



INTERIM EXECUTIVE DIRECTOR'S REPORT

STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Interim Executive Director & Facility Operations Contract Manager
Date: April 28, 2016 Board of Directors Meeting
Subject: Interim Executive Director Report

Board Agenda/Packet Items

2016/17 Budget Process

The Finance Committee met on March 24th to review the process and plan for presenting the Preliminary FY16/17 Budget to the Board. The high-level budget assumptions and financial performance of the agency in FY16/17 were discussed with the understanding that the staff will present the preliminary budget to the Board in April. The Interim Executive Director's presentation of the Preliminary FY 176/17 Budget at the April Board Meeting will provide: 1) an overview of the budgeting process and how the SBWMA budget relates to Member Agency Rates, 2) a breakdown of the revenue and cost components of the SBWMA budget, and 3) a review of the SBWMA Programmatic Budget detailing variances between the FY15/16 and the Preliminary FY16/17 Budget. Staff will conduct two budget workshops in May to provide Board Members the opportunity for an in depth discussion of the FY16/17 Budget prior to bringing a Resolution to Approve a FY16/17 SBWMA Budget to the May Board meeting. Dates for the Budget process are as follows:

- March 24th, 2016 - Finance Committee preliminary review of Draft 2016/17 Budget
- April 28th, 2016 - Board Meeting – Draft 2016/17 Operating Budget presentation
- May 11&12th, 2016 (time TBD) – Budget Review Workshops
- May 26th, 2016 - Board Meeting – approval of Final FY16/17 SBWMA Budget

Collection Services Updates

Contract Negotiation Process

A TAC meeting was held on Monday, March 14th where the Plan and Recommended Process to Negotiate an Extension to the Franchise Agreements was discussed. Specifically, staff described the requirements in the Plan to obtain commitments from the Member Agencies on their intent to participate in the negotiations, and to provide this notice of commitment to the SBWMA before the May Board Meeting (a model staff report was provided). Additionally, the formation of an ad hoc committee composed of Member Agency staff was discussed and the TAC recommended members from the following six Member Agencies: East Palo Alto, Redwood City, County of San Mateo, Menlo Park, San Mateo, and Belmont. The roster of the TAC's recommended members will be discussed at the April Board meeting under item **8.D. Resolution to Form an Ad Hoc Committee to Review the Franchise Agreement Amendments**. At the May Board meeting, where will be a discussion of *Status of Member Agency Notice regarding Commitment to Participate*, and a *Review of SBWMA's Report on Recology Meeting the Franchise Agreement Standards and Goals of the Contractor Selection Process*.

Every Other Week Pilot

The City Manager of San Mateo sent a letter to the SBWMA Staff providing notice of a council vote on March 21st that the City was not going to participate in the Every Other Week Pilot project at this time. The SBWMA has spent roughly \$50k on outreach efforts in anticipation of a three month pilot starting this past February. The 5,000 resident pilot program has the goal of encouraging residents to recycle by reducing service frequency of the garbage collection from weekly to every-other-week. The Council discussed concerns about the pilot on three

occasions in February and March and despite attempts by SBWMA staff to offer reassurances, there was not sufficient political support for the program within the City. The SBWMA staff appreciates the efforts that City staff, council and residents have shown to try and implement this pilot. (Attentional program detail is presented in the April LRP Update staff report)

Program and Operational Updates

MRF and Transfer Station Floor Repair

The SBWMA had budgeted \$300k in the FY15/16 budget for floor repairs to highly worn areas of the MRF and transfer station. This is a routine maintenance item. The project was completed by American Restore on time and on budget. Tipping floor repairs in the MRF and the transfer station totaled 7,800 square feet of resurfaced area (approximately 6,000 square feet were used in the MRF where damage was most significant and in approximately 1,820 square feet to the transfer station floor where areas of structural rebar were exposed). American Restore worked over two weekends in April during overnight hours to complete all surface preparation and placement of flooring compound without disrupting the operations of the facilities.

CalRecycle Audit Shoreway/SBR

The CalRecycle Enforcement Branch conducted an audit of SBR as a Processor (PR 137352.001) from March 7, 2016 through March 11, 2016. The Enforcement Branch is responsible for conducting inspections, reviews and investigations of various program participants to ensure compliance with the recordkeeping, reporting and operational requirements in the law and regulations and to protect the *CRV* Beverage Container Recycling Fund from improper or fraudulent program payments. The SBWMA was reassured by the minimal findings from the State's audit of SBR's handling, tracking and payment of CRV monies. SBR was found to be complying with the State's procedures except for:

1. A record keeping item where SBR is to maintain bills of lading from the buyer of the containers that verifies that the CRV material was delivered to an end user and "Cancels the material. SBR notified all of its buyers that this is required and received this notification for past sales, which was then provided to the CalRecycle Auditors.
2. CalRecycle directed SBR to update the methodology by which CRV payments allocated back to the member agencies (the original methodology was approved by CalRecycle in 2011 and updated and approved in 2013).

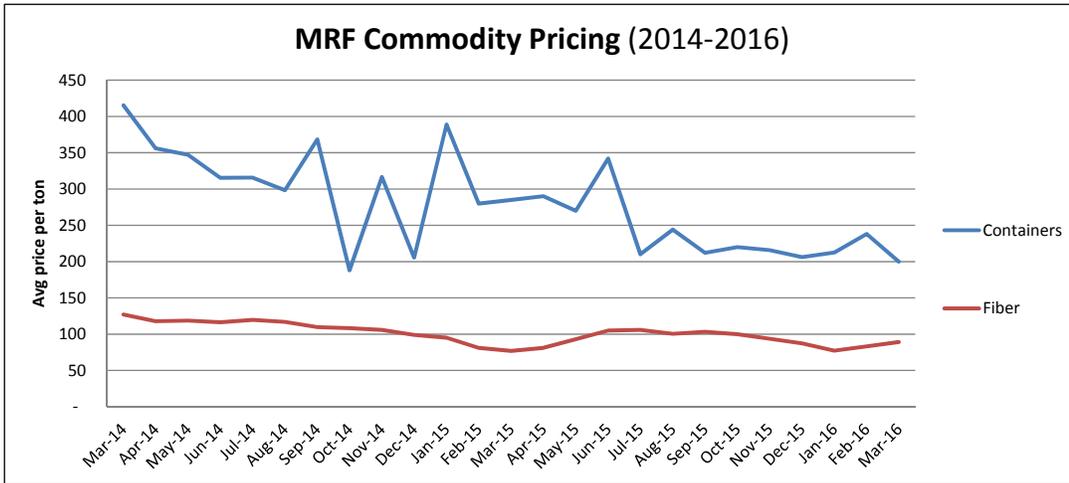
Staff will be working with SBR to ensure that the audit findings and requested methodology updates are implemented by SBR on a timely basis.

Springhill Suites Construction

Staff received a notice of planned construction of a hotel in a vacant lot located two lots north of the Shoreway Environmental Center along Shoreway Road in Belmont. The land was owned by Nikon. The back of lot shares an access to Shoreway Road that is used daily to access a parking area by Recology employees when they come to/from work. Staff will monitor the development plans and provide updates on intended construction plans of the Springhill Suites project.

MRF Commodity Market Update

Commodity prices showed some sign of improvement in March over prior month – Specifically, fiber values increased 6%, plastic scrap value increased 10%, and there was no change in aluminum scrap value from prior month. Since fiber is the largest component of the SBWMA's commodity mix, improvements in fiber price are particularly helpful to the Agency's revenue picture. Staff is closely following the commodity price trends and updating budget projections accordingly.



Recycling Outreach and Environmental Education Updates

Recycling Outreach Manager Resignation

Carolina Leonhardt provided a letter of resignation from the SBWMA on March 16th and her last day with the Agency was on March 31st. A notice of Carolina’s resignation was sent out to Board and TAC members and agency outreach contacts (e.g., consultants and vendors) have also been notified. Before leaving, Carolina worked with staff to develop a transition plan to assist in the orientation of a newly hired Recycling Outreach Manager. The recruitment of a new Recycling Outreach Manager is being delayed until the agency Executive Director is appointed.

Trash to Art and Pending Earth Day Event

- San Mateo County Office of Education (SMCOE), Council for Instructional Improvement - On April 8, staff gave a presentation on the Environmental Education and Tour Program to the SMCOE Council for Instructional Improvement highlighting RethinkWaste’s programs. SMCOE staff expressed interest and a desire to connect and cross promote programs.
- Earth Day@Shoreway – The 5th annual Earth Day @ Shoreway will be held on Saturday April 23, 2016 from 10 am-1 pm at the Shoreway Environmental Center in San Carlos. Staff is planning fun activities that include: free compost, resource conservation booths, recycle arts & crafts, face painting, facility tours, and Trash-to-Art contest winners will also be recognized.
- Trash to Art Contest Winners- The Trash-to-Art contest was open to all 3rd through 6th grade classes in the RethinkWaste service area and featured a special category for individual students. The contest challenged students and teachers to give trash a new meaning by creating artwork of any medium such as sculptures, collages and murals from material collected from home, school, and everyday life. A total of 10 classes and 22 individual students submitted one-of-a-kind pieces. Winners will be recognized at the Earth Day@Shoreway event. The winners include: Nesbit Elementary in Belmont, Highlands Elementary in San Mateo, Los Robles Magnet Academy in East Palo Alto, Brewer Island Elementary in Foster City, Stanbridge Academy in San Mateo, Los Robles Magnet Academy in East Palo Alto, Encinal School in Atherton, Lead Elementary in San Mateo, and San Mateo Park, Fiesta Gardens and Meadow Heights in the city of San Mateo, Orion Elementary, Henry Ford Elementary, Roy Cloud Elementary in Redwood City, Oaknoll Elementary in Menlo Park, Immaculate Heart of Mary in Belmont and Tierra Linda Middle School in San Carlos.



Class Category, 1st Place, Nesbit Elementary, Belmont



Individual Category, 1st Place, Stanbridge Academy, San Mateo