongly recommend" that people wear masks when in indoor public settings; and

**WHEREAS**, the San Mateo County Health Officer continues to recommend additional strategies to prevent transmission of the COVID-19 virus, including staying home and testing when symptomatic and improving indoor ventilation; and

**WHEREAS**, in accordance with the social distancing measures still encouraged by CDPH and the San Mateo County Health Officer, the Board finds that it is important to continue to provide the option for attendees of its meetings to participate remotely; and

**WHEREAS**, holding meetings in hybrid format, in which attendees can participate either in person or remotely by videoconference, allows people who are at particular risk if exposed to COVID-19 to participate in meetings without requiring that they attend in person; and

**WHEREAS**, holding meetings in hybrid format allows attendees who have been exposed to COVID-19 or are experiencing symptoms to participate in Board meetings remotely and avoid exposing other attendees; and

**WHEREAS**, September 22, 2022, the Board of Directors determined that it was appropriate to move from fully remote meetings to a “hybrid” model for public meetings of the Board, TAC, and Board-appointed subcommittees; and

**WHEREAS**, the Board of Directors has reconsidered its direction to meet in hybrid format again and finds that meeting in hybrid format continues to be necessary due to the ongoing threat of COVID-19.

**NOW, THEREFORE, BE IT RESOLVED**, that the SBWMA Board of Directors does find and declare as follows:

1. Since March 4, 2020, and continuing through the date of this Resolution, there has been a declared state of emergency in California in response to the COVID-19 pandemic; and
2. The California Department of Public Health and San Mateo County Health Officer continue to recommend face coverings be worn in indoor public settings as a social distancing measure; and
3. The California Department of Public Health and San Mateo County Health Officer continue to recommend that people take measures to prevent the transmission of COVID-19, particularly when gathering in indoor public settings; and
4. Holding meetings in person creates an imminent risk to the health and safety of attendees because COVID-19 spreads particularly quickly during indoor public gatherings; and
5. Holding hybrid meetings will reduce the possibility of COVID-19 transmission during those meetings by allowing those who are at-risk or potentially suffering COVID-19 symptoms to participate in meetings without physically attending.

**NOW, THEREFORE BE IT FURTHER RESOLVED**, that the SBWMA Board of Directors directs that the Board, TAC, and all Board-appointed subcommittees shall meet in hybrid format for at least the next thirty days, at which time, or as soon thereafter as the Board shall meet, the Board will review whether this action remains necessary to protect the health and safety of meeting attendees. Any public comment period at any such meeting shall allow comments from members of the public attending remotely in the same form and fashion as comment taken from those attending in-person. If at any time during any such meeting the ability to broadcast the meeting and accept public comments from remote attendees is disrupted, the body holding the meeting shall recess until the disruption is resolved or continue the meeting to a later date when videoconference/teleconference participation can be restored.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 17th day of November 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. 2022-53 was duly and regularly adopted at a meeting of the South Bayside Waste Management Authority on November 17, 2022.

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

ATTEST:

\_\_\_\_\_  
Cyndi Urman, Board Secretary





# ADMINISTRATION AND FINANCE





## STAFF REPORT

To: SBWMA Board Members  
From: Joe La Mariana, Executive Director  
John Mangini, Senior Finance Manager  
Date: November 17, 2022 SBWMA Board Meeting  
Subject: Resolution Approving the FY 2023 Operating Budget and Capital Improvement Plan

### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2022-52 attached hereto authorizing the following action:

**Approve the FY 2022 SBWMA Operating Budget and Capital Improvement Plan Budget with a positive net revenue and expense of \$789,224**

### Summary

The FY 2023 SBWMA Operating Budget and Capital Improvement Plan Budget is positive net revenue and expense of \$795,880. The FY 2023 SBWMA Budget reflects Staff recommendations to manage revenues and expenses to meet these three goals during the period January 1, 2023 through December 31, 2023:

1. Meet bond covenant ratios
2. To maintain agency/system cash flow obligations, and
3. To maintain the capital reserve balance for future capital projects of the Agency.

It's important to note that this budget contains a risk factor related to commodity revenue. If commodity markets crash for example, the Agency may need to take some action in 2023 to address a revenue shortfall caused by such an event.

Staff recommends tip fee increases in several franchise and non-franchised material categories per **Table 1** below. Staff considered several relevant factors in arriving at the proposed tip fee increases including the projected costs to handle each material type, the sensitivity of increases to Member Agencies coinciding with other system cost increases.

### Background

In November 2021, the SBWMA Board approved a FY 2022 Budget for the period of January 1, 2022 to December 31, 2022. The SBWMA Board approved a Mid-Year Budget update for FY 2022 and a FY 2023 Budget Projection. The FY 2023 Budget Projections are necessary to estimate tipping fees on January 1, 2023 and estimate Member Agencies 2023 Total Revenue Requirement.

The Board Finance Committee reviewed the draft budget on October 18, 2022 and provided feedback to Staff. The Finance Committee commented that there are few levers available to control costs. The Agency's main cost drivers are either contractually or regulatory controlled, which leaves little room for cost mitigating measures when costs escalate. The Finance

Committee did not provide a formal recommendation of Board approval of the budget at that time. The Finance Committee further requested that Staff develop a fact sheet on measures taken or plan to be taken to control costs. A few highlights of cost control measures are provided below.

- Create a Captive insurance structure. The Agency is pursuing a Captive insurance model which is a form of self-insurance that can be used to lower insurance premiums over time.
- Operating Agreement Negotiations – The Agency is conducting parallel (concurrent) negotiations with two well qualified operators for the Shoreway Operations Agreement that will begin in January 2024. Staff believes this negotiation strategy will allow the Agency to secure the most beneficial and cost-effective agreement.
- Staff Costs – Agency Staff has utilized various cost control measures related to staffing costs recently, including hiring freezes for vacated positions and no annual staff increases.
- Keeping an eye on the market for organics processing capacity at nearby locations (either new or existing locations)
- Soliciting 3<sup>rd</sup> party material to be brought into Shoreway to generate additional revenue.

Staff additionally communicated to the Finance Committee the need to adjust the commodity revenue projection downward in light of recent market trends and outlook. Staff has adjusted the budgeted commodity revenue down in this version of the budget that was reviewed at the Board Study Session on October 18<sup>th</sup> and also being reviewed at this meeting. Staff added \$6,600 to the expense budget for a COLA adjustment for one senior position that has been maxed out on the salary range since 2019. No other changes were made from the Study Session.

After the Board Study Session, Staff consulted with the two seated Board Members who serve on the Finance Committee requesting feedback on whether this item should go back to the Finance Committee for review and a formal recommendation. Both Board Members felt going back to the Finance Committee was unnecessary. One Committee member also shared his satisfaction with the process by citing substantive conversations on the FY23 Budget at both the Finance Committee level and at the Board Study Session.

### Proposed 2023 Tip Fees

The 2023 Franchise tip fee have been increased between 3.5% and 6.9% per ton over 2022 (see Table 1 below for updated 2022 Tip Fees).

Table 1

FY 2023 BUDGET - Proposed Tip Fee Adjustments							
	Actual	Actual	Actual	Proposed			
	7/1/2020	1/1/2021	1/1/2022	1/1/2023	23 vs 22 \$	23 vs 22 %	
<b>Franchise Tip Fees / Ton</b>					<b>incr.</b>	<b>%</b>	
Solid Waste	\$ 121.00	\$ 127.00	\$ 130.00	\$ 139.00	\$ 9.00	6.9%	
Green Waste	\$ 126.00	\$ 139.00	\$ 143.00	\$ 150.00	\$ 6.00	4.2%	
Food	\$ 141.00	\$ 141.00	\$ 144.00	\$ 150.00	\$ 5.00	3.5%	
<b>3rd Party / Ton</b>							
Solid Waste	\$ 127.00	\$ 133.00	\$ 135.00	\$ 150.00	\$ 15.00	11.1%	
Green Waste	\$ 128.00	\$ 140.00	\$ 143.00	\$ 150.00	\$ 7.00	4.9%	
Food	\$ 141.00	\$ 141.00	\$ 144.00	\$ 152.00	\$ 8.00	5.6%	
C&D	\$ 121.00	\$ 127.00	\$ 130.00	\$ 142.00	\$ 12.00	9.2%	
Asphalt Roofing	\$ 123.00	\$ 128.00	\$ 131.00	\$ 136.00	\$ 5.00	3.8%	
<b>Public Dirt /Ton</b>	<b>\$ 115.00</b>	<b>\$ 117.00</b>	<b>\$ 119.00</b>	<b>\$ 123.00</b>	\$ 4.00	3.4%	
<b>Public Tip Fees / Yd</b>	<b>7/1/2020</b>	<b>1/1/2021</b>	<b>1/1/2022</b>	<b>1/1/2023</b>	<b>23 vs 22 \$</b>	<b>23 vs 22 %</b>	
Solid Waste	\$ 46.00	\$ 48.00	\$ 49.00	\$ 54.00	\$ 5.00	10.2%	
Green Waste	\$ 42.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ -	0.0%	
C&D	\$ 46.00	\$ 48.00	\$ 49.00	\$ 52.00	\$ 3.00	6.1%	

## Fiscal Impact

This FY 2022 Budget forecasts a positive net revenue and expense of \$789,224 and a change in net position of negative \$2,180,776 (see Table 2 and 3 below). Notable variances to the approved FY 2022 Budget are outlined below:

### *Revenue:*

- **Franchise Revenue** – Projecting an increase in volumes from the FY 2022 Budget. Volumes had dropped through the pandemic and the expectation is volumes will return but not fully to pre-pandemic levels. Tip fees are increasing at a higher rate than recent years to cover escalating cost increases within the current economic environment.
- **Non-Franchise Revenue** is projected a 3% increase in volume over the FY2022 Budget. The remaining increase is due to the increased tip fees.
- **Commodity Revenue** is projected to be similar to the FY 2022 budget. The 2023 Proposed Budget contains a blended per ton revenue rate of \$142.57 per ton vs. the FY2022 Budget rate of \$137.53 per ton. The Agency has achieved over \$175 per ton in some months in 2022, but the global economic downturn has severely impacted pricing in recent months.

### *Expense:*

Total SBWMA Program Expense is projected to be slightly lower than the FY 2022 Budget.

- **Staffing Expense** overall is projected to increase 15% with the FY 2022 Budget due to the following:
  - 4% COLA to eligible employees increase
  - 3% adjustment for providing full benefits to Fellowship positions
  - 9% addition of (new) Facility Projects Engineering position
- **Support and Contract Compliance Expense** is projected to decrease by \$59K (9.5%) from the FY 2022 Budget due to reduced consulting support for the Operating Contractor RFP.
- **State Mandated Public Education and Outreach Expense** is projected to be slightly lower (4.5%, i.e., \$34,000).
- **SB1383 Compliance Expense** is projected to be \$350K (23%) lower than the FY 2022 Budget due to refinement of the cost structure associated with SB1383 now that the regulations are better understood with the implementation of the program.

### *Shoreway Operations Expense:*

- **SBR Operations Expense** is projected to be \$1.6M higher (8.3%) than 2022 Budget. Overall material volume is projected to increase and SBR's approved 2023 compensation increased 6.5% due to contract-mandated index increases.
- **Disposal and Processing Expense** is projected to be \$2M (9.3%) higher due to the projected increase in material volume, higher CPI budget projections and Newby organics rate increase of 21% starting in 2023.

Table 2

FY2023 NET REVENUE & EXPENSE					
Categories	FY2021 Actual	FY2022 Adopted Budget	FY2023 Proposed Budget	Variance to Mid-Year Budget	Variance %
Total Revenue	\$54,014,675	\$54,828,615	\$58,978,487	\$4,149,872	7.6%
Total Expenditures	\$49,174,946	\$53,816,505	\$58,189,263	\$4,372,758	8.1%
Net Revenue and Expense	\$4,839,729	\$1,012,110	\$789,224	(\$222,886)	-22.0%

## Overview Budget Process:

The Board-level review schedule for this budget includes the following steps:

- October 18: Finance Committee review
- October 27: Board review and feedback of preliminary DRAFT FY 2023 budget
- October 27: Board discussion of the DRAFT planned FY 2023 capital improvement budget
- November 17: Final Board consideration of final budget

## Organization of the FY 2023 Budget Report:

**Attachment A:** You will find the preliminary FY 2023 detailed operating budget (including cash revenues, and expense and capital budget). The expense detail in **Attachment A** has three main parts: the SBWMA Program budget (9.6% of total), the Shoreway Operations budget (82.4% of total) and the non-operating Expenses (8.0% of total).

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

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

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

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

## Highlight of New Projects and Activities:

- **Commodity Market Response:** Plan and implement short term/long term equipment modifications to allow SBWMA materials to remain at the front of the line in the global commodity markets in the future.
- **Capital/Site Long-term planning:** Implementation of a variety of site and operational improvement projects, including (but not limited to):
  - Large-scale automation and recyclable materials recovery project (Phase 2) for the Material Recovery Facility (MRF)
  - The O2E Pilot Project with pre-processing capital improvements,
  - Underground Fuel Storage Tank replacement—mandated by law by 1/1/25
  - Planning for partial Recology collection truck fleet electrification, related charging infrastructure enhancement
  - Shoreway rooftop solar upgradesMaster Planning process that technically assesses the highest and best use of our site's 16-acre solid waste-permitted site for current and future operational requirements, as well as planned workforce expansion. This planning process will also evaluate the potential high-value usage of an adjacent parcel of County-owned property that could augment our future operations.
- **Mandated Communications, Public Education and Outreach Programs:** Continued emphasis on proper handling of battery disposal options; improve quality of recyclables received and reduce contamination rates; expand commercial and multi-family organics participation; increase residential food waste participation; develop targeted outreach to multi-family residents and non-English speakers; and general promotion of diversion programs. Continued implementation of Shoreway virtual tours, reactivating in-person facility tours, Public Spaces recycling and In-Schools programs, including the addition of waste-focused distance learning resources, virtual presentations and asynchronous educational opportunities, and off-site support for students, teachers, and facilities staff.

### Core Staff Responsibilities:

- **Franchise Agreement Contract Administration:** Continued oversight, contract administration and technical support for the 11 collection services agreements with Recology San Mateo County (RSMC) on behalf of member agencies. In 2023, the value of the 11 contracts had a total value of \$68,158,391.
- **Shoreway Environmental Center—Facility and Contractor Oversight:** Manage all financial, operational, capital and maintenance needs, planning and compliance aspects of the agency-owned 16-acre solid waste facility through direct engagement with or the activities of our primary contractor, South Bay Recycling (SBR). In 2021, the total value of the SBR Operating Contract was \$19,215,419, excluding profit share. Facility oversight responsibilities include over 200,000 square feet of building management; a high-volume diesel fueling station (1M+ gallons/year); two industrial-scale vehicle maintenance facilities (for RSMC and SBR operations); and over \$25M worth of equipment owned by the SBWMA. Additionally, 350+ employees and 150+ work vehicles are currently based on this site; and another 190 employee vehicles are also temporarily parked on-site during their shifts. Planned approximate 12-15% on-site workforce increases are expected during the next two-three years by the agency's franchise hauling contractor (RSMC), facility operator (SBR) and relocation of SBWMA administrative/program staff.
- **Materials Management:** Provide technical expertise in planning, compliance and management of all aspects of the agency's major contracts for the disposal and/or handling/processing of all MSW, organics, construction and demolition, and recyclable materials (through SBR). In 2021, this responsibility represented the proper handling of 416,562 tons of materials with a total contract value approaching \$20.5M.
- **Management of Annual Contractor's Compensation Adjustment Process (RSMC and SBR),** including review of the 2023 RSMC and SBR compensation applications and completion of final audit reports (Recology and SBR) for 2023.
- **Long-Term Program and Capital Planning---to Maintain Statutory Compliance of Expanding Solid Waste/Diversion Requirements:** On our Member Agencies' behalf, agency staff are always forward-thinking on all levels of facility operations, contractor's scope of work and programmatic requirements to ensure that these goals are sufficiently satisfied on a cost-effective basis.
- **Management of Public Education and SBWMA-Planned Community Activities:** provide technical support for the residential and multi-family unit collection services and manage the development of outreach materials for the residential and commercial collection programs. In 2022, there were 14 SBWMA-planned shred and/or e-waste events; a virtual Earth Day webinar (April 2022) and virtual and in-person Rethink Recycling Days events (October 2022), both of which included in-person weekend tours of the Shoreway Environmental Center - the first in-person public offerings held since the onset of the COVID-19 pandemic. Staff added additional event tabling throughout the Member Agencies in 2022 to further increase outreach and community engagement.
- **Management of the Shoreway Education Center Tour Program:** provide in-person and virtual tours of the Shoreway Environmental Center to school groups, organizations and businesses, and members of the general public. The annual tour participation rate has fluctuated due to the COVID-19 pandemic, SBWMA staffing, and new balance between virtual and in-person tour offerings. Historically, the program educates an average of over 5,000 tour visitors per year in about 250 facility tours

### Financial Summary:

Overall, the FY 2023 Budget reflects similar bottom line financial results compared to the 2022 Budget. The main difference is increased projected operations costs requiring tipping fees to generate the revenue to cover the costs. Table 3 below provides a financial summary of operations and a change in net position calculation.

Table 3

FY2023 FINANCIAL SUMMARY					
Categories	FY2021 Actual	FY2022 Adopted Budget	FY2023 Proposed Budget	Variance to Mid-Year Budget	Variance %
<b>Total Revenue</b>	<b>\$54,014,675</b>	<b>\$54,828,615</b>	<b>\$58,978,487</b>	<b>4,149,872</b>	<b>8%</b>
SBWMA Program	\$3,009,966	\$4,136,100	\$4,386,681	\$250,581	6%
SB 1383 Compliance	\$72,577	\$1,532,835	\$1,180,228	\$ (352,606)	-23%
Shoreway Operations	\$ 41,597,622	\$ 43,625,994	\$ 47,967,039	\$ 4,341,045	10%
<b>Total Operating Expense</b>	<b>44,680,165</b>	<b>49,294,929</b>	<b>53,533,948</b>	<b>4,239,019</b>	<b>9%</b>
Non-Operating Expense	4,494,781	4,521,576	4,655,315	133,739	3%
<b>Total Expense</b>	<b>49,174,946</b>	<b>53,816,505</b>	<b>58,189,263</b>	<b>4,372,758</b>	<b>8%</b>
<b>Net Revenue and Expense</b>	<b>\$ 4,839,729</b>	<b>\$ 1,012,110</b>	<b>\$ 789,224</b>	<b>\$ (222,886)</b>	<b>-22%</b>
<b>Net Revenue and Expense</b>	<b>\$ 4,839,729</b>	<b>\$ 1,012,110</b>	<b>\$ 789,224</b>		
Non-Bond Funded Capital Expenses	(\$1,370,705)	(\$1,190,000)	(\$1,645,000)		
Debt Principal Pmt Current	(\$1,555,000)	(\$1,305,000)	(\$1,325,000)		
<b>Change in Enterprise Fund Balance</b>	<b>\$1,914,025</b>	<b>(\$1,482,890)</b>	<b>(\$2,180,776)</b>		

### Revenue:

Table 4 below provides a summary of revenue by source with total revenues for FY 2023 increasing by \$4,149,872 (8%) from the FY 2022 Budget. Projecting an increase in franchise volumes from the FY 2022 Budget. Volumes had dropped through the pandemic and the expectation is volumes will return but not fully to pre-pandemic levels. Tip fees are increasing at a higher rate than recent years to cover escalating cost increases with the current economic environment.

Table 4

FY2023 REVENUE					
Revenue	FY2021 Actual	FY2022 Adopted Budget	FY2023 Proposed Budget	Variance to Mid-Year Budget	Variance %
<b>Tip Fee Revenue</b>	<b>\$45,268,246</b>	<b>\$47,971,628</b>	<b>\$52,129,324</b>	<b>4,157,696</b>	<b>9%</b>
<i>Non Franchised</i>	<i>11,287,177</i>	<i>11,744,301</i>	<i>12,455,833</i>	<i>711,532</i>	<i>6%</i>
<i>Franchised</i>	<i>33,981,069</i>	<i>36,227,327</i>	<i>39,673,491</i>	<i>3,446,165</i>	<i>10%</i>
Net Commodity Sales Revenue*	8,305,834	6,626,765	6,595,968	(30,797)	0%
Interest Income	418,127	199,815	236,192	36,377	18%
Other Revenue	22,468	30,407	17,003	(13,405)	-44%
<b>Total Revenue:</b>	<b>54,014,675</b>	<b>54,828,615</b>	<b>58,978,487</b>	<b>4,149,872</b>	<b>8%</b>

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

Table 5 below summarizes the volume, tip fee and revenue change for franchise and public customers. Franchise tonnage is expected to increase by 3.2% on higher tip fees resulting in 9.5% higher revenue. Public customer yardage volume remains consistent with average tip fees increasing by 5.9% providing a 5.5% increase in public yardage revenue. Weighed 3rd party customers, mostly from Recology San Bruno and other jurisdictions, with an expected 6.6% volume increase.

Table 5

TIP FEE REVENUE				
	FY2022 Adopted Budget	FY2023 Proposed Budget	Proposed vs. Adopted	Variance %
<b>Franchise Revenue</b>				
<b>Tons</b>	269,233	277,830	8,597	3.2%
Wtd Avg. Tip Fee	\$ 134.56	\$ 142.80	8.24	6.1%
<b>Franchise Revenue</b>	<b>\$ 36,227,327</b>	<b>\$ 39,673,491</b>	<b>\$ 3,446,165</b>	<b>9.5%</b>
<b>Public Revenue</b>				
<b>Cu/Yards</b>	182,282	181,702	(580)	-0.3%
Wtd Avg. Tip Fee	\$ 50.92	\$ 53.91	3.00	5.9%
<b>Public Revenue Cu/YDS</b>	<b>\$ 9,280,959</b>	<b>\$ 9,795,861</b>	<b>\$ 514,902</b>	<b>5.5%</b>
<b>Tons ( 3rd party )</b>	8,704	9,274	571	6.6%
Wtd Avg. Tip Fee	\$ 133.64	\$ 145.40	11.76	8.8%
<b>Public Revenue on Tons</b>	<b>\$ 1,163,128</b>	<b>\$ 1,348,465</b>	<b>\$ 185,337</b>	<b>15.9%</b>
<b>Public Dirt Tons</b>	10,926	10,663	(264)	-2.4%
Wtd Avg. Tip Fee	\$ 119.00	\$ 123.00	4.00	3.4%
<b>Sub Total</b>	<b>\$ 1,300,215</b>	<b>\$ 1,311,507</b>	<b>\$ 11,292</b>	<b>0.9%</b>
<b>Public Revenue Total</b>	<b>\$ 11,744,301</b>	<b>\$ 12,455,833</b>	<b>\$ 711,532</b>	<b>6.1%</b>
<b>Total Tip Fee Revenue</b>	<b>\$ 47,971,628</b>	<b>\$ 52,129,324</b>	<b>\$ 4,157,696</b>	<b>8.7%</b>

Table 6 below summarizes commodity revenue. Volume is 4.1% lower than the 2022 Budget based on the recent average tons. Weighted average commodity prices are expected to consistent with the 2022 Budget.

Table 6

COMMODITY REVENUE				
<i>COMMODITY REVENUE</i>	FY2022 Adopted Budget	FY2023 Proposed Budget	FY2023 vs. FY2022	Variance %
<b>Tons Sold</b>	52,874	50,716	(2,158)	-4.1%
<b>Wtd Avg. Price</b>	<b>\$ 137.53</b>	<b>\$ 142.57</b>	<b>\$ 5.04</b>	<b>3.7%</b>
<b>Gross Revenue</b>	<b>\$ 7,271,884</b>	<b>\$ 7,230,821</b>	<b>\$ (41,063)</b>	<b>-0.6%</b>
Revenue Share w/ SBR	\$ (645,119)	\$ (634,853)	\$ 10,266	-1.6%
<b>Net Commodity Revenue</b>	<b>\$ 6,626,765</b>	<b>\$ 6,595,968</b>	<b>\$ (30,797)</b>	<b>-0.5%</b>

Chart 1. SBWMA FY 2023 Major Expenses

## SBWMA Total Expense

Table 7 below and Chart 1 summarizes the total expenses for the FY2022 Budget by major category. The Total Expense is projected to be \$58,189,263 and is \$4.4M higher than that in the 2022 Budget. Each expense category shown in the table below is discussed in more detail further on. Other expenses are mainly property insurance, equipment maintenance and Shoreway project expenses.

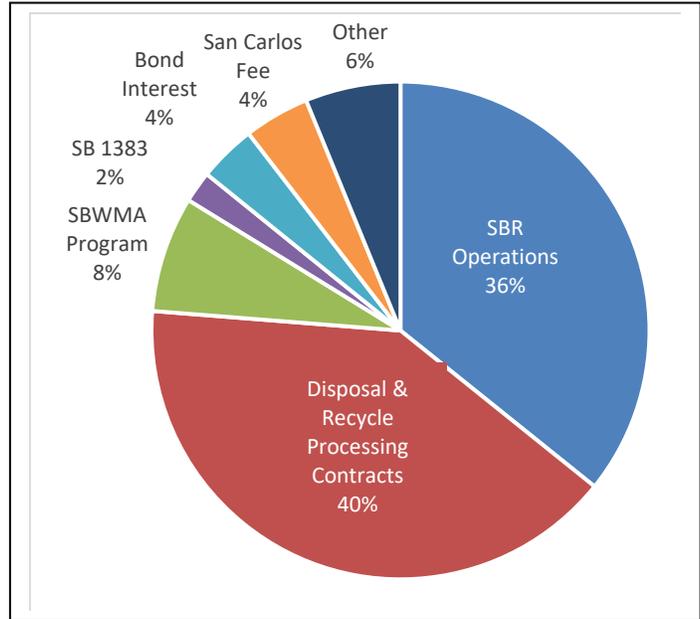


Table 7

FY 2023 TOTAL EXPENSE SUMMARY					
EXPENSE CATEGORIES	FY2022 Adoped Budget	FY2023 Proposed Budget	FY23 vs. FY22 Budget	FY23 vs. FY22 Budget %	FY2023 Budget % of Total
Shoreway Operations	\$43,625,994	\$47,967,039	\$4,341,045	10%	82.4%
SBWMA Program	4,136,100	4,386,681	\$250,581	6%	7.5%
SB 1383 Compliance	1,532,835	1,180,228	(\$352,606)	-23%	2.0%
Bond Interest Expense	2,237,167	2,172,917	(\$64,250)	-3%	3.7%
Franchise Fees to San Carlos	2,284,409	2,482,398	\$197,989	9%	4.3%
<b>Total Expense</b>	<b>\$53,816,505</b>	<b>\$58,189,263</b>	<b>\$4,372,758</b>	<b>8%</b>	<b>100.0%</b>

### Shoreway Operations Expense:

As shown in Table 7 above, the Shoreway Operations expenses represent 82.4% of the FY 2023 SBWMA Total Expense Budget. Shoreway Operations includes all South Bay Recycling (SBR) compensation, disposal and processing expenses and all other direct expenses related to the SBWMA's responsibilities and obligations as the owner of the facility such as property insurance. The Shoreway operating expenses are largely non-discretionary expenses and are variable to tonnage delivered to the Shoreway facility and subject to annual calendar year contractual CPI-based compensation adjustments. Operational detailed data for Shoreway revenue and expenses can be found in Attachments D and E.

### Shoreway Operations Expense Detail

Table 8 below shows the Shoreway Operations Expense detail for FY 2023. The total expense for the Shoreway operations is projected to be \$47,967,039 which is 10% more than the FY 2022 Budget. Variances for each expense line are discussed below:

Table 8

FY2023 SHOREWAY OPERATIONS EXPENSE DETAIL					
Expenditures	FY2021 Actual	FY2022 Adopted Budget	FY2023 Proposed Budget	Variance to Mid-Year Budget	Variance %
SBR Compensation	\$19,215,420	\$19,218,059	\$20,819,899	1,601,840	8%
Disposal and Processing	20,451,924	21,548,002	23,547,649	1,999,646	9%
Property Insurance	1,515,536	1,770,442	2,200,000	429,558	24%
Education Center	19,815	85,000	100,000	15,000	18%
Credit Cards Charge	78,743	79,920	74,920	(5,000)	-6%
Other Operating Expense	111,425	547,220	582,220	35,000	6%
Sewer Charge	155,304	107,351	107,351	-	0%
Shoreway Projects	49,454	270,000	535,000	265,000	98%
<b>Shoreway Operations:</b>	<b>\$ 41,597,622</b>	<b>\$ 43,625,994</b>	<b>\$ 47,967,039</b>	<b>\$ 4,341,045</b>	<b>10%</b>
Bond Interest Expense	2,299,417	2,237,167	2,172,917	(64,250)	-3%
Franchise Fee (San Carlos)	2,195,364	2,284,409	2,482,398	197,989	9%
<b>Total Shoreway Operations</b>	<b>\$ 46,092,403</b>	<b>\$ 48,147,570</b>	<b>\$ 52,622,354</b>	<b>\$ 4,474,784</b>	<b>9%</b>

**SBR Compensation Expense:** There is a projected 8% increase in the expense paid to SBR to operate the Shoreway facility and transport outbound materials to the disposal and processing facilities. SBR is paid on a per ton basis. The budget assumes an increase in "paid" tons compared to the FY 2022 Budget. SBR's fees per ton change with CPI indices, and are estimated to increase 6.5% on January 1, 2023. Similar to the FY 2022 budget, \$168,000 is included for the cost of additional MRF sorters needed to improve the quality of fiber commodities in response to continued global market deterioration on the price of paper. See **Attachment E, Table E.3** for detail of SBR Operating Expense.

**Disposal and Processing Expense:** As shown in **Table 9** below, there is a projected \$2.0M increase in disposal and processing expense. There is an expected increase in disposal volume. See **Attachment E, Table E.4** for further details on disposal and processing expenses. O2E processing at Shoreway is projected to divert tonnage from disposal and processing.

Table 9

FY2023 SHOREWAY DISPOSAL EXPENSE DETAIL					
Disposal Expense by Material Type	FY2021 Actual	FY2022 Adopted Budget	FY2023 Proposed Budget	Variance to Mid-Year Budget	Variance %
Solid Waste	\$10,830,257	\$11,226,118	\$11,834,323	608,204	5%
Organics	6,806,445	\$7,428,806	\$8,855,175	1,426,369	18%
C&D, dirt	2,996,613	\$3,369,020	\$3,403,006	33,986	1%
Other	(181,391)	\$554,690	\$550,670	(4,020)	-1%
<b>Subtotal</b>	<b>\$20,451,924</b>	<b>\$22,578,634</b>	<b>\$24,643,174</b>	<b>\$2,064,540</b>	<b>9%</b>
Paid by SBR (MRF residue)	-	(560,715)	(585,839)	(25,124)	5%
O2E Diversion	-	(469,917)	(509,687)	(39,770)	
<b>TOTAL DISPOSAL EXPENSE</b>	<b>\$ 20,451,924</b>	<b>\$ 21,548,002</b>	<b>\$ 23,547,649</b>	<b>\$ 1,999,646</b>	<b>8.9%</b>

**Other Operating Expense (see Table 8):**

- Property insurance premiums are projected to increase 24% over the 2022 Budget. The 2022 Budget for insurance was well shy of the actual expense for 2022, as the renewal that occurred on July 1, 2022 was unexpectedly high.

- Education Center expense is to provide bus service for school children tours. Staff is expecting the facility school and public tours program to be back in operation in 2023.
- Credit card transaction fees paid by SBR for public/non-franchise customer transactions and reimbursed by the Agency are projected to remain consistent.
- Other Operating Expense includes primarily facility and equipment maintenance; facility project assessment expenses are not covered by SBR in their contract.
- Sewer usage fees are based on the potable water usage (water meter) at the site.

**Franchise Fee (to City of San Carlos):** Under the terms of the land use permit at Shoreway granted by the City of San Carlos to the JPA, the SBWMA pays the City 5% of the total tip fee revenue.

### **SBWMA Program & Administrative Expense:**

The SBWMA Program & Administrative summary expense is shown in **Table 10** below and totals \$5,566,909, a 2% decrease over the 2022 Budget. The FY 2023 SBWMA Program & Administrative Expense Budget Detail is shown in **Attachment A – FY 2023 Operating & Capital Budget Detail** with expense variances described in line-by-line detail. The overall decrease is due to lower SB1383 Program compliance expense offset by an increase in salary expense.

**Table 10**

<b>FY2023 SBWMA PROGRAM EXPENDITURES</b>					
<b>Expenditures</b>	<b>FY2021 Actual</b>	<b>FY2022 Adopted Budget</b>	<b>FY2023 Proposed Budget</b>	<b>Variance to Mid-Year Budget</b>	<b>Variance %</b>
Administrative Expense	\$ 2,561,022	\$2,753,500	\$3,097,681	\$344,181	12%
Member Agency Support & Contract Compliance	\$ 248,282	\$ 628,600	\$ 569,000	\$ (59,600)	-9%
State Mandated Public Education & Outreach	\$200,662	\$754,000	\$720,000	(\$34,000)	-5%
SB1383 Expenses	\$72,577	\$1,532,835	\$1,180,228	(\$352,606)	-23%
<b>Total SBWMA Program Expense:</b>	<b>\$3,082,543</b>	<b>\$5,668,935</b>	<b>\$5,566,909</b>	<b>(\$102,026)</b>	<b>-2%</b>
<b>Total Shoreway Operations:</b>	<b>\$ 46,092,403</b>	<b>\$48,147,570</b>	<b>\$52,622,354</b>	<b>4,474,784</b>	<b>9%</b>
<b>Total Expenses:</b>	<b>\$49,174,946</b>	<b>\$53,816,505</b>	<b>\$58,189,263</b>	<b>4,372,758</b>	<b>8%</b>

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

The anticipated staff wage is planned for increase over prior year (adjustments are made on a calendar year basis). The SBWMA provides non-PERS benefits that are low-cost when compared to other public agencies.

Further staff expense detail and a discussion on staff wages and benefit costs can be found in **Attachment C – Organization chart and Personnel Summary**. SBWMA staff will be working to complete critical projects during the FY 2023 that are detailed in **Attachment B – SBWMA Programmatic Detail**. A summary of the key projects planned for FY 2023 include:

- Completion of a technical operations pilot and financial feasibility analysis of two waste processing systems (Organics to Energy, and MRF Upgrades Phase 1) to recover organic materials and other recyclables from residential and commercial solid waste that will boost JPA diversion.
- Initiation of significant Shoreway Master Planning for anticipated and urgent space, electrical and other upgrade needs
- Conducting a site master plan to identify, evaluate and recommend site layout maximization and highest operational efficiency, as well as understand and rank mandated compliance and program requirements. This exercise will also include an economic analysis that might provide potential justification for the agency to secure access to adjacent County-owned property via a 30-50 year lease.
- Planning and installation of electric vehicle charging infrastructure for coming EV pilot (to start January 2022) and rooftop solar upgrades.
- Implementation of programs and projects that have been approved by the Board and that are part of the updated 2020-24 Long Range Plan and the Zero Waste Committee efforts. These projects include:
  - Targeted recycling and organics outreach campaigns and projects to commercial businesses and multi-family residents.
  - Environmental education programs establishing and reinforcing in-school and virtual recycling and composting efforts through the provision of student education and engagement, custodial and staff trainings, upgraded waste infrastructure and on-site technical assistance.

### **Capital Expenditures:**

The FY 2023 Capital Expenditures budget is \$1,645,000. A 5-year schedule for capital projects is included in **Attachment A**.

### **Reserve Balances and Bond Covenant Projections:**

Reserve balances are calculated by adding (or subtracting) the Net Cash Flow to the Beginning Balance to arrive at the Ending Reserve Balance. Net Cash Flow is the sum of Net Income, less bond principal payment, less capital expenditure, plus bond issuance proceeds.

Once the Ending Reserve Balance is calculated, it is then distributed to each specific reserve in the priority established in the Board approved Reserve Policy: The objective of the Reserve Policy is to maintain an acceptable level of up to 10% of operating expenses for each of the Rate Stabilization and Emergency Reserve. The projected reserve balances can be found in **Table 11**.

The Reserve Policy has been amended to formally include a Self-Insurance Fund Account.

Table 11

FY2023 BUDGET: RESERVE BALANCES				
	ADOPTED BUDGET FY2022	MID-YEAR BUDGET FY2022	PROPOSED BUDGET FY2023	Variance to Mid- Year Budget
<b>UNCOMMITTED RESERVE:</b>				
RATE STABILIZATON (9% of expense)	\$ 4,843,485	\$ 4,843,485	\$ 5,237,034	\$ 393,548
EMERGENCY RESERVE (9% of expense)	4,843,485	4,843,485	5,237,034	393,548
SELF INSURANCE FUNDING ACCOUNT	394,875	394,875	694,875	300,000
<b>CAPITAL RESERVE</b>	<b>6,242,014</b>	<b>9,174,252</b>	<b>5,506,379</b>	<b>(3,667,873)</b>
UNDESIGNATED RESERVE				
<b>TOTAL UNCOMMITTED RESERVES</b>	<b>\$ 16,323,860</b>	<b>\$ 19,256,098</b>	<b>\$ 16,675,321</b>	<b>\$ (2,580,776)</b>
<b>COMMITTED RESERVE</b>				
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 766,789	\$ 766,789	\$ 1,166,789	\$ 400,000
<b>TOTAL RESERVES</b>	<b>\$ 17,090,649</b>	<b>\$ 20,022,887</b>	<b>\$ 17,842,110</b>	<b>\$ (2,180,776)</b>
SHOREWAY REMEDIATION PROJECT	\$ 1,233,640	\$ 1,233,640	\$ 1,233,640	\$ -

**Bond Project Fund Balance will be \$12 million at the close of FY 2022**

CASH FLOW TO TOTAL RESERVE BALANCE			
<b>Enterprise Fund Beginning Balance</b>	<b>\$ 18,573,539</b>	<b>\$ 20,632,546</b>	<b>\$ 20,022,887</b>
Operating Income	\$ 1,012,110	\$ 1,870,341	\$ 789,224
Non-Bond Funded Capital Exp	(1,190,000)	(1,675,000)	(1,645,000)
Debt Principal Pmt Current	(1,305,000)	(1,305,000)	(1,325,000)
<b>Enterprise Fund Ending Balance</b>	<b>\$ 17,090,649</b>	<b>\$ 20,022,887</b>	<b>\$ 17,842,110</b>

Bond covenant projection can be found on Table 12.

Table 12

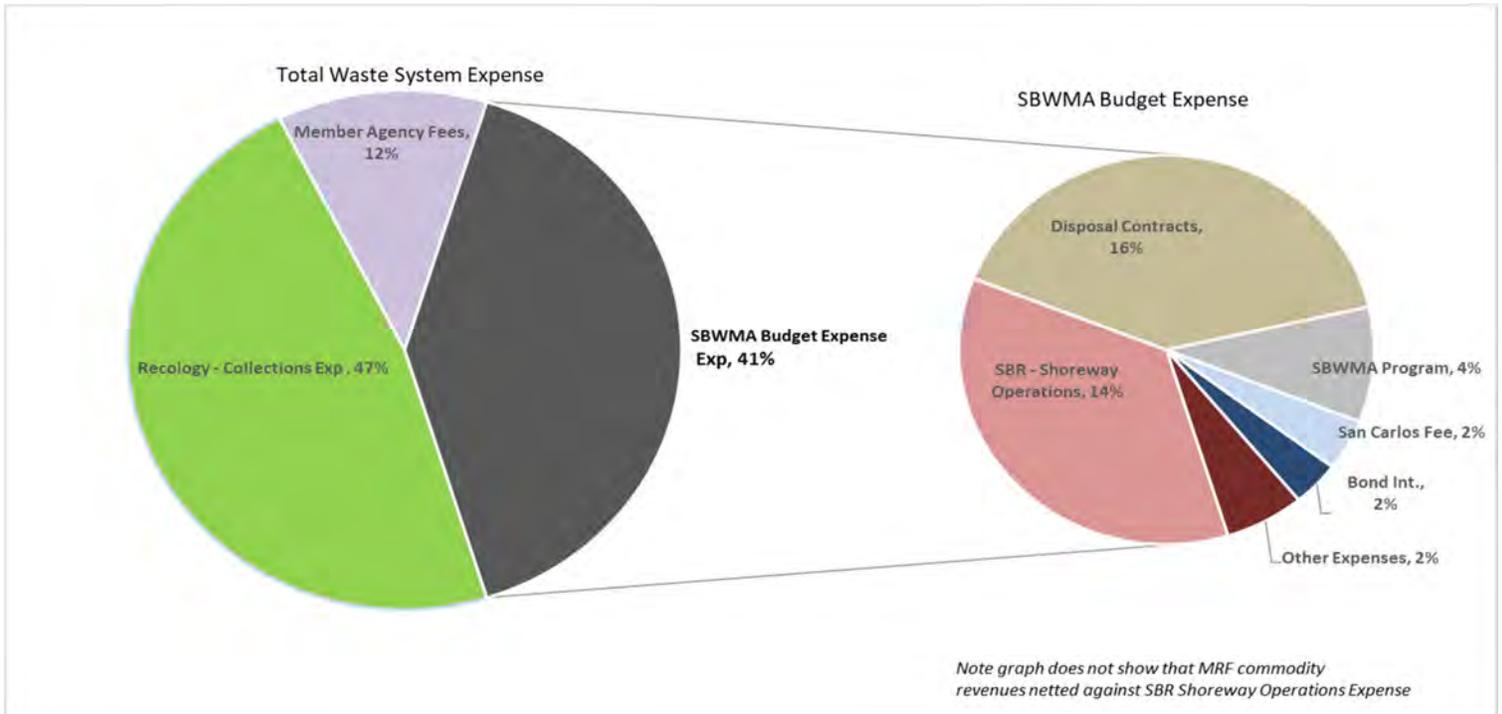
<b>Projected Debt Coverage</b>	
Operating and Non-Operating Revenue	\$58,978,487
plus Additional Revenue transfer from reserve or other	-
<b>Total Revenues</b>	<b>58,978,487</b>
Less: O&M Expense	53,533,948
Debt Service	3,639,000
<b>Coverage (Net Revenue/Debt Service)</b>	<b>1.50</b>
<b>2019 Revenue Bond Coverage Ratio Obligation</b>	<b>1.40</b>

<b>FY 2022 Budgeted Net Income (Proposed)</b>	<b>\$ 789,224</b>
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The SBWMA FY2023 Budget Expense as a Percentage of the Total Waste System Expense is illustrated in Chart 2 below.

Chart 2



**Attachments:**

Resolution 2022-52

- A. SBWMA FY 2023 Operating and Capital Budget Detail
- B. SBWMA Programmatic Detail
- C. Organization Chart & Personnel Summary (Not available for October 18<sup>th</sup> Finance Committee)
- D. Commodity Revenue
- E. Supporting Financial and Operational Data (Tonnage, Fees & Rates, Other)



## RESOLUTION NO. 2022-52

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS ADOPTING THE FINAL FY 2023 SBWMA OPERATING BUDGET AND CAPITAL IMPROVEMENT PLAN BUDGET

**WHEREAS**, the South Bayside Waste Management Authority (SBWMA) proposed FINAL FY 2023 Operating Budget and Capital Improvement Plan (CIP) Budget; as presented this budget is balanced and provides sufficient funds for normal operations.

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves the FY 2023 Budget with budgeted revenue of \$58,978,487, budgeted expenses of \$58,189,263 generating a budgeted net operating result of \$789,224 and a projected reserve balance of \$17,848,767

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 17<sup>th</sup> day of November 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. 2022-52 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2022.

ATTEST:

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

\_\_\_\_\_  
Cyndi Urman, Board Secretary



**RESOLUTION NO. 2022-56**  
**RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY**  
**BOARD OF DIRECTORS**  
**GRANTING AUTHORITY FOR CONTINUED APPROPRIATIONS AND EXPENDITURES FOR**  
**NINETY (90) DAYS**

**WHEREAS**, the South Bayside Waste Management Authority (SBWMA) operates on a calendar year January 1 - December 31<sup>th</sup>; and

**WHEREAS**, a budget for FY 2023 will not be ready for review and approval by the Board of Directors until after December 31, 2022; and

**WHEREAS**, there is a continued need to conduct business by the SBWMA after December 31, 2022

**THEREFORE, BE IT RESOLVED** that the Board grants the Executive Director continued authority for appropriations and expenditures at the current level for the first ninety (90) days after December 31, 2022 for the SBWMA.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 17<sup>th</sup> day of November 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. 2022-56 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2022.

ATTEST:

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

\_\_\_\_\_  
Cyndi Urman, Board Secretary

Attachment A - FY2023 Budget Revenues by Major Source

	REVENUE SUMMARY	ACTUAL FY2021	ADOPTED BUDGET FY2022	PROPOSED BUDGET FY2023	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
<b>1</b>	<b>ADMINISTRATIVE REVENUE:</b>						
2	INVESTMENT INCOME	\$ 418,127	\$ 199,815	\$ 236,192	\$ 36,377	18.2%	
3	<b>TOTAL ADMINISTRATIVE</b>	<b>\$ 418,127</b>	<b>\$ 199,815</b>	<b>\$ 236,192</b>	<b>\$ 36,377</b>	<b>18.2%</b>	
<b>4</b>	<b>OPERATIONS REVENUE:</b>						
5	SHOREWAY TIP FEES - Non Franchised	\$ 11,287,177	\$ 11,744,301	\$ 12,455,833	\$ 711,532	6.1%	Mainly Increased Tip Fees
6	SHOREWAY TIP FEES - Franchised	33,981,069	36,227,327	39,673,491	3,446,165	9.5%	Projected Volume increase. Increased Tip Fees
7	COMMODITY SALES REVENUE	9,353,061	7,271,884	7,230,821	(41,063)	-0.6%	
8	COMMODITY REVENUE SHARING W/ SBR	(1,047,226)	(645,119)	(634,853)	10,266	-1.6%	
9	MISCELLANEOUS REVENUE	22,468	30,407	17,003	(13,405)	-44.1%	Mattress rebate revenue
<b>10</b>	<b>SUBTOTAL OPERATIONS REVENUE</b>	<b>\$ 53,596,548</b>	<b>\$ 54,628,800</b>	<b>\$ 58,742,295</b>	<b>\$ 4,113,495</b>	<b>7.5%</b>	
				\$ -			
<b>11</b>	<b>TOTAL REVENUE</b>	<b>\$ 54,014,675</b>	<b>\$ 54,828,615</b>	<b>\$ 58,978,487</b>	<b>\$ 4,149,872</b>	<b>7.6%</b>	
<b>12</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 49,174,946</b>	<b>\$ 53,816,505</b>	<b>\$ 58,189,263</b>	<b>\$ 4,372,758</b>	<b>8.1%</b>	
<b>13</b>	<b>NET OPERATING</b>	<b>\$ 4,839,729</b>	<b>\$ 1,012,110</b>	<b>\$ 789,224</b>	<b>\$ (222,886)</b>	<b>-22.0%</b>	

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2022	PROPOSED BUDGET FY2023	Variance to Adopted Budget	Variance % to Adopted Budget	2023 Notes
1	<b>ADMINISTRATIVE EXPENSES</b>					
2	ADMINISTRATIVE STAFF	\$ 851,315	\$ 876,645	\$ 25,330	3.0%	Annual COLA Increase 4%
3	MANDATED RECYCLING STAFF	1,152,008	1,451,525	\$ 299,517	26.0%	Annual COLA increased 4% +\$46K; fellowship benefits starting January +\$55K; Proposed New Facility Project Engineer +\$185K; other minor adjustments for benefits and retirement on increased salaries.
4	BOARD COUNSEL	145,000	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).
5	BOARD MEETINGS	8,000	10,000	\$ 2,000	25.0%	\$4K for Holiday lunch, \$3K annual retreat facilitation, Board meeting treats if return in person
6	ACCOUNTING SERVICES	132,477	136,451	\$ 3,974	3.0%	City of Redwood City Accounting Svcs Agreement
7	INFORMATION SYSTEMS	45,000	47,100	\$ 2,100	4.7%	CPI increase begins January 2023 and includes an additional \$75/month for storage and back up costs
8	WEBSITE	13,000	13,000	\$ -	0.0%	Website hosting, maintenance, and updates/upgrades as needed
9	ANNUAL AUDIT	10,000	11,000	\$ 1,000	10.0%	Fees paid to auditors to prepare FY & CY financial statements. Full CY and FY audits in the period.
10	D&O INSURANCE	55,060	55,260	\$ 200	0.4%	Annual insurance premium for director's and officer's insurance
11	BANK FEES	7,200	7,200	\$ -	0.0%	Bank fees on checking account and fees paid to BNY as the Bond Trustee
12	RENT	70,000	68,000	(2,000)	-2.9%	Lease expires June 30, 2024 San Carlos rent will go up about \$200/month with current lease. Two option years remain at mutual agreement
13	PRINTING AND POSTAGE			\$ -		Cost is covered in the Accounting Services Agreement
14	UTILITIES	25,000	28,000	\$ 3,000	12.0%	Phone bill and comcast bill equal almost \$1000 per month, and Utility bill from San Carlos about \$4k per quarter
15	OFFICE/TENANT IMPROVEMENTS	10,000	5,000	\$ (5,000)	-50.0%	Reconfigure and equip 4 offices, Covid hardening and enhancements
16	OFFICE SUPPLIES	17,000	18,000	\$ 1,000	5.9%	Office supplies - assuming return to in office work
17	OFFICE EQUIPMENT COSTS	11,100	12,000	\$ 900	8.1%	Base copier lease is \$600/month plus cost per copy which I have increased for return to office work
18	PUBLICATIONS & PUBLIC NOTICES	2,940	3,000	\$ 60	2.0%	Anticipated public procurement notices
19	PROFESSIONAL DUES & MEMBERSHIPS	9,000	10,000	\$ 1,000	11.1%	Memberships to trade and community organizations (CRRA, SWMA, NCRA, CCAC )
20	VEHICLE MILEAGE & TOLLS	3,000	3,000	\$ -	0.0%	Expect to return to normal with fellows returning to in person schools/tours/audits
21	CELL PHONES	2,500	2,500	\$ -	0.0%	Cell phone business expense.
22	CONFERENCE & MEETINGS	18,000	19,000	\$ 1,000	5.6%	Adding a bit more due to inflation in food costs
23	TRAINING	7,500	9,000	\$ 1,500	20.0%	Professional development opportunities. CCAC training, etc. Retreat & additional management leadership class. HR training etc
24	SPONSORSHIPS & DONATIONS	40,000	40,000	\$ -	0.0%	Industry Sponsorships: CAW,CRRA,SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA
25	LEGISLATIVE & REGULATORY ADVOCACY	72,000	72,000	\$ -	0.0%	Mandated agency priorities include these initiatives : Extended Producer Responsibility (EPR); Product Stewardship; Source Reduction Initiatives; Lithium-ion Battery safety
26	COMPUTER PURCHASE	46,400	25,000	\$ (21,400)	-46.1%	New server and installation hours plus one to two new laptops
27	<b>TOTAL ADMINISTRATIVE</b>	<b>\$ 2,753,500</b>	<b>\$ 3,097,681</b>	<b>\$ 344,181</b>	<b>12.5%</b>	
28	<b>MEMBER AGENCY SUPPORT &amp; CONTRACT COMPLIANCE</b>					
29	RATE REVIEW	\$ 27,000	\$ 27,000	\$ -	0.0%	Consultant Rate Application Support.
30	FACILITY IMPROVEMENT OVERSIGHT	150,000	150,000	\$ -	0.0%	Engineering and construction management support.

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2022	PROPOSED BUDGET FY2023	Variance to Adopted Budget	Variance % to Adopted Budget	2023 Notes
31	CONTRACT ANNUAL AUDITING	55,000	45,000	\$ (10,000)	-18.2%	Annual Financial & Systems Audit of RSMC and SBR. Slight decrease with new 2022 contract (RRS Consulting)
32	COLLECTION SERVICES FRANCHISE ADMIN.	75,000	75,000	\$ -	0.0%	Franchise Administration compliance consulting. Alternative Fuels Consultation \$50K.
33	FINANCE ANALYSIS SUPPORT	21,600	22,000	\$ 400	1.9%	On-Call consultant support as needed.
34	RECYCLING TECHNICAL ASSISTANCE	50,000	50,000	\$ -	0.0%	Diversion consultant support.
35	WASTE CHARACTERIZATION SUPPORT	50,000	100,000	\$ 50,000	100.0%	Waste composition testing (Recology Contract Compliance).
36	COLLECTION RFP CONSULTING SUPPORT	200,000	100,000	\$ (100,000)	-50.0%	Operating Agreement RFP
37						
38	<b>TOTAL MA SUPPORT &amp; CONTRACT COMPLIANCE</b>	<b>\$ 628,600</b>	<b>\$ 569,000</b>	<b>\$ (59,600)</b>	<b>-9.5%</b>	
39	<b>STATE MANDATED PUBLIC EDUCATION &amp; OUTREACH</b>					
40	STATE'S REQUIRED ANNUAL REPORTS	\$ 33,000	\$ -	\$ (33,000)	-100.0%	Moved to line 60
41	SBWMA ANNUAL REPORT	2,500	2,500	-	0.0%	Creation of SBWMA annual report
42	DIVERSION PROGRAM SUPPORT	30,000	30,000	-	0.0%	Public spaces recycling assistance; Diversion program support.
43	EVENT GIVEAWAYS	7,500	7,500	-	0.0%	
44	DIVERSION/COMPLIANCE; ZERO WASTE PROGRAMS	75,000	75,000	-	0.0%	Zero Waste Committee initiatives - tech and consulting support. Alternative fuel site infrastructure consulting.
45	IN-SCHOOL ENVIRONMENTAL EDUCATION	32,000	28,000	(4,000)	-12.5%	Materials (\$13K), transportation (\$1K), school recognitions (\$4K), staff/technical support (\$10K)
46	CLIMATE ACTION PLANNING	20,000	20,000	-	0.0%	Annual climate register & Member Agency support.
47	RECYCLING TECHNICAL ASSISTANCE	35,000	30,000	(5,000)	-14.3%	Promote reusables for businesses and County Foodware Ordinance; Recycling Technical Assistance
48	COMMERCIAL/MFD CONTAINERS	34,000	30,000	(4,000)	-11.8%	MFD recycle bags, internal containers, MA containers per Franchise Agreements.
49	MULTI-FAMILY OUTREACH	90,000	90,000	-	0.0%	Education and outreach per FA ; compliance with state laws; MFD Toolkit updates and printing, and other outreach
50	MEMBER AGENCY & RATE PAYER EDUCATION	125,000	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
51	RESIDENTIAL OUTREACH PROGRAMS	90,000	90,000	-	0.0%	Education and outreach per FA, Pub Ed Plan and recycling outreach campaign
52	COMMUNITY EVENTS	35,000	37,000	2,000	5.7%	Earth Day (\$7K), Rethink Recycling Day (\$7K), Fixit Clinics (\$20K), tabling event supplies and materials and virtual event/webinar (\$3K)
53	HHW PROGRAM OUTREACH	25,000	20,000	(5,000)	-20.0%	Annual promotion of local HHW disposal options for all ratepayers, including joint outreach with San Mateo County
54	BATTERY OUTREACH	90,000	90,000	-	0.0%	Educate residents and businesses about risk of battery fires and proper disposal options, including MFD battery bucket
55	SHRED EVENT SERVICE	30,000	30,000	-	0.0%	Shred, e-waste, and compost events for Member Agencies (coordination, support, outreach, etc.). Shred vendor RFP.
56	<b>TOTAL STATE MANDATED PUBLIC EDUCATION &amp; OUTREACH</b>	<b>\$ 754,000</b>	<b>\$ 720,000</b>	<b>\$ (34,000)</b>	<b>-4.5%</b>	
57	<b>SBWMA PROGRAM BUDGET - SUB TOTAL</b>	<b>\$ 4,136,100</b>	<b>\$ 4,386,681</b>	<b>\$ 250,581</b>	<b>6.1%</b>	
58	<b>SB 1383 ADMINISTRATIVE EXPENSES</b>					
59	MANDATED 1383 COMPLIANCE STAFF	\$ 138,835	\$ 146,228	\$ 7,394	5.3%	SB1383 Program Manager II loaded cost.
60	SB1383 TECHNICAL ASSISTANCE	150,000	100,000	(50,000)	-33.3%	FY 2023: SB1383 Legal counsel support + annual 1383 reporting consultant

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2022	PROPOSED BUDGET FY2023	Variance to Adopted Budget	Variance % to Adopted Budget	2023 Notes
61	SB1383 OUTREACH AND EDUCATION	124,000	100,000	(24,000)	-19.4%	FY 2023: \$100k for Required Annual SB 1383 Outreach & Education
62	SB1383 PROGRAMS	510,000	380,000	(130,000)	-25.5%	FY 2023: \$95k Recyclist, \$130k Edible Food Recovery; \$40k Procurement Support; \$40k Reporting; \$50k Organics Participation Analysis and other SB 1383 programming
63	SB1383 MANDATED MATERIAL SAMPLING	210,000	54,000	(156,000)	-74.3%	FY 2023: \$39k SBR Sampling; \$15k O2E Lab Sampling
64	ROUTE AUDITING, REPORTING, WAIVER PROCESSING	400,000	400,000	-	0.0%	FY 2023: Contracted consultant services for Waivers, Contaminatin Monitoring and Technical Assistance
65	<b>TOTAL SB 1383 EXPENSES</b>	<b>\$ 1,532,835</b>	<b>\$ 1,180,228</b>	<b>\$ (352,606)</b>	<b>-23.0%</b>	
66	<b>TOTAL SBWMA PROGRAM BUDGET</b>	<b>\$ 5,668,935</b>	<b>\$ 5,566,909</b>	<b>\$ (102,026)</b>	<b>-1.8%</b>	
67	<b>SHOREWAY OPERATIONS</b>					
68	OPERATING CONTRACT - SBR OPERATIONS	\$ 19,218,059	\$ 20,819,899	1,601,840	8.3%	Increased tonnage projections. SBR 2023 Compensation increase of 6.5%
69	DISPOSAL	21,548,002	23,547,649	1,999,646	9.3%	Increases tonnage projections. Higher CPI adjustment projections. Newby organics rate increasing 21%
70	INSURANCE SHOREWAY	1,770,442	2,200,000	429,558	24.3%	Property insurance premium. Estimated increase.
71	SHOREWAY FACILITY COST	230,000	250,000	20,000	8.7%	Budget for unanticipated routine Shoreway maintenance items that are non-CapEx.
72	CREDIT CARDS CHARGES	79,920	74,920	(5,000)	-6.3%	SBR pass through of credit card fees from their bank from public customers.
73	SHOREWAY CHARGES	22,220	22,220	-	0.0%	Amortize O2E equipment
74	EDUCATION CENTER OPERATIONS	85,000	100,000	15,000	17.6%	Tours program equipment (\$5K), school bus services (\$25K for half school year), poster and art contests (\$5K), Ed Center upgrades (\$65K)
75	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k	150,000	150,000	-	0.0%	Unanticipated MRF equipment maintenance (non-CapEx) expense
76	SEWER FEES (PROPERTY TAX)	107,351	107,351	-	0.0%	City of San Carlos on tax bill based on prior year water usage.
77	E-RECYCLING	95,000	110,000	15,000	15.8%	E-waste market has shifted from a revenue source to expense. Previously budgeted as revenue
78	O2E EQUIPMENT MAINTENANCE	50,000	50,000	-	0.0%	Annual maintenance contract
79	FACILITY MASTER PLANNING PROJECT	150,000	200,000	50,000	33.3%	Transition into year one of a multi-year Master Planning process
80	O2E PILOT TESTING	60,000	-	(60,000)	-100.0%	Anaergia marketing support to WWTP (\$60K).
81	MRF PHASE II INITIAL ASSESSMENT STUDIES	60,000	-	(60,000)	-100.0%	RFP preparation, market assessment, system optimization consulting, contract preparation
82	CONSULTING AND OUTSIDE SUPPORT	-	150,000	150,000		TRP permit updating, SLCP Modeling, ZWC planning, GHG Assessment
83	OPERATION CONTRACT TRANSITION	-	185,000	185,000		Site pressure washing and cleaning, MRF Operations transtion engineering support
84	<b>SUB SHOREWAY OPERATIONS COST</b>	<b>\$ 43,625,994</b>	<b>\$ 47,967,039</b>	<b>\$ 4,341,045</b>	<b>10.0%</b>	
85	<b>TOTAL SHOREWAY OPERATION</b>	<b>\$ 43,625,994</b>	<b>\$ 47,967,039</b>	<b>\$ 4,341,045</b>	<b>10.0%</b>	
86	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 49,294,929</b>	<b>\$ 53,533,948</b>	<b>\$ 4,239,019</b>	<b>8.6%</b>	
87	<b>NON-OPERATING EXPENSES</b>					
88	BOND ISSUANCE & LOSS ON DEBT REFUNDING					
89	DEBT SERVICE BOND INTEREST	\$ 2,237,167	\$ 2,172,917	(64,250)	-2.9%	Budgeted interest expense 2019 Bond Issuance
90	FRANCHISE FEE TO CITY OF SAN CARLOS	2,284,409	2,482,398	197,989	8.7%	5% Franchise Fees paid by JPA to the City of San Carlos on tip fee revenue.

line	EXPENDITURE SUMMARY	ADOPTED BUDGET FY2022	PROPOSED BUDGET FY2023	Variance to Adopted Budget	Variance % to Adopted Budget	2023 Notes
91	TOTAL NON-OPERATING EXPENSES	\$ 4,521,576	\$ 4,655,315	\$ 133,739	3.0%	
92	TOTAL SHOREWAY OPERATING EXPENSES	\$ 48,147,570	\$ 52,622,354	\$ 4,474,784	9.3%	
93	TOTAL EXPENSES Program + All Shoreway Operations) (SBWMA	\$ 53,816,505	\$ 58,189,263	\$ 4,372,758	8.1%	

**Shoreway Capital Projects Draft Budget 2023**

	Year 1	Year 2	Year 3	Year 4	Year 5	
	Current Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	
	2022	2023	2024	2025	2026	
<b>FUNDS FOR UNANTICIPATED PROJECTS</b>						
Truck Shop Building	25,000	25,000	25,000	25,000	25,000	Repair reserve estimate
Transfer Station Building	50,000	50,000	50,000	50,000	50,000	Repair reserve estimate
MRF Building	50,000	50,000	50,000	50,000	50,000	Repair reserve estimate
Administrative Building	40,000	40,000	40,000	40,000	40,000	Repair reserve estimate
General Site Projects	100,000	100,000	100,000	100,000	100,000	Repair reserve estimate
<b>OPERATIONS CONTRACT TRANSITION</b>						
Parts Storage and Shelving		50,000	50,000			
MRF Equipment Assessment Work Projects		275,000	275,000			See BHS assessment rpt.
Baler Reline			125,000			
Building Vacuum System			100,000			
Education Center improvements (on line 74)						
Curb, Pavement and Striping Repair		65,000				
Replace Shoreway Camera System		150,000				Full hardware replacement
<b>RECOLOGY</b>						
Parts Storage		50,000	50,000			
Dispatch Office Refurbishment		100,000				
<b>UST REPLACEMENT PROJECT</b>						
UST Construction Management			200,000			
UST Soils Testing		40,000				
UST Design/Bid Docs		85,000				
UST Laydown Rental Space (1 acre - 6 months)		75,000				
UST Construction Install			2,500,000			Complete before 2026
<b>TRANSFER STATION</b>						
Floor Repair (north side - split over two budget years)			1,500,000	1,500,000		Mass resurfacing plan
O2E Preprocessing System Cost				2,000,000		Green Bond eligible
333 Shoreway Electrical Upgrades Phase I				200,000		Extend power to O2E
333 Shoreway Electrical Upgrades Phase II				800,000		Replace switchgear
<b>MRF</b>						
MRF Fire Suppression Deluge System			250,000	250,000		Eng. TBD
Phase II MRF Equipment - Container Sort System Replacement				3,500,000	3,500,000	Green Bond eligible
Baler Replacement					1,500,000	Green Bond eligible
Aluminum Magnets					350,000	Green Bond eligible
<b>SHOREWAY BUILDINGS &amp; SITE WORK</b>						
Ventilation for MRF PV electrical room		45,000				
Fence Replacement and Repair		40,000				
Tunnel Pump and Truck Wash Replacement				125,000		
ZEV Charging Infrastructure (2023 planning/engineering)		180,000	2,600,000	5,400,000		Tie to Recology schedule
Site Paving and Striping					1,500,000	work completed after UST
<b>OTHER</b>						
Refresh Site Signage		75,000	75,000			
Refurbishment of Landscape and Outdoor Ed Area		50,000				
Scalehouse Refurbishment		50,000				
MRF Office Ceiling Replacement		50,000				
CARB Required Air Treatment System			?	?	?	CARB regs pending
Stormwater Treatment			?	?	?	?
Truck Shop Reconfiguration			?	?	?	Ops contractor evaluation
Site Optimization Planning Construction			?	?	?	Design in process
						<b>Five Year Total</b>
<b>TOTAL CAPITAL ITEMS</b>		\$ 1,645,000	\$ 7,990,000	\$ 14,040,000	\$ 7,115,000	\$ 30,790,000

Funding Source / Estimated Reserve Balances	
Green Bond Funds	\$ 12,000,000
MRF Equipment Replacement Fund Reserve	\$ 760,000
Environmental Settlement Funds for UST	\$ 1,200,000
Potential Funds from Operations Services RFP	?
Capital Reserve Fund	\$ 6,200,000
<b>Total Funds in Reserve</b>	<b>\$ 20,160,000</b>

Estimated Project Cost Grouped by Funding Source	
\$ 10,850,000	Green Bond Eligible Project Total
\$ 675,000	MRF Equipment Replacement Costs
\$ 2,900,000	Total UST Cost Estimate
<b>\$ 14,425,000</b>	<b>Total Earmarked Projects</b>

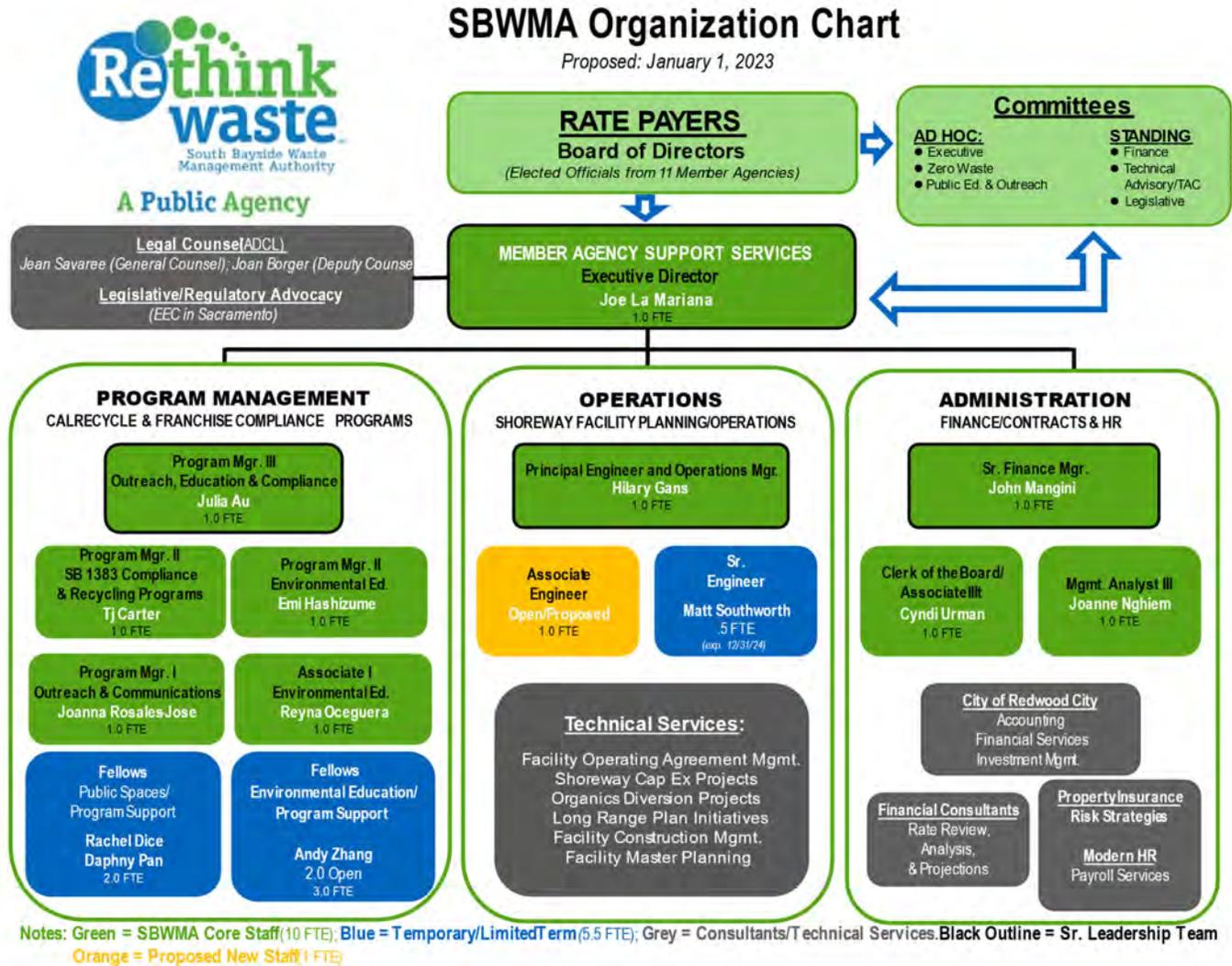
Budget Expense Category	Description of Program for FY2023 <i>(Proposed Expense Line Items 1-26)</i>
<b>ADMINISTRATIVE EXPENSE: \$3,097,681</b> <i>(Proposed Expense line item 27)</i>	
<b>Staff Resources:</b> Joe La Mariana, <i>Executive Director</i> ; John Mangini, <i>Sr. Finance Manager</i> ; Joanne Nghiem, <i>Management Analyst III</i> ; Cyndi Urman, <i>Clerk of the Board/Executive Assistant</i>	
<p><b>Program Description/Justification:</b> Provides for overall administrative operations of agency, including: personnel administration, budget development, financial projections, expense payment processing, fiscal management, Board of Directors administration, customer service, risk management, records retention, and IT.</p> <p><b><u>Executive Director:</u></b></p> <ul style="list-style-type: none"> <li>• Provide ongoing Executive Committee, Board Members, Member Agency Staff support in a timely, professional and accurate manner.</li> <li>• Manage the agency's strategic vision and daily administrative operations through the support of staff, Board/TAC members and all stakeholders.</li> <li>• Establish and maintain all agency financial goals and program standards.</li> </ul> <p><b><u>Sr. Finance Manager:</u></b></p> <ul style="list-style-type: none"> <li>• Review the prior year budget to identify budget variances and plan for a mid-year adjustment, if needed and prepare the following fiscal year's budget.</li> <li>• Prepare two calendar year financial projections to facilitate Shoreway tip fee review/adjustment and "testing" of bond covenant requirements.</li> <li>• Complete prior year financial audit and calendar year financial statements for bond reporting.</li> <li>• Meet bond covenants and reporting requirements as specified in the Indenture to ensure compliance including the two debt coverage ratios.</li> <li>• Verify South Bay Recycling (SBR) monthly reporting of tonnages per Operations Agreement, and monthly invoice and calculation of commodity revenue.</li> <li>• Manage monthly cash transfers to/from SBR per Operations Agreement for commodity revenue, public revenue, and payments for operations.</li> <li>• Manage monthly billings to and payments from Recology for tipping at Shoreway as prescribed in the Member Agency franchise agreements.</li> <li>• Renew general insurance policies (property, general liability, EIL, D&amp;O, etc.) and ensure proper coverage is maintained.</li> <li>• Manage the payroll process and benefits administration, making payments to vendors for payroll, retirement plan, and HSA plan via set procedures.</li> </ul> <p><b><u>Management Analyst II/III:</u></b></p> <ul style="list-style-type: none"> <li>• Perform analysis, tracking and reporting on contractual responsibilities supporting the franchise agreement, SBR billing, and disposal/processing contracts.</li> <li>• Manage the Agency's public contract/procurement process for all proposals (RFP)/request for qualifications (RFQ), and related noticing and other activities.</li> <li>• Provide ongoing in-house solid waste program support and expertise to meet numerous deliverables, as required by new laws.</li> <li>• Provide critical path support for broad-ranging agency initiatives, e.g. Long Range Planning process.</li> <li>• Identify, win and manage grants to mitigate the future cost impacts on ratepayers.</li> </ul> <p><b><u>Clerk of the Board/Executive Assistant:</u></b></p> <ul style="list-style-type: none"> <li>• Provide Board Packets to the Board of Directors, and Board committee/subcommittee packets, minutes and administrative support, accurately and on time.</li> <li>• Maintain the Board of Directors webpage and, as needed, update the Board Member website resource portal feature.</li> <li>• Maintain accurate and up-to-date records for the SBWMA, including Board meeting minutes, resolutions, ordinances and contracts.</li> <li>• Update, as necessary, the Board of Directors JPA and Contracts Resources Binder.</li> <li>• Manage compliance with record retention and other Board-adopted policies</li> <li>• Process forms (e.g. annual Form 700), invoices and other documents in accordance with established procedures, checking for accuracy and completeness.</li> <li>• Provide information and assistance regarding SBWMA programs, policies and procedures to the public, member agencies, vendors, and contractors.</li> </ul>	

Budget Expense Category	Description of Program for FY2023 <i>(Proposed Expense Line Items 29-37)</i>
<b>MEMBER AGENCY SUPPORT &amp; CONTRACT COMPLIANCE: \$569,000</b> <i>(Proposed Expense Line Item 38)</i>	
<p><b>Staff Resources:</b> Joe La Mariana, <i>Executive Director</i>; Hilary Gans, <i>Sr. Operations and Engineering Manager</i>; John Mangini, <i>Sr. Finance Manager</i>; Julia Au, <i>Sr. Outreach, Education and Compliance Program Manager</i>; Tj Carter, <i>Program Manager II (Recycling and Compliance)</i>; Joanne Nghiem, <i>Management Analyst III</i></p>	
<p><b>Program Description/Justification:</b> Provides technical support for mandated programs and contractual requirements through member agency staff (TAC); state regulators; and key agency contractors (South Bay Recycling (SBR) and Recology).</p>	
<p><b>Key Details:</b></p> <ul style="list-style-type: none"> <li>• Contract administration support for collection services franchise agreements including follow-up on audit findings, financial auditing, and amendment(s).</li> <li>• Continued oversight of SBR's operations per the Shoreway Operations Agreement.</li> <li>• Management of the annual SBR compensation application review process and completion of the final SBWMA financial report.</li> <li>• Manage the annual Member Agency rate review process, including review of the annual Recology compensation application and completion of the SBWMA final reports reviewing the Recology compensation application and consolidated rate report.</li> <li>• Initiate audit work and review of operational data included in the compensation applications.</li> <li>• Review Annual Report from Recology, as required per Member Agency franchise agreements.</li> <li>• Conduct rate (calendar) year audit of collection services and facility operations reports, tonnage data and customer service systems.</li> <li>• Hire contractor to conduct rate year audit of financial systems (including Recology's revenue reconciliation) of both contractors to verify financial risks to SBWMA and its Member Agencies.</li> <li>• Implement audit findings, as appropriate, and follow up with Recology to ensure progress on implementing audit recommendations.</li> <li>• Provide prompt responses to questions/issues/complaints from the public and Member Agencies regarding their franchise agreements/collection services.</li> <li>• Provide prompt responses to questions/issues/complaints that are raised by the public and Member Agencies regarding their use of the Shoreway facility.</li> <li>• Develop a Member Agency snapshot report and make presentations to Member Agency governing bodies upon request.</li> <li>• Prepare financial analysis for projected revenue and total collection and pass-through costs to determine total rate adjustment for each Member Agency.</li> <li>• Prepare a collection cost variance analysis by detailed cost categories by Member Agency to aid in understanding collection cost changes.</li> <li>• Support Member Agencies with analysis of rate issues and attend rate hearings or rate related meetings as requested.</li> <li>• Update 5-year collection cost projection by Member Agency for collection cost components: Recology cost, disposal expense and Member Agency fees.</li> <li>• Review Recology's Revenue Reconciliation Report.</li> <li>• With TAC member engagement, plan/promote 16 separate shred and compost giveaway events with Recology per the Franchise Agreement (electronic waste recycling and battery collection also included, but not required per Agreement).</li> </ul> <p><b>New Efforts in FY2023:</b></p> <ul style="list-style-type: none"> <li>• Continue expansion of Public Spaces Recycling Program based on data and other feasibility analysis.</li> <li>• Provide proactive legislative and regulatory support for various agency priorities, including the safe handling and disposal of EV batteries and solar panels.</li> </ul>	

Budget Expense Category	Description of Program for FY2023 <i>(Proposed Expense line items 40-55 and 57-64)</i>
<b>STATE MANDATED PUBLIC EDUCATION &amp; OUTREACH and SB1383 ADMINISTRATION: \$1,90014,228</b> <i>(Proposed Expense Line Item 56 plus 65)</i>	
<b>Staff Resources:</b> Joe La Mariana, <i>Executive Director</i> ; Julia Au, <i>Sr. Outreach, Education and Compliance Program Manager</i> ; Emi Hashizume, <i>Program Manager II (Environmental Education and Non-Franchise Recyclables)</i> ; Tj Carter, <i>Program Manager II (Recycling and Compliance)</i> ; Joanna Rosales-Jose, <i>(Program Manager I: Outreach and Communications)</i>	
<p><b>Program Description/Justification:</b> Staff services provided to ensure compliance with state-mandated laws promoting waste reduction, recycling, and reporting requirements per <b>AB 939</b>, <b>AB 341</b>, <b>AB 1826</b>, and <b>SB 1383</b> include: Development and implementation of public education and outreach strategies to promote residential and commercial waste reduction and recycling collection programs and services; oversight of collection services for Member Agencies; compliance with annual reporting required; and implementation of Long Range Plan projects.</p> <p><b>Key Program Efforts:</b></p> <ul style="list-style-type: none"> <li>• Develop, implement, and manage on-going outreach activities related to California State Laws, including but not limited to AB 939, AB 1826, AB 341, and SB 1383, through production and distribution via various and appropriate print, media, and in-person or digital channels, including but not limited to brochures/flyers, social media/website and community event tabling throughout the Member Agencies.</li> <li>• Manage SB 1383 requirements including outreach and education, recordkeeping, procurement planning, route reviews, customer waiver applications.</li> <li>• Manage SB 1383 compliance for organics collection and sampling at Shoreway Environmental Center with Recology and SBR contracts.</li> <li>• Manage and provide outreach for residential and commercial/multi-family collection services to meet specific community needs through on-going and targeted campaigns.</li> <li>• Develop, submit, and manage with Recology a three-year Public Education and Recycling Technical Assistance Plan that includes methods of tracking effectiveness and engagement levels on outreach campaigns and tools.</li> <li>• Promote residential collection services through newsletters, direct mail and bill inserts in collaboration with Recology.</li> <li>• Continue publishing Agency annual report.</li> <li>• Engage Public Education and Outreach Committee on outreach campaigns and efforts.</li> <li>• Continue ongoing partnerships – BayROC, PenTV, etc.</li> <li>• Establish and reinforce in-school recycling and composting efforts through the provision of student education and engagement, custodial and staff trainings, upgraded waste infrastructure and on-site technical assistance.</li> <li>• Support implementation of County of San Mateo Environmental Health’s Food Share Table Program at schools in RethinkWaste service area, as permitted during COVID-19.</li> </ul> <p><b>New Efforts in FY2023:</b></p> <ul style="list-style-type: none"> <li>• Continue to review and update core Pub Ed materials with Public Education and Outreach Committee and Recology engagement. Develop new materials as needed to implement SB 1383 outreach.</li> <li>• Engage in future 1383 procurement planning for Member Agencies and Edible Food Recovery program support and outreach to the County of San Mateo’s Office of Sustainability (OSS).</li> <li>• Continue to develop and execute targeted outreach campaigns and materials to Multi-Family residents, non-English speakers, high contamination rate areas/groups, and commercial business owners for proper sorting.</li> <li>• Continued collaboration and partnership with agencies such as the County’s OSS and Environmental Health, member agency staff, and community groups.</li> </ul>	

Budget Expense Category	Description of Program for FY2023 <i>(Proposed Expense line items 68-82)</i>
<b>SHOREWAY OPERATIONS: \$47,967,039</b> <i>(Proposed Expense Line Item 84)</i>	
<b>Staff Resources:</b> Hilary Gans, <i>Sr. Operations and Engineering Manager</i> ; Matt Southworth, <i>Sr. Facility Projects Engineer</i> ; John Mangini, <i>Sr. Finance Manager</i> ; Vacant, <i>Facility Project Engineer</i> ; Joanne Nghiem, <i>Management Analyst III</i> ; Emi Hashizume, <i>Program Manager II (Environmental Education and Non-Franchise Recyclables)</i> ; Reyna Ocegüera, <i>Coordinator (Environmental Education)</i>	
<b>Program Description/Justification:</b> SBWMA staff activities regarding Shoreway operations including: oversight of SBR operations and contract compliance and management of financial transactions relating to SBR; Shoreway facility capital repairs and maintenance; Education Center operations; management of disposal and processing contracts, including review and payment of invoices; facility insurance; and billing Recology for tons delivered to Shoreway.	
<b>Key Details:</b>	
<ul style="list-style-type: none"> <li>• Ongoing operational oversight and contract compliance of MRF, transfer station, and transportation operations performed by SBR.</li> <li>• Ongoing management of third party recycling and disposal contracts for solid waste, organics, and C&amp;D debris.</li> <li>• Manage organics processing contracts to meet operational, financial and environmental requirements.</li> <li>• Oversee third party tonnage and host fee payment for third-party tons used to generate additional agency income and lower Shoreway operating costs.</li> <li>• Ongoing management of Shoreway Facility capital and maintenance projects are at, or below, budget.</li> <li>• Lead Transfer Station/MRF equipment and facility design to meet long range plan and rapidly changing market needs of program.</li> <li>• Provide Zero Waste Committee with technical/administrative support.</li> </ul>	
<b><u>Environmental Education and Community Events:</u></b>	
<ul style="list-style-type: none"> <li>• Conduct the Shoreway tours program virtually and in-person.</li> <li>• Manage community events virtually and in-person to promote resource conservation including the following: Earth Day and Rethink Recycling Day events; Trash to Art and Poster contests; educational workshops and webinars; expansion of compost donation program throughout Member Agency schools and community gardens.</li> </ul>	
<b><u>New Efforts in FY2023:</u></b>	
<ul style="list-style-type: none"> <li>• Identify and plan new operating procedures and capital improvement projects to further the Agency's environmental goals and improve the quality of commodities for marketing purposes.</li> <li>• Manage the transition tasks of the new Agreement for Operation of the Shoreway Environmental Center.</li> <li>• Manage the anticipated master planning of the facility, based on the results of the Site Optimization Study conducted in 2022.</li> <li>• Continue to develop and solidify in-person Shoreway tour programming to accommodate new COVID safety considerations, with a particular focus on school group tours and re-introducing no-cost transportation for schools visiting from campuses located in the service area.</li> <li>• Continue to implement new environmental-themed art and refresh outdoor garden area at the Shoreway facility to compliment tours and educational event programming.</li> <li>• Update and add directional signage at the Shoreway facility to better direct customers to the correct entrances/facilities for proper disposal.</li> </ul>	

**ATTACHMENT C: Proposed Organization Chart/Personnel Summary for FY2023**



**FY2023 Proposed Staffing**

SBWMA staff provides comprehensive solid waste program and facility planning, compliance, public education, outreach and contract management services on behalf of its member agencies, while supporting the agency-owned Shoreway Environmental Center solid waste and recycling facility. This work is mandated by state law; by franchise agreement and operational agreement contractual obligation; and by virtue of the Agency's facility ownership. Delivery of the Agency's financial, environmental and service standard goals have historically been Staff's top priority. In FY2023, Staff's emphasis will continue to include implementing the vast compliance requirements of SB 1383, expanded environmental education and public outreach requirements, and extensive new planned Facilities Capital Projects and engineering projects. The Executive Director strongly recommends creating an Associate Engineer position in FY2023 to address a significant gap between planned facility repair, maintenance and capital projects and current staff capacity. Public and environmental education continues to be in high demand as organizations and schools return to in-person activities. The Fellowship program will be fully-staffed as the Public Spaces and Environmental Education teams continues to offer both virtual and in-person tours and presentations.

This 2023 Staffing plan assumes 1. the Environmental Education and Public Outreach programs will return to operate at pre-COVID levels and will, in fact, expand, as we continue to offer both virtual and in-person programs to be more accessible and better engage the public in positive behavior change and 2. a proposed newly created Facility Project Engineer position due

to an increase in the number and scale of capital projects occurring at the facility. The above change is reflected on the proposed organizational chart in this Staffing Plan (above) and in **Table 1** (below).

Staff Position Title	FY19/20 <i>Actual</i>	FY20/21 <i>Actual</i>	FY2022 <i>Actual</i>	FY2023 <i>Proposed</i>
<b>Executive</b>				
Executive Director	1.0	1.0	1.0	1.0
<b>Administration</b>				
Sr. Finance Manager	1.0	1.0	1.0	1.0
Management Analyst III <i>(formerly Recycling Programs Manager)</i>	1.0	1.0	1.0	1.0
Clerk of the Board/Associate III <i>(formerly titled "Clerk of the Board/Executive Assistant")</i>	1.0	1.0	1.0	1.0
<b>Operations</b>				
Principal Engineer & Operations Manager <i>(formerly titled "Sr. Operations &amp; Engineering Manager")</i>	1.0	1.0	1.0	1.0
Sr. Engineer <i>(Limited Term)</i> <i>Formerly titled "Sr. Facility Projects Engineer-Ltd. Term"</i>	0	0.5	0.5	0.5
Associate Engineer <i>(newly proposed in FY 2023)</i>	0	0	0	1.0
<b>Program Management</b>				
Sr. Program Manager III <i>(Outreach, Education, Compliance)</i>	1.0	1.0	1.0	1.0
Program Manager II <i>(Environmental Education; Recycling &amp; Compliance)</i>	1.0	1.0	2.0	2.0
Program Manager I* <i>(Outreach/Communications—formerly O/C Coordinator)</i>	1.0	1.0	1.0	1.0
Associate I <i>(formerly EE Associate)</i>	1.0	1.0	0	1.0
<b>Sub-Total Agency Staff (Regular Status):</b>	<b>9.0</b>	<b>9.5*</b>	<b>10.5**</b>	<b>11.5***</b>
Long Range Plan Program Fellowships <i>(Limited terms-1-3yrs)</i>	5.0	5.0	5.0	5.0
<b>Total Agency Staff</b>	<b>14.0</b>	<b>14.5</b>	<b>15.5</b>	<b>16.5</b>

\*Net add= Temporary/Part time Engineer position

\*\*Net add=Recycling/Compliance position (SB 1383)

\*\*\*Proposed net add=Associate Engineer position

### Salary Ranges by Position

The salary ranges for all Agency Staff positions (some are currently vacant) are presented below for FY2023 (see **Table 2**). Historically, independent salary surveys have been conducted every three years to ensure that Staff salaries and benefits are competitively priced within market. Multiple datapoints are collected and averaged with a strategic goal of aligning within the mid-point of each position's market range (not high or low). Due to the unusual economic impacts of COVID-19, and with concurrence with the agency's senior management team, the Executive Director choose to commission the most recent salary survey in October 2022 (four years after the last salary survey was conducted in Spring 2019) to establish the current, adjusted market-based salary ranges for each position.

All job titles and salary ranges presented in this staffing plan are adopted from this survey's recommendations with special consideration given to creating clearly defined career path steps, when possible. Salary ranges and benefits were evaluated to "like" solid waste public agencies and/or departments in the greater Bay Area. This survey was independently conducted by Steve Sherman Consulting in October 2022. Over 200 data points were secured from over 25 jurisdictions including four waste management authorities, eight SBWMA member agencies, and six city and county governments from four neighboring counties.

Table 2 SBWMA Staff: Salary Ranges by Position	
Staff Position	Salary Range
<b>Executive</b>	
*Executive Director <i>(Determined by professional services agreement)</i>	N/A
<b>Administrative</b>	
*Sr. Finance Manager	\$145,436-183,609
Management Analyst III	\$114,578-\$148,777
*Clerk of the Board/Associate III--Confidential <i>(formerly titled "Clerk of the Board/Executive Assistant")</i>	\$100,800-\$116,000
<b>Operations</b>	
*Principal Engineer & Operations Manager <i>(formerly titled "Sr. Operations &amp; Engineering Manager")</i>	\$156,436-194,601
Sr. Facility Projects Engineer <i>(Ltd. term part-time; expires 12/31/24; non-benefitted)</i>	\$136,790-\$172,762
Associate Engineer <i>(Newly proposed in FY2023 budget)</i>	\$113,302 – \$140,783
<b>Program Management</b>	
*Sr. Program Manager III	\$133,249 – \$166,117
Program Manager II	\$110,942 – \$127,584
Program Manager I	\$91,878 – \$105,650
Associate III	\$100,800-\$116,000
Associate II	\$83,500-\$96,000
Associate I	\$69,000-\$79,500
Long Range Plan-based Fellowships**	\$54,685

\*Designated member of SBWMA Senior Management team.

\*\*Fellowship positions are fulltime and, by mutual agreement, can be renewed for 1 to 3 years. This program has been modeled after other similar local programs including the County of San Mateo's Office of Sustainability program. These temporary positions provide important environmental industry-based, independent work assignments for recent college graduates to help the agency achieve its critical long-term goals.

### Budget Assumptions for Merit Increases

A merit increase pool of 4% of wages is assumed for all positions within the current salary ranges for January 1, 2023. Actual merit increases are awarded by the Executive Director on a calendar year basis per the Board-adopted Compensation Policy. NOTE: When Fellowship positions are renewed, a 4% increase is also assumed.

### Employee Benefits

No proposed changes in the employee benefit plans. Total benefit expense as percent of base compensation is estimated at 29% for FY2023. NOTE: This proposed FY2023 budget modification includes providing full benefits on a going forward basis for the five limited term Fellowship positions. These positions have frequent turnover due to the previous lack of health and welfare benefits as expressed in exit interviews. The aggregate annual cost of this change is about \$50k. This change is viewed as an important employee retention measure. A summary of the current benefits for all agency employees./ is as follows:

**Deferred Compensation (Retirement):**

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

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

NOTE: SBWMA does not participate in the federal Social Security system. If the Agency were to participate in the Social Security system, the agency would incur an extra 6.2% of the staff's gross salaries, up to the statutory limit of \$117,000 for each qualified employee. In FY2023, this annual savings for the Agency projects out to be \$84,595.

**Group Health Insurance – General:**

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

**Medical insurance:**

The SBWMA currently offers a high deductible HSA medical plan with *Anthem Blue Cross* for employees and their families. There is a 45% coinsurance after the deductible has been met for most services. Currently, six employees participate in the plan and five employees have opted out. The premium is age based – the average premium is \$1,131 per month plus the HSA average contribution of \$288 per month per employee.

**Dental insurance:**

Dental insurance is provided by *Premier Access* for employees and their families. Basic care is covered 100% and major care (crowns, dentures) is covered at 60% up to the maximum annual benefit of \$2,000. The average monthly premium per employee is \$97.

**Vision Plan:**

Vision insurance is provided by *VSP* for employees and their families. A \$10 copay applies to most services. Frames are covered up to \$120 once per year. The average monthly premium per employee is \$18.

**Life Insurance:**

Term life insurance is provided by *Guardian Insurance*. The employee is provided at 100% of salary up to \$200,000. The average monthly premium per employee is \$58.

**HR and Payroll Support:**

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

- (a) As needed, support for human resources issues including, but not limited to, hiring, firing and discipline.
- (b) As needed, support for compliance with federal, state and local laws and ordinances regarding employment.
- (c) As agreed upon, consult on various Client projects.

- (d) Provide payroll and payroll tax filing services.
- (e) Workers' Compensation insurance.

We pay \$112/month per employee for their services.

## FY 2023 BUDGET

### Attachment D - FY2023 Budget Support Files: COMMODITY REVENUE, PRICING

Update: October 2022

Summary Tables

Table D.1

COMMODITY REVENUE				
<i>COMMODITY REVENUE</i>	FY2022 Adopted Budget	FY2023 Proposed Budget	FY2023 vs. FY2022	Variance %
Tons Sold	52,874	50,716	(2,158)	-4.1%
Wtd Avg. Price	\$ 137.53	\$ 142.57	\$ 5.04	3.7%
Gross Revenue	\$ 7,271,884	\$ 7,230,821	\$ (41,063)	-0.6%
Revenue Share w/ SBR	\$ (645,119)	\$ (634,853)	\$ 10,266	-1.6%
Net Commodity Revenue	\$ 6,626,765	\$ 6,595,968	\$ (30,797)	-0.5%

**FY2023 BUDGET**

Attachment E - FY2023 Budget Support Files: REVENUE, EXPENSE DETAIL

Update: September 2022

Summary Tables

Table E.1

TIP FEE REVENUE				
	FY2022 Adopted Budget	FY2023 Proposed Budget	Proposed vs. Adopted	Variance %
<b>Franchise Revenue</b>				
<u>Tons</u>	269,233	277,830	8,597	3.2%
Wtd Avg. Tip Fee	\$ 134.56	\$ 142.80	8.24	6.1%
<b>Franchise Revenue</b>	<b>\$ 36,227,327</b>	<b>\$ 39,673,491</b>	<b>\$ 3,446,165</b>	<b>9.5%</b>
<b>Public Revenue</b>				
<u>Cu/Yards</u>	182,282	181,702	(580)	-0.3%
Wtd Avg. Tip Fee	\$ 50.92	\$ 53.91	3.00	5.9%
<b>Public Revenue Cu/YDS</b>	<b>\$ 9,280,959</b>	<b>\$ 9,795,861</b>	<b>\$ 514,902</b>	<b>5.5%</b>
<u>Tons ( 3rd party )</u>	8,704	9,274	571	6.6%
Wtd Avg. Tip Fee	\$ 133.64	\$ 145.40	11.76	8.8%
<b>Public Revenue on Tons</b>	<b>\$ 1,163,128</b>	<b>\$ 1,348,465</b>	<b>\$ 185,337</b>	<b>15.9%</b>
<u>Public Dirt Tons</u>	10,926	10,663	(264)	-2.4%
Wtd Avg. Tip Fee	\$ 119.00	\$ 123.00	4.00	3.4%
<b>Sub Total</b>	<b>\$ 1,300,215</b>	<b>\$ 1,311,507</b>	<b>\$ 11,292</b>	<b>0.9%</b>
<b>Public Revenue Total</b>	<b>\$ 11,744,301</b>	<b>\$ 12,455,833</b>	<b>\$ 711,532</b>	<b>6.1%</b>
<b>Total Tip Fee Revenue</b>	<b>\$ 47,971,628</b>	<b>\$ 52,129,324</b>	<b>\$ 4,157,696</b>	<b>8.7%</b>

**FY2023 BUDGET**

Table E.2

<b>TRANSFER STATION VOLUME</b>					
		<b>FY2022 Adopted Budget</b>	<b>FY2023 Proposed Budget</b>	<b>Proposed vs. Adopted</b>	<b>Variance %</b>
<b>Total TS Tonnage and Yards</b>					
<u><b>Franchise tons</b></u>					
SBWMA Solid Waste	tons	168,765	173,006	4,241	3%
SBWMA Organics	tons	83,533	81,551	(1,982)	-2%
SBWMA Food Waste	tons	13,368	19,678	6,309	47%
SBWMA Dirt, Inert, Other	tons	3,567	3,596	29	1%
<b>Sub-total Franchise</b>		<b>269,233</b>	<b>277,830</b>	<b>8,597</b>	<b>3.2%</b>
<u><b>Public tons</b></u>					
Non-SBWMA SW	tons	3,607	4,321	714	20%
Non-SBWMA Scrap	tons	120	104	(16)	-13%
Non-SBWMA FOOD	tons	948	1,022	73	8%
Non-SBWMA C&D	tons	1,804	1,905	101	6%
Non-SBWMA ORGANIC	tons	403	360	(43)	-11%
Non-SBWMA Asphalt Roofing	tons	1,821	1,563	(258)	-14%
Non-SBWMA Clean Wood	tons	0	0	-	0%
Public Weighed Dirt	tons	10,926	10,663	(264)	-2%
<b>Sub-Total Public tons</b>		<b>19,630</b>	<b>19,937</b>	<b>307</b>	<b>2%</b>
<b>Total Tons</b>		<b>288,863</b>	<b>297,767</b>	<b>8,904</b>	<b>3.1%</b>
<u><b>Public Cu/Yds.</b></u>					
Public Solid Waste Yards	C/Yds.	70,683	69,585	(1,098)	-2%
Public Green Waste Yards	C/Yds.	33,090	29,741	(3,349)	-10%
Public C&D	C/Yds.	78,509	82,376	3,867	5%
<b>Total Cubic Yards</b>		<b>182,282</b>	<b>181,702</b>	<b>(580)</b>	<b>-0.3%</b>

**FY2023 BUDGET**

Table E.3

<b>SBR OPERATING EXPENSE</b>				
<b>A. Summary</b>	<b>FY2022 Adopted Budget</b>	<b>FY2023 Proposed Budget</b>	<b>Proposed vs. Adopted</b>	<b>Variance %</b>
MRF	\$ 7,012,345	\$ 7,185,025	\$ 172,681	2.5%
Transfer Station	5,417,345	\$ 5,660,203	\$ 242,858	4.5%
Transportation	6,788,370	\$ 7,974,671	\$ 1,186,301	17.5%
<b>TOTAL SBR EXPENSE</b>	<b>\$ 19,218,059</b>	<b>\$ 20,819,899</b>	<b>\$ 1,601,840</b>	<b>8.3%</b>
<b>B. SBR Expense Detail</b>	<b>FY2022 Adopted Budget</b>	<b>FY2023 Proposed Budget</b>	<b>Proposed vs. Adopted</b>	<b>Variance %</b>
<b><u>MRF</u></b>				
Tons, Inbound	65,498	63,577	(1,921)	-2.9%
Tons, residue	(12,625)	(12,861)	(236)	1.9%
Tons, net sold	52,874	50,716	(2,157)	-4.1%
Wtd Avg. Rate of net tons sold	\$ 128.99	\$ 138.36	\$ 9.36	7.3%
Expense	\$ 6,820,345	\$ 7,017,025	\$ 196,681	2.9%
<b><u>MRF Additional Sorters</u></b>	<b>\$ 192,000</b>	<b>\$ 168,000</b>	<b>\$ (24,000)</b>	<b>-12.5%</b>
<b><u>Transfer Station</u></b>				
Tons	345,772	355,708	9,936	2.9%
Wtd Avg. Rate	\$ 13.76	\$ 15.00	\$ 1.24	9.0%
Expense	\$ 4,757,345	\$ 5,334,298	\$ 576,954	12.1%
<b><u>O2E Processing &amp; Transport (net)</u></b>	<b>\$ 660,000</b>	<b>\$ 325,905</b>	<b>\$ (334,095)</b>	<b>-50.6%</b>
<b><u>Transportation</u></b>				
Tons	345,772	355,708	9,936	2.9%
Wtd. Avg. Rate	\$ 19.63	\$ 22.42	\$ 2.79	14.2%
Expense	\$ 6,788,370	\$ 7,974,671	\$ 1,186,301	17.5%
<b>TOTAL SBR "PAID" TONS</b>	<b>744,418</b>	<b>762,132</b>	<b>17,714</b>	<b>2.4%</b>
<b>TOTAL SBR EXPENSE</b>	<b>\$ 19,218,059</b>	<b>\$ 20,819,899</b>	<b>\$ 1,601,840</b>	<b>8.3%</b>

**FY2023 BUDGET**

Table E.4

DISPOSAL & PROCESSING EXPENSE				
	FY2022 Adopted Budget	FY2023 Proposed Budget	Proposed vs. Adopted	Variance %
<b>A. Summary</b>				
Solid Waste	\$ 11,226,118	\$ 11,834,323	\$ 608,204	5.4%
Organics	\$ 7,428,806	\$ 8,855,175	\$ 1,426,369	19.2%
C&D, dirt	\$ 3,369,020	\$ 3,403,006	\$ 33,986	1.0%
Other	\$ 554,690	\$ 550,670	\$ (4,020)	-0.7%
<b>Subtotal</b>	<b>\$ 22,578,634</b>	<b>\$ 24,643,174</b>	<b>\$ 2,064,540</b>	<b>9.1%</b>
Paid by SBR on MRF residue	\$ (560,715)	\$ (585,839)	\$ (25,124)	4.5%
O2E Diversion	\$ (469,917)	\$ (509,687)	\$ (39,770)	8.5%
<b>TOTAL DISPOSAL EXPENSE</b>	<b>\$ 21,548,002</b>	<b>\$ 23,547,649</b>	<b>\$ 1,999,646</b>	<b>9.3%</b>
<b>B. Detail</b>				
<b>Solid Waste (Ox Mtn.)</b>				
Tons, net	202,209	207,838	5,629	2.8%
Wtd Avg. Rate	\$ 55.52	\$ 56.94	\$ 1.42	2.6%
Expense	\$ 11,226,118	\$ 11,834,323	608,204	5.4%
<b>Organics (Newby, BVON)</b>				
Tons, net	101,623	106,968	5,345	5.3%
Wtd Avg. Rate	\$ 73.10	\$ 82.78	\$ 9.68	13.2%
Expense	\$ 7,428,806	\$ 8,855,175	1,426,369	19.2%
<b>C&amp;D (Zanker)</b>				
Tons, net	41,940	40,902	(1,038)	-2.5%
Wtd Avg. Rate	\$ 80.33	\$ 83.20	\$ 2.87	3.6%
Expense	\$ 3,369,020	\$ 3,403,006	33,986	1.0%
<b>Other</b>				
Tires	\$ 2,000	\$ 7,829	\$ 5,829	291.4%
Appliances	\$ 60,560	\$ 61,280	\$ 720	1.2%
Hazardous Waste	\$ 479,695	\$ 463,436	\$ (16,259)	-3.4%
Sharps, Misc.	\$ 12,435	\$ 18,125	\$ 5,690	45.8%
Expense	\$ 554,690	\$ 550,670	\$ (4,020)	-0.7%

**FY2023 BUDGET**

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

<b>ORGANICS PROCESSING EXPENSE DETAIL</b>				
	<b>FY2022 Adopted Budget</b>	<b>FY2023 Proposed Budget</b>	<b>Proposed vs. Adopted</b>	<b>Variance %</b>
<b>Organics (Newby)</b>				
Tons, net	39,659	36,448	(3,211)	-8.1%
Wtd Avg. Rate	\$ 74.59	\$ 90.00	\$ 15.41	20.7%
Expense	\$ 2,958,151	\$ 3,280,333	322,182	10.9%
<b>Organics (BVON)</b>				
Tons, net	47,648	49,821	2,173	4.6%
Wtd Avg. Rate	\$ 71.42	\$ 74.51	\$ 3.09	4.3%
Expense	\$ 3,402,769	\$ 3,711,910	309,142	9.1%
<b>Food</b>				
Tons, net	14,317	20,699	6,382	44.6%
Wtd Avg. Rate	\$ 74.59	\$ 90.00	\$ 15.41	20.7%
Expense	\$ 1,067,886	\$ 1,862,931	795,045	74.5%
<b>Total Organics</b>				
Tons, net	101,623	106,968	5,345	5.3%
Wtd Avg. Rate	\$ 73.10	\$ 82.78	\$ 9.68	13.2%
Total Organics Expense	\$ 7,428,806	\$ 8,855,175	1,426,369	19.2%



# SHOREWAY OPERATIONS AND CONTRACT MANAGEMENT



## Code of Conduct Notice:

Reminder- the Board approved Code of Conduct prohibits direct lobbying of Board members regarding this item. If contacts are made we recommend Board members decline to discuss this item and report that contact during the Board meeting



## STAFF REPORT

**To:** SBWMA Board Members  
**From:** Joe La Mariana, Executive Director  
 Joanne Nghiem, Sr. Management Analyst  
**Date:** November 17, 2022 Board of Directors Meeting  
**Subject:** Approval of a Successor Agreement for the Operation of the Shoreway Environmental Center to Commence January 1, 2024; and Finding that Approval of the Agreement is Exempt from Review under the California Environmental Quality Act Pursuant to Guideline Section 15301, Existing Facilities

### Recommendation

Staff recommends that the Board of Directors adopt Resolution No. 2022-54A attached hereto authorizing the following actions:

- 1) Approval of the Agreement for the Operation of the Shoreway Environmental Center with South Bayside Industries, Inc.<sup>1</sup>; and
- 2) Finding that Approval of the Shoreway Environmental Center Operations Agreement is Exempt from Review under the California Environmental Quality Act.

Alternatively, the Board could adopt Resolution No. 2022-54B, attached hereto, approving the Agreement for the Operation of the Shoreway Environmental Center with South Bay Recycling, LLC and finding such action exempt from review under the California Environmental Quality Act.

### Summary

South Bayside Waste Management Authority (“SBWMA” or “Authority”) owns the Shoreway Environmental Center (SEC) located in San Carlos. The SEC is operated by a contractor through an agreement with the SBWMA. The current Agreement for Operation of the Shoreway Recycling and Disposal Center dated July 2009, with South Bay Recycling, LLC (“SBR”), expires on December 31, 2023 (“Current Agreement”). To prepare for a successor agreement, on October 1, 2021, Staff issued a Request for Qualifications (RFQ) for Operation of the SEC. In response, two proposals were received: one from the current operator, SBR, and the other from South Bayside Industries, Inc. (“SBI”), a corporate entity to be formed by Alameda County Industries, Inc. (“ACI”) for the purpose of operating the SEC<sup>2</sup>.

The proposals were evaluated by Staff and HF&H Consultants, LLC, (“HF&H”), supplemented by technical consultant Sloan-Vazquez-McAfee, with engagement from Legal Counsel (“ADCL”) and from four SBWMA Board members who met during three (3) Ad Hoc Board Selection Committee (“AHBSC”) meetings.<sup>3</sup> Parallel negotiation

<sup>1</sup> Upon approval of the Agreement, Alameda County Industries, Inc. will create South Bayside Industries, Inc., a corporate entity that will be formed for the sole purpose of the Agreement for the Operation of the Shoreway Environmental Center.

<sup>2</sup> “ACI” is used throughout this report to refer to South Bayside Industries to avoid confusion between “SBI” and “SBR”.

<sup>3</sup> The AHBSC consists of Alicia Aguirre, Chair (City of Redwood City); Rick Bonilla, Vice-Chair (City of San Mateo); Jon Froomin (City of Foster City); and Cecilia Taylor (City of Menlo Park).

meetings with each proposer began in July 2022 and concluded in October 2022. Staff completed seven rounds of negotiations with each proposer, for a total of fourteen meetings. The negotiations have resulted in the preparation of two separate, fully-negotiated agreements, one with each proposer, for the Board's consideration (attached hereto as Exhibits A and B). The agreements provide for all contract terms and conditions including the cost of services, commodity revenue sharing arrangements with the SBWMA, and the allocation of key risks between SBWMA and each potential operator.

Each of the proposed agreements represent the final best offer from each of the proposers resulting from the negotiation process. The attached agreements are in their final form and have been signed by each of the proposers. Following the Board's action, the agreement with the selected proposer will then be signed by the Authority, thereby fully executing this new agreement, and all its terms within.

After much consideration Staff has concluded, based on the unique strengths of the proposal, key contract terms, cost proposal, and estimated rate impacts, that the ACI proposal offers the SBWMA the best overall value, and therefore recommends that the Board approve the Agreement for Operation of the SEC ("Agreement") to ACI for a twelve-year period, commencing on January 1, 2024 through December 31, 2035, with options to extend the term for up to two additional years, at SBWMA's sole discretion. The ACI proposal presents a number of valuable terms; chief among these is that its cost proposal and related rate impact over the term of the agreement are substantially less than SBR's. **Staff's recommendation does not reflect and should not be interpreted as a negative comment on the productive and beneficial working relationship the SBWMA enjoys with SBR under the Current Agreement.** Going forward, however, Staff believes ACI's proposal is the more cost-effective option and offers the best value to SBWMA ratepayers.

Alternatively, the Board may take action to approve the Agreement to SBR, based on the terms presented in its agreement.

### **Background**

The Current Agreement with SBR became effective on November 30, 2009; operations under the Current Agreement commenced on January 1, 2011 and will expire on December 31, 2023. There is no contractual mechanism available to extend the Current Agreement beyond the 2023 term, therefore, a new agreement is needed. Due to the complexity and importance of the operations agreement, Staff recommended a work plan that included a nearly two-year long process (March 2021 – November 2022) for conducting a competitive public solicitation to select the successor facility operator for the SEC, with a third year (2023) reserved for mobilization and transition efforts, equipment acquisition, and staff development ("the Work Plan"). The Board adopted the Work Plan at its March 25, 2021, meeting.

The RFQ and contractor selection process was designed as a two-phase process:

**Phase 1** – Request for Qualifications (RFQ) Solicitation, and

**Phase 2** – Parallel Negotiations.

Phase 1 was initiated in the Fall of 2021 when RFQ documents were approved by the Board and subsequently released to the public on October 1, 2021, which resulted in responsive proposals from two companies.

One proposal was received from SBR, the current operator of the SEC. SBR is a joint venture between Recology Inc. (60% ownership stake) and Potential Industries Inc. (40% ownership stake), both of which are well-recognized

and experienced operators of material recovery facilities (MRFs) that process commingled residential and commercial recyclables and transfer stations.

The second proposal was submitted by SBI, a proposed new corporate entity that will be created specifically to operate the SEC by the shareholders of ACI, which include shareholders of ACI, South San Francisco Scavenger Co., Inc. (SSFSC) and Bay Counties Waste Services (BCWS). These companies are also both well-respected and are long-standing participants in Northern California's solid waste and recycling industry, with decades of experience operating transfer stations and MRFs, including the SMaRT Station® in Sunnyvale and the Blue Line Transfer Station and MRF in South San Francisco.

**During Phase 1, Staff and consultants evaluated the proposals including evaluation of proposer's qualifications, technical approach, recyclable materials marketing approach, pricing for transfer station services, MRF operations, and transportation services, and more.** In addition, Staff conducted interviews with each proposer, and toured proposers' reference facilities.

**In Phase 2, Parallel Negotiations, Staff requested additional technical information and revised cost proposals from proposers for evaluation, and Staff conducted seven negotiation meetings concurrently with each proposer, for a total of fourteen meetings.**<sup>4</sup> The RFQ included a draft operating agreement presenting contract terms desired by the Authority. The negotiation meetings have been utilized to discuss key contract term exceptions identified by each proposer in their January 2022 proposals. Staff conducted negotiations with the goal of achieving maximum value, efficiency, performance, and reliability from each company, while trying to keep the two proposed contracts as similar as possible in order to be able to compare the proposals in a meaningful way. During Phase 2, Staff also conducted appropriate due diligence of proposer references, financial strength, litigation history, and regulatory compliance history.

## **Discussion**

### **Proposer Overview**

Over the course of the Phase 1 and Phase 2 proposal evaluation process, Staff evaluated the January 2022 proposals and proposers' July 2022 responses to the SBWMA's Phase 2 Request for Information. An overview of the evaluation process, evaluation criteria, and evaluation summary is provided in the Proposal Evaluation Report (see Exhibit C). The evaluation process concluded that both proposers are qualified companies with a common set of characteristics listed below. Table 1 highlights key factors and differences between the proposals.

#### **Common Characteristics of Both Proposers**

- Relevant qualifications operating similar facilities.
- Sound technical approach and transition plans.
- History of innovation in use of new technology at their facilities.
- Experience with Sanitary Truck Drivers and Helpers Union, International Brotherhood of Teamsters, Local 350 (Local 350) that represents a significant portion of the SEC personnel.
- Committed to retaining existing SEC employees, including those from Local 350 and MRF sorters from County's Vocational Rehabilitation Services program (VRS)
- History of relatively strong regulatory compliance.
- Safety records that fall within the industry range for solid waste facility operations.
- Strong references from municipal agencies.

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<sup>4</sup> Staff updated the Work Plan at the September 22, 2022 Board meeting with an estimate of eight negotiation meetings with each proposer; however, Staff was able to complete negotiations within seven meetings with each proposer.

- Proposers' recent financial conditions does not raise concerns (based on findings from review of ACI's financial statements and financial statements of SBR's Member's Recology and Potential Industries).
- Sound financing strategies for purchase of contractor-provided equipment.
- Provision of \$1.5 million in funding for stormwater system improvements.

**Table 1. Proposal Factors and Differences.**

ACI	SBR
<ul style="list-style-type: none"> <li>✓ Lower cost proposal and rate impact; option for 12-year term (in addition to the required 10-year term) at \$2.8 million saving over 12 years</li> <li>✓ Higher commodity revenue arrangement (100% of commodity revenues are provided to the SBWMA, which may be more advantageous than sharing), although no guaranteed minimum (see below)</li> <li>✓ Historical commodity marketing results relatively stronger than SBR's five-year commodity revenue results; reported higher unit revenues</li> <li>✓ Discounted 10% transfer station and MRF service fees when tonnage received at the SEC is within a specified range, with a maximum potential discount (savings to the Authority) of \$210,000 annually</li> <li>✓ Some value in no affiliation with SBWMA's collection contractor (manage contamination, checks/balances on reports)</li> <li>✓ Transition experience</li> <li>✓ Historical marketing results very strong</li> <li>✓ Use of new hybrid technology vehicles for haul solid waste to Ox Mountain Landfill at start of Agreement for 35% of the fleet to provide an environmental benefit in the form of reduce vehicle emissions</li> <li>✓ Option to use off-site maintenance facility for transfer vehicles</li> </ul>	<ul style="list-style-type: none"> <li>✓ Commodity revenue sharing arrangement of a \$4.7 million annual revenue guarantee with 90% of commodity revenues to the SBWMA, which may incentivize higher commodity revenues</li> <li>✓ Annual compensation adjustments limit increases in CBA wages and benefit costs to the changes in existing CBAs until expiration of those CBA and then limit to change in the consumer price index (CPI) for subsequent years with exceptions for adjustments to costs match CBA wages and benefits when setting Year 4 (2027) compensation and compensation for one additional year (to be selected by SBR)</li> <li>✓ No transition risk, current operator, known management team</li> <li>✓ Less potential conflict with the SBWMA collection collector and potential benefits of site coordination due to common ownership</li> <li>✓ Relative to the industry, commodity revenues are strong and SBR has historically done well in weathering challenging material marketing situations such as the National Sword</li> <li>✓ Used transfer vehicles for first four years to reduce their costs</li> <li>✓ Option to use of LNG transfer vehicles starting in Year 5</li> <li>✓ Potential to direct additional volumes of recyclable materials to the MRF to provide revenues to offset some MRF costs</li> </ul>
<ul style="list-style-type: none"> <li>✗ Annual compensation adjustments include changes to CBAs wage and benefit costs to match then-current CBA wage and benefit rates, subject to a 12% annual cap. This "pass-through" of CBA costs will likely result in relatively higher future cost increases to the SBWMA compared to SBR's compensation adjustment</li> <li>✗ No commodity revenue guarantee and no obligation to pay SBWMA in the event commodity revenues do not meet market-high pricing determined through assessment of commodity price indices and surveys</li> </ul>	<ul style="list-style-type: none"> <li>✗ Higher cost proposal and rate impact</li> <li>✗ Alternative fuel option (LNG) may not be viable given SEC site limitation and potential additional capital costs</li> </ul>

ACI	SBR
<ul style="list-style-type: none"> <li>✘ Expanded special circumstances which could open the Agreement up for possible cost adjustments in more circumstances than SBR</li> <li>✘ SBWMA obligation to purchase contractor's equipment in the event of termination that is not due to contractor's default</li> <li>✘ Change in contractor introduces transition risk</li> <li>✘ Higher potential for conflict with collector; potential to increased coordination for SBWMA</li> </ul>	

Additional background considerations related to each proposer include:

- **SBR Performance Record:** In 2021, Recology San Francisco, Sunset Scavenger Company, and Golden Gate Disposal & Recycling Company ("SF Recology Companies") and Recology Inc. entered into two settlement agreements (one with the City of San Francisco and one with the U.S. Attorney's Office) and agreed, without admitting liability, to pay \$130 million in settlement costs including fines and rate reductions related to the overcharging of San Francisco's ratepayers, providing donations, gifts, and meals directly or indirectly to San Francisco City officials, and allegations of bribery actions by the SF Recology Companies related to the San Francisco Department of Public Works. Two Recology corporate executives have recently been charged with or plead guilty to bribery of San Francisco officials. Since this time, Recology Inc. replaced its Chief Executive Officer and has been implementing other remedial measures to enhance its compliance program.
- **ACI Ownership Structure:** ACI is a closely-held private company with ownership shares owned primarily by members of several families that have been prominent in the regional waste management industry for decades. In recent years, key management roles have shifted to second generation members of the families and these shifts will likely continue to occur over time. One of ACI's affiliates recently sold two of its entities, which provided franchise collection services in San Jose and Milpitas, and is proposing the sale of its entity that services Livermore, to a larger solid waste and recycling company. The assignment provisions of the Agreement require SBWMA's review and approval of assignment in the event ACI were to sell the SEC Agreement to another entity.

Operations Agreement

As noted above, two separate agreements (one for each proposer) are being presented for the Board's consideration. Most terms in the two Agreements are identical. However, over the course of the negotiations process, Staff, consultants, and each proposer worked through some contract issues that resulted in different contract arrangements. The negotiated agreements reflect provisions that are different from the Current Agreement. Key contract differences are presented in Table 2.

**Table 2. Key Contract Modifications.**

Agreement Section	Current Agreement	ACI	SBR
2.02	<u>Term.</u> 10-year term plus up to 3 extension years.	<u>Term.</u> Offered 12-year term (in addition to the required 10-year term) plus up to 2 extension years, at SBWMA sole discretion.	<u>Term.</u> Offered 10-year term as required, plus up to 2 extension years, at SBWMA sole discretion, plus additional 2 years at mutual discretion.
2.04	<u>Performance Bond.</u> \$2 million performance bond.	<u>Guaranty/Performance Bond.</u> No corporate	<u>Guaranty/Performance Bond.</u> Corporate guarantee

Agreement Section	Current Agreement	ACI	SBR
		guarantee given structure of corporation; 20% performance bond (bond of approximately \$6.2 million ).	by Recology Inc. and Potential Industries; 10% performance bond (bond of approximately \$3.3 million).
4.02/ Attachment 29	<b><u>MRF Phase I Equipment Improvement.</u></b> MRF Phase I equipment improvement addressed; required to provide support during installation and testing.	<b><u>MRF Phase II Equipment Improvement.</u></b> <ul style="list-style-type: none"> <li>• Require contractor involvement in design process and support during installation and testing.</li> <li>• Specify future negotiation of change in MRF service fee (reduced operating costs).</li> </ul>	<b><u>MRF Phase II Equipment Improvement.</u></b> <ul style="list-style-type: none"> <li>• Require contractor involvement in design process and support during installation and testing.</li> <li>• Specify future negotiation of change in MRF service fee (reduced operating costs and change in Commodity Revenue Guarantee).</li> </ul>
4.05	<b><u>Stormwater Compliance Costs.</u></b> Sole responsibility of contractor.	<b><u>Stormwater Compliance Costs.</u></b> Secure \$1.5 million from contractor for improvements; additional capital to be provided by SBWMA.	<b><u>Stormwater Compliance Costs.</u></b> Secure \$1.5 million from contractor for improvements; additional capital to be provided by SBWMA.
7.04	<b><u>Commodity Revenue Sharing and Guarantee.</u></b> Arrangement to provide SBWMA with \$4.7 million as a commodity revenue guarantee then provision of 75% of revenues to SBWMA.	<b><u>Commodity Revenue Sharing and Guarantee.</u></b> Arrangement to provide SBWMA with 100% of revenues; however, no commitment to provide an annual commodity revenue guarantee.	<b><u>Commodity Revenue Sharing and Guarantee.</u></b> Arrangement to provide 90% of revenues to the SBWMA with a \$4.7 million annual revenue guarantee to SBWMA.
7.04	<b><u>Unusual Market Circumstances For Recyclable Commodities.</u></b> Not covered.	<b><u>Unusual Market Circumstances For Recyclable Commodities.</u></b> <ul style="list-style-type: none"> <li>• Subject to SBWMA approval, allow for reduced sales prices, changes in materials grades, payments to processors (when value is negative), and, as a last resort, disposal.</li> <li>• Future CRV program changes considered.</li> </ul>	<b><u>Unusual Market Circumstances For Recyclable Commodities.</u></b> <ul style="list-style-type: none"> <li>• Subject to SBWMA approval, allow for reduced sales prices, changes in materials grades, payments to processors (when value is negative), and, as a last resort, disposal.</li> <li>• Future CRV program changes considered.</li> </ul>
7.05	<b><u>MRF Residue Transport And Disposal Costs.</u></b> Sole responsibility of contractor; financial incentive (in the form	<b><u>MRF Residue Transport And Disposal Costs.</u></b> SBWMA to pay a portion of the MRF residue transport and disposal	<b><u>MRF Residue Transport And Disposal Costs.</u></b> SBWMA to pay a portion of the MRF residue transport and disposal

Agreement Section	Current Agreement	ACI	SBR
	of increase commodity revenue share for contractor) included for reduced MRF residue levels.	costs for contamination in the recyclable materials and targeted recyclable materials that do not have viable markets; removed commodity revenue sharing incentive for reduced residue levels.	costs for contamination in the recyclable materials and targeted recyclable materials that do not have viable markets; Transport and disposal costs as contractor expense for targeted recyclable materials that are not recovered; removed commodity revenue sharing incentive for reduced residue levels.
7.08	<b><u>Special Circumstances.</u></b> Contractor may apply for an adjustment to compensation in limited circumstances.	<b><u>Special Circumstances.</u></b> Expanded list of circumstances beyond those in the Current Agreement; relatively broader scope of special circumstances (compared to SBR) in that two events may be combined to meet the financial threshold that triggers consideration of a special circumstance's request for change in compensation.	<b><u>Special Circumstances.</u></b> Expanded list of circumstances beyond those in the Current Agreement; relatively more narrow scope of special circumstances (compared to ACI).
Previously 7.08	<b><u>Transfer Station Diversion Program.</u></b> Incentive to Contractor to divert Self-haul materials from disposal.	<b><u>Transfer Station Diversion Program.</u></b> Eliminate existing diversion requirement (which the Board suspended), as the space for diversion in the transfer station is very limited.	<b><u>Transfer Station Diversion Program.</u></b> Eliminate existing diversion requirement (which the Board suspended), as the space for diversion in the transfer station is very limited.
11.09	<b><u>Force Majeure.</u></b> Includes defined excuses for nonperformance.	<b><u>Force Majeure.</u></b> Expanded to include pandemic and epidemic within this definition.	<b><u>Force Majeure.</u></b> Expanded to include pandemic and epidemic within this definition.
Attachments 8-A and 8-C	<b><u>Compensation.</u></b> <ul style="list-style-type: none"> <li>• Structure multi-index annual adjustments using national cost indices.</li> </ul>	<b><u>Compensation.</u></b> <ul style="list-style-type: none"> <li>• Structure multi-index annual adjustments using Bay Area cost indices (rather than national cost indices), with cost-based review to set service fees for Year 4 (2027) and for one additional year (to be selected by ACI); the cost-based review allows for adjustments in labor and other costs if tonnage has</li> </ul>	<b><u>Compensation.</u></b> <ul style="list-style-type: none"> <li>• Structure multi-index annual adjustments using Bay Area cost indices (rather than national cost indices), with cost-based review to set service fees for Year 4 (2027) and for one additional year (to be selected by SBR); the cost-based review allows for adjustments in labor and other costs if</li> </ul>

Agreement Section	Current Agreement	ACI	SBR
		<p>increased more than 10% above current levels.</p> <ul style="list-style-type: none"> <li>• Include annual changes to CBAs wage and benefit costs to match then-current CBA wage and benefit rates, which “pass-throughs” CBA costs subject at a 12% annual cap.</li> <li>• Provide O2E cost-plus-profit compensation during the O2E pilot program, then shift to a service fee arrangement for the full-scale O2E permanent program.</li> <li>• Specify operating ratio of 0.87 (profit level of about 13%); profit on equipment depreciation; no profit on interest.</li> </ul>	<p>tonnage has increased more than 10% above current levels.</p> <ul style="list-style-type: none"> <li>• Include annual CBA wages and benefit costs to match changes in existing CBAs until expiration of those CBAs and then limit the annual changes to change in Bay Area consumer price index (CPI) for wages, with exceptions for adjustments to costs match CBA wages and benefits when setting Year 4 (2027) compensation and compensation for one additional year (to be selected by SBR).</li> <li>• Provide O2E cost-plus-profit compensation during the O2E pilot program, then shift to a service fee arrangement for the full-scale O2E permanent program.</li> <li>• Specify operating ratio of 0.85 (profit level of about 15%); equipment lease without profit.</li> </ul>

Cost Proposals

ACI presented the lowest cost proposal at \$31.1 million in Year 1 (2024), which is annually \$2.5 million less than SBR, amounting to \$25.2 million less than SBR over 10 years. Although there are a number of factors that impact cost, the main factors driving the cost difference between ACI and SBR are (1) the amount of staff each is proposing and (2) the different profit levels of the proposers. ACI's proposal includes 14.5 fewer personnel than SBR's, and, therefore, their associated labor and benefit costs are \$1.2 million lower than SBR's. ACI's experience operating similar facilities lead ACI to its assessment of the staffing needs for the SEC operation, resulting in its proposed staffing level. While lower than SBR's, ACI's proposed staffing level is approximately 12 staff positions greater than current staffing levels. ACI proposed an operating ratio of 0.87, which is roughly a 13% profit level, whereas SBR proposed a lower operating ratio of 0.85, which translates to a higher profit level of 15%. ACI's profit is \$890,000 lower than SBR's in Year 1 (2024). Other cost differences amount to \$530,000 in Year 1 (2024). Figure 1 presents a side-by-side comparison of projected Year 1 (2024) annual costs for ACI and SBR for a 10-year contract term, current costs that are based on the 2023 SEC service fees projected to 2024 dollars, and the estimated increase in proposers' costs over current. The increase over current costs (projected to 2024 dollars) is 52.0% to 64.3% for ACI and SBR, respectively.

Figure 1: Cost Proposal Comparison

Annual Cost (2024 Dollars)	Current Projected to 2024	ACI	SBR	Difference (SBR - ACI)
Transfer Station	\$5,020,000	\$8,690,000	\$9,950,000	\$1,260,000
MRF, net of residue	\$7,330,000	\$11,870,000	\$12,500,000	\$630,000
Transportation, excluding glass transportation	\$8,090,000	\$10,450,000	\$11,140,000	\$690,000
<b>Total estimated contractor's compensation</b>	<b>\$20,440,000</b>	<b>\$31,010,000</b>	<b>\$33,590,000</b>	<b>\$2,580,000</b>
Increase over current costs projected to 2024 dollars		\$10,570,000	\$13,150,000	\$2,580,000
<b>Increase over current costs projected to 2024 dollars</b>		<b>52%</b>	<b>64%</b>	<b>12.6%</b>

As shown in the figure above, both ACI and SBR have presented proposals that would significantly increase costs over the costs in the Current Agreement. Notable cost drivers include:

- Desire for increased profit level significantly above the current profit level of approximately 8%, due to pricing for risks associated with the current environment (labor market, recycling market, pandemic, supply chain issues etc.)
  - ACI proposed an operating ratio of 0.87, which is roughly a 13% profit level, whereas SBR proposed a lower operating ratio of 0.85, which translates to a profit level of 15%
- Significant increase in headcount resulting in associated wage/benefit increases
- Alignment of wages and benefits to match current rates in the Local 350 Collective Bargaining Agreements (CBAs)
- Labor cost increases due to increased staff tenure
- Depreciation cost increases reflecting purchase of new facility rolling stock and equipment
- Operation and maintenance costs reset since historical compensation indices did not keep pace with actual costs
- Repair and maintenance cost increases due to aging equipment at the SEC
- Fuel cost reset since historical compensation indices did not keep pace with actual price
- Stormwater capital improvement allowance/funding for future related infrastructure projects
- Mandated quarterly SB 1383 sampling costs to comply with regulations
- Pricing reflecting current risks (e.g., inflation, labor market, commodity markets, supply chain)

While a new agreement with either ACI or SBR will result in significant cost increases when compared to our current agreement's cost structure, both proposers, during the negotiation of contract terms, presented strategies for reducing costs: ACI through a 12-year contract term and SBR through use of LNG vehicles in Year 5 (2028). In addition, the Agreements with each proposer include contract provisions that may result in cost savings during the term of the Agreement: ACI through a service fee discount and 100% commodity sharing arrangement, and SBR through the potential ability to deliver additional recyclable materials to the MRF from other jurisdictions. Table 3 summarizes these potential cost savings. For additional cost proposal information, refer to Exhibit C, Proposal Evaluation Report.

**Table 3. Potential Cost Impacts on Base Proposal.**

ACI	SBR
<ul style="list-style-type: none"> <li>✓ ACI's proposed option for a 12-year contract term (rather than the required 10-year contract term) provides an annual savings of \$230,000 (compared to the 10-year term), yielding a \$2.8 million saving over 12 years.</li> <li>✓ ACI's Agreement includes service fee discounts that apply if transfer station and MRF tonnage increases above the current levels (up to a tonnage cap) that may result in additional benefits over SBR's cost proposal of \$210,000 per year if current transfer station and MRF tonnage increases.</li> <li>✓ ACI's Agreement includes commitment to provide 100% of commodity revenues to the SBWMA), which has the potential to provide higher annual revenue in the range of \$630,000 to \$940,000 per year based on the historical commodity revenues of 2018 through 2021. Actual commodity revenues may be different than historical revenues and yield different results.</li> </ul>	<ul style="list-style-type: none"> <li>✓ SBR's Agreement includes a provision related to the potential ability of SBR to direct additional volumes of recyclable materials to the MRF from other jurisdictions it has contracts with. This arrangement has the potential to provide revenues to the SBWMA to offset some MRF costs; SBR proposed to be compensated for tonnage from jurisdictions outside the SBWMA service area at a reduced per-ton MRF processing fee reflecting variable costs; SBWMA would benefit through gate revenues and additional commodity revenues. While no commitment has been made to the potential tonnage that SBR can deliver from other jurisdiction, an example of the potential annual benefits to the SBWMA is \$200,000 if an additional 10,000 tons per year is provided. Actual benefits may be higher or lower than this estimate; and there is potential that no tonnage will be routed to the SEC and, therefore, no cost benefit may be realized.</li> <li>✓ SBR proposed an option of using of new liquified natural gas (LNG) transfer vehicles starting in Year 5 (2028) of the Agreement rather than renewable diesel vehicles, that will result in a cost savings of \$360,000 annually, resulting in a \$3.6 million savings over 10 years.<sup>5</sup></li> </ul>

Figure 2 presents the “base” cost proposals, which are considered to be ACI's cost proposal for a 10-year term and SBR's cost proposal for a 10-year term and renewable diesel fuel transfer vehicles, as well as cost savings options and contract provisions described in Table 3 above. In addition, Figure 2 includes an estimate of the potential impact of ACI's annual CBA cost adjustments to match then-current CBA wage and benefit rates. It is unknown what the impact of the “pass through” of CBA wages and benefits will be because the future CBAs have not been negotiated. An estimate of the potential impact of the CBA pass-through costs (shown in Figure 2) has been made to provide an example of the difference this contract provision may have on ACI's costs. This “pass-through” of CBA costs could result in increased costs of \$1.15 million annually, as reflected in Figure 2; however, the actual impact may be more or less depending on the negotiated wage and benefit costs of the future CBAs.<sup>6</sup>

<sup>5</sup> While the LNG vehicle savings is an attractive option from a cost perspective, the SBWMA has significant concerns that the viability of this option because of limited SEC space to accommodate an LNG fueling station and reconfiguration of vehicle traffic to safely access the LNG fueling station and because additional capital costs may be required by the SBWMA to implement the necessary site improvements.

<sup>6</sup> The estimated impact of reflecting actual CBA wage and benefits costs annually in ACI's compensation adjustment was made by estimating annual increases in CBA cost over 10 years, calculating the annual estimated cost impact, and then annualizing the total 10-year impact. This resulted in the estimate annual impact of \$1.15 million. Actual cost impacts will vary each year (and will not be annualized).

Figure 2: Potential Impacts on Base Cost Proposals

Annual Cost (2024 Dollars)	2023 Projected to 2024	ACI	SBR	Variance SBR - ACI
Annual SEC contractor compensation	\$20,440,000	\$31,070,000	\$33,590,000	\$2,520,000
ACI 12-year term cost savings	\$0	(\$230,000)	\$0	\$230,000
ACI service fee discount (maximum amount) <i>(estimated)</i>	\$0	(\$210,000)	\$0	\$210,000
SBR materials from outside SBWMA service area <i>(estimated)</i>	\$0	\$0	(\$200,000)	(\$200,000)
Commodity revenue, SBWMA share (2020 market low) <i>(estimated)</i>	(\$5,910,000)	(\$6,310,000)	(\$5,680,000)	\$630,000
ACI CBA wage/benefit cost pass-through <i>(estimated)</i>	\$0	\$1,150,000	\$0	(\$1,150,000)
<b>Annual revenue requirement</b>	<b>\$14,530,000</b>	<b>\$25,470,000</b>	<b>\$27,710,000</b>	<b>\$2,240,000</b>
Variance to 2023 Projected to 2024		\$10,940,000	\$13,180,000	\$2,240,000
<b>Estimated rate impact for a 32-gallon account</b>		<b>+8.6%</b>	<b>+10.4%</b>	<b>+1.8%</b>
LNG transfer vehicles		\$0	(\$360,000)	(\$360,000)
<b>Total annual cost net revenue offsets</b>		<b>\$25,470,000</b>	<b>\$27,350,000</b>	<b>\$1,880,000</b>

Notes: SBR proposed LNG transfer vehicles starting Year 5 (2028); however, the SBWMA does not think this is a likely a viable option given space constraints at the SEC to accommodate a fueling station and traffic reconfiguration. Numbers may not total due to rounding.

**Estimated Rate Impact**

The average residential and commercial rate impact of the new Agreement is reflected in terms of the percentage increase in the SBWMA’s annual revenue requirement. The new Agreement will impact the annual revenue requirement in four ways: (i) increased SEC contractor compensation (shown in Figure 1); (ii) increased disposal costs to be paid by the SBWMA due to the SBWMA assuming responsibility to pay a portion of MRF residue disposal costs historically paid by the SEC contractor; (iii) increased commodity revenue share to the SBWMA, and (iv) a reduction in SBWMA costs for MRF sorters it was paying for in addition to the current contractor’s compensation, which are integrated in the future contractor’s compensation. The current revenue requirement used to calculate the rate impact is the 2023 revenue requirement adjusted to 2024 dollars. Figure 3 presents these four cost items and a calculated average rate impact of 8.4% to 10.9% for ACI and SBR, respectively for the base proposals.<sup>7</sup> The average rate impact for ACI drops slight to 8.3% for a 12-year contract term.

<sup>7</sup> Actual rate impacts will vary and the variation may be significant because each Member Agency sets their own customer rates and some Member Agencies may have reserve funds to offset some of the rate impact.

Figure 3: Estimated Average Rate Impact

Annual Cost (2024 dollars)	2023 (Projected to 2024)	ACI	SBR	Difference (SBR - ACI)
Contractor compensation	\$20,440,000	\$31,070,000	\$33,590,000	\$2,520,000
Commodity revenues, SBWMA share <b>(estimated)</b>	(\$5,910,000)	(\$6,310,000)	(\$5,680,000)	\$630,000
SBWMA MRF residue disposal <b>(estimated)</b>	\$0	\$600,000	\$600,000	\$0
SBWMA shared cost of extra MRF sorters	\$150,000	\$0	\$0	\$0
<b>Annual revenue requirement</b>	<b>\$14,680,000</b>	<b>\$25,360,000</b>	<b>\$28,510,000</b>	<b>\$3,150,000</b>
Variance to 2023 Projected to 2024		\$10,680,000	\$13,830,000	\$3,150,000
<b>Estimated rate impact for a 32-gallon account</b>		<b>+8.4%</b>	<b>+10.9%</b>	<b>+2.5%</b>

Notes: Commodity revenues are estimated based on 2020 commodity revenues, which was the lowest revenue from 2018 through 2021. Numbers may not total due to rounding.

The average rate impact shown in Figure 3 is different than the amount presented in Figure 2 because Figure 3 reflects only the cost drivers known to impact Year 1 (2024) and excludes the estimated cost impacts for ACI's CBA wage and benefit pass-through and estimated benefits of SBR's potential to deliver materials from outside the SBWMA service area that will be determined in the future.

### Environmental Review

This Agreement was assessed in accordance with the authority and criteria contained in the California Environmental Quality Act (CEQA), and the State CEQA Guidelines. Approval of the Agreement is categorically exempt from CEQA review pursuant to CEQA Guideline 15301, Existing Facilities, which provides that contracting for operation of existing public facilities that do not expand an existing use is exempt from review.

### Conclusion

As demonstrated above, both ACI and SBR are well qualified and propose contract terms that would meet SBWMA's operating needs and responsibilities. Their negotiation teams have been responsive and exhibited the highest degree of professionalism throughout this process as Authority Staff worked to negotiate the most favorable terms for the Authority. Based on the analysis outlined in this report, Staff recommends that the Board approve the Agreement with ACI. ACI possesses the requisite skills and experience to operate and maintain the SEC in a manner that meets the contractual requirements of the new Agreement, and ACI provides the best overall value because it is offering the services for a 12-year term that are roughly \$2.8 million per year less than SBR's proposed costs, which amounts to \$33.0 million over 12 years, and, if the term is extended to its maximum duration, \$38.5 million over 14 years. When considering the overall impact of the ACI's Agreement on the annual SBWMA revenue requirement, ACI is \$3.4 million less than SBR in Year 1 (2024), \$33.8 million over 10 years, \$40.6 million over 12 years, and \$47.3 over 14 years. Alternatively, if the Board so determines, it may take action to approve the Agreement with SBR. Resolutions for an approval of the Agreement to either ACI or SBR are attached for the Board's consideration.

Following the Board's approval of the new Agreement, the selected contractor will focus on implementation of services during 2023 and commencement of services under the new contract on January 1, 2024.

### Attachment(s)

Resolution No. 2022-54A (ACI)

Resolution No. 2022-54B (SBR)

Exhibit A – [ACI's Agreement for Operation of the Shoreway Environmental Center \(Available online only at \[www.rethinkwaste.org\]\(http://www.rethinkwaste.org\)\)](#)

**Exhibit B** – [SBR's Agreement for Operation of the Shoreway Environmental Center \(Available online only at www.rethinkwaste.org\)](http://www.rethinkwaste.org)

**Exhibit C** – HF&H's Proposal Evaluation Report



## RESOLUTION NO. 2022-54A

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING CONTRACT WITH ALAMEDA COUNTY INDUSTRIES, INC. ON BEHALF OF SOUTH BAYSIDE INDUSTRIES, INC. FOR OPERATION OF THE SHOREWAY ENVIRONMENTAL CENTER

**WHEREAS**, the South Bayside Waste Management Authority (SBWMA) owns the Shoreway Environmental Center and the current Agreement for Operation of the Shoreway Recycling and Disposal Center expires on December 31, 2023 with no contractual mechanism available for an extension; and

**WHEREAS**, the Request for Qualifications (RFQ) was issued in October 2021 and on January 12, 2022 two proposals were received: one from the current operator, South Bay Recycling (SBR), and the other from South Bayside Industries, a corporate entity to be formed by Alameda County Industries (ACI); and

**WHEREAS**, staff and consultants evaluated the proposals and performed parallel negotiations with both proposers over a two-year long competitive procurement process; and

**WHEREAS**, staff recommends approval of the Agreement for the Operation of the Shoreway Environmental Center ("Agreement") with Alameda County Industries, Inc. on behalf of South Bayside Industries, Inc., a corporate entity that will be formed for the sole purpose of the Agreement, for a twelve-year period, commencing on January 1, 2024 through December 31, 2035, with option to extend the term for up to two additional years, at SBWMA's sole discretion; and

**WHEREAS**, approval of the Agreement is categorically exempt from CEQA review pursuant to CEQA Guideline 15301, Existing Facilities, which provides that contracting for operation of existing public facilities that do not expand an existing use is exempt from review.

**NOW, THEREFORE BE IT RESOLVED**, that the South Bayside Waste Management Authority hereby finds that approval of the contracting agreement for operation of the Shoreway Environmental Center is categorically exempt from CEQA review pursuant to CEQA Guideline 15301, Existing Facilities.

**BE IT FURTHER RESOLVED** that the South Bayside Waste Management Authority hereby approves the contract beginning January 1, 2024 with Alameda County Industries, Inc. on behalf of South Bayside Industries, Inc. for Operation of the Shoreway Environmental Center, and directs Staff to take all necessary implementing actions.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 17<sup>th</sup> day of November 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. 2022-54 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2022.

ATTEST:

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

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



## RESOLUTION NO. 2022-54B

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING CONTRACT WITH SOUTH BAY RECYCLING, LLC FOR OPERATION OF THE SHOREWAY ENVIRONMENTAL CENTER

**WHEREAS**, the South Bayside Waste Management Authority (SBWMA) owns the Shoreway Environmental Center and the current Agreement for Operation of the Shoreway Recycling and Disposal Center expires on December 31, 2023 with no contractual mechanism available for an extension; and

**WHEREAS**, the Request for Qualifications (RFQ) was issued in October 2021 and on January 12, 2022 two proposals were received: one from the current operator, South Bay Recycling (SBR), and the other from South Bayside Industries, a corporate entity to be formed by Alameda County Industries (ACI); and

**WHEREAS**, staff and consultants evaluated the proposals and performed parallel negotiations with both proposers over a two-year long competitive procurement process; and

**WHEREAS**, Board considered proposals submitted by Alameda County Industries, Inc. and South Bay Recycling, LLC and determined to approve the Agreement for the Operation of the Shoreway Environmental Center ("Agreement") with South Bay Recycling, LLC for a 10-year term, commencing on January 1, 2024 through December 31, 2033, with options to extend the term for up to two years, at SBWMA's sole discretion, and additionally to extend the term for up to two years, at mutual discretion; and

**WHEREAS**, Approval of the Agreement is categorically exempt from CEQA review pursuant to CEQA Guideline 15301, Existing Facilities, which provides that contracting for operation of existing public facilities that do not expand an existing use is exempt from review.

**NOW, THEREFORE BE IT RESOLVED**, that the South Bayside Waste Management Authority hereby finds that approval of the contracting agreement for operation of the Shoreway Environmental Center is categorically exempt from CEQA review pursuant to CEQA Guideline 15301, Existing Facilities.

**BE IT FURTHER RESOLVED** that the South Bayside Waste Management Authority hereby approves the contract beginning January 1, 2024 with South Bay Recycling, LLC for Operation of the Shoreway Environmental Center, and directs Staff to take all necessary implementing actions.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 17<sup>th</sup> day of November 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. 2022-54 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2022.

ATTEST:

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

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

# SBWMA SHOREWAY ENVIRONMENTAL CENTER OPERATOR PROCUREMENT PROPOSAL EVALUATION REPORT NOVEMBER 9, 2022

The South Bayside Waste Management Authority (SBWMA) initiated a competitive procurement process in October 2021 to identify the successor operator of the Shoreway Environmental Center (SEC) for an Operation Agreement (Agreement) that will commence operations January 1, 2024. The SBWMA received and evaluated two proposals from prospective operators: (i) South Bay Recycling, LLC (SBR), the current SEC operator; and, (ii) South Bayside Industries, Inc. (SBI), a corporate entity to be formed by Alameda County Industries (ACI). SBR is the incumbent operator and is a joint venture between two members (Members), Recology Inc. (Recology) and Potential Industries, Inc. (Potential Industries). SBI will be a new corporation created by shareholders of ACI. SBI will be referred to as ACI herein to avoid confusion with SBR. ACI and its affiliates own and operate three transfer stations and material recovery facilities (MRFs) in the Bay Area and provide collection services to several Bay Area jurisdictions.

This report presents the SBWMA's recommendation for contractor selection and contract award, proposal highlights, and evaluation summary. The attachments include background information, an overview of the evaluation process, and evaluation criteria.

## 1. SBWMA Staff Recommendation

The SBWMA concluded that both proposers had the following qualities:

1. Relevant qualifications operating similar facilities.
2. History of innovation in use of new technology at their facilities.
3. Experience with Sanitary Truck Drivers and Helpers Union, International Brotherhood of Teamsters, Local 350 (Local 350) that represents a significant portion of the SEC personnel and commitment to retaining existing facility staff.
4. History of relatively strong regulatory compliance.
5. Safety records that fall within the industry range for solid waste facility operations.
6. Strong references from municipal agencies.
7. Sound technical approaches and transition plans.
8. Proposers' recent financial conditions does not raise concerns (based on findings from review of ACI's financial statements and financial statements of SBR's Member's Recology and Potential Industries).<sup>1</sup>
9. Sound financing strategies for purchase of contractor-provided equipment.
10. Provision of \$1.5 million in funding for stormwater system improvements.

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<sup>1</sup> Financial statements were reviewed for Recology and Potential Industries rather than for SBR because financial statements were not available for SBR. SBR reported operating a loss for three of the most recent four years; however, this was not verified due to lack of SBR financial statements.

While both proposers are qualified and have strong proposals as listed above, SBWMA Staff finds that the ACI proposal offers the SBWMA the best overall value among the two proposals received on the basis of the following considerations.

1. ACI's cost proposal and related estimated rate impact are less than SBR's
  - a. For a 10-year contract term, ACI's cost proposal is \$2.5 million less than SBR's cost proposal for the first year of the Agreement (2024), which amounts to \$25.2 over the 10-year term, and if the term is extended two years, \$30.2 over the 12-year term, and, if the term is extended to its maximum duration of 14 years, \$35.3 over 14 years. When considering the overall impact of the ACI's cost proposal and ACI contract terms (ACI Agreement) on the annual SBWMA revenue requirement (which is the basis for the annual customer rate increases), ACI is \$3.2 million less than SBR in Year 1 (2024), \$31.5 million over 10 years, \$37.8 million over 12 years, and \$44.1 over 14 years.<sup>23</sup>
  - b. ACI's optional proposal for a 12-year term, which is recommended by SBWMA Staff, results in an additional annual savings of \$230,000 over SBR's cost proposal, thereby increasing the cost difference between ACI and SBR to \$2.8 million in 2024, which amounts to \$27.5 over 10 years, \$33.0 over 12 years, and \$38.5 over 14 years. When considering the overall impact of the ACI's Agreement on the annual SBWMA revenue requirement, ACI is \$3.4 million less than SBR in Year 1 (2024), \$33.8 million over 10 years, \$40.6 million over 12 years, and \$47.3 over 14 years.
  - c. For a 10-year contract term, ACI's Agreement results in an estimated average residential rate increase for 32-gallon customers of 8.4%, which is 2.5% less than the estimated average rate increase of 10.9% for SBR's Agreement. ACI's optional proposal for a 12-year contract term results in an estimated average rate impact of 8.3%, which is approximately 2.7% less than SBR's.
  - d. ACI's proposed service fee discounts apply if transfer station and MRF tonnage increases above the current levels (up to a tonnage cap) that may result in yet additional benefits over SBR's cost proposal of \$210,000 per year, which amounts to \$2.1 million over 10 years, \$2.5 million over 12 years, and \$2.9 million over 14 years.
2. ACI's proposal to provide the SBWMA with 100% of the commodity revenues has the potential to provide higher annual revenues than SBR's proposal to provide 90% of commodity revenue to the SBWMA, which may be in the range of \$630,000 to \$940,000 per year more than SRR based on the past 4 years of historical commodity revenues; however, actual revenues may vary as market conditions change. ACI does not provide a commodity revenue guarantee (whereas SBR guarantees a minimum of \$4.7 million per year).
3. ACI is a qualified facility operator as evidenced by its and its affiliates' experience operating the ACI Material Recovery and Transfer Station in San Leandro, the Blueline Transfer Station and Material Recovery Facility (MRF) in South San Francisco, and the City of Sunnyvale SMaRT Station®.

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<sup>2</sup> The estimated rate impact includes consideration of four items: increased contractor compensation, increased commodity revenue share to the SBWMA, increased SBWMA MRF residue disposal costs, and reduced SBWMA MRF sorter expense.

<sup>3</sup> Numbers may not add due to rounding.

4. ACI has proven experience working with Local 350 as demonstrated through current collective bargaining agreements (CBAs) that ACI and its affiliates have with Local 350.
5. For transport of solid waste to Ox Mountain Landfill, ACI's proposal includes use of hybrid transfer vehicles, powered by a combination of stored energy and fuel resulting in environmental benefits.

SBWMA Staff recommends the following actions to the SBWMA Board of Directors:

- Approve the Agreement to ACI and authorize the Executive Director to execute the Agreement reflecting a 12-year term with 2 years of extension at SBWMA's sole discretion.

## 2. Proposal Highlights

Evaluation results are summarized below in four categories: (i) proposers' qualifications; (ii) key proposal features and distinctions; (iii) cost proposals and estimated rate impacts; and, (iv) key contract differences.

### 2.1 Proposers' Qualifications

#### General

Both proposers are well qualified and have the experience necessary to successfully operate the SEC. In summary, both proposers have the following qualifications:

1. **Relevant qualifications operating similar facilities.** SBR is the current operator of the SEC. Each of its Members are long-time owners and operators of several MRFs, including a large MRF in Southern California. ACI and its shareholders and affiliates own and operate three transfer stations/MRFs in the Bay Area and are currently the contracted operator of the SMaRT Station, a transfer station and MRF owned by the City of Sunnyvale. In each case, the purposes and functions of the other facilities operated by the proposers are generally comparable to those of the SEC.
2. **History of innovation in use of new technology at their facilities.** Both proposers have operated their facilities for many years during which time they have had to adapt to changing characteristics of discarded materials through operational and equipment modifications.
3. **Experience with Local 350 that represents a significant portion of the SEC personnel and commitment to retaining existing facility staff.** Both proposers have long, successful working relationships with Local 350, the union that represents the majority of the SEC operations personnel. Both proposers have contractually committed to retain existing Local 350 represented facility staff.
4. **History of relatively strong regulatory compliance.** In their various transfer and MRF operations, both proposers have successfully met and maintained compliance with regulatory requirements.
5. **Safety records that fall within the industry range for solid waste facility operations.** Both proposers' safety records over the past two years are near or above the average for similar facilities as measured by the annual averages for the "experience modification factor," the industry standard measure for assessing relative facility safety. For 2020 and 2021, ACI's safety record was significantly better than the average benchmarks, while SBR's was slightly below average.

6. **Strong references from municipal agencies.** Both proposers have long relationships with the communities in which they own or operate transfer stations and MRFs and have received strong references from jurisdictional staff engaged in facility oversight and contract management.
7. **Sound technical approaches and transition plans.** Both proposers have provided technical approaches that address anticipated SEC needs over the term of the Agreement and have offered transition plans that address the requirements of the RFQ.
8. **Proposers' recent financial conditions do not raise concerns.** Findings from the review of confidential financial information (submitted by ACI and each of SBR's Members, Recology and Potential Industries) indicated that the recent financial condition of both proposers does not raise concerns based on examination of key financial ratios against industry benchmarks that are measures of financial strength.
9. **Sound financing strategies for purchase of contractor-provided equipment.** Both proposers presented financing strategies for equipment acquisition that are sound. Both proposers are planning to rely primarily on tax-exempt bond financing through the California Pollution Control Financing Authority (CPCFA).

### Proposer-Specific Background Considerations

Additional background considerations related to each proposal include:

- **SBR Performance Record:** In 2021, Recology San Francisco, Sunset Scavenger Company, and Golden Gate Disposal & Recycling Company ("SF Recology Companies") and Recology Inc. entered into two settlement agreements (one with the City of San Francisco and one with the U.S. Attorney's Office) and agreed, without admitting liability, to pay \$130 million in settlement costs including fines and rate reductions related to the overcharging of San Francisco's ratepayers, providing donations, gifts, and meals directly or indirectly to San Francisco City officials, and allegations of bribery actions by the SF Recology Companies related to the San Francisco Department of Public Works. Two Recology corporate executives have recently been charged with or pled guilty to bribery of San Francisco officials. Since this time, Recology, Inc. replaced its Chief Executive Officer and has been implementing other remedial measures to enhance its compliance program.
- **ACI Ownership Structure:** ACI is a closely-held private company with ownership shares owned primarily by members of several families that have been prominent in the regional waste management industry for decades. In recent years, key management roles have shifted to second generation members of the families and these shifts will likely continue to occur over time. One of ACI's affiliates recently sold two of its entities, which provided franchise collection services in San Jose and Milpitas, and is proposing the sale of its entity that services Livermore to a larger solid waste and recycling company. The assignment provisions of the Agreement require SBWMA's review and approval of assignment in the event ACI were to sell the SEC Agreement to another entity.

### 2.2 Key Proposal Features and Distinctions

While both proposers are required to operate the SEC to the same standards, differences exist between the proposals as is expected for this type of proposal process. The key features of, and distinctions

between, the two proposals are summarized in Figure 1. For differences in contract terms, which are not presented in Figure 1, refer to Section 2.10.

Figure 1: Comparison of Key Proposal Features and Distinctions

	ACI (South Bayside Industries)	South Bay Recycling (SBR)
1	<b>Cost:</b> Lower cost proposal at \$31.1 million annually for 10-year term, which is \$2.5 million less than SBR in the first year (2024), amounting to \$25.2 million less than SBR over 10 years; option for 12-year term, which is annually \$2.8 less than SBR, which is \$33.0 million less than SBR over 12 years.	<b>Cost:</b> Higher cost proposal at \$33.6 million per year, which is \$2.5 million more than ACI in the first year; option for an annual cost reduction of \$360,000 with use of liquified natural gas (LNG) transfer vehicles in Year 5 (2028).
2	<b>Rate Impact:</b> Estimated Year 1 (2024) average residential and commercial customer rate impact of 8.4% for a 10-year term and 8.3% for a 12-year term.	<b>Rate Impact:</b> Estimated Year 1 (2024) average residential and commercial customer rate impact of 10.9%.
3	<b>Commodity Revenue Arrangements:</b> Provision of 100% of commodities revenues to the SBWMA, which has the potential to provide higher revenues to the SBWMA in the range of \$630,000 to \$940,000 annually compared to SBR based on commodity revenues for 2018 through 2021; although actual commodity revenues may be different than historical revenues and yield different results. No annual revenue guarantee; approach presents some risk to the SBWMA without a guarantee; however, CRV revenues historically have been more than the \$4.7 million guarantee over the past 4 years and receiving 100% of revenues may be more advantageous than sharing.	<b>Commodity Revenue Arrangements:</b> Provision of 90% of commodity revenues to the SBWMA with a \$4.7 million annual revenue guarantee to SBWMA; provides assurance of baseline revenue to the SBWMA; may yield less overall revenue than ACI’s 100% distribution; however, the SBR’s retention of 10% of the commodity revenues may incentivize higher commodity revenues.
4	<b>Staffing and Equipment:</b> Relatively lower level of staffing and equipment; staffing level exceeds minimum staffing requirements by 16.5 people; although ACI proposed 14.5 fewer people than SBR.	<b>Staffing and Equipment:</b> Relatively higher level of staffing and equipment compared to ACI; exceeded minimum staffing requirements by 31.0 people and proposed 14.5 more people than ACI.
5	<b>Transition Process:</b> Inherently higher risk associated with ACI transiting to the SEC operator as any change in operator introduces some risk for factors within or outside of contractor control; ACI is experienced in managing transitions from prior contractors.	<b>Transition Process:</b> Inherently lower risk associated with the transition activities leading up to the commencement of the Agreement since SBR is the incumbent SEC operator.
6	<b>Management Team:</b> As a new operator, ACI and the SBWMA will need to build a working relationship. ACI confidentially disclosed (to the SBWMA Executive Director) the name of	<b>Management Team:</b> As the incumbent SEC operator, the SBR management team has an

	ACI (South Bayside Industries)	South Bay Recycling (SBR)
	the individual that ACI has identified to be the SEC general manager, and, the individual is reported by the Executive Director to be qualified for the position.	established working relationship with SBWMA staff and direct knowledge of SEC operations.
7	<b>Labor Relationship:</b> ACI has experience working with Local 350 and has a memorandum of understanding (MOU) with Local 350 to engage Local 350 personnel for the Agreement. ACI has committed to hiring previous contractor’s employees including those from Local 350 and MRF sorters from County’s Vocational Rehabilitation Services program (VRS).	<b>Labor Relationship:</b> SBR has experience working with Local 350 and has an MOU with Local 350 to continue engaging Local 350 personnel for the Agreement. SBR has committed to retaining its current workforce, including Local 350 and VRS MRF sorters.
8	<b>Unaffiliated with Collection Contractor:</b> ACI is not affiliated with the SBWMA collection contractor; some value in having the SEC contractor be unrelated to the collection contractor, including checks and balances on data reporting and increased contamination monitoring. May require increased coordination demands for SBWMA staff.	<b>Shared Ownership with Collection Contractor:</b> SBR, through its Member, Recology Inc., has shared ownership with the SBWMA collection contractor, Recology of San Mateo County, which reduces risk of conflict with collection contractor and provides potential benefits of SEC site coordination with the collection contractor.
9	<b>Material Marketing:</b> Historical marketing results relatively stronger than SBR’s five-year commodity revenue results; reported higher unit revenues.	<b>Material Marketing:</b> Relative to the industry, has strong relationships with commodity buyers and end users and historically has done well in weathering challenging material marketing situations such as the National Sword. Commitment to pay the SBWMA if materials are marketed below market-high pricing.
10	<b>Compensation Adjustment:</b> ACI annual compensation adjustments include changes to CBAs wage and benefit costs to match then-current CBA wage and benefit rates, subject to a 12% annual cap. This “pass-through” of CBA costs will likely result in relatively higher future cost increases to the SBWMA compared to SBR’s compensation adjustment.	<b>Compensation Adjustment:</b> SBR annual compensation adjustments limit increases in CBA wages and benefit costs to the changes in existing CBA costs until expiration of those CBAs and then limit to changes in the consumer price index (CPI) for subsequent years with exceptions for adjustments to costs to match CBA wages and benefits when setting Year 4 (2027) compensation and compensation for one additional year (to be selected by SBR)
11	<b>Transfer Vehicles:</b> New transfer vehicles at start of Agreement; hybrid technology vehicles for transport of solid waste to Ox Mountain Landfill.	<b>Transfer Vehicles:</b> Used transfer vehicles for first four years of the Agreement; new renewable diesel vehicles or liquid natural gas (LNG) vehicles starting in Year 5 (2028).

	ACI (South Bayside Industries)	South Bay Recycling (SBR)
12	<b>Other:</b> Access to an off-site maintenance facility for transfer vehicles.	<b>Other:</b> SBR has contracts with other jurisdictions through which it may be able to direct additional volumes of recyclable materials to the MRF to provide revenues to offset some MRF costs; SBR proposed to be compensated for tonnage from jurisdictions outside the SBWMA service area at a reduced per-ton MRF processing fee reflecting variable costs; SBWMA would benefit through gate revenues and additional commodity revenues.

### 2.3 Cost Proposals and Estimated Rate Impact

ACI’s cost proposal is \$2.5 million less than SBR’s cost proposal, for a 10-year term. Figure 2 presents a side-by-side comparison of projected Year 1 (2024) annual costs for ACI and SBR as well as a projected 2024 costs based on the 2023 SEC service fees projected to 2024 dollars.

**Figure 2: Cost Proposal Comparison**

Annual Cost (2024 Dollars)	Current (Projected to 2024)	ACI	SBR	Difference (SBR - ACI)
Transfer Station	\$5,020,000	\$8,690,000	\$9,950,000	\$1,260,000
MRF, net of residue	\$7,330,000	\$11,930,000	\$12,500,000	\$570,000
Transportation, excluding glass transportation	\$8,090,000	\$10,450,000	\$11,140,000	\$690,000
<b>Total estimated contractor’s compensation</b>	<b>\$20,440,000</b>	<b>\$31,070,000</b>	<b>\$33,590,000</b>	<b>\$2,520,000</b>
Increase over current costs (projected to 2024 dollars)		\$10,630,000	\$13,150,000	\$2,520,000
<b>Increase over current costs (projected to 2024 dollars)</b>		<b>+52.0%</b>	<b>+64.3%</b>	<b>+12.3%</b>

Note: Numbers may not total due to rounding.

The SBWMA estimated the average residential and commercial customer rate impact associated with the terms of the Agreement. The average rate impact includes consideration of four items: increased contractor compensation, increased commodity revenue share to the SBWMA, increased SBWMA MRF residue disposal costs, and reduced SBWMA MRF sorter expense. Figure 3 itemizes the annual impact of each of these items and presents the estimated average rate impact from such changes, based on a 10-year term. Actual rate impacts will vary and the variations may be significant because each Member Agency sets their own customer rates, and some Member Agencies may have reserve funds to offset some of the rate impact.

**Figure 3: Average Customer Rate Impact Comparison**

Annual Cost (2024 dollars)	2023 (Projected to 2024)	ACI	SBR	Difference (SBR - ACI)
Contractor compensation	\$20,440,000	\$31,070,000	\$33,590,000	\$2,520,000
Commodity revenues, SBWMA share (estimated)	(\$5,910,000)	(\$6,310,000)	(\$5,680,000)	\$630,000
SBWMA MRF residue disposal (estimated)	\$0	\$600,000	\$600,000	\$0
SBWMA shared cost of extra MRF sorters	\$150,000	\$0	\$0	\$0
<b>Annual revenue requirement</b>	<b>\$14,680,000</b>	<b>\$25,360,000</b>	<b>\$28,510,000</b>	<b>\$3,150,000</b>
Variance to 2023 Projected to 2024		\$10,680,000	\$13,830,000	\$3,150,000
<b>Estimated rate impact for a 32-gallon account</b>		<b>+8.4%</b>	<b>+10.9%</b>	<b>+2.5%</b>

Notes: Commodity revenues are estimated based on 2020 commodity revenues, which was the lowest revenue from 2018 through 2021. Numbers may not total due to rounding.

For additional cost proposal information, commodity revenue sharing analysis, rate impact analysis, and other cost-related analysis refer to Sections 2.5 through 2.9 below.

### 2.4 Key Contract Differences

The SBWMA conducted parallel negotiations with the proposers that resulted in fully-negotiated Agreements with both proposers. Most terms in the two Agreements are identical. However, over the course of the negotiations process, the SBWMA and each proposer worked through some contract issues that resulted in different contract arrangements. Key contract differences are presented below. More details can be found in Section 2.10.

#### ACI: Key Contract Differences

- More Favorable Provisions (Compared to SBR)
  - Opportunity for a 12-year term (in addition to the required 10-year term) at \$2.8 million cost reduction over 12 years.
  - 10% discount to the SBWMA on the transfer station and MRF service fees when the quantity of materials delivered to the transfer station and MRF increase over current levels within a defined range; with a maximum potential discount (benefit to the SBWMA) of \$210,000 annually depending on amount of material received at the SEC.
  - Commodity revenue arrangement in which 100% of commodity revenues are provided to the SBWMA.
  - Operating ratio of 0.87 (profit level of about 13%).
  - New transfer vehicles from the start of the Agreement with hybrid vehicles for 35% of the fleet, which are the vehicles that transport solid waste to Ox Mountain Landfill, to provide an environmental benefit.
- Less Favorable Provisions (Compared to SBR)
  - Annual compensation adjustments for CBA wages and benefits to match actual CBA wage and benefits, with a cap of 12% offered in the years following renegotiation of CBAs.
  - No minimum annual commodity revenue guarantee.

- No obligation to pay the SBWMA in the event commodity revenues do not meet market-high pricing determined through assessment of commodity price indices and surveys; instead meet and confer to discuss strategies for improving commodity revenues.
- Profit applied to equipment depreciation, which increased ACI's overall costs.
- Expanded special circumstances conditions that could result in opening the Agreement for cost adjustments in more circumstances than SBR's Agreement.
- SBWMA obligation to purchase contractor's equipment in the event of termination that is not due to contractor's default.

### SBR: Key Contract Differences

- More Favorable Provisions (Compared to ACI)
  - Commodity revenue sharing arrangement with 90% of commodity revenues provided to the SBWMA and 10% retained by SBR; provision of a \$4.7 million annual revenue guarantee to SBWMA.
  - Annual compensation adjustments for CBA wages and benefits initially based on CBA wages and benefits in place on the effective date of the Agreement through the expiration of those CBAs; CPI adjustments thereafter with exceptions for adjustments to costs to match CBA wages and benefits when setting Year 4 (2027) compensation and compensation for one additional year (to be selected by SBR).
  - Profit not applied to equipment lease costs.
- Less Favorable Provisions (Compared to ACI)
  - Operating ratio of 0.85 (profit level of about 15%).

## 2. Evaluation Summary

The first step of the evaluation process was an initial compliance check, which confirmed that both proposers complied with the RFQ requirements. Following the initial compliance check, the proposals were evaluated using the evaluation criteria presented in Attachment B. The following provides a high-level summary of the evaluation of each proposal against the six key focus areas addressed by the evaluation criteria. The evaluation findings reflect the review of proposer-provided information throughout Phases 1 and 2 of the procurement process.

### 2.1 Qualifications and Experience

The SBWMA concluded that both proposers have a broad range of experience performing services similar to those requested for the SEC operations and both meet the basic qualifications expected for a contractor operating the SEC. The SBWMA found that SBR has some qualification advantages as expected for an incumbent operator in that its SEC management team has an established relationship with the SBWMA and SBR has worked with the County's VRS program for several years. Through disclosures provided by SBR, the SBWMA found that the severity of SBR's recent, alleged wrong doings in San Francisco, which resulted in settlements amounting to \$130 million, were more significant than ACI's disclosed litigations (which are minor matters in comparison). ACI's safety record in 2020 and 2021 was more favorable than the industry average, whereas SBR's safety records was slightly below average (based on review of the proposer's insurance "experience modification factors").

### Company Experience: General

SBR is the incumbent SEC operator and is a joint venture between two Members, Recology and Potential Industries. Recology is an employee-owned company based in San Francisco and has extensive solid waste collection and facility operations in California, Oregon, and Washington. Potential Industries has over 40 years of facility operations experience and owns and operates 5 recycling centers in Southern California. SBR has been operating the SEC since 2011. Recology became a party to the joint venture in 2015 upon purchase of Community Recycling & Resource Recovery, then a joint venture partner of Potential Industries. SBR, through its Member, Recology, has shared ownership with the SBWMA collection contractor, Recology of San Mateo County, which reduces risk of conflict with collection contractor and provides potential benefits of SEC site coordination with the collection contractor.

Alameda County Industries, Inc. of San Mateo County (ACI) dba South Bayside Industries (SBI) will be created by shareholders of ACI, which includes shareholders of South San Francisco Scavenger Company (SSFSC) and Bay Counties Waste Services (BCWS). It will create a new corporation formed solely for the SEC Agreement. ACI owns and operates the ACI Material Recovery and Transfer Station in San Leandro and provides collection services to four East Bay jurisdictions. SSFSC owns and operates the Blue Line Transfer Station and MRF in South San Francisco, where recyclable materials and organic materials are processed and other materials are transferred, and SSFSC provides franchise collection services to several jurisdictions in northern San Mateo County. BCWS is the operator of the SMaRT Station, a transfer station and MRF, under contract with the City of Sunnyvale that owns the facility. The SMaRT Station serves Sunnyvale and Mountain View, processing recyclable materials and transferring other materials. BCWS also provides franchise collection services to Sunnyvale.

Both ACI and SBR have been innovators in the use of advanced recyclable materials sorting equipment technology. SBR uses optical sorters at the SEC, Potential Industries' Los Angeles MRF uses optical sorters for containers and fiber, and Recology uses both optical sorters and robotics at Recology's Pier 96 MRF in San Francisco. ACI (and its affiliates) use optical sorters and robotics at Blue Line Transfer Station and MRF and the SMaRT Station and robotic sorters at the ACI Material Recovery and Transfer Station. Both proposers have implemented and operate organics processing technologies. SBR operates the SEC's O2E system. ACI's affiliate, SSFSC, won National Waste & Recycling Association's 2015 Recycling Equipment Innovator of the Year for its biogenic compressed natural gas (CNG) facility using anaerobic digestion (AD) technology at its Blue Line Transfer Station and MRF.

### Company Experience: Start-Up and Transition Experience

Both proposers have provided technical approaches that address anticipated SEC needs over the term of the Agreement and have offered transition plans that address the requirements of the RFQ. The ability to provide start-up and transition services is a function of experience in successfully taking over operations from a prior operator as well as operating through facility upgrades and other disruptions. Both proposers have demonstrated significant experience in providing continual operation at their referenced facilities during facility upgrades and other major disruptions. For example, ACI, SSFSC, and BCWS each operated MRFs through the "National Sword" and the pandemic, and SSFSC recently implemented an anaerobic digestion processing system. In 2008, BCWS transitioned to the new SMaRT Station operator, and ACI and its affiliates transitioned three franchise agreements between 2017 and 2019. ACI, SSFSC, and BCWS have also implemented new processing equipment at their MRFs.

For SBR, it will not be transitioning as a new operator since it is the SEC incumbent operator; however, SBR may have to make transitions during SEC facility upgrades and other disruptions. SBR has experience

with the SBWMA on the recent major MRF equipment upgrade and has demonstrated flexibility and planning in responding to the SEC MRF fire, “National Sword,” the O2E pilot, and the pandemic.

### Key Personnel

The SBWMA found that both proposers presented qualified personnel for the SEC operations. SBR’s proposed management team is the same management team SBR currently has in place for the SEC operations. The SBWMA has over 12 years of working history with SBR’s team and a high level of confidence in the facility general manager.

ACI’s Board of Directors and Chief Financial Officer have over 155 years of industry experience and their proposed transition management team has 80 years of combined experience operating similar facilities, which creates a pathway for successful operation of the SEC. As expected with engagement of a new contractor, it will take some time for the SBWMA and ACI to develop a strong working relationship. The SBWMA reports that ACI confidentially disclosed (to the SBWMA Executive Director) the name of the individual that ACI has identified to be the SEC general manager and the individual is reported by the Executive Director to be qualified for the position. Since the general manager position is so critical to the success of the SEC operation, the hiring of this individual has been made a condition to the effectiveness of the ACI Agreement. Through the terms of the Agreement, the SBWMA will be involved during the hiring process with review of the qualifications of other key personnel and meetings with candidates should the ACI Agreement obtain Board approval.

### Labor Arrangements

The SEC operations personnel are represented by three CBAs with Local 350, except for MRF sorters who are independently obtained through the County VRS program and a staffing agency. Two CBAs, which represent 40% of the annual CBA labor costs, expire December 31, 2023, and one CBA, which represents 60% of the annual CBA labor costs, expires December 31, 2025. ACI and SBR presented MOUs with Local 350 acknowledging their commitment to negotiate future CBAs for continued engagement of Local 350 operations personnel. SBR has experience working with Local 350 for the SEC operations. ACI, its shareholders, and its affiliates also have current agreements with Local 350 for operations conducted by SSFSC, BCWS, and Mission Trail Waste Systems.

The County VRS program is a staffing arrangement that existed prior to the current agreement with SBR and is unique to the SEC. As a result, SBR has an established history working with the VRS program and ACI does not have this experience. ACI has stated its commitment to continue the employment of VRS personnel as MRF sorters and will have a learning curve in terms of contracting with the County and navigating the management of the VRS day-to-day staffing process. Supplemental staffing is needed to fill some MRF sorter positions and both SBR and ACI have experience working with staffing agencies to source personnel. As the current facility operator, SBR has an advantage in having a hands-on understanding of the SEC staffing logistics. While ACI does not have VRS experience, SBWMA believes ACI’s relevant facility experience and direct experience with Local 350 and other staffing agencies equip ACI with the skills needed to manage the SEC-specific labor arrangements with the VRS program.

### Experience Modification Factor (Safety) Review

Both proposers’ safety records over the past two years are near or above average for similar facilities as measured by the annual averages for the “experience modification factor” or “mod factor,” the industry standard measure for assessing relative facility safety. Mod factors are used by the California Department of Industrial Relations to determine workers’ compensation insurance premiums. A mod factor of 1.0 is

considered average; less than 1.0 is considered above average; and greater than 1.0 is worse than average. A mod factor of above 1.25 is considered to indicate a higher relative risk for accidents and injuries. The higher the mod factor, the higher the insurance premium.

For 2020 and 2021, ACI's safety record was significantly above average while SBR's was slightly below average. ACI's combined mod factors were 0.76 and 0.74 for 2020 and 2021, respectively, while SBR's were 1.09 and 1.06, respectively.<sup>4</sup>

### Municipal Agency Reference Checks

Each proposer provided several municipal references. From that list, three municipal references were selected to be contacted for each proposer to serve as reference checks. The references were selected to include municipal staff with management oversight of facilities and/or contracts for jurisdictions that: (1) have transfer station and/or MRF operating agreements with one of the proposers; or, (2) are the host jurisdiction to one of the proposers' facilities and may use the transfer station/MRF services through a franchise agreement or other arrangement. For ACI, jurisdictional references were contacted for its three reference facilities. For SBR, references were contacted with regard to facilities operated by Potential Industries and Recology, since SBR only operates the SEC (as it was created solely to operate the SEC). The SBWMA conducted the reference checks, with a focus on references' experience with the proposers; proposers' strengths; challenges the municipal agencies have had working with proposers' unanticipated compensation adjustment requests; contractual issues; and, litigation, criminal activities, or regulatory compliance issues. SBWMA used a reference check survey form to provide continuity.

The SBWMA reports that references provided strong endorsements of vibrant, responsive, and professional-level working relationships between the references and their respective senior-level contacts at ACI (or their affiliates), Potential Industries, or Recology. All references expressed high levels of satisfaction with their respective contractors; the contractor's senior-level points of contact; the contractor's technical expertise; and the contractor's diligence in working with the community to expeditiously resolve any service issues. In conclusion, both proposers have long relationships with the communities surveyed and received strong references from jurisdictional staff engaged in facility oversight and contract management.

### Performance Record: History with Litigation

Proposers were required to report the nature of past and pending civil, legal, regulatory, and criminal actions and history and nature of payments of fines, penalties, settlements, damages, and liquidated damages over the past five years. While both proposers provided disclosures, the SBWMA found that the severity of SBR's recent, alleged wrong doings were more significant than ACI's.

- **SBR Litigation History:** SBR disclosed two settlement agreements, one involving its Member, Recology Inc., and the other involving affiliates of Recology Inc.
  - **U.S. Attorney's Office, Deferred Prosecution Agreement.** In 2021, Recology San Francisco, Sunset Scavenger Company, and Golden Gate Disposal & Recycling Company (the SF Recology Companies ("SF Recology Companies")) and Recology Inc. entered into a deferred prosecution agreement with the U.S. Attorney's Office to resolve an investigation into alleged bribing actions by SF Recology Companies related to the San Francisco Department of Public Works,

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<sup>4</sup> The ACI's combined mod factors reflect ACI, BCWS, BCWS SMaRT Station, and Mission Trails Waste Services (an ACI affiliate). SSFSC's mod factors were 0.76 and 0.71 for 2020 and 2021, respectively.

which resulted in agreement to pay, without admitting liability, a fine of \$36 million, with \$29 million paid to the United States Treasury and a credit for \$7 million paid to the City and County of San Francisco.

- **City of San Francisco, Civil Settlement Agreement.** In 2021, Recology San Francisco and the SF Recology Companies entered into a settlement agreement with the City of San Francisco related to overcharging of San Francisco ratepayers and providing donations, gifts, and meals directly or indirectly to San Francisco City officials. The settlement resulted in the SF Recology Companies paying over \$87 million to customers impacted by the rate calculation, \$7 million to the city as a settlement payment, and reduction of customer rates
- **ACI Litigation History**
  - **CalRecycle Citation.** ACI identified a January 2020 citation by CalRecycle for alleged violations at the ACI transfer station. Following ACI’s corrective action, CalRecycle issued a Notice of Compliance acknowledging correction of alleged violations.
  - **Wrongful Death Lawsuit.** ACI identified a lawsuit with one of its affiliates, which was settled out of court, where the ACI President was named as a defendant in a wrongful death lawsuit involving an accident between a bicyclist and a transfer truck.

**Performance Record: Regulatory Compliance Record**

For each proposer, SBWMA consultant, Sloan Vasquez McAfee (SVM), selected three “reference” facilities to examine the proposers’ regulatory compliance record. SVM reviewed local enforcement agency regulatory compliance actions for each facility from January 2017 through December 2021, and in some cases through April 2022 to the extent the information was available (at SVM’s time of review). These actions are summarized in Figure 4.

**Figure 4: Regulatory Compliance Findings**

		Areas of Concern	Notices of Violations	Enforcement Actions
<b>ACI</b>				
"SMaRT" Station	Sunnyvale	4	0	0
ACI Direct Transfer Facility	San Leandro	43	29	2
Blueline MRF and Transfer Station	South San Francisco	6	6	0
<b>Total</b>		<b>53</b>	<b>35</b>	<b>2</b>
<b>SBR</b>				
Shoreway Environmental Center	San Carlos	12	2	0
Recycle Central at Pier 96	San Francisco	29	29	0
Potential Industries	Los Angeles	0	0	0
<b>Total</b>		<b>41</b>	<b>32</b>	<b>0</b>

- **ACI Regulatory Compliance**
  - ACI’s Direct Transfer Facility had a relatively high number of areas of concern and NOVs, as well as two enforcement actions from 2017 through 2021. However, most of the NOVs occurred prior to the main period of the compliance review of 2020 and 2021.

- SVM found that ACI’s NOV’s related to storage time limits, vector control, and housekeeping. In each case, the issues have been corrected. The enforcement actions related to vector management and have been resolved.
- SVM concluded that, “With understanding of the respective operating environments and the events leading to the citations, it is the opinion of SVM that nothing in the public record should serve to disqualify ACI as the SEC operator. By reputation and observation, the ACI reference facilities take precaution for employee and public health and safety.”

- **SBR Regulatory Compliance**

- Recology’s Recycle Central facility had a relatively high number of areas of concern and notices of violation (NOV’s), but no enforcement actions from 2017 through 2021. However, most of the NOV’s occurred prior to the main period of the compliance review of 2020 and 2021.
- SVM found that SBR’s NOV’s related to vector control, fluid leaks around equipment, transfer station floor resurfacing, and accumulation of debris. In each case, the issues have been corrected.
- SVM concluded that, “It is our opinion that the issues cited by the LEA do not raise concern for the ability of Recology, or related companies (including SBR), to operate facilities that appropriately defend employee and public health and safety.”

Overall, the proposers’ regulatory records are similar, each having two facilities with no or few NOV’s and one facility with significantly more NOV’s. SVM indicated that the disparity in enforcement is apparent from one local enforcement agency to another in that 4 reference facilities had no or few citations during the past 5 years, yet 2 facilities had 29 citations each. In the opinion of SVM, nothing observed in the local enforcement agency public records regarding regulatory compliance should disqualify either proposer from servicing the SBWMA. In summary, for their various transfer/MRF operations, both proposers have successfully met and maintained compliance with regulatory requirements.

## 2.2 Financial Capability

### Financial Stability

For each proposer, HF&H reviewed confidential financial statements and other financial materials, including income statements and balance sheets, for a minimum of three full years and documented key financial ratios. ACI financial statements were reviewed, and for SBR, Recology and Potential Industries financial statements were reviewed because financial statements were not available for SBR. HF&H compared these financial ratios to benchmarks for companies of a similar size operating within the solid waste industry across the country. The key financial ratios measure ability to meet immediate expenses, relative amount of debt, ability to service debt, and profit margin. In general, the ratios for both companies are near or above the applicable industry averages and, to the extent that some are below the average, they are trending up.

The purpose of this financial analysis is to identify if there are any “red flags” related to the proposers’ financial strength. It is not intended to be used as an analysis to compare the two companies or rank them. The analysis does not show red flags for either proposer. ACI and Recology each have some ratios that are less favorable than the industry benchmarks; however, it is not unusual to see ratios below the industry

benchmark. These less-favorable ratios for ACI and Recology are not a significant concern in HF&H's opinion as HF&H identified some justification for the less-favorable ratios. Furthermore, ACI and Recology are trending in a positive direction. Potential Industries show ratios that were more favorable than industry benchmarks in all cases. It should be noted that SBR is larger than ACI (as evidenced by Recology's net income being ten times larger than ACI's), which may suggest that SBR may have more financial resources available to handle issues as they arise.

SBR reported to the SBWMA team that it has operated at a loss for three of most recent four years; however, this was not verified due to lack of SBR financial statements.

### Financing Method and Financing Plan

Both proposers presented financing strategies for equipment acquisition that are sound, with both proposers planning to rely primarily on tax-exempt bond financing through the California Pollution Control Financing Authority (CPCFA).

- SBR plans to rely primarily on financing through the CPCFA.
- ACI plans to rely on CPCFA for equipment financing. Should CPCFA financing not be available, ACI plans to borrow capital from Union Bank. In ACI's July 15, 2022 response to the SBWMA's Phase 2 Request for Information, Union Bank provided a letter acknowledging that, at this time, it does not see any impediments to ACI fulfilling its financial requirements under the Agreement but does not commit to providing a loan.
- Both proposers presented capital plans that identified the equipment purchases and other expenditures to be covered through their financing.
- Both proposers will provide \$1.5 million for the SBWMA to use for future stormwater capital improvements.

## 2.3 Technical Proposal

The evaluation criteria related the technical proposals are covered in this section.

### Scale House Operations

Both proposers' approaches to operation of the scale house and associated software were consistent with current SEC practices. SBR proposed continuation of its current practices, and ACI proposed use of the same software system. Given that both proposers are using the same software as the SEC currently uses, the SBWMA has confidence about the software's capabilities and reliability.

### Approach: General Considerations, Labor, and Equipment

ACI and SBR agreed to comply with the same operating requirements and performance standards reflected in the Agreement. In terms of proposed equipment plans, both proposers' plans appear sufficient to meet the SEC operational needs. Figure 5 presents a comparison of the headcount covered by (i) the 2022 SBR compensation application, (ii) the minimum headcount the SBWMA required of proposers, and (iii) ACI's and SBR's proposed staffing levels.<sup>5</sup> Since the headcount proposed by both ACI and SBR are higher than the minimum requirements, which closely reflects the current staffing level,

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<sup>5</sup> Staffing for ACI and SBR is based on staffing levels in cost proposals for 10-year contract terms; and, for SBR, for staffing for the renewable diesel transfer vehicles scenario.

SBWMA has confidence that the proposers can deliver a quality of service at the SEC that exceeds the current quality of service.

**Figure 5: Comparison of Staffing Levels**

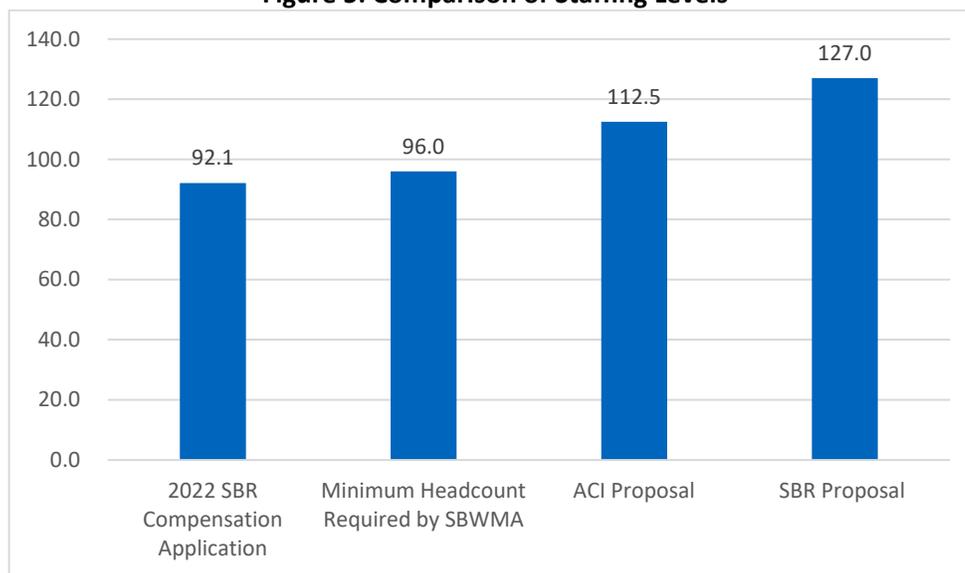


Figure 6 presents a comparison of SBR and ACI’s staffing level. SBR’s headcount of 127.0 people is 14.5 greater than ACI’s headcount of 112.5. Key differences in SBR headcount include: (i) five additional transfer station sorters to assist with self-haul traffic and unloading management, to support self-haul diversion, and to provide a pool of personnel to cover vacation, sick time, and other leaves of absence; (ii) five additional people to support cleaning and housekeeping and preventative maintenance duties; and (iii) four additional MRF sorters.<sup>6</sup> In addition to the greater number of personnel proposed by SBR, SBR is also proposing third-party services to conduct some of its housekeeping and preventative maintenance activities.

**Figure 6: Proposer Staffing Levels**

Headcount	ACI	SBR	Variance (SBR - ACI)
Transfer	26	30	4
MRF	22	26	4
MRF sorters	26	30	4
Transportation	26	25	(1)
Other (mechanics, technicians)	0	3	3
Management, Admin, Clerical	13	13	0.5
<b>Total</b>	<b>112.5</b>	<b>127.0</b>	<b>14.5</b>
<b>Variance % (SBR - ACI)</b>			<b>+12.9%</b>

<sup>6</sup> The reporting of the additional personnel (five transfer station sorters, five additional people for cleaning and housekeeping and preventative maintenance duties; and four additional MRF sorters) does not tie directly to the difference in personnel listed in Figure 6 because there are other staffing differences the result in increases and decreases when comparing headcounts.

While ACI's headcount and associated labor costs are less than SBR's, SBWMA is relying on ACI's experience operating similar facilities to lead ACI to make a reasonable assessment of the staffing needs for the SEC operation. ACI has proposed 16.5 more staff than the minimum requirements (which closely approximates staffing levels of the current SEC operation), which indicates improved performance over the current level of service. If ACI has underestimated the staffing needs, the Agreement does not allow for ACI to receive increased compensation for additional personnel, except for personnel that can be justified for increased SEC tonnage levels.

### Diversification Ability

Refer to sections below on transfer station diversion plans, MRF diversion plans, and O2E operations.

### Transfer Station Diversion Plans

ACI emphasized targeting self-haul loads with C&D, plant materials, and other recoverable materials and implementing a carpet recycling program. ACI also presented two high diversion innovations, including thermal oxidation for plant materials to reduce the number of loads transported to composting facilities and solid waste processing to produce an organic fraction to feed into the O2E system or to send to a composting facility. SBR emphasized targeting recoverable materials in self-haul loads and included five additional transfer station sorters to facilitate the self-haul receiving and unloading process (which may increase self-haul diversion) and to provide a pool of personnel to fill vacant positions. SBR's proposed innovations include extension of the MRF residue conveyor to create more space for self-haul operations, expanding the transfer station, and creating a buy-back and paper-shredding operation. The SBWMA may consider these options in the future but did not choose to include the ideas in the final cost proposals and contract negotiations.

### MRF Diversion Plans

Both proposers expressed interest in exploring strategies to reduce the inbound contamination level of recyclable materials. For processing, ACI presented strategies such as reprocessing materials that fall to the MRF floor, setting targets and incentives for employees, and monitoring MRF data through a software system. SBR suggested equipment changes during the MRF Phase II equipment improvement project to increase revenue by upgrading the type and quality of the baled fiber products.

ACI indicated that they have access to off-site storage for baled commodities that may be helpful given limited SEC storage but did not specify how much storage would be available. SBR indicated that they have access to off-site storage for baled commodities in the port of Los Angeles, which may be helpful given the SEC's limited on-site storage space and restrictions at the port of Oakland. SBR reported that bale capacity in Los Angeles is sufficient to store over 3,000 tons of materials and indicated that transportation from SEC to Los Angeles is readily available and the ports of Los Angeles and Long Beach do not have limitations like those in Oakland.

From an evaluation perspective, there are no material differences between the proposals for this criterion.

### O2E Operations

ACI's affiliate, BCWS, operates an organics processing system that is similar to the O2E system and SSFSC has experience processing organic materials with an anaerobic digestion system. ACI engaged with the O2E system equipment manufacturer and provided a letter of intent to work with the manufacturer and meet quarterly to discuss SEC operations and improvement strategies. ACI proposed enhancing diversion

through the O2E system by adding pre-processing and post-processing and presented an approach of creating an organics fraction from solid waste for processing through the O2E system. SBR proposed the option of exploring front-end system improvements and more refined targeting of suitable loads of materials. From an evaluation perspective, there are no material differences between the proposals for this criterion.

### General Operations

The general operations considerations included proposed methods of tracking and reporting operational activities and productivity, staffing levels, and training programs. From an evaluation perspective, there are no material differences between the proposals for this criterion.

### Transportation Plans, Including Clean Air Fuels Plan

Both ACI and SBR proposed responsive approaches to providing transportation services to deliver solid waste, organics, and C&D to the designated landfill and processing facilities, including provision of spare transfer vehicles. ACI proposed new transfer vehicles (including trailers) at the start of Agreement, with plans to use hybrid technology vehicles for transport of solid waste to Ox Mountain Landfill. SBR presented a cost-saving strategy for its equipment acquisition, which relies on used transfer vehicles (i.e., its current fleet of vehicles) for first four years of the Agreement and purchase of new renewable diesel vehicles or liquid natural gas (LNG) vehicles starting in Year 5 (2028).

Both proposers presented clean air fuel strategies for the transfer vehicle fleet. ACI proposed the use of Hyliion hybrid vehicles for transfer of solid waste to Ox Mountain Landfill. The hybrid vehicles are powered by a combination of stored energy and fuel through the Hyliion hybrid's powertrain and built-in auxiliary power unit (APU) capability. This approach, which is reflected in ACI's cost proposal, does not require any additional fuel station upgrades at the SEC. SBR proposed liquified natural gas (LNG) for all new transfer vehicles provided in Year 5 (2028). The LNG vehicles will require a new LNG fueling station at the SEC in addition to the existing fueling station. The SBWMA is unsure that an LNG fueling station can be accommodated at the SEC given the site's space constraints and other site improvements the SBWMA is contemplating as well as additional capital costs the SBWMA may need to incur. As a result, the SBWMA requested that SBR present cost proposals for both LNG and renewable diesel transfer vehicles. SBR's LNG approach is \$360,000 per year less than its proposed renewable diesel cost proposal; however, the renewable diesel fuel option is being considered as SBR's "base proposal". SBR's LNG transfer vehicle option was not selected as the base proposal because the SBMWA has significant concerns that the viability of the LNG option due to limited SEC space to accommodate an LNG fueling station and reconfiguration of vehicle traffic to safely access the LNG fueling station and because additional capital costs may be required by the SBWMA to implement the necessary site improvements. Staff believes that the transfer vehicle proposal by ACI is more advantageous than SBR's because (i) ACI's transfer vehicles will be new at the commencement of the Agreement; (ii) a portion of the fleet will use hybrid technology without any additional costs; and (iii) fuel system improvements will not be needed at the SEC.

ACI indicated that it can perform major transfer vehicle repairs off-site at a leased location in South San Francisco through an affiliate or by Norcal Kenworth. SBR also plans to have the original equipment manufacturer perform large repairs off-site, such as engine rebuilding or transmission repairs, although specific details were not provided on this option. Given SEC's space-constraints, access to off-site maintenance locations is advantageous.

### Public Recycling Center Operations

Both proposers have experience operating public recycling centers and presented strategies that meet the requirements of the SEC's program. From an evaluation perspective, there are no material differences between the proposals for this criterion.

### Other Operational Considerations

From an evaluation perspective, there is no material difference between the proposals for other operational considerations, except for items discussed in prior sections and different approaches taken for cleaning and housekeeping described in this section. During the Phase 2, Parallel Negotiations process, the SBWMA provided proposers with a prescriptive and detailed cleaning and housekeeping plan. ACI committed to meeting the requirements of the plan as presented by the SBWMA. SBR indicated that it would meet the SBWMA's objectives but may do so by adjusting some of the requirements to align with a cleaning and housekeeping schedule that it believes is more reasonable. Overall, SBR allocated eight staff positions to cleaning and housekeeping duties and ACI allocated six staff positions. The SBWMA believes that four staff positions are currently assigned to these duties, which indicates that both proposers are committing more personnel to the cleaning and housekeeping duties. SBWMA does not have reason to believe that ACI cannot meet the requirements of the Agreement at its proposed staffing levels. Evaluation committee tours of ACI's facilities located in South San Francisco and in San Leandro observed clean, well-organized workspaces, tip floors, and all adjunct material handling, processing, loading, and transportation areas surrounding these facilities.

### MRF Phase II Project

Both proposers have contractually agreed to engage in the MRF Phase II equipment design and improvement process and will operate the new equipment during start-up and acceptance testing periods.

### 2.4 Materials Marketing

Both proposers have long and extensive histories of successfully marketing materials and successfully working under various revenue sharing arrangements.

- SBR, particularly through Member, Potential Industries, has strong relationships with commodity buyers and end users that is evident as SBR has historically done well in weathering challenging material marketing situations such as the "National Sword." Potential Industries operates 1 large regional MRF, 1 glass beneficiating plant, and 4 recycling centers in Southern California and markets over 400,000 tons of recyclables per year. Potential Industries' relationships with paper mills overseas have been beneficial to SBR in maintaining a consistent ability to move fiber materials during difficult market conditions. Since 2011, SBR has marketed all SEC recovered recyclable materials, including over 668,000 tons of recyclables.
- ACI has a proven track record of marketing recyclable materials at favorable prices. ACI is proactive in developing and maintaining strong relationships with brokers, and in taking the initiative to understand the current marketplace and market trends. Based on the SBWMA's five-year analysis (2016 through 2020) of commodity sales revenue for ACI and SBR, SBWMA Staff concluded that ACI's historical marketing results exceeded SBR's SEC's five-year commodity revenue results.

## 2.5 Cost Proposals

### Cost Proposal Comparison for Proposers' Base Proposals

For the base cost proposals, which are considered to be ACI's cost proposal for a 10-year term and SBR's cost proposal for a 10-year term and renewable diesel fuel transfer vehicles, Figure 7 presents a side-by-side comparison of projected Year 1 (2024) annual costs for ACI and SBR as well as current costs projected to 2024 dollars based on the 2023 SEC service fees projected to 2024 dollars.

**Figure 7: Cost Proposal Comparison for Base Proposals**

Annual Cost (2024 Dollars)	Current (Projected to 2024)	ACI	SBR	Difference (SBR - ACI)
Transfer Station	\$5,020,000	\$8,690,000	\$9,950,000	\$1,260,000
MRF, net of residue	\$7,330,000	\$11,930,000	\$12,500,000	\$570,000
Transportation, excluding glass transportation	\$8,090,000	\$10,450,000	\$11,140,000	\$690,000
<b>Total estimated contractor's compensation</b>	<b>\$20,440,000</b>	<b>\$31,070,000</b>	<b>\$33,590,000</b>	<b>\$2,520,000</b>
Increase over current costs (projected to 2024 dollars)		\$10,630,000	\$13,150,000	\$2,520,000
<b>Increase over current costs (projected to 2024 dollars)</b>		<b>+52.0%</b>	<b>+64.3%</b>	<b>+12.3%</b>

Note: Numbers may not total due to rounding.

### Key Differences between Proposers' Base Cost Proposals

For the base cost proposals, ACI is \$2.5 million less than SBR's cost proposal. Figure 8 presents the key cost differences, which shows a significant portion of the difference attributed to wages and benefits and profit levels. ACI proposed an operating ratio of 0.87, which is roughly a 13% profit level, whereas SBR proposed a lower operating ratio of 0.85, which translates to a higher profit level of 15%.

**Figure 8: Key Differences in the ACI and SBR Base Cost Proposals**

Category	ACI	SBR	Difference (SBR - ACI)
Wages and benefits	\$19,810,000	\$20,970,000	\$1,160,000
Profit	\$3,950,000	\$4,840,000	\$890,000
Other	\$7,310,000	\$7,780,000	\$470,000
<b>Total</b>	<b>\$31,070,000</b>	<b>\$33,590,000</b>	<b>\$2,520,000</b>

<b>Profit level (operating ratio)</b>	<b>0.87</b>	<b>0.85</b>	<b>(0.02)</b>
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Notes: The current operating ratio varies for each service type, yet averages 0.92. Numbers may not total due to rounding.

## 2.6 Commodity Revenue Sharing

In terms of the commodity revenue proposals, ACI has committed to providing the SBWMA with 100% of commodity revenues and SBR has committed to providing 90% of the commodity revenues. Proposers did

not forecast commodity revenues for the first year of the Agreement because market conditions are in flux. To understand the potential difference in the sharing arrangements, Figure 9 presents the past four years of annual commodity revenues earned from the sale of SEC recyclable materials and calculation of a 100% share of total revenues and calculation of a 90% share. Actual commodity revenues may be different than historical revenues and different than the estimates in Figure 9.

ACI offered to provide 100% of the revenues; however, it did not provide an annual revenue guarantee, whereas SBR guarantees annual commodity revenues of \$4.7 million. Having a guarantee is desirable; however, it is noteworthy that the annual revenues from containers with a California Redemption Value (CRV) has exceeded \$5.0 million annually for the past four years (2018 through 2021), is projected to reach or exceed \$5.0 million in 2022, and are considered a reliable revenue source that is not subject to market volatility.

**Figure 9: Hypothetical Commodity Revenue Sharing Comparison based on Historical Commodity Revenues**

	Total Annual Commodity Revenues	Commodity Revenue, SBWMA Share					
		Current Arrangements	ACI	SBR	Variance (SBR - ACI)	Variance (ACI - Current)	Variance (SBR - Current)
SBWMA portion of revenues		\$4.7 million then 75%	100%	90%			
2018	\$7,500,000	\$6,800,000	\$7,500,000	\$6,750,000	(\$750,000)	\$700,000	(\$50,000)
2019	\$6,780,000	\$6,260,000	\$6,780,000	\$6,102,000	(\$678,000)	\$520,000	(\$158,000)
2020	\$6,310,000	\$5,908,000	\$6,310,000	\$5,679,000	(\$631,000)	\$402,000	(\$229,000)
2021	\$9,350,000	\$8,188,000	\$9,350,000	\$8,415,000	(\$935,000)	\$1,162,000	\$227,000
Average over four years	\$7,490,000	\$6,790,000	\$7,490,000	\$6,740,000	(\$750,000)	\$700,000	(\$50,000)
Minimum revenues (2020)	\$6,310,000	\$5,908,000	\$6,310,000	\$5,679,000	(\$631,000)	\$402,000	(\$229,000)

Note: Numbers may not total due to rounding.

## 2.7 Estimated Average Customer Rate Impact

The cost of the SEC operations is a portion of the overall rates that SBWMA residents and businesses pay for collection of solid waste, recyclable materials, and organic materials services. The SBWMA estimated the average rate impact associated with the ACI and SBR Agreements by accounting for four items that impact the overall SBWMA annual revenue requirement to be recouped through customers' rate revenues. The four items are described below.

### 1. Increases to rates

- a. Contractor compensation. Proposers' increased cost of SEC operations.
- b. MRF residue disposal. Estimated increased annual cost to the SBWMA resulting from the SBWMA's commitment to pay a portion of the MRF residue disposal costs (which the current contractor historically paid), where the SBWMA's portion of MRF residue disposal costs cover contaminants in the recyclable materials and recyclable materials that the SBWMA authorizes for disposal in down market conditions.

2. **Decreases to rates**

- a. Commodity revenues. Estimated increased commodity revenues received by SBWMA through ACI’s provision of 100% of revenues to the SBWMA and SBR’s provision of 90% of commodity revenues, compared to the current arrangement in which SBWMA receives \$4.7 million in commodity revenues and 75% of commodity revenues above the \$4.7 million guarantee.
- b. Extra MRF sorters. Reduced cost to the SBWMA of approximately \$150,000 per year because the SBWMA will no longer pay 50% of extra MRF sorters’ wage and benefit costs for MRF sorters engaged after more stringent market conditions dictated improved product quality.

Figure 10 presents the estimated cost impact for the base proposals for these four items and calculates the average 32-gallon residential customer rate impact accounting for these cost impacts. It is important to recognize that actual rate impacts will vary and the variation may be significant because (i) commodity revenues and MRF residue disposal costs are estimates and actuals may be more or less; (ii) SBWMA’s portion of MRF residue disposal costs are estimates and actuals may be more or less; (iii) each Member Agency sets their own customer rates; and, (iv) some Member Agencies may have reserve funds to offset some of the rate impact. Figure 11 presents the same analysis reflected in Figure 10 but using ACI’s cost proposal for a 12-year term (rather than ACI’s cost proposal for a 10-year term).

**Figure 10: Average Rate Impact for Base Proposals**

Annual Cost (2024 dollars)	2023 (Projected to 2024)	ACI	SBR	Difference (SBR - ACI)
Contractor compensation	\$20,440,000	\$31,070,000	\$33,590,000	\$2,520,000
Commodity revenues, SBWMA share (estimated)	(\$5,910,000)	(\$6,310,000)	(\$5,680,000)	\$630,000
SBWMA MRF residue disposal (estimated)	\$0	\$600,000	\$600,000	\$0
SBWMA shared cost of extra MRF sorters	\$150,000	\$0	\$0	\$0
<b>Annual revenue requirement</b>	<b>\$14,680,000</b>	<b>\$25,360,000</b>	<b>\$28,510,000</b>	<b>\$3,150,000</b>
Variance to 2023 Projected to 2024		\$10,680,000	\$13,830,000	\$3,150,000
<b>Estimated rate impact for a 32-gallon account</b>		<b>+8.4%</b>	<b>+10.9%</b>	<b>+2.5%</b>

Notes: Commodity revenues are estimated based on 2020 commodity revenues, which was the lowest revenue from 2018 through 2021. Numbers may not total due to rounding.

**Figure 11: Average Rate Impact for ACI 12-Year Term and SBR 10-Year Term with Renewable Diesel**

Annual Cost (2024 dollars)	2023 (Projected to 2024)	ACI 12-Year Term	SBR	Difference (SBR - ACI)
Contractor compensation	\$20,440,000	\$30,840,000	\$33,590,000	\$2,750,000
Commodity revenues, SBWMA share <i>(estimated)</i>	(\$5,910,000)	(\$6,310,000)	(\$5,680,000)	\$630,000
SBWMA MRF residue disposal <i>(estimated)</i>	\$0	\$600,000	\$600,000	\$0
SBWMA shared cost of extra MRF sorters	\$150,000	\$0	\$0	\$0
<b>Annual revenue requirement</b>	<b>\$14,680,000</b>	<b>\$25,130,000</b>	<b>\$28,510,000</b>	<b>\$3,380,000</b>
Variance to 2023 Projected to 2024		\$10,450,000	\$13,830,000	\$3,380,000
<b>Estimated rate impact for a 32-gallon account</b>		<b>+8.3%</b>	<b>+10.9%</b>	<b>+2.7%</b>

Notes: Commodity revenues are estimated based on 2020 commodity revenues, which was the lowest revenue from 2018 through 2021. Numbers may not total due to rounding.

### 2.8 Potential Cost Impacts on Base Proposal

Both proposers presented strategies for reducing costs: ACI through a 12-year contract term and SBR through use of LNG vehicles in Year 5 (2028). In addition, the Agreements with each proposer include a few contract provisions that may result in cost benefits during the term of the Agreement: ACI through service fee discounts and 100% commodity sharing arrangement, and SBR through a 90% commodity revenue share and their potential ability to deliver additional recyclable materials to the MRF from other jurisdictions. Lastly, ACI’s Agreement includes a pass-through of CBA costs that may result in higher cost increases than SBR’s CBA cost adjustment mechanism. Each of these potential impacts on the base proposals is described below.

- **Cost-Saving Mechanisms**

- ACI’s 12-Year Term. ACI proposed an option for a 12-year contract term (rather than the required 10-year contract term), which provides an annual savings of \$230,000, yielding a \$2.8 million saving over 12 years.
- ACI’s Service Fee Discounts (Estimated). ACI’s Agreement includes a 10% transfer station and MRF service fee discount that applies if transfer station and MRF tonnage increases above the current levels (up to a maximum tonnage cap) and these discounts may result in additional benefits over SBR’s cost proposal of \$210,000 per year if current transfer station and MRF tonnage increases to the maximum tonnage discount cap.
- SBR Materials from Other Jurisdictions (Estimated). SBR has contracts with other jurisdictions outside the SBWMA service area through which it may be able to direct additional volumes of recyclable materials to the MRF to provide revenues to offset some MRF costs. SBR’s Agreement includes a provision related to this scenario. SBR proposed to be compensated for tonnage from jurisdictions outside the SBWMA service area at a reduced per-ton MRF processing fee. SBWMA would benefit through gate revenues and additional commodity revenues. While no commitment has been made to the potential tonnage that SBR can deliver from other jurisdictions, an example of the potential annual

benefits to the SBWMA is \$200,000 if an additional 10,000 tons of recyclable materials were received annually from other jurisdictions. Actual benefits may be higher or lower than this estimate; and there is potential that no tonnage is routed to the SEC and, therefore, no cost benefit may be realized.

- ACI/SBR Commodity Revenue Sharing Arrangement (Estimated). As described further in Section 2.6 below, ACI's Agreement includes a commitment to provide 100% of commodity revenues to the SBWMA, which has the potential to provide higher revenue than SBR in the range of \$630,000 to \$940,000 per year based on the historical commodity revenues of 2019 through 2021. However, actual commodity revenues may be different than historical revenues and will yield different results, which may be more or less favorable.
  - SBR LNG Transfer Vehicles. As previously described, SBR proposed an option of using of new LNG transfer, which will result in a cost savings of \$360,000 annually. This savings is presented at the bottom of Figure 12 and separate from the other cost items because the SBWMA Staff is concerned about the viability of this option.
- **Cost-Increasing Mechanism**
    - ACI's CBA Wage/Benefit Adjustment (Estimated). As previously described the annual CBA adjustment mechanisms in the ACI and SBR Agreements differ and ACI's "pass-through" of CBA costs may result in higher annual cost increases. To understand the potential impact of this cost difference, potential increases in ACI's and SBR's proposed CBA wage and benefit costs were projected over 10 years using higher annual cost increases for ACI costs to model the likelihood of ACI's annual CBA cost increases being higher than SBR's. The NPV of the projected 10 years of CBA costs was determined and divided by 10 years to calculate an annualized CBA wage and benefit costs. Using this methodology, ACI's annualized CBA wage and benefit costs could result in ACI's annualize costs being \$1.15 million greater than SBR's. The actual impact may be more or less than estimated depending on the negotiated wage and benefit costs in the future CBAs. In addition, actual cost impacts will vary each year (and will not be annualized).

Figure 12 presents the potential impacts on the base proposals for each item described above. From this figure, the cost difference between ACI's and SBR's cost proposals narrows from \$2.5 million to \$2.2 million.

**Figure 12: Potential Impacts on Base Cost Proposals (2024)**

Annual Cost (2024 Dollars)	2023 Projected to 2024	ACI	SBR	Variance SBR - ACI
Annual SEC contractor compensation	\$20,440,000	\$31,070,000	\$33,590,000	\$2,520,000
ACI 12-year term cost savings	\$0	(\$230,000)	\$0	\$230,000
ACI service fee discount (maximum amount) (estimated)	\$0	(\$210,000)	\$0	\$210,000
SBR materials from outside SBWMA service area (estimated)	\$0	\$0	(\$200,000)	(\$200,000)
Commodity revenue, SBWMA share (2020 market low) (estimated)	(\$5,910,000)	(\$6,310,000)	(\$5,680,000)	\$630,000
ACI CBA wage/benefit cost pass-through (estimated)	\$0	\$1,150,000	\$0	(\$1,150,000)
<b>Annual revenue requirement</b>	<b>\$14,530,000</b>	<b>\$25,470,000</b>	<b>\$27,710,000</b>	<b>\$2,240,000</b>
Variance to 2023 Projected to 2024		\$10,940,000	\$13,180,000	\$2,240,000
<b>Estimated rate impact for a 32-gallon account</b>		<b>+8.6%</b>	<b>+10.4%</b>	<b>+1.8%</b>
LNG transfer vehicles		\$0	(\$360,000)	(\$360,000)
<b>Total annual cost net revenue offsets</b>		<b>\$25,470,000</b>	<b>\$27,350,000</b>	<b>\$1,880,000</b>

Notes: SBR proposed LNG transfer vehicles starting Year 5 (2028); however, the SBWMA does not think this is a likely a viable option given space constraints at the SEC to accommodate a fueling station and traffic reconfiguration. Numbers may not total due to rounding.

## 2.9 Projected Cost Differences over 10, 12, and 14 Years

The base term of the Agreement is 10 years with the option to extend to 12 years and 14 years. Figure 13 presents differences between the ACI and SBR Agreement for three scenarios: (i) contractor's compensation, (ii) annual revenue requirement, which is the basis for the estimate rate impact, and (iii) annual revenue requirement reflecting the estimated impact of ACI's annual CBA cost adjustment. For each of these three scenarios, the cost differences are shown for the base proposals as well as an option showing ACI's 12-year cost saving proposal and SBR's cost proposal reflecting 10-year term and renewable diesel fuel transfer vehicles. The options do not include SBR's LNG option because SBWMA Staff is concerned about the viability of LNG fueling at the SEC. This figure shows that ACI's costs are in all cases less than SBR's. ACI's annual costs range from \$2.0 million to \$3.4 million less than SBR's costs depending on the scenario, which amounts to \$28.0 million to \$44.1 million over 14 years depending on the scenario.

**Figure 13: Projected Cost Differences over 10, 12, and 14 Years**

Annual Costs (2024 Dollars)	ACI	SBR	Variance (SBR - ACI)			
			First Year	Over 10 Years	Over 12 Years	Over 14 Years
<b>Contractor Compensation Only</b>						
Base proposals, ACI and SBR 10-year term with diesel	\$31.1	\$33.6	<b>\$2.5</b>	<b>\$25.2</b>	\$30.2	\$35.3
ACI 12-year term, SBR 10-year term with diesel	\$30.8	\$33.6	<b>\$2.8</b>	<b>\$27.5</b>	\$33.0	\$38.5
<b>Annual Revenue Requirement*</b>						
Base proposals, ACI and SBR 10-year term with diesel	\$25.4	\$28.5	<b>\$3.2</b>	<b>\$31.5</b>	\$37.8	\$44.1
ACI 12-year term, SBR 10-year term with diesel	\$25.1	\$28.5	<b>\$3.4</b>	<b>\$33.8</b>	\$40.6	\$47.3
<b>Annual Revenue Requirement with Estimated ACI CBA Annual Cost Impact Included*</b>						
Base proposals, ACI and SBR 10-year term with diesel	\$26.5	\$28.5	<b>\$2.0</b>	<b>\$20.0</b>	\$24.0	\$28.0
ACI 12-year term, SBR 10-year term with diesel	\$26.3	\$28.5	<b>\$2.2</b>	<b>\$22.3</b>	\$26.8	\$31.2

\* Annual revenue requirement reflects contractor's compensation, SBWMA commodity revenue share, increased SBWMA MRF residue disposal costs, and reduced SBWMA MRF sorter costs.

Note: Numbers may not total due to rounding.

## 2.10 Operations Agreement

The SBWMA initiated the SEC procurement process by providing a draft “template” Agreement with the Phase 1 RFQ. Proposers provided comments on the draft Agreement as part of their proposals and such comments served as the basis for starting negotiations. Through the negotiations process, the SBWMA and the proposers agreed on changes to the draft Agreement that resulted in fully-negotiated Agreements with each proposer. In some instances, the changes to contract terms were reflected in the same way in both ACI’s and SBR’s Agreements. In other instances, different changes are reflected in each proposer’s final Agreements. Figure 14 summarizes the key contract differences between the proposers’ fully-negotiated Agreements. Other contract differences exist between the ACI and SBR Agreement but are not presented herein as the differences are not material.

**Figure 14: Key Contract Differences between Proposers’ Agreements**

Contract Section	South Bayside Industries (ACI)	South Bay Recycling (SBR)
2.02	<b>Term.</b> Offered 12-year term (in addition to the required 10-year term).	<b>Term.</b> Offered 10-year term as required.
2.04	<b>Guaranty/Performance Bond.</b> No corporate guarantee given structure of corporation; 20% performance bond.	<b>Guaranty/Performance Bond.</b> Corporate guarantee by Recology Inc. and Potential Industries; 10% performance bond.

Contract Section	South Bayside Industries (ACI)	South Bay Recycling (SBR)
4.02/ Attachment 29	<b><u>MRF Phase II Equipment Improvement.</u></b> Additional detail provided regarding classification of fixed and variable costs to be used to assess cost impact in the event MRF is shutdown during MRF Phase II improvements.	<b><u>MRF Phase II Equipment Improvement.</u></b> Handling of cost impacts in the event of MRF shutdown during MRF Phase II improvements described adequately.
5.03	<b><u>Materials from Outside SBWMA Area.</u></b> Did not propose specific pricing strategy for accepting materials from outside the SBWMA service area.	<b><u>Materials from Outside SBWMA Area.</u></b> SBR has contracts with other jurisdictions through which it may be able to direct additional volumes of recyclable materials to the MRF to provide revenues to offset some MRF costs; SBR proposed to be compensated for tonnage from jurisdictions outside the SBWMA service area at a reduced per-ton MRF processing fee reflecting variable costs; SBWMA would benefit through gate revenues and additional commodity revenues.
5.09	<b><u>Transfer Vehicles.</u></b> Plan for new vehicles from commencement date; hybrid technology for 35% (8 of 23 vehicles) of the transfer vehicle fleet for transport of solid waste to Ox Mountain Landfill.	<b><u>Transfer Vehicles.</u></b> Plan for used vehicles for Years 1 through 4 (2024 through 2027); new renewable diesel or LNG vehicles in Year 5 (2028).
5.10	<b><u>SBWMA Obligation to Purchase Contractor's Equipment.</u></b> SBWMA obligation to purchase contractor's equipment in the event of termination for events other than contractor default, provided contractor first tries to sell the equipment or seek insurance distributions if equipment is damaged (e.g., in the event of a fire).	<b><u>SBWMA Obligation to Purchase Contractor's Equipment.</u></b> No obligation for SBWMA to purchase equipment.
5.11	<b><u>Personnel.</u></b> Commitment to hire previous contractor's CBA and VRS personnel.	<b><u>Personnel.</u></b> Commitment to retain existing CBA and VRS personnel.
7.02	<b><u>Transfer Station and MRF Payment.</u></b> Discount of 10% when tonnage received at the SEC is within a specified range, with the potential of \$210,000 benefit per year.	<b><u>Transfer Station and MRF Payment.</u></b> No pricing discount offered.
7.04	<b><u>Commodity Revenue Sharing and Guarantee.</u></b> Arrangement to provide SBWMA with 100% of revenues; however, no commitment to provide a commodity revenue guarantee.	<b><u>Commodity Revenue Sharing and Guarantee.</u></b> Revenue sharing arrangement with 90% of revenues to the SBWMA with a \$4.7 million annual revenue guarantee to SBWMA.

Contract Section	South Bayside Industries (ACI)	South Bay Recycling (SBR)
7.08	<b>Special Circumstances.</b> Relatively broader scope of special circumstances than SBR in that two events may be combined to meet the financial threshold that triggers consideration of a special requests for change in compensation and relatively broader openers for permit changes.	<b>Special Circumstances.</b> Relatively more narrow scope of special circumstances than ACI.
12.03	<b>Assignment.</b> Structured to address shares of capital stocks, shareholders, transfer of shares to trust and family, as well as to third parties.	<b>Assignment.</b> Structured to address transfer to third parties and transfers of ownership interests within Members.
12.04	<b>Subcontracting.</b> Affiliates not defined as subcontractors in specific situations.	<b>Subcontracting.</b> Subcontractor approval in emergency conditions addressed.
Attachment 4	<b>Cleaning and Housekeeping and Preventative Maintenance Plans.</b> Plan aligns with SBWMA requirements.	<b>Cleaning and Housekeeping and Preventative Maintenance Plans.</b> Alternative plan proposed with intention to meet SBWMA’s overall goals.
Attachment 6	<b>Commodity Price Assurance.</b> If the commodity price assurance mechanism is in effect, no obligation to pay the SBWMA in the event commodity revenues do not meet market-high pricing determined through assessment of commodity price indices and surveys; instead meet and confer if contractor is determined to be selling commodities below market-high pricing determined through assessment of commodity price indices and surveys.	<b>Commodity Price Assurance.</b> If the commodity price assurance mechanism is in effect, obligation to pay SBWMA price differential if contractor is determined to be selling commodities below market-high pricing determined through assessment of commodity price indices and surveys.
Attachments 8-A and 8-C	<p><b>Compensation.</b></p> <ul style="list-style-type: none"> <li>• ACI annual compensation adjustments include changes to CBAs wage and benefit costs to match then-current CBA wage and benefit rates, subject at a 12% cap in some year. This “pass-through” of CBA costs will likely result in relatively higher future cost increases compared to SBR’s compensation adjustment.</li> <li>• Operating ratio of 0.87 (profit level of about 13%); profit on equipment depreciation; no profit on interest.</li> </ul>	<p><b>Compensation.</b></p> <ul style="list-style-type: none"> <li>• Annual CBA wages and benefit cost adjustments limit increases in CBA wages and benefits to the changes in existing CBAs until expiration of those CBAs and then limit the annual adjustments to the change in consumer price index (CPI) for subsequent years with exceptions for adjustments to costs match CBA wages and benefits when setting Year 4 (2027) compensation and compensation for one additional year (to be selected by SBR).</li> <li>• Operating ratio of 0.85 (profit level of about 15%); equipment lease without profit.</li> </ul>

# ATTACHMENT A: BACKGROUND AND OVERVIEW OF EVALUATION PROCESS

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## A.1 BACKGROUND

The SBWMA issued a “Request for Qualifications for Operation of the Shoreway Environmental Center” (RFQ) in October 2021 to solicit proposals from potential operators for the SEC, a material recovery facility (MRF) and transfer facility owned by the SBWMA. The new ten-year Agreement for the operations of the SEC will commence January 1, 2024 (at the conclusion of the current operating agreement) and continue through December 31, 2033, with options to extend the term for up to four years. The SBWMA retained the services of a consultant team consisting of HF&H Consultants, LLC (HF&H) and Sloan Vasquez McAfee (SVM) to assist in the procurement process and involved its legal counsel, Aaronson, Dickerson, Cohn & Lanzone (ADCL) throughout the entire process.

The SBWMA received two proposals from prospective future SEC operators in January 2022 and began the proposal evaluation process. Proposals were submitted by SBR and ACI for operation of the SEC.

- **SBR.** SBR is the incumbent operator and is a joint venture between two members (Members), Recology Inc. (Recology) and Potential Industries, Inc. (Potential Industries). Recology is based in San Francisco and has extensive solid waste collection operations and facilities in California, Oregon, and Washington. Potential Industries has over 40 years of facility operations experience and owns and operates four MRFs in Southern California. SBR has been operating the SEC since 2011. Recology became a party to the joint venture in 2015 upon its purchase of Community Recycling & Resource Recovery, then a joint venture partner of Potential Industries
- **SBI (ACI).** SBI will be a new corporation created by shareholders of ACI. ACI owns and operates the ACI Material Recovery and Transfer Station in San Leandro and provides collection services to four East Bay jurisdictions. Other ACI shareholders include the South San Francisco Scavenger Company (SSFSC) and Bay Counties Waste Services (BCWS). SSFSC owns and operates the Blue Line Transfer Station and MRF in South San Francisco, where recyclable materials and organic materials are processed, and other materials are transferred and provides franchise collection services to several jurisdictions in northern San Mateo County. BCWS is the operator of the SMaRT Station®, a transfer station and MRF, under contract with the City of Sunnyvale that owns the facility. The SMaRT Station serves Sunnyvale and Mountain View, processing recyclable materials and transferring other materials. BCWS also provides franchise collection services to Sunnyvale.

SBWMA Staff, supported by HF&H, SVM, and ADCL, conducted a two-phase proposal evaluation process.

- **Phase 1** involved issuance of an RFQ in October 2021 requesting proposals and pricing for transfer station services, MRF operations, and transportation services, and evaluation of the two proposals.
- **In Phase 2, Parallel Negotiations, additional technical information and revised cost proposals were requested from proposers for evaluation, and negotiations were conducted concurrently with both proposers.**

During Phase 1, evaluation efforts provided the level of review necessary to support a recommendation to short-list both proposers. Phase 2 evaluation efforts provided for submittal and evaluation of supplemental, more detailed information for each short-listed proposer followed by parallel negotiations with each proposer. Phase 2 culminated in SBWMA staff's recommendation for contract award to one proposer. For Phase 1, HF&H, with the support of SVM and SBWMA staff, conducted an initial review and comparison of the proposals. The SBWMA, HF&H, and SVM team coordinated solicitation of necessary clarifications with each proposer, conducted interviews with each proposer, toured proposers' referenced facilities, and conducted appropriate due diligence of proposers' references, financial strength, litigation history, and regulatory compliance history. The parallel negotiations resulted in a fully-negotiated Agreement with each proposer that provided a full understanding of the cost of services, commodity revenue sharing with the SBWMA and the allocation of key risks between SBWMA and each potential operator. Over the Phase 1 and Phase 2 proposal evaluation process, which spanned from January through early November 2022, the SBWMA engaged with a four-member Ad Hoc Board Selection Committee (AHBSC), briefing the AHBSC on the process and proposals and seeking input on contract provisions and the negotiation process.

#### Evaluation Activities

- Qualifications review
- Technical review
- Municipal agency reference checks
- Regulatory compliance checks
- Financial condition assessment
- Litigation, past fines, settlements, and penalties review
- Proposer interviews
- Site visits of proposers' facilities
- Cost proposal analysis
- Capital plans and depreciation schedules analysis
- Contract term negotiations
- Other

In addition to the SBWMA staff recommendation above for contractor selection and contract award, this evaluation report includes an overview of the evaluation process, evaluation criteria, and evaluation summary.

## A.2 EVALUATION PROCESS AND CRITERIA

### A.2.1 Evaluation Team and Process

The evaluation process included many facets throughout the procurement process. It commenced in Phase 1 of the procurement with review of the January 2022 proposals and continued through review of the proposers' July 2022 responses to the SBWMA's Phase 2 Request for Information and concluded in early November 2022 when the fully-negotiated Agreements were completed. A qualified team brought different types of expertise to the varied evaluation tasks. Roles of the evaluation team members are described below.

1. **SBWMA Role.** The SBWMA Executive Director and staff provided overall guidance throughout the entire evaluation process. SBWMA staff engaged in the technical review, staffing and equipment analysis, capital and depreciation plan review, cost proposal analysis, reference checks, interviews, site visits, negotiations, and development of the terms of the Agreements.
2. **ADCL Role.** ADCL attorneys supported the evaluation process, by monitoring the integrity of the process and providing guidance on the process. In addition, ADCL handled the review of proposer-provided information on nature of past and pending civil, legal, regulatory, and criminal actions and history and nature of payments of fines, penalties, settlements, damages, and liquidated damages. Throughout the negotiations, ADCL participated in all meetings and provided input and review related to the terms of the Agreement.

3. **HF&H Role.** HF&H managed the evaluation process, performed significant portions of the evaluation, and coordinated efforts of others on the evaluation team. HF&H’s activities included cover-to-cover review of the proposals and supplemental clarification information; development of requests for clarifications; assessment of proposers’ financial condition; cost proposal analysis; participation in proposer interviews and site visits; review and development of contract provisions; facilitator and lead negotiator for all negotiating sessions; and, more.
4. **SVM Role.** SVM engaged in technical review of proposals from an operational perspective; staffing and equipment analysis; and performance of the regulatory compliance check. SVM also provided expert operational input to various provisions of the Agreements.

### A.2.2 Evaluation Criteria

A summary of the evaluation criteria presented in Section 6 of the RFQ is provided in Figure 1 below. The figure identifies the main criteria and sub-criteria used to review the proposals during Phases 1 and 2. The criteria was presented to proposers in the RFQ. The full criteria are available in Attachment B.

Figure 1: Summary of Evaluation Criteria

Criteria	Sub-Criteria
<b>Qualifications and Experience</b>	<ul style="list-style-type: none"> <li>• Company Experience</li> <li>• Key Personnel</li> <li>• Labor Arrangements</li> <li>• “Experience Modification Factor” (Safety)</li> <li>• Jurisdiction Satisfaction</li> <li>• Start-Up and Transition</li> <li>• Past Performance</li> </ul>
<b>Financial Capability</b>	<ul style="list-style-type: none"> <li>• Financial Stability</li> <li>• Financing Method</li> <li>• Financial Stability</li> <li>• Financing Plan</li> </ul>
<b>Technical Proposal</b>	<ul style="list-style-type: none"> <li>• Key Operational Factors</li> <li>• Cleaning, Housekeeping, and Maintenance Plan</li> <li>• Phase II MRF Project</li> </ul>
<b>Materials Marketing</b>	<ul style="list-style-type: none"> <li>• Commodity Marketing Experience</li> <li>• Marketing Plan</li> <li>• Other Materials Marketing</li> </ul>
<b>Cost Proposal and Commodity Revenue Sharing Proposal</b>	<ul style="list-style-type: none"> <li>• Reasonableness of Cost Proposals</li> <li>• Competitiveness of Cost Proposals</li> </ul>
<b>Operations Agreement</b>	<ul style="list-style-type: none"> <li>• Contract Modifications</li> </ul>

# ATTACHMENT B: DETAILED EVALUATION CRITERIA

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The evaluation criteria presented in this Attachment B is the criteria presented in the RFQ.

## B.1 EVALUATION CRITERIA FOR PHASE 1, RFQ PROCESS

In Phase 1, proposals were evaluated using the criteria presented in this Attachment, considering the extent to which criteria is fulfilled relative to other proposals.

### B.1.1 Responsiveness to RFQ (Pass/Fail)

Proposer must be fully compliant with the RFP and procurement procedures as demonstrated by submittal of all elements required including full completion of all cost proposal forms required and compliance with proposal submission process.

### B.1.2 Company's Qualifications and Experience

- a) **Company Experience** – Demonstrated experience of the company in operating transfer stations, transportation services for solid waste and other materials, MRFs, organics processing systems (such as the OREX™ press system or similar processes), and related operations. If the Proposer is a joint venture, demonstrated experience of parties working together.
- b) **Key Personnel** – Demonstrated capabilities of the company's proposed management team of key personnel for the on-going management of the SEC operations. Demonstrated ability to be responsive to the ongoing needs and requests of jurisdictions including reporting, providing new services, tracking and monitoring operational activities, regulatory compliance, safety record, general quality of operations, billing and collection, scale house performance and management, and administrative services.
- c) **Labor Arrangements** – Extent of Proposer's commitment to support existing labor arrangements such as commitment to work with existing collective bargaining units, to terms of existing collective bargaining agreements (CBAs), and to the employee retention policy.
- d) **Experience Modification Factor** – Reasonableness of company's experience modification factor and comparison to that of other Proposers.
- e) **Jurisdiction Satisfaction** – Satisfaction of company's references with the services received in the past five years.

### B.1.3 Financial Capabilities

- a) **Financial Stability** – Demonstrated financial stability based on letter from chief financial officer or bank and identification of the relative expansion of company if awarded the Operations Agreement in context of company's annual revenues.

- b) **Financing Method** – Reasonableness of general approach to facility modifications, equipment acquisition or modifications, and other expenses.

#### B.1.4 Technical Proposal

- a) **Scale System** – Scale software system proposed, capabilities and reliability of the system, connectivity, and report capabilities of the system. Billing approach, procedures for handling customers, and coordination with SBWMA in billing, inbound and outbound tonnage reporting, and diversion reporting.
- b) **Approach** – Reasonableness and reliability of the proposed services (e.g., technology, equipment, and staffing levels); reasonableness of productivity and operating assumptions (operating statistics).
- c) **Diversion Ability** – The nature, reliability, and innovation of proposed diversion programs and potential of such programs to divert solid waste from landfill disposal.
- d) **Transfer Station Diversion Plans** – Proposed methods to increase diversion of materials that are entering the transfer station including plans for materials segregation, onsite processing plans, and transfer station diversion commitments that the company may guarantee to the SBWMA.
- e) **MRF Diversion Plans** – Proposed methods to increase diversion of recyclables materials processed at the MRF, including plans for increasing efficiencies, improving the quality of recovered materials, and reducing residue levels.
- f) **O2E Operations** – Proposed methods to increase diversion of organic materials processed by the O2E system; reasonableness of plans (if any) for expanding the O2E operations beyond the O2E pilot program throughput levels.
- g) **General Operations** – Proposed methods of tracking and reporting operational activities and productivity, staffing levels, and training programs.
- h) **Transportation Plans** – Proposed approach to providing transportation services, including the type(s) of transfer trailers proposed, average payloads for trailers, back-up capacity, etc.
- i) **Public Recycling Center Operations** – Proposed approach to operating the Public Recycling Center and the Proposer’s related experience.
- j) **Clean Air Fuels Plan** – Proposed strategy for use of clean air fuels for rolling stock and transfer vehicles.
- k) **Other Operational Considerations** – Includes other operational considerations such as: planning details of facilities space usage for equipment storage and parking, maintenance and administration. Contingency capabilities and planning including a list of subcontractors or support services that can assist in case unforeseen issues or problems with labor, equipment, or transportation of outbound material volumes.

#### B.1.5 Materials Marketing

- a) **Commodity Marketing Experience** – Demonstrated ability to reliably market MRF commodities and obtain best gross revenues from commodity sales.

- b) **Marketing Plan** – Reasonableness of general marketing approach.

#### B.1.6 Cost Proposal and Revenue Sharing Proposal

- a) **Reasonableness of Cost Proposals** – Logical relationship between the proposed annual costs and related service fees and staffing plans, to the extent detailed information is provided by Proposer for consideration.
- b) **Competitiveness of Cost Proposals** – Cost competitiveness relative to other proposals for the proposed Transfer Station Fee, proposed Transportation Fees for various materials, and proposed not-to-exceed MRF Fee. Note that for the purposes of evaluating the base cost proposal, the SBWMA may develop its own estimation of the future tonnage levels and use its assumptions to compare each Proposer’s cost proposal to the others by examining estimated annual costs. This assessment may consider the competitiveness of the proposed staffing plan and proposed operating ratio compared to other proposals.

#### B.1.7 Operations Agreement

The nature and materiality of the exceptions described for key provisions of the Operations Agreement.

#### B.1.8 Other Proposal Information

Consideration of other proposal information provided by Proposers.

## B.2 EVALUATION CRITERIA, PHASE 2, PARALLEL NEGOTIATIONS

The evaluation criteria used in Phase 2 included the Phase 1 criteria including, but not to limited to, the additional criteria presented below. The evaluation of ACI’s and SBR’s proposals was based on their proposals submitted in Phase 1 and additional information provided in Phase 2.

#### B.2.1 Company Qualifications and Experience

- a) **Start-up and Transition Experience** – Demonstrated experience of the company and key personnel assigned to the transition team to implement the requested services and smoothly manage transitions for facilities that are similar to the SEC.
- b) **Past Performance Record** – Strong track record of performance based on review of company’s history with litigation and regulatory action (e.g., nature of past and pending civil, legal, regulatory, and criminal actions; history and nature of payments of fines, penalties, settlements, damages, liquidated damages); regulatory compliance related to equipment and facilities including compliance with land use permits, storm water discharge permits, state highway requirements, etc.

#### B.2.2 Financial Capabilities

- a) **Financial Stability** – Demonstrated financial strength and ability of company to take on the Operations Agreement, acquire equipment, and provide financial assurance of performance based on review of Proposer’s audited financial statements, letter from chief financial officer, and the relationship of the SBWMA contract to the company’s total annual revenues.

- b) **Financing Plan** – Reasonableness of detailed financing plan to finance facility modification (if any), equipment acquisition or modifications, and other expenses.

### B.2.3 Technical Proposal for SEC Operations

- a) **Cleaning, Housekeeping, and Maintenance Plan** – Reasonableness for the proposer’s cleaning, housekeeping, and maintenance plan. (Note: The RFQ presented criteria to consider the proposers’ maintenance plans. The SBWMA expanded the focus of this criteria to include consideration of proposers’ cleaning and housekeeping plans.)
- b) **Phase II MRF Project** – Depending on the status of the SBWMA’s plans for the Phase II MRF project, Proposer may be requested to provide input on equipment design, operating cost savings, their experience monitoring equipment installation and modifications, and more.

### B.2.4 Materials Marketing Plan

- a) **Commodity Marketing Experience** – Demonstrated ability to reliably market MRF commodities and obtain best gross revenues from commodity sales (where evaluation will be more robust than the Phase 1 evaluation) and may include consideration of more detailed materials marketing plan; descriptions of current and past materials marketing experiences; list of commodity buyers and description of purchase contractors with buyers that demonstrate the company’s future price/volume commitments.
- b) **Other Materials Marketing** – Company’s experience and demonstrated ability to market materials that will be diverted from landfill through self-haul diversion efforts, u-waste, e-waste, and other drop-off activities.

### B.2.5 Cost Proposal and Estimated Revenue Share

The cost proposal evaluation will address the reasonableness and competitiveness of the proposed facility staffing plan and annual labor costs, proposed Transfer Station Fee, proposed Transportation Fees, proposed MRF Fee (which may be adjusted by Proposers during Phase 2 but shall not exceed the MRF Fee presented in Phase 1), and estimated annual commodity revenues. The SBWMA may develop hypothetical tonnage projections to use as a basis for calculating an annual cost for each proposal to compare proposals.

### B.2.6 Operations Agreement

The evaluation will assess the nature and materiality of final terms of the proposer’s Agreement with the SBWMA’s preferred contract terms. (Note: The RFQ presented criteria related to the Agreement that focused on proposers’ exceptions to the draft Agreement included with the RFQ. The SBWMA modified the criteria to focus on the extent to which the final terms of each proposer’s fully-negotiated Agreement departed from the SBWMA’s preferred contract terms.)

### B.2.7 Environmental Enhancements and Other Considerations

The evaluation will consider potential reduction in greenhouse gas (GHG) emissions through proposed use of alternative fuels or power supply used for on-site rolling stock and equipment and vehicles that transport materials off-site (largest GHG emissions source for the SBWMA); the use of carbon offsets to counter atmospheric emissions; and other strategies presented by Proposers.



# PUBLIC EDUCATION, OUTREACH AND LEGISLATION



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## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Emi Hashizume, Environmental Education Manager  
Joanna Rosales-Jose, Outreach & Communications Manager  
**Date:** November 17, 2022 Board of Directors Meeting  
**Subject:** Approval of a Resolution to Appoint one Board Member and one TAC Member to the Public Education and Outreach Committee

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### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No 2022-55 authorizing the following action:

Appoint one Board Member and one Technical Advisory Committee Member to the Public Education and Outreach Committee.

### Summary

The SBWMA requests the appointment of one Board Member and one Technical Advisory Committee (TAC) member to the Public Education and Outreach Committee to bring the full membership of this Ad Hoc Committee made up of Board, TAC and Recology staff to eight members co-lead by SBWMA Environmental Education Manager Emi Hashizume and Outreach and Communications Manager Joanna Rosales-Jose. In 2021, two vacancies on the committee opened due to a TAC member retirement and another transitioning from the SBWMA Board.

The current members of the Public Education and Outreach Committee are as follows:

- Jon Froomin – Board Member, Foster City
- Ruben Abrica – Board Member, East Palo Alto
- Andra Lorenz – TAC Member/Chair, Foster City
- Gordon Tong – TAC Member, County of San Mateo
- Vicki Sherman – City Staff, Redwood City
- Mia Rossi – Waste Zero Manager, Recology San Mateo County

Staff requests that the Board appoints one Board Member to be decided at today's meeting, and approval of Siliva Pa'uli (currently City of San Mateo's TAC Alternate) to join the Public Education and Outreach Committee beginning in January 2023.

This committee provides welcome guidance on the development of SBWMA public outreach and education programs and campaigns, and related projects. Committee members provide important input and feedback, assisting SBWMA staff in making relevant, inclusive decisions. In addition, the committee provides assistance to staff in preparing the three-year Public Education and Recycling Technical Assistance Plan. The Committee currently meets 2-3 times a year.

**Background**

In January of 2018 the SBWMA Board of Directors approved resolution 2018-06 to re-activate the Agency's Ad Hoc Public Education and Outreach Committee consisting of Board Members, Technical Advisory Committee (TAC) or Alternate TAC Members, critical stakeholders, and staff. In January 2021, Board Member Davina Hurt (Belmont) stepped off the SBWMA Board, which left a vacancy on the Public Education and Outreach Committee. In November 2021, TAC Chair Roxanne Murray (San Mateo) retired, opening a second unfilled seat on the committee.

**Fiscal Impact**

There is no specific fiscal impact associated with this item.

**Attachments:**

Resolution 2022-55



## RESOLUTION NO. 2022-55

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPOINTING ONE BOARD MEMBER AND ONE TAC MEMBER TO THE PUBLIC EDUCATION AND OUTREACH COMMITTEE

**WHEREAS**, the SBWMA established a formal system to appoint members of standing and ad hoc SBWMA committees in March 2021, and

**WHEREAS**, there is a need to add a new Board and TAC committee member to the Public Education and Outreach Committee to allow for a more diverse perspective from our member agencies while discussing public outreach and education programs and projects, and

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves the appointment of Siliva Pa'uli (San Mateo TAC Alternate) and the following Board Member to the Public Education and Outreach Committee. \_\_\_\_\_

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 17<sup>th</sup> day of November, 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. 2022-55 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2022.

ATTEST:

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

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





# INFORMATIONAL ITEMS ONLY





## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Tj Carter, Program Manager II, Recycling and Compliance  
**Date:** November 17, 2022 Board of Directors Meeting  
**Subject:** Update on the Status of SB 1383 Implementation and Compliance

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### Summary

As detailed in the 2021 SBWMA SB 1383 Memorandum of Understanding authorized by the SBWMA Board of Directors and SBWMA Member Agencies, SBWMA staff has been delegated a significant portion of the SB 1383 program responsibilities.

Staff has updates on the following item:

### Annual Contamination Monitoring

SB 1383 requires jurisdictions to conduct annual contamination monitoring of all three containers to keep the organics waste stream clean. On October 30<sup>th</sup> – November 4<sup>th</sup>, 2022, SCS Engineers conducted inspections of randomly selected containers on each collection route for solid waste, recyclable materials, and organic materials to meet the SB 1383 requirements. This included identifying what contaminants were being found in each bin/carts. Inspections took place on every Recology route. Roughly, 2,700 accounts were inspected throughout the service territory.

Homes that were found to have excessive contamination received a tag on their cart educating them about items that were considered contaminants and informing about how to properly sort (Attachment A). Apartments and businesses that had contamination will receive a follow up letter in the mail with resources to educate staff and tenants.

SBWMA staff will share the 2022 Contamination Monitoring Route Review Report in the next Board of Directors meeting in January 2023. The information learned from the route reviews and detailed in the report will be used to inform the next 3-year Public Education Plan.

### 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 were developed, which were approved on November 3<sup>rd</sup> 2020, and 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/sicp/](http://www.calrecycle.ca.gov/organics/sicp/).

**Fiscal Impact**

None.

**Attachments:** Attachment A - Route Review Contamination Cart Tag Example

# Attachment A - Route Review Contamination Cart Tag Example

## Front

**HELP ACHIEVE A BETTER COMMUNITY BY SORTING PROPERLY**  
**Ayude a lograr una mejor comunidad al clasificar adecuadamente**  
**正確的分類幫助造就更好的社區**

The item(s) marked below **DO NOT** belong in the designated cart. Visit [WhatBin.com](http://WhatBin.com) for a list of what goes into each cart.

Los artículos marcados a continuación **NO** pertenecen al carrito designado. Visite [WhatBin.com](http://WhatBin.com) para obtener una lista de lo que se incluye en cada carrito.

下面標記的物品不屬於指定的桶查看 [WhatBin.com](http://WhatBin.com) 以獲取每個桶的物品清單



**Contamination Circled Below**  
**Contaminación en un círculo debajo**  
**下面圈出的污染**

Plastic Film/Bags Cubiertas, Bolsas de Plástico 塑料薄膜/袋子	Glass Vidrio 玻璃	Animal Waste Residuos de Mascotas 寵物垃圾
Food Scraps Restos de Comida 廚餘	Black Plastic Plástico Negro 黑色塑料	Textiles Los Textiles 紡織品
E-Waste/Hazardous Waste Desechos electrónicos 電子垃圾	Food/Beverage Soiled Paper Papel Sucio con Comida y Bebidas 沾染食物和飲料的紙類	Polystyrene Foam 保麗龍

Other | Otro | 其他

More information about contamination monitoring at  
 Más información sobre el control de la contaminación  
 有關更多的監測分類資訊

[RethinkWaste.org/SB1383](http://RethinkWaste.org/SB1383)



## Back

**PROPER SORTING**  
**CLASIFICACIÓN ADECUADA**  
**正確分類**



### Special Handling

- Household Hazardous Waste (HHW):** It is illegal to place HHW such as paint, cleaners, e-waste and fluorescent lights in your curbside carts. For information visit [RethinkWaste.org/HHW](http://RethinkWaste.org/HHW).
- Place household batteries in a clear sealed bag **ON TOP OF YOUR BLACK CART** on normal collection day.
- Textiles:** Please reuse or donate textiles. Place in the black landfill cart if textiles are not reusable.

### Manejo especial

- Desechos domésticos peligrosos (HHW):** es ilegal colocar HHW, como pintura, limpiadores, desechos electrónicos y luces fluorescentes, en los carritos de la acera. Para obtener información, visite [RethinkWaste.org/HHW](http://RethinkWaste.org/HHW).
- Coloque las baterías domésticas en una bolsa transparente sellada **ENCIMA DE SU CARRITO NEGRO** el día normal de recolección.
- Textiles:** Por favor reutilice o done textiles. Colóquelo en el contenedor de basura negro si los textiles no son reutilizables.

### 特殊處理

- 家庭危險廢物 (HHW)：將 HHW (如油漆、清潔劑、電子垃圾和熒光燈) 放置在路邊的手推車中是違法的。有關信息，查看 [RethinkWaste.org/HHW](http://RethinkWaste.org/HHW)。
- 在正常收集日，把家用電池放入透明封口的塑膠袋內，放在黑色桶的上端。
- 紡織品：請重複使用或捐贈紡織品。如果紡織品不可重複使用，請放入黑色垃圾桶。



## STAFF REPORT

**To:** SBWMA Board Members  
**From:** Hilary Gans, Senior Facilities and Contracts Manager  
**Date:** November 17, 2022 Board of Directors Meeting  
**Subject:** Update on the Status of the Underground Fuel Storage Tanks Removal Project

**Recommendation:**

This item is informational only and no board approval is required.

**Summary**

This staff report provides an update on the status of the underground fuel storage tanks (UST) removal project. Periodic updates will be presented to the Board as the project progresses.

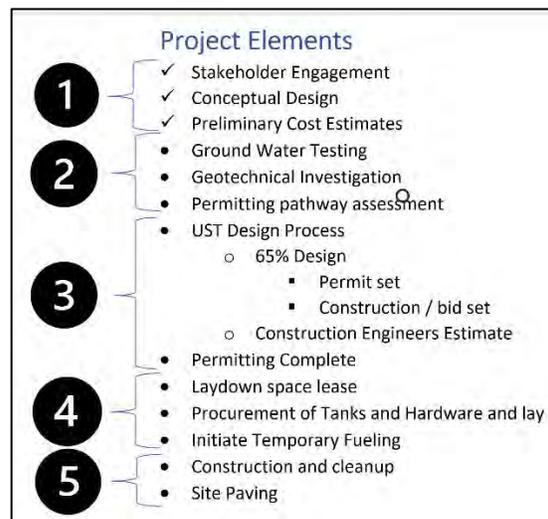
**Analysis**

Staff has concluded the initial planning phase of the UST removal and replacement project at Shoreway. This project is expected to take 2-years to permit and complete and is anticipated to be finished before the regulatory deadline of January 1, 2025. The major project phases and their estimated duration are listed below while the detail of each phase is presented in Table 1.

<b><u>Project Phases</u></b>	<b><u>Duration</u></b>
1. <i>Planning</i>	<i>Complete</i>
2. <i>Investigation</i>	<i>4 months</i>
3. <i>Design and Permitting</i>	<i>6 months*</i>
4. <i>Pre-Construction</i>	<i>6 months*</i>
5. <i>Construction</i>	<i>9 months</i>

*\*Timeframes for these items area expected to overlap*

*Table 1 Phase elements*



Staff is currently in the process of selecting a engineering and design company that will be responsible for creating the construction drawings and bid specifications for the bidding of the Construction Phase of the project. additionally, the design drawings will serve as the basis for a permit application to the Certified Unified Program Agency (CUPA) that serves as the lead agency for the permitting of this project.

At the January 2023 Board meeting, Staff will bring a recommendation for approval of a Design and Engineering firm for the project. Phase 2 site "Investigation" work will also commence in early 2023. The soil and groundwater

investigations will provide the information about potential leaks and contamination that could alter the trajectory of the project.

As part of the Phase 1, Planning process staff has outlined the contractor roles that will be needed to complete the project (either as a primary or sub-contractor) and current costs estimates for work (see **Table 2**). As the UST project advances, and contractors and costs become known, this table will be updated to provide the Board with the status of work and expenditures. Staff has included this project's projected first phase costs in our proposed FY2023 Capital Budget which is being considered by the Board today in agenda item 5A.

	<u>Project Element</u>	<u>Contractor</u>	<u>Cost/Est.</u>
1	Construction Design		\$250K Est at 10% project cost
2	Construction Management		\$250K Est at 10% project cost
3	Geotechnical Investigation		\$10K Rockwell quote
4	Ground Water Sampling	Pathforward	\$50K Path Forward quote
5	Permitting Assistance		\$25K HG Estimate
6	UST Removal and Replacement Construction		\$3.0 M
7	Temporary Fueling Contractor		\$TBD
8	Land Lease with County San Mateo		\$TBD
9	Fire Suppression Installation		\$TBD
10	Lighting and Electrical Installation		\$TBD
11	Fencing Contractor to		\$TBD
12	Recology lease agreement and Impact		\$TBD
13	Soils disposal and hazmat contingency		\$TBD

**Background**

The three existing USTs at Shoreway are each 12,000-gallon single-wall fiberglass tanks currently utilized for the storage of diesel fuel (see **Figure 2** on following page). Four above-ground fuel dispensers on two fuel islands and a remote dispenser provide over 1 million gallons per year of fuel to the collection trucks, long haul vehicles and material handling equipment used by Recology and SBR (see **Figure 3** following page). The USTs and dispensers are believed to have been installed in 1985 by Browning-Ferris Industries. While there have been periodic upgrades to the piping and fueling system over the years, the existing USTs and associated infrastructure require permanent closure under SB445 which requires the phase out of all single-wall systems by January 1, 2025.

While the SBWMA has the long-term goal of converting all collection trucks and equipment to electricity, this equipment is not available at this time, hence the need to replace the tanks with modern, compliant infrastructure and technology. The scaled transition to an EV-based fleet is expected over the next 10+ years.

Since the collection and site operations require large quantities of fuel each day (4,000 gallons/day - roughly a tanker truck), it is imperative that fueling is not disrupted during construction. Also, site space is constrained and the SBWMA is currently seeking looking to lease nearby land for parking, construction, and equipment laydown during the project.

Figure 2 Existing USTs and Dispensers

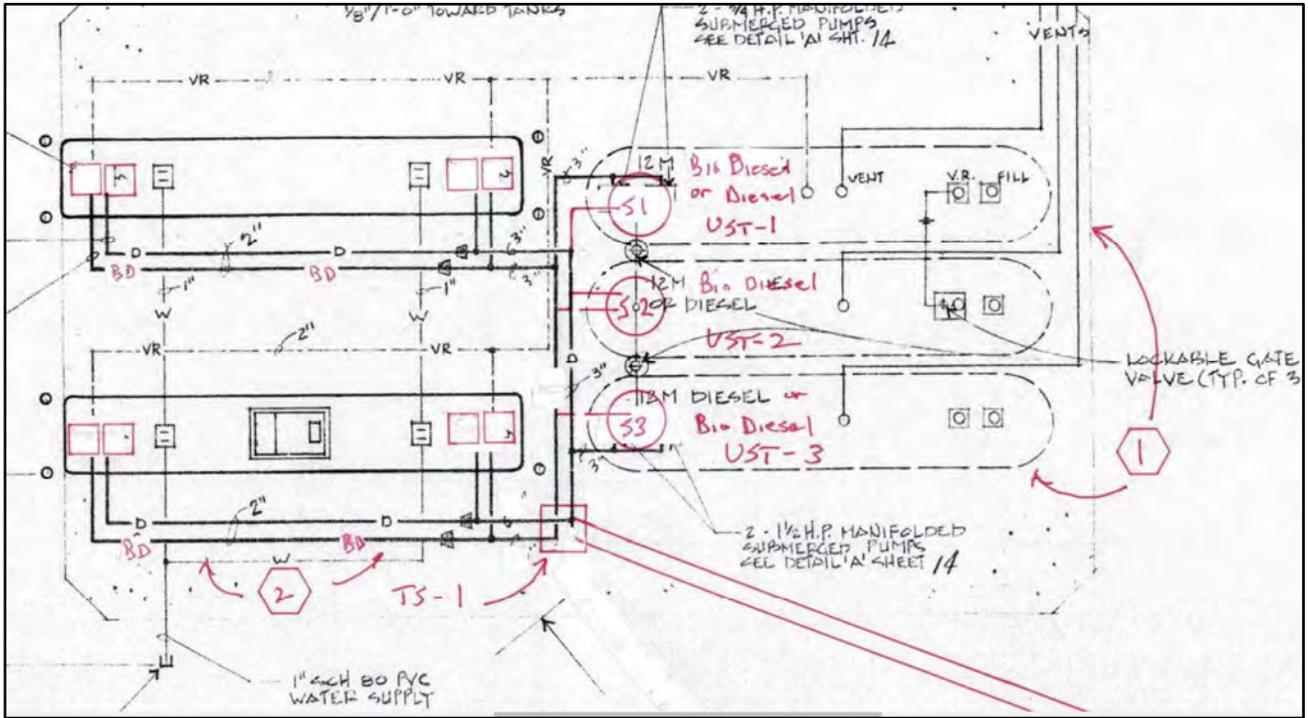


Figure 3 Truck Fueling at UST Station







## STAFF REPORT

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To: SBWMA Board Members  
From: John Mangini, Senior Finance Manager  
Date: November 17, 2022, Board of Directors Meeting  
Subject: 2022/23 Finance and Rate Setting Calendar

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### Recommendation

This is an informational report, and no action is necessary.

### Summary

The purpose of this staff report is to keep the Board and Member Agency staff informed on the schedule of important financial and rate setting events in 2022 and 2023. This staff report is updated as necessary and included in the Board packet each month.

### 2022 Schedule of Finance, Contractor Compensation and Rate Adjustment Activities:

#### March 2022

- Recology submission of the unaudited 2021 Revenue Reconciliation Report (*Due: March 31*) *Complete*

#### June 2022

- Mid-year review of the adopted FY2022 SBWMA Operating Budget. *Complete*
- Recology's 2023 Compensation Application submission to the SBWMA/Member Agencies (*Due: June 15*) *Complete*
- SBWMA / Member Agency submit comments to Recology on its 2023 Compensation Application (*Due: June 29*) *Complete*
- SBWMA issues Member Agency letters requesting formal confirmation on their estimated 2022 Member Agency fees (e.g., franchise fees) to be included in their 2023 solid waste rates. *Complete*
- Review of Recology's Revenue Reconciliation Report from the independent Financial Systems audit report. *Complete*
- Approval of the FY2021 Audited Financial Statements. *Complete*

#### July 2022

- SBR's 2023 Compensation Application submission to the SBWMA (*Due: July 1*). *Complete*
- Recology revised 2023 Compensation Application submission to SBWMA/Member Agencies (*Due: July 15*). *Complete*
- SBWMA issues the following reports to the Board and Member Agency staff for review and comment:
  - 1. Estimated 2022 and 2023 residential and commercial base revenue. *Complete*
  - 2. Estimated collected tonnage for 2022 and 2023. *Complete*
  - 3. Summary of 2023 Member Agency fees to be used in the 2023 cost projections based on Member Agency feedback. *Complete*

## August 2022

- SBWMA issues the Draft Report Reviewing Recology's 2023 Compensation Application, recommended total Revenue Requirement, and Rate Adjustment (*Due: August 10*). *Complete*
- SBWMA issues the Draft Report Reviewing SBR's 2023 Compensation Application (*Due: August 17*). *Complete*
- Comments due from Member Agencies on draft Reports Reviewing Recology's & SBR's 2023 Compensation Application (*Due: August 26*). *Complete*

## September 2022

- SBWMA TAC Meeting reviewing Pre-Final Report Reviewing Recology's 2023 Compensation Application (*September 8*). *Complete*
- SBWMA issues Amended Final Report Reviewing Recology's 2022 Compensation Application including the recommended total Collection Rate Adjustment for 2023. (*September BOD Packet*) *Complete*
- SBWMA issues Final Report Reviewing SBR's 2023 Compensation Application. (*September BOD Packet*).
- Approval of SBR 2023 Compensation Application (*September 22 BOD Meeting*) *Complete*
- Approval of Recology 2023 Compensation Application and total recommended Revenue Requirement (*September 22 BOD Meeting*) *Complete*

## October 2022

- Finance Committee review of SBWMA's DRAFT FY2023 Budget (*October 18 Meeting*) *Complete*
- SBWMA Board Study Session: Review (Draft) 2023 Fiscal Year Budget + CIP Plan (*October 27*) *Complete*

## September – December 2022

- Member Agencies establish/issue Prop. 218 notices and approve their final 2023 solid waste rates

## November 2022

- Approval of the SBWMA's Final Fiscal Year 2023 Budget at the November 17<sup>th</sup> Board meeting

## 2023 Schedule of Finance, Contractor Compensation and Rate Adjustment Activities:

### March 2023

- Recology submission of the unaudited 2022 Revenue Reconciliation Report (*Due: March 31*)

### June 2023

- Mid-year review of the adopted FY2023 SBWMA Operating Budget.
- Recology's 2024 Compensation Application submission to the SBWMA/Member Agencies (*Due: June 15*)
- SBWMA / Member Agency submit comments to Recology on its 2024 Compensation Application (*Due: June 30*)
- SBWMA issues Member Agency letters requesting formal confirmation on their estimated 2024 Member Agency fees (e.g., franchise fees) to be included in their 2024 solid waste rates.
- Review of Recology's Revenue Reconciliation Report from the independent Financial Systems audit report
- Approval of the FY2022 Audited Financial Statements

### July 2023

- Recology revised 2024 Compensation Application submission to SBWMA/Member Agencies (*Due: July 15*)
- SBWMA issues the following reports to the Board and Member Agency staff for review and comment:
  - 1. Estimated 2023 and 2024 residential and commercial base revenue
  - 2. Estimated collected tonnage for 2023 and 2024.
  - 3. Summary of 2024 Member Agency fees to be used in the 2024 cost projections based on Member Agency feedback.

### August 2023

- SBWMA issues the Draft Report Reviewing Recology's 2024 Compensation Application, recommended total Revenue Requirement, and Rate Adjustment (*Due: August 11*)
- Comments due from Member Agencies on draft Reports Reviewing Recology's 2023 Compensation Application (*Due: August 25*)

### September 2023

- SBWMA TAC Meeting reviewing Pre-Final Report Reviewing Recology's 2024 Compensation Application (*September 14*).
- SBWMA issues Amended Final Report Reviewing Recology's 2024 Compensation Application including the recommended total Collection Rate Adjustment for 2024. (*September BOD Packet*)
- Approval of Recology 2023 Compensation Application and total recommended Revenue Requirement (*September 22 BOD Meeting*)

### October 2023

- Finance Committee review of SBWMA's DRAFT FY2024 Budget (*October 10 Meeting*)
- SBWMA Board Study Session: Review (Draft) 2024 Fiscal Year Budget + CIP Plan (*October 26*)

### September – December 2023

- Member Agencies establish/issue Prop. 218 notices and approve their final 2024 solid waste rates

### November 2023

- Approval of the SBWMA's Final Fiscal Year 2024 Budget at the November 16<sup>th</sup> Board meeting





## STAFF UPDATE

### 2023 SBWMA Meeting Planning Guide

- *Board Meetings*
- *Finance Committee Meetings*
- *TAC Meetings*
- *Legislative Committee Meetings*
- *Pub Ed Committee Meetings (tbd)*
- *Zero-Waste Committee Meetings*
- *Agency-Sponsored Community Events*

### Proposed 2023 Meetings Schedule (To be Approved 11/17/2022)

#### January 2023

##### 10: Finance Committee Meeting

##### 26 Board Meeting

- Closed Session: Employee Policies
- Approval of Meeting Format for 2023, based on Brown Act Regulations
- Board Elections: Chair/Vice Chair
- Approval of Contract for fuel tank replacement project
- Resolution Accepting the finding of the Shoreway Site Optimization Study and authorization to move into a Master Plan Process
- Resolution Approving Updated Administrative Policies and revised employee handbook
- Resolution Approving 2023-2024 Legislative and Regulatory Platform
- 2022 Legislative Session Recap
- Approval of Organics to Energy Processing Contracts
- Resolution Approving work plan to create a Captive Insurance plan
- Resolution Approving Contract for 2023-2024 Outreach Campaigns
- Resolution Approving Contract for Printing and Mailing Services in 2023
- Update on EV Fleet Transition
- Hearing on Recology San Mateo County's Application for Special Compensation Review for Additional Compensation for COVID-19 Pandemic-Related Costs

#### February 2023

##### 6: Legislative Committee

##### 23-½ Day Board & TAC Retreat

#### March 2023

##### 6: Legislative Committee

##### 9: TAC Meeting

##### 23: Board Meeting

- Approval of bid documents for the fuel tank replacement project—Engineered drawings/Design

## April 2023

### 3: Legislative Committee

#### 27: Board Meeting

- Approval of 2022 Annual Report
- Public Education and Environmental Education Update
- Renewal of Shoreway License Agreement
- Legislative Session Update (informational)

## May 2023

### 1: Legislative Committee

#### 11: TAC Meeting

#### 25: Board Meeting

- Approval of Proposed Facility Master Plan Work Plan

## June 2023

### 5: Legislative Committee

#### 13: Finance Committee Meeting

#### 22: Board Meeting

- FY2023 mid-year budget review
- Resolution Approving the findings from the annual Operational Systems/Financial Systems Audits
- Mid-Session Legislative Update

## July 2023

#### 27: Board Meeting

## August 2023

### No Board Meeting – DARK

#### 10: TAC Meeting

### 28: Legislative Committee

## September 2023

#### 12: Finance Committee Meeting

#### 14: TAC Meeting

## **28: Board Meeting**

- Closed Session: Executive Director Performance Evaluation
- Resolution Approving Annual Contractor Compensation Applications

## **October 2023**

### **2: Legislative Committee**

#### **17: Finance Committee Meeting**

- Review of DRAFT FY2023 budget

#### **26: Board Study Session**

- Review of DRAFT FY2024 Budget
- Discussion on Operating Expenses
- Capital Improvement Plan Discussion for 2024

## **November 2023**

### **7: Legislative Committee**

#### **16: Board Meeting**

- Approval of FY2024 Budget
- 2023 Legislative Session Recap
- Public Education & Environmental Education Recap
- Approval of Proposed Facility Master Plan—Technical Contracts

## **December 2023**

### **4: Legislative Committee**

#### **No Board Meeting - DARK**





# CLOSED SESSION

Closed Session Information to arrive via confidential  
memo to the Board Members only