



A Public Agency

NEW BUSINESS



STAFF REPORT

To: SBWMA Board Members
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Date: May 22, 2014 Board of Director's Meeting
Subject: Report on Benchmarking SBWMA's Recycling, Public Outreach and Shoreway Tour Programs

Recommendation

This is an informational report and no action is necessary.

Analysis

This staff report summarizes the efforts of staff to benchmark various aspects of the SBWMA's recycling, public outreach and the Shoreway Tour Programs.

Overview of Recycling and Public Outreach Benchmarking Effort

The SBWMA selected the following nine organizations (includes JPA's, cities and a private company) to benchmark its franchised collection services program, including program costs, diversion rates, staffing and outreach:

- Central Contra Costa Solid Waste Authority (CCCSWA, a JPA)
- City of Fremont
- City of Livermore
- Marin Sanitary Service (private collection company in southern Marin)
- City of Oakland
- City of Palo Alto
- City/County of San Francisco
- City of San Jose
- StopWaste (Alameda County Waste Management Authority – JPA, and Alameda County Source Reduction and Recycling Board)

These organizations were selected based on various criteria including, but not limited to, the size and type of the organization (JPA, city, private hauler serving a JPA), variety of socio-demographic profiles, urban Bay Area locations, types of services provided and company providing service (i.e., not Recology with one exception). They were also selected to show the diversity of approaches and the significant investments some have made to maximize their diversion opportunities. These are the same nine organizations that staff provided detailed information on in the staff report and during the presentation on commercial recycling programs at the April 24, 2014 Commercial Recycling Best Practices Workshop.

Through this benchmarking process, staff identified several key takeaways, including some best practices and areas for additional research as part of our pending long range planning process. One of the most important items to note is that none of the selected organizations have undertaken this type of extensive benchmarking effort across multiple agencies in different parts of the Bay area and even out of state; some agencies have completed limited research within their service area only. As a result, all of the jurisdictions surveyed are very interested in results of SBWMA's efforts.

Types of Collection Services

With respect to the types of services offered to residential customers, most of the surveyed agencies offer single-stream recycling and organics collection in a three cart/bin system similar to those provided by Recology in the SBWMA service area. The noted exceptions to residential services include Palo Alto, San Jose, and CCCSWA where their hauler only collects yard trimmings (no food scraps and food-soiled paper products) from residents. In addition, the San Jose program allows residents to put their yard trimmings loose in the streets for collection or residents may rent yard trimmings carts. San Francisco also has a mandatory residential recycling ordinance in place.

The noted exceptions in the commercial collection services provided would be the cities of San Jose and Fremont, which have a wet/dry collection system for commercial accounts. In addition, San Francisco and StopWaste communities have mandatory commercial recycling ordinances in place that are much more aggressive than state law (notably Assembly Bill AB 341).

Table 1 on the following page provides an overview of several demographic and service related features for the nine organizations benchmarked by staff.

Table 1 – Organization Overview

<u>Organization</u>	<u>Population</u>	<u>No. of Single-Family Households</u>	<u>No. of Commercial Customers</u>	<u>No. of Multi-Family Accounts</u>	<u>Franchised Service Provider</u>	<u>Collection Services Summary</u>
SBWMA	433,000	93,800	9,212	3,095	Recology	Residential: 3-cart weekly single-stream, organics and garbage; Commercial/MFD: single-stream and source separated recycling included w/franchised garbage services; and compost collection service is subscription based.
CCCSWA (Danville, Lafayette, Orinda, Moraga, Walnut Creek and portions of County)	200,000	63,000	1,800	500	Allied Waste (Republic)	Residential: 3-cart weekly single-stream, yard trimmings only and garbage; Commercial/MFD: Allied Waste provides franchised garbage collection services plus small businesses have recycling included with service. Six authorized recycling service providers through a permit system; all subscription based currently. Makeup of future services TBD under new exclusive contract with Allied Waste starting 2015 (currently in negotiations).
Fremont	210,000	47,000	4,500	2,800	Republic	Residential/MFD: 3-cart weekly single-stream, organics and garbage; Commercial: recycling subscription option for wet/dry or single-stream and source separated collection.
Livermore	83,500	24,730	1,283	113	Livermore Sanitation	Residential: 3-cart weekly single-stream, organics and garbage; Commercial/MFD: single-stream recycling and composting included in base service, charges for extra service/larger containers; mandatory recycling ordinance.
Marin Sanitary Service (southern Marin County)	111,000	29,699	2,100	900	N/A	Residential: 3-cart weekly single-stream, organics and garbage; Commercial/MFD: separate bins for paper recycling and mixed containers, compost w/food and garbage.

Table 1 Continued – Organization Overview

Organization	Population	No. of Single-Family Households	No. of Commercial Customers	No. of Multi-Family Accounts	Franchised Service Provider	Collection Services Summary
Oakland	396,000	82,800	5,000	3,860	Waste Management and CWS	Residential/MFD: 3-cart weekly single-stream, organics and garbage; Commercial: open market collection system; mandatory recycling ordinance per countywide JPA.
Palo Alto	66,300	17,737	1,700	266	Green Waste	Residential: 3-cart weekly single-stream, yard trimmings only and garbage; Commercial: single-stream recycling included w/garbage services, compost collection service is subscription based. MFD: recycling and organics included w/garbage services for MFDs with 5-10 units.
San Francisco	850,000	200,000	16,000	8,700	Recology	Residential: 3-cart weekly single-stream, organics and garbage; Commercial/MFD: 3-bin/cart single-stream, organics and garbage. Mandatory recycling ordinance for both residential and commercial.
San Jose	984,000	211,000	8,500	3,300	Multiple*	Residential: 2-cart weekly single-stream, yard trimmings only (loose in street) and garbage; Commercial: Wet/Dry system; MFD: Recycling included w/garbage services, limited yard trimmings services
StopWaste (all of Alameda County)	1,555,000	380,000	20,000	9,000	Varies**	Residential/MFD: primarily 3-cart weekly single stream, organics and/or yard trimmings and garbage; Commercial: primarily open market; mandatory recycling ordinance.

N/A = Not Available

*San Jose residential is broken into 3 districts, multiple service providers: Garden City provides garbage service in Districts A & C, Green Waste Recovery provides citywide yard waste and street sweeping services, GreenTeam provides garbage and recycling in District B, CWS provides recycling in Districts A & C. MFD service is provided by GreenTeam under a separate franchise agreement. Exclusive commercial franchise provided by Republic.

**StopWaste (Alameda County) does not oversee collection services; individual communities and agencies within the county hold franchise agreements, and providers and services vary throughout.

Calculating Diversion

Many of the organizations surveyed have varying approaches regarding how diversion is calculated or reported, making it difficult to compare with the SBWMA's Member Agencies. While all are required to submit an annual report to CalRecycle noting compliance with the per capita disposal thresholds per State mandate, several agencies included different accounts in their service sectors (e.g., multi-family dwellings as part of commercial accounts or not). As detailed at the April 24th Commercial Recycling Best Practices Workshop, each organization accounts for multi-family dwellings (MFD) differently. Some agencies (e.g., Oakland and San Francisco) consider MFD as part of either/or their residential and commercial services depending on the type of collection service provided. Others (e.g., SBWMA, Palo Alto and Livermore) consider MFD as part of their commercial services, while the MFD sector for one (e.g., San Jose) is a stand-alone service provided via an exclusive franchise agreement completely separate from either residential or commercial.

Some agencies do not track measured diversion by service sector as does the SBWMA; this is described further below under "Diversion Results."

Finally, one agency, StopWaste, takes an altogether different approach through conducting periodic waste characterization studies at landfills to determine the types and quantities of materials disposed of. Essentially, by conducting sampling of disposed materials over a period of time conclusions can be drawn as to the relative success of diversion programs targeting specific recoverable materials (e.g., bottles, cans and papers separated for recycling in a curbside collection program).

Diversion Results

Table 2 on the following page provides a summary of the surveyed organizations' diversion results for 2013, except where noted, for those that were able to provide the requested information. As noted earlier, one of the most challenging areas of this benchmarking effort was getting measured diversion rates from the organizations by service sector (i.e., residential vs. multi-family vs. commercial). Most of these agencies do not break out multi-family diversion from either residential or commercial diversion tons due to the nature of the collection services provided and how this data is compiled. Additionally, most report diversion based on the CalRecycle per capita calculation which is not the same as measured diversion (i.e., it is only a subset of the actual diversion occurring). The results shown are solely based on a comparison of the measured diversion achieved through the franchised collection services, similar to how RethinkWaste consistently reports diversion results to our Member Agencies.

It is important to note that the SBWMA's measured residential diversion results compare quite favorably to the surveyed organizations and are a result of the new collection services sought by the Member Agencies in 2007 and rolled out in January 2011. As shared in the Commercial Recycling Best Practices Workshop, while commercial diversion rates in the SBWMA service area have by and large been increasing in the last few years, they remain low in comparison to the residential measured diversion.

The commercial sector has the biggest variable related to collection services. Some have an open market system (e.g., Oakland), while others have an exclusive franchise agreement for the sector (e.g., San Jose) and others have local mandatory commercial recycling (e.g., StopWaste and San Francisco). As a result, there is very limited hard data available to do a true comparison of commercial diversion rates. In addition, the data on tons collected that is available is not compiled uniformly across the agencies surveyed due to various reasons. For example, in San Francisco, both the commercial and residential route trucks mix the materials collected from these different accounts since the services provided are the same. In the SBWMA service area, Recology has dedicated routes for the distinct residential and commercial sectors.

Table 2 – Organization Diversion Information

Organization	Population	Measured Diversion Rates
SBWMA	433,000	Overall diversion rate (residential + commercial): 48.8% Residential diversion rate: 66.9% Commercial diversion rate: 29.7% MFD diversion rate: 19.8%
CCCSWA	200,000	Overall diversion rate (residential + commercial): 66% Tracks overall diversion rates only
Fremont	210,000	Overall diversion rate (residential + commercial): 33.66% Residential diversion rate: 45.48% Commercial diversion rate: 15.09%
Livermore*	83,500	Residential diversion rate: 69% Commercial diversion rate: 40%
Marin Sanitary Service	111,000	N/A
Oakland	396,000	Residential diversion rate: 52.4% Commercial diversion rate: no data on open market diversion
Palo Alto	66,300	Overall diversion rate (residential + commercial): 58% Residential diversion rate: 67% Commercial diversion rate: 52%
San Francisco	850,000	Overall diversion rate (residential + commercial): 53.2% Overall diversion figure increases to 62% when C&D is included. Tracks overall diversion rates only
San Jose**	984,000	Overall diversion rate (residential + commercial): 74% Residential diversion rate: 60% Commercial diversion rate: 70% MFD diversion rate: 77%
StopWaste***	1,555,000	Residential diversion rate: 71% No data for commercial diversion

N/A = Not Available

*Livermore commercial diversion rate for 2012, includes commercial and industrial, does not include MFDs or roll-off customers.

** San Jose processes MFD garbage to get higher diversion. MFD diversion rate was 30% prior to implementation. The city also implemented a Wet/Dry system for commercial. Commercial diversion rate prior to implementation was 20%.

***StopWaste (Alameda County) residential diversion rate for 2011 based on net tons, calculated by weighing each Member Agency's residential diversion rate multiplied by the population of the Agency, then dividing by the total population for the county.

As shown in **Table 2** above, the SBWMA's overall measured diversion rate is also lower than most of the organizations that were able to provide such data, with the exception of San Francisco whose overall diversion rate of 53.2% is close to the SBWMA's 48.8%. The Central Contra Costa Solid Waste Authority is able to report an overall measured diversion rate of 66% which is much higher than that achieved by the SBWMA. However, CCCSWA currently has in place a unique system with six authorized commercial recycling service providers that enables the agency to receive measured commercial diversion data that most other agencies, including the SBWMA, do not have access to. In addition, there is no industrial sector in the CCCSWA communities.

The City of Palo Alto has a high commercial diversion rate at 52% due to the relatively lower number of commercial accounts, limited industrial-type accounts and high dedicated staffing focus on the commercial sector. The City's high commercial compost subscription rate contributes significantly to its commercial diversion even though the rate discount is only 10%, which is far lower than most SBWMA Member Agencies include in their commercial compost rates at 25%.

The City of San Jose's high overall diversion rate of approximately 74% is directly attributable to its very unique approach to both businesses and MFD collection and processing system, as its residential diversion rate is lower

than the SBWMA's. The City has made a significant investment in completely redesigning its commercial solid waste and recycling collection system and infrastructure. The new system includes one exclusive franchised commercial services provider utilizing a wet/dry collection service system, a completely overhauled MRF processing system, and construction of a large anaerobic digester to process the wet fraction of the waste stream. The MRF infrastructure improvements and the new digester were privately financed by separate parties so public figures are not available on the capital investment, but industry sources state the total investments were in the \$80-90 million range. Prior to its implementation, the City's commercial diversion rate was 20%. The overall annual cost for this commercial system (exclusive of MFD), including compensation to the collection, processing and disposal contractors, is approximately \$54 million.

San Jose also processes the solid waste from MFD to achieve an extremely high diversion rate of 77% from this very challenging sector. The MFD diversion rate was 30% prior to its implementation. As stated earlier, MFD in San Jose fall under their own individual exclusive collection agreement and are completely separate from either residential or commercial accounts.

Program Costs

The approach to budgeting and tracking cost by the organizations surveyed vary, thus providing a challenge to measure them against the SBWMA's expenditures and do a true apples-to-apples comparison. This is especially apparent in the information gathered on specific areas of focus such as public education and commercial recycling.

In comparing SBWMA costs against the benchmarked organizations, Staff looked at overall program budgets and staffing levels which are detailed in **Table 3** below. On a per capita basis, the SBWMA program costs are one of the lowest overall of the organizations surveyed. This is in part attributable to the SBWMA's staffing level when considered on a per capita ratio (1 FTE to every 55,512 residents).

Table 3 – Organization Overall Program Staffing and Cost Information

<u>Organization</u>	<u>Population</u>	<u>Program Budget</u>	<u>Per Capita Costs</u>	<u>Organization Staffing (FTEs)</u>	<u>Per Capita Staffing Ratio</u>
SBWMA	433,000	\$2,800,000	\$6.47	7.8	55,512
Livermore	83,500	\$350,000	\$4.19	2	41,750
StopWaste**	1,555,000	\$10,900,000	\$7.01	26	59,808
San Francisco	850,000	\$6,000,000	\$7.06	10	85,000
San Jose*	984,000	\$7,400,000	\$7.52	16.33	60,257
CCCSWA	200,000	\$2,000,000	\$10.00	6	33,333
Fremont	210,000	\$2,600,000	\$12.38	4	52,500
Marin Sanitary Service	111,000	N/A	N/A	4	27,750
Palo Alto***	66,300	\$1,000,000	\$15.08	12	5,525
Oakland	396,000	\$7,500,000	\$18.94	9	44,000

N/A = Not Available

*San Jose headcount does not include their call center staffing of approximately 20 personnel.

**StopWaste (Alameda County) Program Budget includes direct funding to StopWaste Member Agencies (\$4.4M) and Revolving Loan Fund (\$917K).

***Palo Alto's Refuse Fund total is approximately \$29M, which includes \$13.3M in payments to the franchised service provider, \$5M in staffing and administration costs, \$3M in refuse solid waste operations (permitting, landfill, Zero Waste program/Outreach, HHW, composting), \$2.1M disposal and processing costs, and \$900K in systems improvement CIP. The program budget included in the table above excludes payments to contractors, landfill and compost operations and any associated staffing and administration costs.

Public Outreach

Another area that staff wanted to look at closely was public education and outreach. The SBWMA is responsible for developing outreach materials for the collection services per the Member Agency Franchise Agreements with

Recology, as well as other programs and services (e.g., Door-to-Door Household Hazardous Waste Collection Program). The benchmarking effort resulted in the following findings:

- Most organizations do not separate public education and outreach costs in their budgets. Some, like San Jose, have an overall budget for the entire Environmental Services Department which includes other programs and services beyond those related to garbage, recycling and compost collection services. StopWaste tracks all costs by projects, which include some public education, and allocation of staffing costs.
- The responsibility for public education and outreach is primarily with the public agencies, although aspects of these efforts are also shared with the service providers. Only one of the eight benchmarked public agencies, Livermore, has delegated primary responsibility for public education to a private service provider.
- Unless a new program was initiated, the majority of the public education and outreach budget is allocated for ongoing efforts to keep customers informed about the existing programs and services. The messaging is reviewed and adjusted as needed to address specific issues as they arise. The need to continue with a high level of public education and outreach to maintain the diversion gains achieved was deemed critical by all surveyed organizations.
- Like the SBWMA, the surveyed organizations rely on multiple approaches to reach customers, including direct mail, bill inserts, social media, electronic media and truck signs. Feedback from Palo Alto and San Jose, who have used truck signs for a long period of time, was that they consider them a key component of their outreach efforts. San Jose has also historically had some high profile outreach campaigns. The most recent is its multi-year partnership with the San Jose Earthquakes focusing on sustainability and green initiatives.
- The organizations surveyed do not track and measure the results of specific public education and outreach efforts, as the overall program awareness and overall participation is used as the proxy to measure the effectiveness of their public education and outreach efforts.
- The SBWMA has one of the higher per capita staffing ratio (meaning relatively low staffing levels) for outreach out of the nine organizations surveyed (1 FTE for every 309,286 residents).

Table 4 on the following page includes specific information on the organizations related to public education and outreach. As mentioned previously, most of the surveyed organizations do not separate public outreach and education costs from their overall program budgets so the figures shown are largely estimates. These estimates also exclude any service provider staffing costs.

Table 4 – Organization Public Education and Outreach Information

Organization	Population	Primarily Responsible	Agency Staffing (FTEs)	Service Provider Staffing (FTEs)	(Agency + Service Provider Per Capita Staffing Ratio)	Agency Program Cost	Service Provider Program Cost	Measuring Results
SBWMA	433,000	Agency	1.4	N/A	309,286	\$450,000	N/A	Measurement primarily focused on tracking participation rates and diversion rates by service sector and program type with limited use of customer surveys.
Palo Alto	66,300	Shared	3	3.75	9,822	\$400,260	\$57,000	By output and by activity performed.
Livermore*	83,500	Service Provider	1	3	20,875	\$100,000-\$200,000	\$100,000	Planning to measure through residential survey and spot checks (random cart audits in the field).
Marin Sanitary Service	111,000	Service Provider	N/A	1	111,000	N/A	\$100,000	No measures currently in place.
San Francisco	850,000	Shared	3	1-2	170,000	\$1,000,000	\$1,000,000	Measurement activities limited to tracking participation rates, and surveys.
CCCSWA	200,000	Agency	1	N/A	200,000	\$200,000	N/A	No measures currently in place.
StopWaste***	1,555,000	Agency	6	N/A	259,167	\$1,000,000	N/A	Alignment to Strategic Goals, participation, contamination and disposal rates.
San Jose	984,000	Shared	3	N/A	328,000	\$600,000	N/A	Alignment to City Strategic Goals/2020 Vision, participation rates, diversion rates, attendance.
Oakland	396,000	Agency	1	N/A	396,000	\$130,000	N/A	No measures currently in place.
Fremont	210,000	Shared	.25	N/A	840,000	\$60,000	N/A	No measures currently in place.

N/A = Not Available

*Livermore service provider costs do not include postage and associated mailing costs.

**StopWaste (Alameda County) program costs are allocated by project.

Commercial Recycling Staffing

In addition to a comparison of the types of services provided and diversion results achieved for commercial recycling discussed previously in this report and at the April 24th commercial recycling workshop, also included in the survey was a comparison of commercial outreach and sales staffing. Specifically, both agency and service provider staffing levels in the form of full-time employees (FTEs) and program budgets were compared. In reviewing how the commercial programs are managed, staff identified three general models:

- Agency led programs – in which the agency is lead in implementing/managing the program, including providing technical assistance and support to businesses whereas the service provider primarily provides collection services. (*Applicable agencies: Central Contra Costa Solid Waste Authority under current contract, StopWaste JPA, and Oakland*)
- Service provider led programs - in which the service provider is lead in implementing/managing the program, including providing technical assistance and support to businesses, and the agency maintains mainly a regulatory role. (*Applicable agencies: SBWMA, Fremont, Livermore, Palo Alto, San Jose, and Marin Sanitary*)
- Hybrid led programs – in which the agency and service provider are relatively equal in sharing the responsibilities. (*Applicable agencies: San Francisco*)

A direct correlation between staffing levels can be drawn to determine the model an organization has. Those with more FTEs under the service provider require more responsibilities by the service provider, and the same conclusion can be drawn for agency staffing levels. **Table 5** below also includes a per capita ratio of total commercial staffing (agency and service provider staffing) for comparison of those organizations that provided a measured commercial diversion rate: Fremont, Livermore, Palo Alto and San Jose. Of the four, with the exception of San Jose, which has a completely different commercial recycling model, Livermore and Palo Alto have the highest diversion rate with the lowest per capita staffing ratio (meaning highest staffing levels relative to population).

Unlike the SBWMA, most of the agencies surveyed do not allocate their budget by service sector (i.e., residential, commercial, etc.). Some were able to estimate their costs as shown in **Table 5**. Although there is limited data, staff noted that the agencies had different approaches to what was included in their commercial recycling program costs. Some include predominantly their agency staffing and consultant costs, while others also include public education and even payments to their franchised hauler.

Table 5 – Organization Commercial Recycling Staffing/Budget

Organization	Population	Agency Staffing (FTEs)	Agency Program Cost	Service Provider Staffing (FTEs)	(Agency+Service Provider) Per Capita Staffing Ratio	Measured Commercial Diversion Rate
SBWMA	433,000	0.15	\$260,000	9	47,322	29.7%
Palo Alto	66,300	0.5	N/A	3.75	15,600	52%
Livermore	83,500	1	N/A	3	20,875	40%
San Francisco	850,000	4 Zero Waste & 12-16 Environment Now staff	\$2,900,000	6	38,636	
Fremont	210,000	1.75	\$630,000	1	76,364	16.1%
San Jose	984,000	3.33	\$2,800,000	4	134,242	70%
StopWaste	1,555,000	7	\$1,800,000	N/A	222,143	N/A
Oakland	396,000	1	N/A	N/A	396,000	N/A
CCCSWA	200,000	N/A	N/A	N/A	N/A	N/A
Marin Sanitary Service	111,000	N/A	N/A	2	N/A	N/A

N/A = Not Available

Shoreway Tour Program Benchmarking Overview

In addition to the data collected from the nine previous organizations related to collection services and outreach, staff also collected operational data from six organizations (four public agencies, one nonprofit, and one private company) that operate long-standing, recognized environmental education programs similar to the SBWMA's Environmental Education Center and Tour Program (Tour Program) in the Bay Area and beyond. The organizations and program names are:

- **StopWaste** (Alameda County, JPA): Schools Transfer Station Tours (Fremont & San Leandro Transfer Station (TS) & Material Recovery Facility (MRF)
- **Marin Sanitary Service** (private collection company in southern Marin): 4R Planet Educational Tours
- **Ecocycle** (Non-profit, Boulder, CO): Boulder/Broomfield County School Recycling and Environmental Education Program
- **Metro** (Public Agency, Portland, Oregon): Metro Waste Reduction Education
- **San Francisco Dept. of Environment** (SFE): Transfer Station Field Trip Program
- **Recyclemore** (West Contra Costa County, JPA): School Programs

Data collected included service area population, program age, budget, staffing levels, target audience and related statistics. The tables that follow compare the SBWMA's program with the other six so as to determine the relative level of program investment, and productivity levels associated with each program. While the goal was to try and collect similar data from each of the six organizations, there are program differences that skew comparative metrics (e.g., per capita costs, tours per staff person, etc.) such as whether a tour program consists solely of facility tours (i.e., the SBWMA) vs. a tour program that includes classroom visits and facility tours (e.g., Ecocycle).

Program Costs and Information:

The SBWMA's Tour Program per capita costs are about average compared to the survey group at \$0.51 per person per year, though noting the average is brought down considerably by the low spending levels in San Francisco. SFE's costs are limited to pre-tour logistics (e.g., scheduling, bus reservations, etc.) and classroom presentations. The actual tours and associated costs are provided by Recology San Francisco staff and are not reflected in SFE's budget. Recology tour program costs are unknown. Excluding San Francisco, the average per capita costs increases from \$0.48 to \$0.56.

Table 6 – Tour Program Per Capita Costs

<u>Organization</u>	<u>Program Cost Per Capita</u>
SBWMA	\$0.51
*SFE	\$0.09
StopWaste	\$0.38
Recyclemore	\$0.66
Metro	\$0.73
Ecocycle	\$0.95
Program Average:	\$0.48

**SFE's costs are limited to pre-tour logistics. Actual tours and related costs are provided by Recology San Francisco staff.*

The SBWMA's environmental education program is the newest at **2 years**, and provided more tours in 2013 than any other surveyed program as shown in **Table 7** below.

Table 7 – Program Age

<u>Organization</u>	<u>Program Age</u>	<u>Tours/Year</u>
SBWMA	2	232
StopWaste	19	225
Marin Sanitary Service	23	110
EcoCycle	27	100
SFE	15	78
Recyclemore	15	39

The SBWMA's Tour Program was also the most productive in terms of number of tours conducted per FTE as shown in **Table 8**; this is a remarkable achievement in the short period of time the program has been in place.

Table 8 – Program Statistics

<u>Organization</u>	<u># of FTEs</u>	<u>Program Statistics</u>		<u>Tours/FTE</u>
		<u># of Tours</u>	<u># of Visitors</u>	
SBWMA	1.8	232	6072	129
SFE	0.7	78	2367	111
Marin Sanitary	1	110	3407	110
StopWaste	3.73	225	9000	60
Recyclemore	1	39	1191	39
Ecocycle*	6	100	2500	17

**Ecocycle conducts 1500 in-classroom presentations to 45,000 students within the same program budget.*

The results of the benchmarking indicate that RethinkWaste's Tour Program is highly productive and cost effective. The survey results also reveal, though, that there are other tour program models that include more intensive outreach to schools and greater community engagement.

Key Takeaways from Benchmarking SBWMA's Recycling, Public Outreach and Shoreway Tour Programs

Staff identified through the benchmarking process that it is very difficult to do a true apples-to-apples comparison of the SBWMA and the organizations surveyed for a variety of reasons. For example, surveyed organizations don't all track diversion rates the same or in some cases even include the same type of customers in service sectors. Staff also learned that there is not necessarily a culture of tracking performance results at a discrete program level. This in contrast to the SBWMA which given the extensive reporting requirements in its Member Agency franchise agreements has discrete data on participation levels and diversion figures by line of business (e.g., residential recycling collection, commercial organics collection, etc.) and rolled up into service sectors (e.g., residential, commercial, etc.).

However, where feasible staff did compare data and can draw some conclusions as to measured diversion rates, relative spending levels (including staffing) as compared to other agencies, and to some degree program performance results. Staff also identified some programs that warrant further review and evaluation as part of our long range planning process.

The following list of takeaways from this benchmarking effort is provided for consideration by the Board:

- The SBWMA's per capita program costs at \$6.47 is at the low end of the range of the surveyed organizations.
- The SBWMA's per capita staffing levels for public education and outreach are at or below the mid-range of the surveyed organizations.
- The SBWMA's per capital tour program costs are at or below the average of the surveyed organizations.
- SBWMA's measured residential diversion rate of 66.9% is at the higher end of the range of surveyed organizations.
- The SBWMA's measured commercial diversion rate of 29.7% is at the lower end of the range of surveyed organizations.
- Organizations with relatively higher measured commercial diversion rates have higher staffing levels (Livermore, and Palo Alto) or a completely different collection and processing approach (San Jose).
- The SBWMA's measured overall diversion rate of 48.8% is at the lower end of the range of surveyed organizations.
- Organizations with relatively higher overall measured diversion rates have either more complete data (CCCSWA and San Francisco) on commercial diversion activities in their service area, have made significant investments in staffing (Palo Alto), and/or have invested heavily in processing infrastructure (San Jose).
- The SBWMA's tour program provided more tours/year at 232 than any other program surveyed.
- The SBWMA's tour program was also the most productive in terms of tours conducted per FTE at 129/FTE.
- The scope of work for the upcoming Long Range Plan should include: a review and evaluation of the use of mandatory residential and commercial recycling ordinances to enhance diversion rates, an evaluation of different collection and processing options for multi-family accounts, an evaluation of incremental public education and outreach efforts to increase existing diversion rates, and a review of options to broaden the Shoreway environmental education program beyond a tour program to other areas that are in line with the SBWMA's mission.
- Survey results show that jurisdictions with a more structured regulatory system (e.g., a franchise, reporting system, etc.) in place for commercial recycling have higher reported diversion rates. Survey results reinforce the SBWMA's cost-effective approach to ongoing public education and outreach programs to maintain customer awareness and knowledge of how to participate in collection programs.

Background

Staff has undertaken benchmarking the various programs and services provided to the Member Agencies and the public at Shoreway per direction from the Board. With the roll-out of new franchised collection services and completion of the Shoreway Master Plan Project in 2011, the SBWMA significantly improved the quality and breadth of services offered to residential and commercial customers in the service area. Measured diversion rates also increased significantly from 2010 to 2011 as shown in **Table 9** below.

<u>Year</u>	<u>Residential Diversion Rate</u>	<u>% Change vs. Prior Year</u>	<u>Commercial Diversion Rate</u>	<u>% Change vs. Prior Year</u>	<u>Overall Diversion Rate</u>	<u>% Change vs. Prior Year</u>
2010	54.7%		24.7%		39.2%	
2011	66.2%	21%	25.9%	4.9%	46.6%	18.9%
2012	66.7%	0.7%	27.8%	7.3%	47.7%	2.4%
2013	66.9%	0.3%	29.7%	7.2%	48.8%	2.3%

Fiscal Impact

There is no fiscal impact associated with this item.



A Public Agency

STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: May 22, 2014 Board Meeting
Subject: Review of Draft FY1415 Budget

Recommendation

This staff report is for discussion purposes only and no formal action is requested of the Board of Directors. Based on Board feedback, a final budget will be brought back to the June 26th Board meeting for consideration and approval.

Analysis

Overview

In **Attachment A** you will find the proposed FY1415 detailed budget (including cash reserve balances, revenues, expenditures and capital budget). This proposed budget reflects the budget priority worksheets shared at the April 24, 2014 Board meeting which captured proposed key projects and work activities by the five main areas of our budget (i.e., Administration, Contract Compliance and Support, Recycling - AB 939 and AB 341 Compliance, Collection Operations, and Shoreway Operations). These first four areas of the budget are referred to as the SBWMA program budget, exclusive of Shoreway Operations. The budget document also includes a variance column (proposed FY1415 budget vs. adopted FY1314) by line item and notes where applicable to explain a line item.

Shoreway Operations includes all contractor (South Bay Recycling) related expenses, disposal and processing expenses and all other direct expenses related to the SBWMA's responsibilities and obligations as the owner of the facility. The Shoreway operating expenses are largely non-discretionary expenses (e.g., SBR operator compensation, disposal and processing expense and franchise fee payments to the City of San Carlos) and are variable to tonnage delivered to the Shoreway facility and to annual contractual CPI-based compensation adjustments.

The April 24th budget priority worksheets have been updated to reflect budget figures by line item within each of the budget areas/categories as shown in **Attachment B**. FY1314 adopted and mid-year budget figures are also shown by line item. Staff has also attached (see **Attachment C**) the work plan for the Long Range Plan as this is the single biggest proposed programmatic expenditure priority in FY1415; this document has remained unchanged from the version shared in the April 24th Board packet.

The current organization chart and details on personnel related budget assumptions can be found in **Attachments D and E**, respectively. No changes are proposed in staffing levels or in employee benefits. However, the budget reflects the hiring of a new Finance Manager by April 1, 2015 to replace the existing Finance Manager who plans to retire in the fall of 2015; this will result in some staffing overlap in FY1415 and FY1516 to ensure a successful transition given the critical nature of this position.

Proposed New Projects and Activities in FY1415

Attachment B denotes the proposed new projects and work activities. These new projects and work activities that will require significant staff resources and/or consultant support include:

Administration

- Ongoing benchmarking of all aspects of the operation to identify opportunities to reduce costs, improve service and eliminate any duplication of effort at the SBWMA, Member Agencies and the contractors. It should be noted that staff has already completed some preliminary benchmarking work that will be presented at the May Board meeting (see **agenda item 5A**). Additional benchmarking will be completed as part of the Long Range Plan. Some successful work completed in concert with Recology to eliminate duplication of staff is noted below. **This proposed work activity is associated with a current Board approved performance goal for the Executive Director.**

Note: SBWMA, Member Agency staff and Recology completed a top to bottom review of the Franchise Agreements in 2012/2013 resulting in a series of recommended administrative changes to the Agreements to accomplish two critical goals: reduce costs which could be Recology collection costs and/or SBWMA program costs; and streamline or eliminate any contractual provisions that are not needed or provide little or no value to the affected parties (e.g., the customer, Member Agencies, etc.). These recommendations were approved by all Member Agencies in 2013 and resulted in the elimination of one public outreach position at the SBWMA and three positions (public education manager and two waste diversion auditors) at Recology with a total annual savings of \$325,000.

Contract Compliance and Support

- Preparing for future Member Agency decisions regarding the scope of work in their Franchise Agreements, and whether or not to extend their current Franchise Agreements with Recology or to pursue a competitive procurement process for a service provider. The first step in this process is to select and negotiate a final scope of work for technical consultant(s) to review Recology's operations to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Consultant(s) will be selected through a competitive procurement process and contracts executed in FY1415; however, the operational analysis work and preparation of the final project report will be completed in FY1516. **Completing the competitive procurement process and selection of consultant(s) in FY1415 was specifically requested by the Executive Committee.**
- Preparing for a future SBWMA and Member Agency decision regarding the scope of work for the Shoreway facility operator and whether or not to extend the current Operations Agreement with SBR or to pursue a competitive procurement process for a service provider. The first step in this process is to select and negotiate a final scope of work for technical consultant(s) to review SBR's operations to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Consultant(s) will be selected through a competitive procurement process. The actual operational analysis work will be completed in FY1516. **Completing the competitive procurement process and selection of consultant(s) in FY1415 was specifically requested by the Executive Committee.**

Recycling Outreach and Programs

- Implement recommendations from the Public Space feasibility report. **This proposed work activity is associated with recommendations still pending from a review of current public space (e.g., community parks and recreational areas, downtown areas, etc.) recycling and composting service levels and performance results.** \$35,000 is budgeted under the "diversion program support" line item and another \$20,000 for purchase of recycling containers (see "purchase Commercial/MFD Containers for Recology").
- Implement an SBWMA-wide ordinance and outreach strategy to register and receive quarterly diversion tonnage information from commercial recycling haulers. Such data is for future program planning purposes and not for AB 939 compliance. This ordinance will be pursued if adequate data cannot be

obtained voluntarily from commercial recycling haulers. The proposed budget assumes a permit fee of \$100 per year to cover the administrative costs associated with the ordinance. Fee revenue is included under "miscellaneous revenue" at \$25,000 and the proposed program costs are included in the "commercial recycling technical assistance" line item.

- Develop a long-term strategic plan (i.e., 10-year scope to include all major elements of the operation, including collection and processing, and related elements of compliance, contracts/contract renewal strategies, public education, finance, capital improvement program (CIP), technologies, etc.) to address solutions for cost effective waste reduction and recycling programs and services and facility infrastructure. \$232,500 is budgeted for this project which breakouts as follows: \$45,000 for the organics recovery study (Silicon Valley Clean Water MOU) including technology analysis, and operational pilot and testing; \$7,500 for Phase 2 visioning workshop; \$20,000 for Phase 2 consultant support to analyze current program results and whether enhancements are needed; \$100,000 for Phase 3 consultant support for analyzing collection and outreach program options; and \$60,000 for Phase 3 consultant support for analyzing facility infrastructure and processing improvements (e.g., building seismic assessment, fuel options, MRF, etc.). A proposed work plan (background information, proposed project approach and evaluation framework) for the Long Range Plan is included in **Attachment C**. **This proposed work activity is associated with a current Board approved performance goal for the Executive Director.**

Collection Operations

- Negotiate a potential contract extension with WM Curbside LLC as the current contract expires on December 31, 2014 for the Door-to-Door HHW Collection program.

Shoreway Operations

- Completion of conceptual designs for a Transfer Station processing system to recover organic materials and other recyclables. **This proposed work activity is associated with a proposed MOU with Silicon Valley Clean Water (formerly called SBSA) to jointly develop an organic waste recovery project. This project likely represents the single largest future waste diversion opportunity for the SBWMA.** \$45,000 is budgeted under "Long Range Plan."
- Manage our two existing organics processing contracts, which both expire on 12/31/14, for residential and commercial organics to meet operational, financial and environmental requirements. The two contracts will either be extended and/or a competitive review process will be completed.
- Manage a capital project at Shoreway to expand the covered tipping (unloading) area for recyclables delivered by franchised collection vehicles and third party sources. This capital project is contingent upon Board approval of a revised MOU between the SBWMA and SBR for the processing of additional third-party tons. The capital budget includes \$450,000 for this project.
- Analysis of upgrade options and cost for the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection and transfer fleet fuel needs. **Agenda item 4B on the May 22, 2014 Board agenda addresses this project.**
- Complete a sign plan identifying recommended improvements onsite to enhance customer service, safety and operational results. \$40,000 is included in the capital budget for this project.
- Complete a Disaster and Emergency Management Plan for the Shoreway operations. While an emergency response plan is currently in place for our contractors at Shoreway, no comprehensive plan exists to address disaster (e.g., flood, earthquake, etc.) related scenarios that could have significant impacts on Shoreway operations. \$30,000 is included under "facility improvement oversight" for this project.

Ongoing Core Staff Responsibilities

- Continued oversight and contract administration support for the 12 collection services Franchise Agreements with Recology San Mateo County (RSMC), including follow-up work on audit findings and financial auditing. This work is accomplished with two full-time employees, one fewer than when the 12 new Franchise Agreements went into effect on January 1, 2011. SBWMA staff has also taken over from Recology full

responsibility for all public education activities given the elimination of the Recology Public Education Manager position. Recology still maintains full management responsibility for the Commercial Recycling Outreach program.

- Continued oversight of the SBR Shoreway operations and management of all disposal and processing contracts with one full-time employee.
- Management of the annual contractor compensation adjustment process, including review of the 2015 RSMC and SBR compensation applications, and completion of final reports (RSMC, SBR and consolidated report) for 2015.
- Support of existing recycling programs, notably ongoing residential public outreach; AB 341 commercial recycling outreach; expanded outreach to support multi-family recycling; and oversight and expanded outreach for the HHW Door-to-Door collection services for 10 Member Agencies.
- Management of the Shoreway Education Center tour program, including the school tours and public tours. This program is managing over 5,000 tour visitors per year with one full-time employee and one part-time employee. **See benchmarking information in staff report for agenda item 5A.**
- Management of all ongoing capital repairs and maintenance at the 16-acre Shoreway facility, including nearly 200,000 square feet of building space and \$20 million in equipment owned by the SBWMA. This work is managed by the same employee that manages the SBR contract and all disposal and processing contracts.

Financial Summary

Overall, the proposed FY1415 proposed budget reflects continued strong expected financial results with fully funded cash reserves, an undesignated cash reserve balance, modest increases in program costs, and no planned tipping fee increases for calendar year 2015. This builds on strong financial results expected for FY1314 with higher than expected cash reserve balances. Prudent management of controllable expenditures and operating and disposal and processing contracts tied to CPI has also constrained costs.

FY1415 total net income is projected at \$2,391,025 which is \$465,125 less than our FY1314 adopted budgeted (0.8% of revenue) largely due to no assumed tipping fee increases at Shoreway for calendar year 2015.

Table 1

FY1415 NET INCOME			
<u>Revenues</u>	<u>FY1314 Adopted Bu dget</u>	<u>FY1415 Proposed Budget</u>	<u>Variance</u>
Total Revenues	\$41,579,200	\$41,930,000	\$350,800
Total Expenditures	\$38,723,050	\$39,538,975	(\$815,925)
Net Income:	\$2,856,150	\$2,391,025	(\$465,125)
Net income as % of revenue:	6.9%	5.7%	

Revenues

Total operating revenues for FY1415 are budgeted to be \$350,800 (0.8%) higher than our FY1314 adopted budget. Higher revenue of \$350,200(0.8%) is a result of higher public revenue of \$0.62 million (11%) and third-party MRF host fee revenue of \$0.29 million (387%) partially offset by lower franchise revenue of \$0.54 million (-2.1%). Commodity revenues are projected to remain flat.

As shown in Table 2 below, franchise tonnage is projected to be 5,090 tons lower (-1.8%) than FY1314 budget (lower solid waste) as indicated in the mid-year projection trend. Tip fees were also reduced for calendar 2014 from the FY1314 budget assumption which impacts the last half of the FY1314 budget year. Lower tonnage reduces revenue by \$471,000 and lower average rates reduce revenue by \$73,000. No tip fee increases are budgeted for calendar 2015.

Table 2

TIP FEE REVENUE	FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
Franchise					
Tons	285,837	282,925	280,747	-5,090	-1.8%
Wtd Avg. Tip Fee	\$ 92.84	\$ 92.00	\$ 92.58	\$ (0.26)	-0.3%
Franchise Revenue	\$ 26,536,840	\$ 26,027,745	\$ 25,992,156	\$ (544,685)	-2.1%
Revenue Impact:		Volume	Price	Total	
Tonnage Change		-5,090	\$ 92.58	\$ (471,231)	86.5%
Price Change		285,837	\$ (0.26)	\$ (73,454)	13.5%
Total Change				\$ (544,685)	100.0%

As shown in the Table 3 below, public yards are projected to increase by 7,752 yards from the FY1314 budget (4.4%) (higher solid waste and lower green waste). Green waste yards decreased in Q3 FY1314 which lowered our projection. This could be due to the dry winter; however, franchise green waste tons did not also drop. The weighted average public tip fee increased \$2.02 higher than FY1314 budget due to change in mix – less green waste at a lower tip fee (\$24/yard). Higher volume increases revenue by \$264,000 and higher average rates increase revenue by \$354,000. Some of the higher public solid waste yards is due to the removal of roofing materials from public C&D yards (\$32/yard) and reclassified as public solid waste (\$35/yard).

Table 3

TIP FEE REVENUE	FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
Public					
Yards	175,224	200,643	182,976	7,752	4.4%
Wtd Avg. Tip Fee	\$ 32.03	\$ 32.83	\$ 34.05	\$ 2.02	6.3%
Public Revenue	\$ 5,611,560	\$ 6,586,867	\$ 6,229,698	\$ 618,138	11.0%
Revenue Impact:		Volume	Price	Total	
Tonnage Change		7,752	\$ 34.05	\$ 263,930	42.7%
Price Change		175,224	\$ 2.02	\$ 354,208	57.3%
Total Change				\$ 618,138	100.0%

Attachment F, Tables 1-3 provide further details on revenue, tonnage, and yardage trends.

Commodity revenues are budgeted at \$10,812,200 which is slightly lower than FY1314 budget by \$1,000. MRF tonnage sold is higher than FY1314 budget by 2,332 tons, offset by lower budgeted commodity prices of \$6.68 per ton similar to the

FY1314 mid-year projection. Further detail on pricing trends and shipped tons by commodity type can be found in **Attachment F**, Tables 4-5b. Commodity pricing has remained relatively stable over the past year.

Expenditures

Program Budget

The SBWMA proposed FY1415 program expense budget, exclusive of Shoreway operations and HHW collection services, is \$2,901,375 or 3.7% higher than the FY1314 adopted budget. Notable variances within the program (category) areas of the budget include:

- **Administrative expenses** - *proposed budget of \$1,762,475 vs. FY1314 adopted budget of \$1,639,850; 7.5% higher than FY1314 adopted budget.*
 - \$61,600 higher expenses for administrative staff of which \$43,000 is associated with a three month overlap of the new Finance Manager with the current Finance Manager. The balance is for wage and benefit rate increases.
 - \$30,100 higher expenses for AB 939 program staff wage and benefit rate increases.
- **Contract Compliance and Support expenses** – *proposed budget of \$257,400 vs. FY1314 adopted budget of \$300,600; 14.4% lower than FY1314 adopted budget.*
 - \$25,000 less for collection services franchise agreement administration.
 - Quarterly load contamination sampling costs \$4,000 lower.
- **AB 939 and AB 341 Compliance** – *proposed budget of \$881,500 vs. FY1314 adopted budget of \$858,500; 2.7% higher than FY1314 adopted budget.*
 - \$152,500 higher expenses for long range planning largely offset by cuts in other line items including \$55,000 in commercial recycling technical assistance, \$50,000 in multi-family outreach, \$30,000 in residential outreach, and \$15,000 in newsletter printing/mailing costs.

Personnel

As detailed in **Attachment E**, the Administrative staff and AB 939 program staff budget line items reflect an assumed merit increase pool of 3% of total wages and no changes in salary ranges; such merit increases in total, exclusive of any adjustment for the Executive Director, total \$28,131. Per the Board adopted employee compensation policy, the Executive Director has the discretion to grant merit increases on a calendar year basis within the approved salary ranges. The Board as part of its review and ultimate approval of the budget determines what the final merit increase pool is for all staff exclusive of the Executive Director. The Board separately considers a compensation adjustment for the Executive Director.

The SBWMA continues to have a very sustainable and cost effective business model for how the Agency manages its employee costs with key points as follows:

- The SBWMA is a non-PERs agency. Our seven current employees are offered a self-directed 401(a) and 457(b) plans, very similar to private sector 401(k) plans. We have no employee pensions and thus no long-term pension obligations. There are no post-retirement benefits.
- All employees are non-represented; there are no collective bargaining agreements with our employees.
- There are no automatic salary adjustments for employees such as a COLA adjustment or step increases. Employee performance is evaluated each year and merit increases are granted on a calendar year basis using the Board approved merit increase pool and if salary ranges allow for an adjustment.
- The above factors result in a low benefit to wage ratio of 32.6%.

The SBWMA also has one contract position, Recycling Programs Manager, through Local Government Services (LGS) which provides PERs benefits. This position's profile is similar to municipal agencies and thus the position recruitment focused on municipal employees with PERs benefits.

Collection Operations

The expenses associated with the Door-to-Door HHW program services provided by WM Curbside LLC are a pass through expense; the expenses shown in the budget are 100% offset by an "HHW door to door collection service" revenue line item. The SBWMA manages the program on behalf of the 10 participating Member Agencies and pays for all expenses associated with the program; the SBWMA in turn bills Member Agencies for such expenses.

Within the program budget, staff has included \$25,000 under the "HHW door to door collection outreach" line item for rollout of the program to residents in Atherton and Redwood City, who currently are not participating in the program. These funds will only be spent if the respective Member Agencies decide to join the program.

As previously noted, staff is negotiating a potential contract extension with WM Curbside LLC as the current contract expires on December 31, 2014. At a minimum, fees for the program are expected to increase to reflect annual CPI adjustments since the contract was initiated in May 2010.

Shoreway Operations

Shoreway Operations expenses are in total \$689,000 higher (1.9%) than the FY1314 adopted budget amount of \$35,427,100 (partially offset by higher revenue). Notable variances from the FY1314 adopted budget include:

- Higher Shoreway operator expenses of \$786,800 in payments to SBR; \$34,200 due to slightly higher tonnage and \$782,000 from assumed January 1, 2015 compensation rate increases, mix of materials (more MRF tons but less transfer station tons), and changes to mix to organics processor destinations. SBR's 2015 compensation rates are estimated to increase approximately 2.5%. As noted in the FY1314 mid-year budget, the 2014 MRF rate was underestimated in the FY1314 budget which is why the mid-year MRF rate increases to \$14.85 from \$14.30. In addition, more organics tons to Grover increase the transportation payment to SBR. This is offset by lower expected processing fees paid to Grover vs. Newby. (See **Attachment F**, Tables 6a & 6b for detail).
- Disposal and processing expenses are lower than the FY1314 adopted budget by \$165,700 from lower tonnage (3,725 tons) and a lower blended rate paid to the vendors. Although most rates have a January 1, 2015 increase, the change in mix and the higher use of Grover at a lower rate results in a lower average rate than in the FY1314 budget. (See **Attachment F**, Table 7 for detail).
- Approximately \$60,000 in unanticipated Shoreway facility maintenance projects in FY1314 has resulted in a FY1415 budget of \$160,000 vs. the adopted budget amount of \$100,000. The FY1415 budget matches the FY1314 mid-year projection. These unanticipated projects include a repair to site paving (concrete repair) near the maintenance facility, replacement of electrical wiring to truck shop, and replacement of damaged plumbing within the employee break room in the MRF building. The same level of maintenance expense is assumed to be needed in FY1415 although specific projects are unknown.
- The Education Center budget is \$10,000 higher notably due to the addition of a new community event at Shoreway in November in recognition of America Recycles Day.
- The SBWMA is responsible for major equipment repairs above \$10,000 and \$30,000 has been budgeted for the first time since the Shoreway Master Plan improvements were completed. As the equipment gets older, it is prudent to budget some expense for this although the actual amount needed, if any, is unknown in FY1415.
- Interest on our bonds to build the 2009 Master Plan improvements will decline by \$59,000 in FY1415.
- \$15,900 in higher franchise fee payments to the City of San Carlos due to higher than expected tonnage and tip fee revenue into the Shoreway facility. Payment is 5% of tip fee revenue.

Capital Spending

Proposed FY1415 capital spending of \$855,000 is \$285,000 higher than the adopted FY1314 budget amount of \$570,000 largely due to the \$450,000 project for expansion of the MRF tipping area with a canopy extension to the existing building. This project is contingent on Board consideration and approval of a long-term agreement with SBR for processing of third-party recyclables into the Shoreway MRF. Additional detail on capital projects can be found on the capital projects worksheet included in **Attachment A**.

Reserve Balances

Table 4 below captures the reserve balance projections for FY1415 compared to the FY1314 adopted budget. The undesignated reserve balance is projected to be \$2.2 million higher than the FY1314 budget but lower than the FY1314 mid-year budget. As explained in the mid-year budget report, the FY1213 ending reserve balance was \$2.7 million higher than expected which affects the beginning balance for FY1314. This higher beginning balance is due to higher commodity revenue, timing of spending on the master plan capital project, and lower SBWMA program expenses as summarized in Table 5.

Because of the FY1415 estimated \$2.6 million undesignated reserve balance, staff is not recommending any tip fee increases for franchise or public customers on January 1, 2015 which affect half of the budget year. Approval of this budget report does not also approve tip fees. Tip fees are approved in November when staff will have a better estimate for the direction of tonnage and commodity prices.

Table 4

	ADOPTED BUDGET FY1314	MID-YEAR BUDGET FY1314	PROPOSED BUDGET	VARIANCE
UNRESTRICTED:				
RATE STABILIZATON (10% of expense)	\$ 3,822,605	\$ 3,886,803	\$ 3,901,748	\$ 79,143
EMERGENCY RESERVE (10% of total expense)	\$ 3,822,605	\$ 3,886,803	\$ 3,901,748	\$ 79,143
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 1,130,726	\$ 1,130,726	\$ 1,542,328	\$ 411,602
UNDESIGNATED	\$ 426,571	\$ 2,930,166	\$ 2,661,232	\$ 2,234,661
TOTAL UNRESTRICTED GENERAL RESERVES	\$ 9,202,507	\$ 11,834,498	\$ 12,007,056	\$ 2,804,548
COMMITTED:				
BOND PRINCIPAL PAYMENT FUND	\$ 1,004,167	\$ 1,004,167	\$ 1,058,333	\$ 54,167
TOTAL GENERAL RESERVES	\$ 10,206,674	\$ 12,838,664	\$ 13,065,389	\$ 2,631,990

Table 5

HIGHER FY2013 RESERVE BALANCE VS PROJECTION		
1. FY13 Higher Operating Income		
Higher Commodity Revenue	\$ 1,016,141	<i>higher prices and tons</i>
Lower disposal expense	\$ 208,586	
Lower SBWMA Program Expenses	\$ 494,015	
Miscellaneous	\$ 9,337	
FY13 Higher Operating Income	\$ 1,728,079	
2. Spending on Mater Plan Project (timing)	\$ 918,405	
3. Miscellaneous	\$ 70,585	
TOTAL FY2013 RESERVE VARIANCE	\$ 2,717,068	

Table 5 notes: Further explanations of the variances are:

- Higher commodity revenue – higher tons and higher prices (our projection had only five months of actual data).
- Lower disposal expense – 1.5% of total disposal expense; lower tons and slight mix change.
- Lower SBWMA program expense – lower total Administrative expense (\$30k); lower rate review expense (\$41k) – budgeted funds for agency support not needed; lower collection services franchise administration (\$80k) due to a delayed audit; lower quarterly load contamination (\$23k); lower recycling diversion program support (\$30k); lower commercial recycling technical assistance (\$112k) primarily due to a project moved to FY1314; lower multi-family outreach \$71k) primarily due to a project moved to FY1314; lower residential outreach (\$41k) and lower HHW collection – timing of Burlingame start date (\$32k).
- Master Plan capital project spending – this was a one-time benefit caused by the timing of spending on the \$47 million Master Plan capital project. This project is now completed so this timing issue will not reoccur.

Background

On June 27, 2013 the SBWMA Board of Directors adopted the FY1314 Operating Budget, inclusive of the SBWMA program budget and Shoreway Operations, with revenue totaling \$41,579,200 and expenditures of \$38,723,050. This produces net income of \$2,856,150 or an operating margin of 6.9%.

On January 23, 2014 the Board conducted a mid-year budget review of the FY1314 budget. No action was requested of the Board as budget projections were at or below adopted budget levels. The budget projections showed slightly lower net income of \$2,706,571 or an operating margin of 6.4%.

At the April 24, 2014 Board meeting a staff report and presentation was made on proposed budget priorities (i.e., major projects and work activities) for FY1415 with detailed budget worksheets provided programmatic detail. No proposed budget figures for FY1415 were provided. Staff also shared a summary noting major accomplishments in the current fiscal year (FY1314).

Fiscal Impact

For FY1415 staff is projecting net income of \$2,391,025 which is \$465,125 below our FY1314 adopted budget net income of \$2,856,150 (see **Table 1** on page 4 of the staff report). This lower net income is 1.1% of total revenue due primarily to the following factors:

- Total revenue increased by \$350,800 (0.8%), primarily from higher host fee revenue volume, offset by higher operating costs of \$815,900 (2.1%).
- There is no budgeted tip fee increase to offset the higher rates paid to SBR and disposal processors on January 1, 2015 from annual CPI rate adjustments. A 2.5% tip fee increase would have generated \$394,000 in additional revenue and net income (half of the fiscal year).
- As mentioned in the mid-year budget, the FY1314 budget underestimated the rates paid to SBR by \$194,000.
- The SBWMA program budget includes an additional \$68,000 to cover the recruitment and transition cost of replacing the Finance Manager position.

Non-operating obligations (i.e., bond principal payment and capital expenditures) are not included in the operating income but are paid out of operating income to arrive at Net Cash Flow. These obligations include: bond principal payment (\$1,205,000) and capital expenditures (\$855,000). Net Cash Flow after deducting these items for FY 2015 is \$331,000. All cash flow items are included in the reserve calculation.

Tables 6-8 on the following page provide a breakout on projected FY1314 year-end revenues and expenditures (program budget and Shoreway operations).

Table 6

FY1415 REVENUES			
<u>Revenues</u>	<u>FY1314 Adopted Budget</u>	<u>FY1415 Proposed Budget</u>	<u>Variance</u>
Tip Fee Revenues	\$32,148,400	\$32,221,900	\$73,500
Net Commodity Sales Revenues*	\$8,723,100	\$8,674,800	(\$48,300)
Interest Income	\$55,900	\$56,500	\$600
HHW and Other Revenue	\$651,800	\$976,800	\$325,000
Total Revenues:	\$41,579,200	\$41,930,000	\$350,800
*Gross commodity sales – 28% revenue share with SBR and buyback payments.			

Table 7

FY1415 EXPENDITURES			
<u>Expenditures</u>	<u>FY1314 Adopted Budget</u>	<u>FY1415 Proposed Budget</u>	<u>Variance</u>
Administrative Expenses	\$1,639,850	\$1,762,475	\$122,625
Contract Compliance & Support	\$300,600	\$257,400	(\$43,200)
Recycling & AB 939 Compliance	\$858,500	\$881,500	\$23,000
Collection Operations	\$497,000	\$521,500	\$24,500
Total SBWMA Expenses:	\$3,295,950	\$3,422,875	\$126,925
Shoreway Operations:	\$35,427,100	\$36,116,100	\$689,000
Total Expenses:	\$38,723,050	\$39,538,975	\$815,925

Table 8

FY1415 EXPENDITURE DETAIL FOR SHOREWAY OPERATIONS			
<u>Expenditures</u>	<u>FY1314 Adopted Budg et</u>	<u>FY1415 Proposed Budget</u>	<u>Variance</u>
SBR Compensation*	\$16,274,400	\$17,061,200	\$786,800
Disposal and Processing*	\$14,238,500	\$14,072,800	(\$165,700)
Insurance Shoreway	\$204,200	\$213,400	\$9,200
Other Operating Expenses (facility cost, tipper maintenance, and MRF equip. maintenance)	\$145,000	\$226,000	\$81,000
Education Center	\$65,000	\$75,000	\$10,000
Taxes (Sewer)	\$24,700	\$35,400	\$10,700
Debt Service Bond Interest	\$2,944,400	\$2,885,500	(\$58,900)
Franchise Fee (San Carlos)**	\$1,530,900	\$1,546,800	\$15,900
Total Shoreway Operations:	\$35,427,100	\$36,116,100	\$689,000
* Expense projection based on estimated facility tonnage			
** Expense projection based on estimated gate revenue (tipping fees x estimated tons)			

- Attachments:**
- A – FY1415 Proposed Budget
 - B – Programmatic Detail (Staff Resources and Description of Key Projects and Work Activities)
 - C – Long Range Plan – Work plan
 - D – Organization Chart
 - E – Personnel Summary
 - F – Back-Up Financial and Operational Data

	ACTUAL FY1213	ADOPTED BUDGET FY1314	MID-YEAR BUDGET FY1314	PROPOSED BUDGET FY1415
UNRESTRICTED:				
RATE STABILIZATON (10% of expense)	\$ 3,716,244	\$ 3,822,605	\$ 3,886,803	\$ 3,901,748
EMERGENCY RESERVE (10% of total expense)	\$ 3,716,244	\$ 3,822,605	\$ 3,886,803	\$ 3,901,748
EQUIPMENT REPLACEMENT (ANNUAL) ¹	\$ 1,799,028	\$ 1,130,726	\$ 1,130,726	\$ 1,542,328
UNDESIGNATED	\$ 1,678,825	\$ 426,571	\$ 2,825,865	\$ 2,661,232
TOTAL UNRESTRICTED GENERAL RESERVES	\$ 10,910,341	\$ 9,202,507	\$ 11,730,197	\$ 12,007,056
COMMITTED:				
BOND PRINCIPAL PAYMENT FUND	\$ 958,333	\$ 1,004,167	\$ 1,004,167	\$ 1,058,333
BURLINGAME BOND REPAYMENT FUND	\$ 2,918,919			
TOTAL GENERAL RESERVES	\$ 14,787,593	\$ 10,206,674	\$ 12,734,364	\$ 13,065,389
<i>proof</i>	\$ 14,787,593	\$ 10,206,674	\$ 12,734,364	\$ 13,065,389
Other LT Projects (Fully Funded)				
SHOREWAY REMEDIATION PROJECT	\$ 1,289,283	\$ 1,209,283	\$ 1,209,283	\$ 1,209,283

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
REVENUE SUMMARY**

FY1415 PROPOSED BUDGET

REVENUE SUMMARY	ACTUAL FY 2013	ADOPTED BUDGET FY1314	MID-YEAR PROJECTION FY1314	YTD REVENUE	PROPOSED BUDGET FY1415	Variance to Adopted Budget	Variance to Appvd Bud %
ADMINISTRATIVE REVENUES							
409100 INVESTMENT INCOME	85,302	55,900	160,700	134,995	56,500	600	1.1%
409101 INVESTMENT (GASB 31) MARKET VALUE ADJ	(26,706)					-	
409200 INTEREST INCOME	632					-	
TOTAL ADMINISTRATIVE	59,228	55,900	160,700	134,995	56,500	600	1.1%
OPERATIONS							
480026 TIPPING FEES - Non Franchised	5,362,492	5,611,600	6,586,900	4,715,691	6,229,700	618,100	11.0%
480027 TIPPING FEES - Franchised	25,773,015	26,536,800	26,027,700	19,243,129	25,992,200	(544,600)	-2.1%
480028 COMMODITY SALES	10,924,829	10,813,200	10,581,300	7,409,682	10,812,200	(1,000)	0.0%
480029 COMMODITY REVENUE SHARE	(1,376,988)	(1,498,900)	(1,388,700)	(1,235,181)	(1,521,400)	(22,500)	1.5%
522717 BUYBACK PAYMENTS	(606,159)	(591,200)	(599,500)	(441,004)	(616,000)	(24,800)	4.2%
480025 E-SCRAP REVENUE	68,464	70,000	70,000	42,457	66,300	(3,700)	-5.3%
480033 MRF Host Fee - 3RD PARTY TONS	63,987	74,800	125,900	103,296	364,000	289,200	386.6%
480031 HHW DOOR TO DOOR COLLECTION SERVICE	464,567	497,000	497,000	409,970	521,500	24,500	4.9%
480032 PERFORMANCE INCENTIVE / DISINCENTIVE	8,056	10,000	10,000		-	(10,000)	-100.0%
480008 MISCELLANEOUS REVENUE	10,719		300	388	25,000	25,000	
TOTAL OPERATIONS	40,692,982	41,523,300	41,910,900	30,248,428	41,873,500	350,200	0.8%
TOTAL REVENUE	40,752,210	41,579,200	42,071,600	30,383,422	41,930,000	350,800	0.8%
NET OPERATING INCOME / <LOSS>	3,128,370	2,856,150	2,706,571		2,391,025	(465,125)	-16.3%
% OF REVENUE	7.7%	6.9%	6.4%		5.7%	-1.16%	

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY									
		ACTUAL	ADOPTED	MID-YEAR	YTD SPENT	PROPOSED	Variance to	Variance %	Notes
EXPENDITURE SUMMARY		FY1213	BUDGET FY1314	PROJECTION FY1314	May 12, 2014	BUDGET FY1415	Adopted Budget	to Adopted Budget	
ADMINISTRATIVE EXPENSES			June 2013						
520305	ADMINISTRATIVE STAFF	496,991	505,300	505,600		566,900	61,600	12.2%	Staff wages and benefits for Exec. Dir., Finance Manager & Board Sec. Three month overlap with new Finance Manager (April-June); estimated cost of \$43,000. Staff wages and benefits for Recycling, Outreach, Compliance and Shoreway. Recruitment cost for new Finance Manager. Fees paid to contract HR and payroll service provider. Contracted legal counsel services. Reflects small increase in hourly rate. No longer use a third party to record our Board meetings. Fees paid to City of San Carlos for annual accounting and finance support. Fees paid to IT service provider. Fees paid to website management service provider. Fees paid to auditors to complete FY & Calendar year financial statements. Annual insurance premium for Director's and Officer's insurance. Bank fees exclusive of fees paid to BNY as the Bond Trustee. \$4257.56 current lease + 3%. City going out to bid for new janitorial services so this is an unknown but currently \$2,000/qr. Assumes potential change in phone service provider given recent serious service lapse. This may change if we need to change phones with new service. Assumes notice for 2 bids. Reimbursement for employee work related cell phone costs. Higher participation at conferences assumed due to long range planning. Includes employee professional development and education. Sponsorships for Acterra, SSMC, CAW and CPSC. Replacement of three computers and one new tablet for Executive Director.
520306	AB 939 PROGRAM STAFF	658,878	672,900	677,300	181,166	703,000	30,100	4.5%	
520328	EMPLOYEE RECRUITMENT / HR SUPPORT	1,705	2,000	-	-	25,000	23,000	1150.0%	
520337	PEO COST (HR & PR FEES)	18,469	19,000	19,000	6,750	19,000	-	0.0%	
520312	BOARD COUNSEL	84,155	70,000	122,000	112,793	65,000	(5,000)	-7.1%	
520300	BOARD MEETINGS & RECORDINGS	4,468	7,150	7,150	6,761	3,000	(4,150)	-58.0%	
520310	ACCOUNTING SERVICES (City of San Carlos)	125,083	128,500	128,500	96,027	131,900	3,400	2.6%	
520334	INFORMATION TECHNOLOGY	18,777	27,000	27,000	25,081	27,000	-	0.0%	
520338	WEBSITE	9,161	15,000	15,000	12,578	15,000	-	0.0%	
520301	ANNUAL FINANCIAL AUDIT	8,230	9,000	8,410	11,730	9,700	700	7.8%	
520701	D&O INSURANCE	24,792	23,500	43,783	43,817	32,500	9,000	38.3%	
520202	BANK FEES	7,623	7,500	7,500	4,410	7,900	400	5.3%	
520203	RENT	54,157	51,500	51,311	42,667	53,000	1,500	2.9%	
520204	PRINTING AND POSTAGE	143	150	150	64	150	-	0.0%	
520107	UTILITIES & PHONE	15,176	17,500	16,000	10,467	17,000	(500)	-2.9%	
520905	OFFICE/TENANT IMPROVEMENTS	557	1,000	1,000	395	1,000	-	0.0%	
520201	OFFICE SUPPLIES	17,257	17,000	17,000	12,079	17,000	-	0.0%	
520215	OFFICE EQUIPMENT COSTS	24,929	25,500	25,500	19,482	25,500	-	0.0%	
520504	PUBLICATIONS & PUBLIC NOTICES	-	2,500	1,500	1,440	3,000	500	20.0%	
520501	PROFESSIONAL DUES & MEMBERSHIPS	2,210	2,100	2,100	2,187	2,300	200	9.5%	
520801	VEHICLE MILEAGE & TOLLS	-	250	125	-	125	(125)	-50.0%	
520105	CELL PHONES	4,715	4,000	3,600	3,181	4,000	-	0.0%	
520503	CONFERENCE & MEETINGS	11,318	8,000	8,000	7,973	10,000	2,000	25.0%	
520502	TRAINING	787	6,500	5,500	1,906	6,500	-	0.0%	
520511	SPONSORSHIPS & DONATIONS	5,500	9,000	9,000	9,000	9,000	-	0.0%	
522706	COMPUTER PURCHASE	6,010	8,000	8,000	178	8,000	-	0.0%	
TOTAL ADMINISTRATIVE		\$ 1,601,091	\$ 1,639,850	\$ 1,710,029	\$ 612,133	\$ 1,762,475	\$ 122,625	7.5%	
CONTRACT COMPLIANCE AND SUPPORT									
520307	RATE REVIEW	28,756	53,000	30,000	25,409	40,000	(13,000)	-24.5%	
TOTAL RATE REVIEW		28,756	53,000	30,000	25,409	40,000	(13,000)	-24.5%	
CONSULTANT SUPPORT									
520308	FACILITY IMPROVEMENT OVERSIGHT	-	30,000	30,000		30,000	-	0.0%	Disaster Management Plan.
520309	HCM01 CONTRACT MANAGEMENT SUPPORT	43,231	67,600	68,600	11,122	66,400	(1,200)	-1.8%	Annual financial audit of RSMC and SBR.
520309	HCS02 COLLECTION SERVICES FRANCHISE ADMIN.	50,028	100,000	95,000	51,223	75,000	(25,000)	-25.0%	\$15k call center monitoring; \$60k Annual Audit.
520336	QUARTERLY LOAD CONTAMINATION MONITORING	53,986	50,000	25,000	41,801	46,000	(4,000)	-8.0%	Bi-Annual Recology Contamination Sampling.
TOTAL CONSULTANT		147,245	247,600	218,600	104,146	\$ 217,400	(30,200)	-12.2%	
TOTAL CONTRACT COMPLIANCE & SUPPORT		\$ 176,001	\$ 300,600	\$ 248,600	\$ 129,555	\$ 257,400	\$ (43,200)	-14.4%	

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY									
		ACTUAL	ADOPTED	MID-YEAR	YTD SPENT	PROPOSED	Variance to	Variance %	
EXPENDITURE SUMMARY		FY1213	BUDGET	PROJECTION	May 12, 2014	BUDGET	Adopted	to Adopted	Notes
RECYCLING - AB939 AND AB 341 COMPLIANCE			FY1314	FY1314		FY1415	Budget	Budget	
RECYCLING ADMINISTRATION									
520311	CIVMB ANNUAL REPORTS	36,500	25,000	25,000	14,750	25,000	-	0.0%	CalRecycle Electronic Annual Report for 10 Member Agencies.
520341	SBWMA ANNUAL REPORT	2,976	5,000	5,000	3	5,000	-	0.0%	
520309	HDV01 DIVERSION PROGRAM SUPPORT		60,000	55,000	2,870	60,000	-	0.0%	\$35k Pilot Public Spaces Recycling Project, \$25k for pilot code enforcement.
520604	EVENT GIVEAWAYS	-	1,500	1,500	-	1,500	-	0.0%	
TOTAL RECYCLING ADMINISTRATION		39,476	91,500	86,500	17,623	91,500	-	0.0%	
LONG RANGE PLAN/DIVERSION PROGRAMS									
520340	LONG RANGE PLAN ALTERNATIVES	31,231	80,000	80,000	110	232,500	152,500	190.6%	\$45K organics recovery study (SVCW MOU) including technology analysis, and operational pilot and testing; \$207.5k for development of Long Range Plan.
520340	MPOTR MASTER PLAN OUTREACH	207	-	-	-	-	-	-	
520344	SOLAR SYSTEM ENGINEERING AND EVALUATION		-	-	-	-	-	-	
TOTAL LONG RANGE PLAN/DIVERSION PROGRAMS		31,438	80,000	80,000	110	232,500	152,500	190.6%	
COMMERCIAL PROGRAMS									
520331	LARGE EVENT/VENUE CONSULTING	6,455	5,000	5,000	-	7,500	2,500	50.0%	Repurpose 2nd trailer as mobile education trailer, will explore grant funding opportunities.
520608	CLIMATE CHANGE REPORTING	14,891	15,000	23,000	15,739	23,000	8,000	53.3%	Incorporating all of Shoreway requires much more reporting requirements and review by outside auditors.
520604	COE01 COMMERCIAL RECYCLING TECHNICAL ASSIST.	58,262	140,000	120,000	33,996	85,000	(55,000)	-39.3%	\$15k-AB341 Compliance Outreach; \$20K commercial toolkit; \$10k-Business Awards Program; \$25k-Reporting System Ordinance; \$15k-Website upgrade for Reporting System
520604	COE02 PURCHASE COMM/MFD CONTAINERS FOR RECOLOGY		40,000	40,000	35,894	60,000	20,000	50.0%	\$10k for buddy bags, \$10k for other commercial containers, \$20k for municipal bldgs., \$20k for other public spaces (downtowns, parks).
520604	CDRCY C&D RECYCLING PROGRAM	4,314	10,000	10,000	-	-	(10,000)	-100.0%	
520604	MF001 MULTI-FAMILY OUTREACH	13,665	100,000	90,000	2,953	50,000	(50,000)	-50.0%	Includes \$30K MFD Toolkit updates/additions; \$10K battery/cell outreach; \$10K-MFD Awards Program.
TOTAL COMMERCIAL PROGRAMS		97,587	310,000	288,000	88,582	225,500	(84,500)	-27.3%	
RESIDENTIAL PROGRAMS									
520604	QNL01 QUARTERLY NEWLESTTER DESIGN/SETUP	12,551	10,000	10,000	1,455	15,000	5,000	50.0%	Design/produce 3 newsletters - pricing based on Pub ED RFQ/Cost proposals
520604	QNLPM QUARTERLY NEWLETTER PRINTING/MAILING	108,421	110,000	110,000	82,248	95,000	(15,000)	-13.6%	Assumes 2 direct mail newsletters and one sent via bill insert. Will be adjusted to reflect findings of residential phone survey.
520604	RES01 RESIDENTIAL OUTREACH PROGRAMS	89,129	165,000	160,000	116,889	135,000	(30,000)	-18.2%	Includes \$70K on-going outreach/support for existing programs; \$12K annual residential service notice development; \$15K website/social media maintenance and updates; \$15K for home diversion calculator promotion; \$23,000 mobile phone app annual fee.
520604	COMPS COMPOST GIVEAWAY	1,719	1,000	1,000	-	1,000	-	0.0%	
520604	HHWUW HHW DOOR TO DOOR COLLECTION OUTREACH	64,340	85,000	75,000	68,837	80,000	(5,000)	-5.9%	Ongoing promotion for existing MAs in program, includes direct mail, print and outdoor advertisements; also includes budget (\$25k) for new MAs joining program.
520335	CURBSIDE HOUSEHOLD BATTERY OUTREACH	3,741	5,000	4,000	2,866	5,000	-	0.0%	Ongoing outreach to promote our curbside battery and cell phone collection services.
520604	ECE01 ELECTRONIC COLLECTIONS EVENTS		1,000	1,000	-	1,000	-	0.0%	
TOTAL RESIDENTIAL PROGRAMS		279,901	377,000	361,000	272,294	332,000	(45,000)	-11.9%	
TOTAL RECYCLING - AB939 AND AB 341 COMPLIANCE		\$ 448,402	\$ 858,500	\$ 815,500	\$ 378,608	\$ 881,500	\$ 23,000	2.7%	
SUBTOTAL SBWMA PROGRAM BUDGET		\$ 2,225,494	\$ 2,798,950	\$ 2,774,129	\$ 1,120,296	\$ 2,901,375	\$ 102,425	3.7%	
COLLECTION OPERATIONS									
522710	HHW DOOR TO DOOR COLLECTION SERVICES	461,401	497,000	497,000	368,135	521,500	24,500	4.9%	Added Burlingame starting 2/1/13
TOTAL COLLECTION OPERATIONS		461,401	497,000	497,000	368,135	521,500	24,500	4.9%	
TOTAL SBWMA PROGRAM BUDGET		\$ 2,686,895	\$ 3,295,950	\$ 3,271,129	\$ 1,488,432	\$ 3,422,875	\$ 126,925	3.9%	

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY								
EXPENDITURE SUMMARY	ACTUAL FY1213	ADOPTED BUDGET FY1314	MID-YEAR PROJECTION FY1314	YTD SPENT May 12, 2014	PROPOSED BUDGET FY1415	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
SHOREWAY OPERATIONS								
522712 OPERATOR COMPENSATION - SBR	15,839,848	16,274,400	16,810,800	10,858,980	17,061,200	786,800	4.8%	Payments per ton by JPA to SBR for facility operations services per Ops. Agreement. Payments per ton by JPA to third party disposal and processing vendors such as Ox. Mtn. landfill, organics processors, etc. Facility repair and maintenance projects not treated as "capital" projects. Budget for tour supplies, special events such as Earth Day and America Recycles Day, outreach materials, school compost, trash to art contest, and school busing (\$25k). Maintenance for hydraulic tipper that JPA owns and Republic operates at Ox. Mtn. Unplanned MRF equipment repairs greater than \$10k are responsibility of JPA.
522713 DISPOSAL & PROCESSING COSTS	13,887,514	14,238,500	14,283,800	9,963,472	14,072,800	(165,700)	-1.2%	
520710 INSURANCE SHOREWAY	191,634	204,200	208,100	203,081	213,400	9,200	4.5%	
522714 SHOREWAY FACILITY COST	140,401	100,000	160,000	151,718	160,000	60,000	60.0%	
522701 ALLIED WASTE BALANCING ACCOUNT	160,257	<i>Budget line inactive</i>						
522718 EDUCATION CENTER OPERATIONS	52,286	65,000	65,000	34,657	75,000	10,000	15.4%	
522716 MAINTENANCE - OX MTN TIPPER	39,998	45,000	35,000	21,527	36,000	(9,000)	-20.0%	
520901 SHOREWAY MRF EQUIP. MAINTENANCE > \$10k					30,000	30,000		
520324 TAXES (SEWER)	22,402	24,700	33,700	32,540	35,400	10,700	43.3%	
SUBTOTAL SHOREWAY OPERATIONS	\$ 30,334,340	\$ 30,951,800	\$ 31,596,400	\$ 21,265,974	\$ 31,683,800	\$ 732,000	2.4%	
SHOREWAY OTHER								
521104 DEBT SERVICE BOND INTEREST	3,124,738	2,944,400	2,944,400	-	2,885,500	(58,900)	-2.0%	Solid Waste Enterprise Revenue Bond interest payments. 5% franchise fee payments by JPA to City of San Carlos.
522702 FRANCHISE FEE	1,477,867	1,530,900	1,553,100	1,126,556	1,546,800	15,900	1.0%	
SUBTOTAL SHOREWAY OTHER	\$ 4,602,605	\$ 4,475,300	\$ 4,497,500	\$ 1,126,556	\$ 4,432,300	\$ (43,000)	-1.0%	
TOTAL SHOREWAY OPERATING EXPENSE	\$ 34,936,945	\$ 35,427,100	\$ 36,093,900	\$ 22,392,530	\$ 36,116,100	\$ 689,000	1.9%	
TOTAL OPERATING EXPENSES (SBWMA Program + Shoreway Operations)	\$ 37,623,840	\$ 38,723,050	\$ 39,365,029	\$ 23,880,962	\$ 39,538,975	\$ 815,925	2.1%	
<i>excludes non-cash items such as depreciation</i>								

CAPITAL PROJECTS					
PROJECT DESCRIPTION	ACTUAL FY1213	ADOPTED BUDGET FY1314	MID YEAR PROJECTION FY1314	YTD SPENT May 12, 2014	PROPOSED BUDGET FY1415
570300 MISCELLANEOUS					
570300 SF005 TS FLOOR REPAIR					
570300 SF023 TUNNEL DRIVEWAY PAVING AND SCALE					
570300 SF026 TRUCK SHOP-REPLACE 2 AIR COMPRESSORS					
570300 SF028 TRUCK WASH BUILDING--ROOF REPAIR					
570300 SF031 FRONTAGE LANDSCAPING					
570300 SF032 ADMIN BLDG IMPROVE/REPAIRS					
570300 SF039 MAINTENANCE BUILDING RELAMPING					
570300 SF041 SBR MAINTENANCE BAY					
570300 SF042 MRF Equipment repair budget	33,092	-		8,290	
570300 SF043 Solar engineering, install					
570300 SF044 Tipping floor resurfacing		150,000	150,000	150,000	200,000
570300 SF045 Site paving repairs and restriping	8,300				
570300 SF046 Outside lighting construction					
570300 SF047 Site Signage		40,000	40,000	0	40,000
570300 SF048 New K-Rail at TS					
570300 SF049 Truck shop building maintenance		25,000	20,000	0	20,000
570300 SF050 TS building maintenance	31,829	25,000	20,000	0	20,000
570300 SF051 MRF building maintenance		25,000	25,000	23,766	25,000
570300 SF052 Admin building maintenance	12,515	40,000	40,000	22,540	40,000
570300 SF053 Site maintenance	40,000	25,000	25,000	0	25,000
570300 SF054 Onsite parking development					
570300 SF055 Fire suppression		140,000	60,000	17,499	
570300 SF056 Repairs to landfill tipper		80,000	70,000		
570300 SF057 Recycled Water Supply Connection					
570300 SF058 Truck Wash System Replacement	19,540				
570300 SF059 Facility Capital Repair Projects	12,156				
570300 SF060 Education Center Exhibits		20,000	15,000		15,000
new MRF Tip area Canopy (Proposed)					450,000
new Electric charging station					20,000
SUBTOTAL CAPITAL PROJECTS	157,432	570,000	465,000	222,095	855,000

RethinkWaste FY1415 Proposed Program Budget

ADMINISTRATION

FY1314 Budget: \$1,639,850

FY1415 Budget: \$1,762,475

SBWMA Staff Resources: Kevin McCarthy, Executive Director; Marshall Moran, Finance Manager; and Cyndi Urman, Board Secretary/Office Manager.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 1.7 FTEs = 0.90 (Office Manager/Board Secretary), 0.45 (Finance Manager), and 0.35 (Executive Director).

Description: Provides for overall administrative operations of the agency, including: personnel administration, budget development, financial projections, expense payment processing, fiscal management, Board of Directors administration, customer service, risk management, records retention, and information technology. Budget for these functions is captured under “Administrative Expenses.”

FY1415 Key Projects/Activities

Budget and Financial Analysis

- Review the FY1415 budget to identify budget variances and plan for a mid-year adjustment if needed.
- Prepare the FY1516 budget for Board review and approval.
- Prepare two calendar year financial projections to support Shoreway tip fee assumptions and to “test” bond covenant requirements.
- Review existing tipping fees and develop recommended 2015 tipping fee adjustments if needed.
- Develop a recommendation for Board consideration on how to use unspent Shoreway remediation project Settlement funds.

NEW PROJECT

- Benchmark all aspects of the operation (i.e., programs and services under the direct control of the SBWMA such as items in the adopted budget), identifying opportunities to reduce costs, improve service, and eliminate potential duplication of service at both the SBWMA and member agency levels. ***NEW PROJECT***

Accounting and Fiscal Management

- Complete FY1314 financial audit and 2014 calendar year financial statements for bond reporting.
- Maximize use of competitive bidding for technical consulting services particularly for scopes of work exceeding \$50,000.
- Meet bond covenants and reporting requirements as specified in the Indenture to ensure compliance including the two debt coverage ratios.
- Monitor South Bay Recycling (SBR) monthly reporting (per Operations Agreement) of tonnage and review their monthly invoice for accuracy and tie all payments to source data.
- Manage monthly cash transfers to/from SBR (per Operations Agreement) for commodity revenue, public revenue, and payments for operations. Review and verify SBR’s detailed monthly calculation of commodity revenue.
- Manage monthly billing to and payment from Recology for disposal at Shoreway as prescribed in the Member Agency franchise agreements.
- Ensure all procedures are followed and receipts and payments to vendors are supported by proper documentation and made on timely basis such that cash flow is optimized.

RethinkWaste FY1415 Proposed Program Budget

Administration Continued

- Review the Quarterly Investment Report to the Board prepared by the City of San Carlos.
- Renew general insurance policies (property, general liability, EIL, D&O, etc.) and ensure proper coverage is maintained.

Human Resources

- Manage the payroll and benefits administration, including managing the annual renewal of employee benefit plans to ensure cost effective and competitive plans.
- Make timely payments to vendors for payroll, retirement plan, and HSA plan.
- Monitor payroll process and ensure timely and accurate payment to employees.

Board of Directors Administration

- Maintain the Board of Directors webpage to ensure accurate and up to date information is available.
- Update as needed the website's Board Member portal feature to house information of interest.
- Maintain accurate and up-to-date records for the SBWMA, including Board meeting minutes, resolutions, ordinances and contracts.
- Update as necessary the Board of Directors JPA and Contracts Resources Binder.
- Deliver Board Packets to the Board of Directors accurately and on time.
- Manage to compliance with record retention and other Board adopted policies.
- Meet with Board Members, particularly any new Board Members, to address questions and concerns and any unique Member Agency needs.
- Respond to Board Members, and Member Agency staff communications in a timely, professional and accurate manner.

Customer Service

- Provide high quality customer service to members of the public that contact the SBWMA, including providing helpful, accurate and timely information.

RethinkWaste FY1415 Proposed Program Budget

CONTRACT COMPLIANCE AND SUPPORT

FY1314 Budget: \$300,600

FY1415 Budget: \$257,400

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; Marshall Moran, Finance Manager; Monica Devincenzi, Recycling Outreach and Sustainability Manager; and Hilary Gans, Facility Operations and Contracts Manager.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 1.32 FTEs = 0.60 (Recycling Programs Manager), 0.30 (Finance Manager), 0.30 (Executive Director), 0.10 (Recycling Outreach and Sustainability Manager), and .02 (Office Manager/Board Secretary).

Description: Staff services provided in this area includes:

- Continued oversight and contract administration support for the twelve collection services franchise agreements with Recology , including follow-up work on audit findings and financial auditing.
- Continued oversight of SBR's operations per the Shoreway Operations Agreement (see "**Shoreway Operations**" budget worksheet).
- Management of the annual Member Agency rate review process, including review of the 2015 Recology and SBR compensation applications, and completion of the SBWMA final reports reviewing the Recology and SBR compensation applications and consolidated rate report for 2015. Initiate audit work and review of operational data included in the 2015 compensation applications.

FY1415 Key Projects/Activities

Contract Administration

- Review 2014 Annual Report from Recology required per the Member Agency franchise agreements.
- Hire contractor to conduct 2014 rate (calendar) year audit of collection services and facility operations reports, tonnage data and customer service systems. This project is conducted annually due to the fiscal impact associated of self-reported information contained in the company's annual reports and compliance with related performance standards. Implement 2013 rate year audit findings as appropriate.
- Hire contractor to conduct 2014 rate year audit of financial systems (includes Recology's revenue reconciliation) of both contractors to verify financial risks to SBWMA and its Member Agencies. This project is conducted annually due to the fiscal impact of data included in reports submitted by the companies and since significant ongoing financial transactions are conducted between the companies.
- Implement 2013 audit findings as appropriate and follow up with Recology to ensure progress on implementing audit recommendations.
- Prepare 2015 Annual Public Education Plan for franchised collection services and related outreach support, including management of all collateral development and support for tailoring collateral for Member Agencies as appropriate per the franchise agreements. The Plan will be presented to the Board for review and approval at October 2014 Board meeting.
- Complete two semi-annual load contamination monitoring events as required in the Member Agency's franchise agreements with Recology. Per the Member Agency's franchise agreements and because the SBWMA manages the Shoreway facility, the SBWMA is tasked with overseeing various aspects of ensuring that recycle and compost materials contamination is kept low and therefore commodity revenue is maximized.

RethinkWaste FY1415 Proposed Program Budget

Contract Compliance and Support Continued

- Hire a contractor to conduct Recology customer service call center monitoring and evaluation of compliance per the Member Agency's franchise agreements. This project is conducted annually due to the fiscal impact associated with compliance of performance standards related to the operation of the customer service call center.
- Select and negotiate a final scope of work for technical consultant(s) to review Recology's collection services operations to identify their actual costs of operations and make recommendations as appropriate for future operational and program improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational review work will be completed in FY1516.

NEW PROJECT

- Select and negotiate a final scope of work for technical consultant(s) to review SBR's operations and management of Shoreway to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational review work will be completed in FY1516. **NEW PROJECT**
- Provide prompt responses to questions/issues/complaints that are raised by the public and Member Agencies regarding their franchise agreements and the services provided by Recology. The RethinkWaste phone number is publicized and staff frequently responds to requests from the public.
- Provide prompt responses to questions/issues/complaints that are raised by the public and Member Agencies regarding their experiences using the Shoreway facility and the services provided by SBR.
- Develop a Member Agency snapshot report for 2014 and make presentations to Member Agency governing bodies upon request. This snapshot report has been well received by the Member Agencies in prior years and staff shall continue to consolidate the key operational and programmatic metrics of the services provided and be available to present this information in public meetings upon request.

Rate Review, Analysis and Projections

- Complete SBWMA final rate reports providing a review of the Recology and SBR compensation applications for the 2015 rate year per the Member Agency's franchise agreements and Operations Agreement, respectively. Per the franchise agreements with Recology and the Operations Agreement with SBR, the SBWMA is tasked with consolidating the pertinent data required to project the revenue requirement needed for the subsequent rate year which directly relates to the rates that need to be charged by each Member Agency.
- Continue to provide direction and support Recology with making changes or improvements to their Annual Compensation Application Report. Staff will make efforts to continuously improve this key application report submitted by Recology each year.
- Analyze the very detailed cost adjustments in the Compensation Applications from Recology and SBR. Verify the companies follow the prescribed contractual requirements and approved compensation methodology per the franchise agreements and Operations Agreement, respectively. Conduct a detailed review of any Recology special issues if needed.
- Prepare financial analysis for projected revenue and total collection costs, residual cost impact from prior year, and include pass-through costs (disposal and agency fees) to determine total rate adjustment for each Member Agency per the franchise agreement(s).
- Prepare a variance analysis of 2015 total collection cost vs. 2014 cost by detailed cost categories by Member Agency to aid in understanding collection cost changes. Per feedback from our Member Agencies, this useful variance analysis is prepared annually to assist decision makers with analyzing and recommending rate increases.

RethinkWaste FY1415 Proposed Program Budget

Contract Compliance and Support Continued

- Provide ongoing rate analysis support and projections of 2015 rate impacts associated with changes to any assumptions.
- Update 5-year collection cost projection by agency for collection cost components: Recology cost, disposal expense and agency fees.
- Support Member Agencies with analysis of rate issues and attend rate hearings or rate related meetings as requested.
- Review Recology's Revenue Reconciliation Report; develop outside audit of financial risks including SBR's payments to SBWMA. The financial information provided in the Recology Revenue Reconciliation Report is self-reported and is a key component in determining the subsequent revenue requirement needed to establish rates for Recology's annual compensation increase.

NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.

<u>Budget Expense Category</u>	<u>Description of Program for FY1415</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-Year</u>	<u>FY1415 Proposed</u>
Contract Compliance and Support – Consultant Support		\$300,600	\$248,600	
Rate Review and Support	• Rate analysis and support for Member Agencies, including outside support for accounting temporary worker.	\$53,000	\$30,000	\$40,000
Facility Improvement Oversight	• Preparation of a preliminary Disaster Management Plan related to the Shoreway facility operations. The SBWMA does not currently have a Disaster Management Plan.	\$30,000	\$30,000	\$30,000
Contract Management Support	• Conduct annual financial audit of Recology. This audit reviews the distribution of franchise and other fees to Member Agencies, annual revenue reconciliation and other aspects of financial related reporting and franchise agreement compliance.	\$67,600	\$68,600	\$66,400

RethinkWaste FY1415 Proposed Program Budget

Collection Services Franchise Administration	<ul style="list-style-type: none"> • SBWMA is required per the franchise agreements to support Member Agencies with contract compliance issues, including monitoring and auditing the companies reporting, systems and customer service functions and ensuring compliance with any previous audit findings and recommendations (\$60,000); and, conducting customer service call center monitoring to test customer service data self-reported by the company which pertains to calculation of performance incentives/disincentives and liquidated damages (\$15,000). • Complete a competitive procurement process to select a consultant(s) and negotiate a final scope of work for an operational and cost assessment of Recology's collection services operations. • Complete a competitive procurement process to select a consultant(s) and negotiate a final scope of work for an operational assessment of SBR's Shoreway operations. 	\$100,000	\$95,000	\$75,000
Bi-Annual Contamination Monitoring	<ul style="list-style-type: none"> • Twice per year contamination monitoring per Article 6.02 of the franchise agreements to determine the contamination level of various material categories (e.g., single family targeted recyclable materials, etc.) 	\$50,000	\$25,000	\$46,000
Contract Negotiations/Legal Review	TBD	\$0	\$0	\$0

RethinkWaste FY1415 Proposed Program Budget

RECYCLING OUTREACH AND PROGRAMS – AB 939 AND AB 341 COMPLIANCE

FY1314 Budget: \$858,500

FY1415 Budget: \$881,500

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach and Sustainability Manager.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 1.22 FTEs = 0.8 (Recycling Outreach and Sustainability Manager), 0.25 (Recycling Program Manager), 0.15 (Executive Director), and 0.02 (Office Manager/Board Secretary).

Description: Staff services provided in this area to ensure compliance with state-mandated waste reduction, recycling and reporting requirements per the California Integrated Waste Management Act of 1989 (Assembly Bill (AB) 939) and the more recent legislation pertaining to mandatory commercial recycling (AB 341) 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 any Recology San Mateo County (Recology) services under the 12 collection services franchise agreements with the Member Agencies.
- Prepare and submit the State mandated CalRecycle Annual Reports required per AB 939 on behalf of ten participating Member Agencies.

FY1415 Key Projects/Activities

Public Education and Outreach

- Develop, implement and manage ongoing AB 341 outreach activities, including producing and disseminating brochures, inserts and letters of non-compliance for Member Agency and Recology use. The State's AB 341 requires all public agencies to implement public education efforts to encourage businesses to comply with this mandatory commercial recycling law and the SBWMA can most effectively manage this effort on behalf of all Member Agencies.
- Develop, submit and manage the 2015 Annual Public Education Plan (per the Member Agency's franchise agreements) in coordination with Recology and the Ad Hoc Public Education Subcommittee, including an evaluation of the most cost-effective ongoing outreach activities and tools. Recology was originally tasked with developing this plan in the Member Agencies franchise agreements; however, per the negotiated contractual improvements the Recology Public Education Manager position was eliminated resulting in significant cost savings and responsibility for development and preparation of this critical Plan was transferred to the SBWMA.
- Investigate public funding (e.g., grants, and public-private or public-public partnerships, as applicable) opportunities for outreach programs and activities. **NEW PROJECT**
- Promote residential collection services (per the franchise agreements) through three *rethinker* newsletters, five bill inserts and presentations at community groups, organizations and events in collaboration with Recology.
- Continue to develop and implement outreach strategies to increase participation and customer knowledge of CartSMART and BizSMART franchised collection services, including tailoring programs to meet specific community needs.
- Continue to develop and implement outreach strategies to increase participation and customer knowledge of the Door-to-Door HHW Collection program for participating agencies. This very popular program provides an easy and convenient means for residents to have

RethinkWaste FY1415 Proposed Program Budget

Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued

HHW and Universal Waste collected directly from their homes without the need to transport it themselves.

- Measure the effectiveness of ongoing outreach tools and determine if modifications or improvements are needed or if different tools are required. **NEW PROJECT**
- Expand residential home diversion calculator program to increase residential diversion and participation. This program allows residents to more intuitively understand the results of their recycling efforts and is conducive for further fostering critical behavior change regarding waste diversion. **NEW PROJECT**
- Continue to promote and expand use of the “my waste” mobile app by residents to request services, get additional program information and other related items. This mobile app provides a convenient tool for our customers to interface with their service provider and enables for seamless and convenient information gathering and requests for service.
- Conduct the annual BizSMART@Work Awards program to recognize businesses and multi-family complexes for their 2014 diversion efforts.
- Provide outreach and other support to Member Agencies for compost giveaways and shred/e-scrap recycling events per the franchise agreements with Recology.

Recycling (Diversification Programs)

- Implement the SBWMA-wide commercial recycling haulers Reporting System ordinance and outreach strategy to begin collecting diversion data in 2015 that is currently unavailable. Significant commercial recycling activity is carried out by the private sector; however, the SBWMA does not have data on these activities. The only commercial recycling data available is provided by Recology per the franchise agreements. In order to plan for future potential expanded diversion efforts as required by State mandate, the SBWMA needs to develop a true picture of commercial recycling activities conducted by both independent recycling haulers and Recology. Such data is needed for future program planning purposes and not for AB 939 compliance. This ordinance will be pursued if adequate data cannot be obtained voluntarily from commercial recycling haulers.
- Evaluate a pilot code enforcement effort to support Member Agency’s with enforcement of their anti-scavenging ordinances. Scavenging of recyclable materials from both the commercial and residential sectors has various societal and economic impacts and staff’s focus in assisting with implementing anti-scavenging efforts is to increase the revenue generated from the sale of recyclables collected by Recology and processed by SBR at Shoreway. **NEW PROJECT**
- Implement recommendations from the Public Space Recycling project feasibility report. This project is focused on increasing the opportunity for the public to conveniently and cost-effectively recycle in public spaces (e.g., parks). **NEW PROJECT**
- Evaluate best management practices identified at the April 2014 Commercial Recycling Workshop and implement as applicable. **NEW PROJECT**
- Continue to develop and implement cost-effective, ongoing outreach strategies and additional multi-family outreach materials in coordination with Recology and the Adhoc Public Education Subcommittee.
- Manage the Audit of Recology’s 2014 Annual Report regarding the company’s performance and compliance. The data in this report is self-reported by Recology and it impacts various fiscal implications and the measurement of performance standards associated with

RethinkWaste FY1415 Proposed Program Budget

Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued

fiscal impacts, thus annually auditing this report is part of the due diligence of effective contract administration.

Long Range Plan

- Develop a long-term strategic plan (i.e., 10-year scope to include all major elements of the operation, including collection and processing, and related elements of compliance, contracts/contract renewal strategies, public education, finance, capital improvement (CIP), technologies, etc.) to address solutions for cost effective waste reduction and recycling programs and services and facility infrastructure. **NEW PROJECT**
- Completion of conceptual designs for a Shoreway transfer station processing system to recover organics materials and other recyclables. **NEW PROJECT**
- Analysis of options and costs to upgrade the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection services and transfer fleet fuel needs. **NEW PROJECT**

NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.

<u>Budget Expense Category</u>	<u>Description of Program for FY1415</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-Year</u>	<u>FY1415 Proposed</u>
Recycling Outreach and Programs – AB 939 and AB 341 Compliance		\$858,500	\$815,500	
CIWMB (CalRecycle) Annual Report	<ul style="list-style-type: none"> • SBWMA annually provides the necessary research and data compilation to draft and submit the State mandated Electronic Annual Reports for ten Member Agencies to comply with the requirements of AB 939 (\$25,000). 	\$25,000	\$25,000	\$25,000
SBWMA Annual Report	<ul style="list-style-type: none"> • This annual report provides a snapshot of the key metrics and milestones for the prior year. This budget expense covers design and production costs of this report (\$5,000). 	\$5,000	\$5,000	\$5,000
Diversion Program Support	<ul style="list-style-type: none"> • Develop model Anti-Scavenging Program enforcement effort through creation of a pilot code enforcement program per prior direction from the Board (\$25,000). • Implementing recommendations from the public spaces recycling program feasibility project to ensure the public is provided an opportunity to recycle at parks and other public spaces (\$35,000). 	\$60,000	\$55,000	\$60,000
Event Giveaways	<ul style="list-style-type: none"> • Promote the various programs and services at Member Agency community events, primarily held in the spring and summer and include educational and promotional items as giveaways. 	\$1,500	\$1,500	\$1,500

RethinkWaste FY1415 Proposed Program Budget

<p>Long Range Plan Alternatives</p>	<ul style="list-style-type: none"> • Staff is undertaking development of a Long Range Plan to assist the Member Agencies with exploring and scoping policies and programs to enhance our existing collection and processing system in a cost effective manner. The Plan will also evaluate any needed Shoreway facility infrastructure improvements. A breakout of projected expenditures are: \$45,000 for the organics recovery study (SVCW MOU) including technology analysis, and operational pilot and testing; \$7,500 for Phase 2 visioning workshop; \$20,000 for Phase 2 consultant support to analyze current program results and whether enhancements are needed; \$100,000 for Phase 3 consultant support for analyzing collection and outreach program options; and \$60,000 for Phase 3 consultant support for analyzing facility infrastructure and processing improvements (e.g., building seismic assessment, fuel options, MRF, etc.). 	<p>\$80,000</p>	<p>\$80,000</p>	<p>\$232,500</p>
<p>Large Event/Venue Consulting</p>	<ul style="list-style-type: none"> • Due to event organizers preferring carts for events in lieu of ClearStream Containers, the two RethinkWastes' venue and events trailers are rarely used. Staff is in the process of repurposing one trailer for collection of niche/reusable items at events. Staff is also considering repurposing the second trailer as a mobile education trailer to be used at community events. Will be exploring grant funding opportunities. 	<p>\$5,000</p>	<p>\$5,000</p>	<p>\$7,500</p>
<p>Large Event/Venue Recycling Services</p>	<ul style="list-style-type: none"> • Use of trailers limited compared to prior years – expense not anticipated (\$0). 	<p>\$0</p>	<p>\$0</p>	<p>\$0</p>
<p>Climate Change Reporting and Policy Options</p>	<ul style="list-style-type: none"> • Staff reports GHG emissions for the SBWMA office and Shoreway Environmental Center, and is assisting with SBR's annual reporting framework, both through The Climate Registry (\$23,000). 	<p>\$15,000</p>	<p>\$23,000</p>	<p>\$23,000</p>

RethinkWaste FY1415 Proposed Program Budget

<p>Commercial Recycling Technical Assistance</p>	<ul style="list-style-type: none"> • Develop and implement a Reporting System for Recycling Haulers, which will include stakeholder engagement and public outreach component to stakeholders, including chambers, grocery stores, recycler companies, and the Member Agencies (\$25,000). • Website upgrade for online reporting of commercial recycling data (\$15,000). • To comply with the AB 341 mandatory commercial recycling mandate, staff is charged with outreach and education to the commercial/MFD sector and directly making presentations and hosting workshops at Multi-Family Dwelling HOA's and Chambers of Commerce (\$15,000). • Conduct the annual Business Awards Program recognizing businesses for their 2014 diversion efforts (\$10,000). • Develop a commercial Toolkit in collaboration with Recology that includes sector specific outreach materials (e.g., messaging specific for restaurants, offices, etc.) (\$20,000). Prior to rollout of Toolkit, Staff to collaborate with Recology on developing plan to assess its effectiveness. 	<p>\$140,000</p>	<p>\$120,000</p>	<p>\$85,000</p>
<p>Purchase Commercial/MFD Containers for Recology</p>	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to purchase various products to facilitate diversion at commercial and multi-family dwelling customers. Specifically, this expense will cover the annual purchase of Slim Jims, desk-side recycling containers and Buddy Bags that the company will distribute to businesses and multi-family customers throughout the SBWMA service area (\$20,000). Another \$20,000 is assumed for purchase of containers for municipal buildings such as city hall complexes. Finally, another \$20,000 is for downtown areas and other public spaces. 	<p>\$40,000</p>	<p>\$40,000</p>	<p>\$60,000</p>
<p>C&D Recycling Program</p>	<ul style="list-style-type: none"> • Develop an SBWMA list of certified C&D processors based on physical audits conducted by other jurisdictions and provide permit counter and related assistance to increase C&D recycling to Member Agencies upon request. 	<p>\$10,000</p>	<p>\$10,000</p>	<p>\$0</p>

RethinkWaste FY1415 Proposed Program Budget

Multi-Family Outreach	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to provide outreach materials in the form of the toolkit. The toolkit includes posters, brochures and flyers on programs and service, move-in/move-out guides and a property manager guide. Staff will continue to update the existing toolkit materials and develop cost-effective strategies and additional materials as needed in collaboration with Recology (\$30,000). Staff to collaborate with Recology on developing plan to assess the toolkit's effectiveness. • Promote subscriptions to Recology MFD batteries/cell phones collection service through targeted outreach pieces and strategies (\$10,000). • Conduct the annual Multi-Family Awards Program recognizing multi-family complexes for their 2014 diversion efforts (\$10,000). 	\$100,000	\$90,000	\$50,000
Rethinker Newsletter Design/ Set-up	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to develop the <i>rethinker</i> newsletter for SFD and MFD residents. Previously this was a quarterly newsletter, however, per the Board approved FY1314 budget, it is now published 3 times per year. Development of the newsletter content and layout (\$15,000). 	\$10,000	\$10,000	\$15,000
Rethinker Newsletter Printing/Mailing	<ul style="list-style-type: none"> • SBWMA is required per the Franchise Agreements with Recology to develop and issue the <i>rethinker</i> newsletter to single family and multi-family residents. Previously this was a quarterly newsletter, however, per the Board approved FY1314 budget, it is now published 3 times per year. This is for printing and mailing/insertion of the 3 issues (\$95,000). Staff has assumed two are direct mailed and one is inserted into the garbage bill. <p>Staff will continue to promote sign-ups for the electronic version to reduce costs.</p>	\$110,000	\$110,000	\$95,000

RethinkWaste FY1415 Proposed Program Budget

Residential Outreach Programs	<ul style="list-style-type: none"> • SBWMA is responsible for all outreach and education efforts, including ongoing outreach support/maintenance for existing programs through brochures, posters, flyers and new opportunities such as signs on Recology collection vehicles, and addressing niche issues including illegal dumping, storm water trash, anti-scavenging (\$70,000). • Develop the annual residential Service Notice per the Franchise Agreements with Recology that will provide key program and services related information (\$12,000). • RethinkWaste website and social media (FB, Twitter, You Tube) outreach, includes maintenance and updates to keep current and relevant (\$15,000). • Phase 2 of the Home Diversion Calculator to promote and recognize households with high diversion (\$15,000) promotion, incentives, maintenance of calculator. • Mobile Phone App annual fee for RethinkWaste and all Member Agencies, to continue making it more convenient for tech-savvy customers to have access to program information and make service requests/report issues (\$23,000). 	\$165,000	\$160,000	\$135,000
Compost Giveaway	<ul style="list-style-type: none"> • SBWMA is responsible for assisting Member Agencies with promotion of compost giveaway events (\$1,000). 	\$1,000	\$1,000	\$1,000
HHW Door-to-Door Collection Outreach	<ul style="list-style-type: none"> • Continue ongoing “rolling” public education/marketing campaign to further promote these services to participating Member Agencies. Promotional activities will include direct mail, outdoor and print advertising, social media, etc. (\$80,000). <i>This budget includes \$25,000 for rollout of the program to residents in Atherton and Redwood City.</i> • Additionally, staff is discussing with the company the possibility of providing the service to Member Agency facilities if the program can be negotiated in a cost effective manner staff will promote and manage this enhanced service (included above). 	\$85,000	\$75,000	\$80,000

RethinkWaste FY1415 Proposed Program Budget

<u>Budget Expense Category</u>	<u>Description of Program for FY1415</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-Year</u>	<u>FY1415 Proposed</u>
Curbside Household Battery Outreach	<ul style="list-style-type: none"> Continue to promote the curbside recycling of household batteries and cell phones collection service provided by Recology as this is one of the programs requiring additional awareness per the results of the 2012 Customer Satisfaction Survey (\$5,000). 	\$5,000	\$4,000	\$5,000
Electronics Collection Events	<ul style="list-style-type: none"> SBWMA is responsible for assisting Member Agencies with promotion of the E-scrap and shred events (\$1,000). 	\$1,000	\$1,000	\$1,000
SBWMA Program Budget (exclusive of Administrative Expenses)		\$1,159,100	\$1,064,100	\$1,138,900

RethinkWaste FY1415 Proposed Program Budget

COLLECTION OPERATIONS (curbside cell phone/battery collection and door-to-door HHW program only)

FY1314 Budget: \$497,000

FY1415 Budget: \$521,500

SBWMA Staff Resources: Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach Manager

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 0.29 FTEs = 0.15 (Recycling Program Manager), 0.10 (Recycling Outreach and Sustainability Manager), and 0.04 (Office Manager/Board Secretary).

Description: Staff services provided in this area is to ensure compliance with state-mandated Universal Waste recycling and disposal regulations through administration of the Door-to-Door Household Hazardous Waste (HHW) collection services with WM Curbside LLC and oversight of the household batteries and cell phone collection services provided by Recology.

FY1415 Key Projects/Activities (outreach projects listed below are included in the Recycling – AB 939 and AB 341 Compliance category of our SBWMA program budget)

- Implement additional public education and outreach to the currently participating ten Member Agencies to increase collection of HHW through the Door-to-Door HHW collection program.
- Provide program roll-out public education and outreach to any Member Agency that begins participating in the program.
- Negotiate a potential contract extension with WM Curbside LLC as the current contract expires on December 31, 2014; however, the SBWMA has the option to extend this contract for two consecutive years. **NEW PROJECT**
- Continue discussions with management at WM Curbside LLC to expand the HHW collection services to Member Agency facilities such as corporation yards and begin managing this new service. **NEW PROJECT**
- Continue and expand public education and outreach to increase participation in Recology’s franchised recycling collection services with specific emphasis on increasing the collection of cell phones and batteries from the Multi-Family Dwelling sector which includes approximately 3,800 customers and 41,000 residential living units.
- Prepare an updated staff report to the Board on future HHW and Universal Waste recycling and disposal opportunities.

NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.

<u>Budget Expense Category</u>	<u>Description of Program for FY1415</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-Year</u>	<u>FY1415 Proposed</u>
Collection Operations		\$497,000	\$497,000	\$521,500
HHW Door To Door Collection Services	<ul style="list-style-type: none"> • Disposal and processing expenses paid by RethinkWaste to WM Curbside LLC for operating the Door-to-Door Household Hazardous Waste Collection Services for 10 Member Agencies (Redwood City and Atherton currently don’t participate). 	\$497,000	\$497,000	\$521,500
Curbside Household Battery Recycling Services	<ul style="list-style-type: none"> • Expense paid by Shoreway facility operator, SBR, and included in Shoreway Disposal and Processing Costs line item. 	\$0	\$0	\$0

RethinkWaste FY1415 Proposed Budget Items

SHOREWAY OPERATIONS

FY1314 Budget: \$35,427,100

FY1415 Budget: \$36,116,100

SBWMA Staff Resources: Hilary Gans, Facility Operations and Contracts Manager; Marshall Moran, Finance Manager; Faustina Mututa, Environmental Education Coordinator; and Heather Co, Environmental Education Associate.

Approximate FTEs (reflects estimated allocation of staff resources to this program area): 3.27 FTEs = 1.0 (Facility Manager), 1.8 (Environmental Education staff), 0.25 (Finance Manager), 0.20 (Executive Director) and 0.02 (Office Manager/Board Secretary).

Description: This includes SBWMA staff directed activities regarding Shoreway operations including: oversight of SBR operations per the Operations Agreement, including contract compliance and review and payment of SBR invoices; Shoreway facility capital repairs and maintenance; education center operations, exclusive of staff wages and benefits which are included in the Administration portion of the SBWMA program budget; management of disposal and processing contracts, including review and payment of invoices; facility insurance; and billing Recology for tons delivered to Shoreway.

FY1415 Key Projects/Activities

Contract Administration

- Continued operational oversight and contract compliance of Materials Recovery Facility (MRF), transfer station, and transportation operations performed by SBR to meet or exceed contractual standards and financial and environmental goals.
- Ongoing management of third party recycling and disposal contracts for solid waste, organics, and construction and demolition (C&D) debris.
- Manage organics processing contracts for residential and commercial organics to meet operational, financial and environmental requirements. This includes managing the extension of our two current agreements or managing a process for selection of new vendor(s).
- Continue to identify and pursue new third party tonnage opportunities to generate net income to help lower our Shoreway operating costs.
- Benchmark the costs of providing services through Shoreway and through offsite materials processors and identify opportunities to reduce cost. **NEW PROJECT**
- Select and negotiate a final scope of work for consultant(s) to review SBR's operations to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational work will be completed in FY1516. **NEW PROJECT**

Management of Facility Infrastructure and Improvements

- Ongoing management of Shoreway Facility capital and maintenance projects at or below budget.
- Completion of conceptual designs for a Shoreway transfer station processing system to recover organics materials and other recyclables. **NEW PROJECT**
- Manage a capital project at Shoreway to expand the covered tipping (unloading) area for recyclables delivered by franchised collection vehicles and third party sources. This capital project is contingent upon Board approval of a revised MOU between the SBWMA and SBR for the processing of additional third party tons. **NEW PROJECT**
- Analysis of upgrade options and cost for the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection and transfer fleet fuel needs. **NEW PROJECT**

Shoreway Operations Continued

- Complete a sign plan identifying recommended improvements onsite to enhance customer service, safety and operational results. **NEW PROJECT**
- Manage Shoreway’s ongoing ground water remediation and testing project (budget of \$1.5 M) toward the goal of receiving San Mateo County closure approval in 2014.
- Complete a Disaster and Emergency Management Plan for the Shoreway operations. **NEW PROJECT**
- Develop and implement a dust mitigation plan for the Shoreway MRF. **NEW PROJECT**

Tour Program

- Conduct the Shoreway school and public tours program, including developing new partnership opportunities to support the program, and to meet goals for increased number of visitors. The goal is to increase total tour visitors by 10% over prior year totals.
- Introduce 2nd monthly public tour starting fall of 2014, and if feasible, a Saturday public tour. **NEW PROJECT**
- Conduct onsite events and activities that increase community awareness of the waste reduction, recycling and composting programs in the service area and also further the resource conservation message of our Environmental Education program. Events and activities include the following: “Night at Shoreway” two time per year; “Recycled Art” Contest, Tile-art project and installation of tiles at MRF, School compost donation program, Schools “Mini-Grants” program, “Earth Day” community event at Shoreway, “America Recycles Day” event at Shoreway **(NEW)**, and “Fix-it Clinic” pilot event at Shoreway. Pilot activities for “Community Youth Environmental Activities” (CYEA) program if staffing is available.
- Investigate public funding (e.g., grants, and public-private or public-public partnerships, as applicable) opportunities as applicable for the tour program. **NEW PROJECT**
- Maintain the Shoreway environmental education area and manage the Installation of a new exhibit to highlight energy and green features of the Shoreway facility operations. **NEW PROJECT**

<u>Budget Expense Category</u>	<u>Description of Program for FY1415</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-Year</u>	<u>FY1415 Proposed</u>
Shoreway Operations		\$30,951,800	\$31,596,400	\$31,683,800
Operator Compensation	<ul style="list-style-type: none"> • Contractually required payments (per ton and/or per ton mile rates) by SBWMA to SBR to operate the MRF and Public Recycling Center, scale house and Transfer Station, and transport materials for disposal and processing. 	\$16,274,400	\$16,810,800	\$17,061,200
Disposal and Processing Costs	<ul style="list-style-type: none"> • Tipping fees paid by SBWMA to third party vendors (under contract w/ RethinkWaste) for disposal (Republic Services Ox Mountain landfill), and processing (Zanker Road for C&D, Recology Grover for composting, and Republic Services Newby Island for composting). All such contracts include per ton rates subject to annual CPI adjustments. 	\$14,238,500	\$14,283,800	\$14,072,800

Insurance Shoreway	<ul style="list-style-type: none"> Annual insurance premiums paid by SBWMA for Shoreway property and liability insurance, excluding Director's and Officer's insurance which is shown in a line item under Administrative expense. 	\$204,200	\$208,100	\$213,400
Shoreway Facility Cost	<ul style="list-style-type: none"> Non capital related expenses to maintain the 16-acre Shoreway Environmental Center, including nearly 300,000 square feet of building space and \$20 million in equipment owned by SBWMA. 	\$100,000	\$160,000	\$160,000
Education Center Operations	<ul style="list-style-type: none"> Non labor related expenses to manage Shoreway facility school and public visitor tour program. Includes \$30K for busing assistance within our service area, funds for Trash to Art Contest, annual Earth Day event and America Recycles day, compost donations to schools, safety equipment and supplies, and outreach materials. 	\$65,000	\$65,000	\$75,000
Maintenance – Ox Mountain Tipper	<ul style="list-style-type: none"> Non capital related expenses associated with maintaining a hydraulic tipper (used to unload transfer trailers at the landfill). The tipper is owned by SBWMA, but operated by Republic at their Ox Mtn. landfill. 	\$45,000	\$35,000	\$36,000
Shoreway MRF Equipment Maintenance >10k	<ul style="list-style-type: none"> Unplanned MRF equipment repairs greater than \$10k are the responsibility of JPA per the Operations Agreement with SBR. 	\$0	\$0	\$30,000
Taxes (sewer)	<ul style="list-style-type: none"> Sewer fees paid to the City of San Carlos. 	\$24,700	\$33,700	\$35,400
Shoreway Other		\$4,475,300	\$4,497,500	\$4,432,300
Debt Service Bond Interest	<ul style="list-style-type: none"> Annual interest payments on the 2009A Solid Waste Enterprise Revenue Bonds of \$53.5 million. 	\$2,944,400	\$2,944,400	\$2,885,500
Franchise Fee	<ul style="list-style-type: none"> 5% franchise fee paid by SBWMA to City of San Carlos for the Shoreway facility. The fee is collected on gate (tipping) fees, but not on commodity revenues. There is no floor or cap on 	\$1,530,900	\$1,553,100	\$1,546,800
TOTAL SHOREWAY OPERATIONS EXPENSE		\$35,427,100	\$36,093,900	\$36,116,100

Development of a Long Range Plan for the SBWMA

BACKGROUND

The South Bayside Waste Management Authority (SBWMA) is embarking on the development of a new Long Range Plan (“Plan”) for the next ten years to assist the Board of Director’s with future decision-making on enhancements to the existing solid waste, recycling, and organics collection and processing system for our service area of approximately 450,000 people in San Mateo County. The Joint Powers Authority’s (JPA) last Long Range Plan was drafted in 2002, then updated in 2005 and became the starting point for the development of the franchised collection programs and services rolled out in January 2011. A masterplan for the Shoreway Environmental Center was approved by the Board in April 2007 and was the basis for the \$46 million in capital improvements completed between the fall of 2009 and the spring of 2011.

With the rollout of new franchised collection services and completion of the Shoreway masterplan improvements in 2011, the SBWMA now has one of the highest regarded and most innovative collection and processing systems in place in the country. This system provides a solid foundation to build on to address any future diversion needs, changes in State laws and regulations, and new policy goals established by the Board of Directors.

Key features of the SBWMA existing collection and processing system include:

- A modern, flexible collection system for residents and businesses
- Highly efficient Materials Recovery Facility (MRF) processing infrastructure to support current and future processing needs
- Large transfer station with unused capacity for additional tons and space for new processing equipment
- Collection Services Franchise Agreements and Shoreway Operations Agreement with high performance standards, financial incentives and disincentives, an index-based compensation methodology to ensure cost stability, and shared requirements to minimize contamination levels in recycling and organics streams to maximize financial results
- Financial model with strong cost control features and incentives for maximizing commodity revenues
- A high performing, professional and accountable JPA organization with a lower cost overhead structure (i.e., the JPA is a non-PERS agency as compared to our Member Agencies) and highly experienced staff with strong working knowledge of the solid waste and recycling industry

When developing the Plan it is important to understand the critical factors that will influence or drive the JPA’s decision-making. For the SBWMA, some of these critical factors include:

- Decisions by Member Agencies in 2017 to extend or not the term of their existing Franchise Agreements with Recology, including determining the scope of work for the future collection services agreements
- Future decision by the JPA whether or not to extend the term of the Shoreway Operations Agreement with South Bay Recycling, including determining the scope of work for the future agreement
- Future expiration on December 31, 2019 of the Ox Mountain Disposal Agreement
- Future expiration of disposal and processing agreements for HHW, C&D processing and source separated organics (for composting) processing



- Assembly Bill (AB 341) with its 75% statewide recycling goal by 2020 and mandatory commercial recycling provisions
- Climate change laws and regulations that are influencing not only energy policy but solid waste policy
- Policy goal of greater rate stability and predictability

JPA'S CORE VALUES AND STRATEGIC PRIORITIES

The Plan will reflect the JPA's current core values and strategic priorities as adopted previously by the Board of Directors in March 2012, as detailed below.

SBWMA Core Values

- Implementing waste reduction, recycling and environmental education programs is paramount to achieving a greater resource conservation ethic and sustainable communities.
- Delivering high quality, and cost-effective resources and services for our customers, and contractors (i.e., vendors and service providers).
- Providing sound environmental policies and practices for our member agency communities.
- Conducting long-term planning for waste reduction and recycling programs and facility infrastructure is fundamental to achieving our mission.
- Facilitating excellent communication, collaboration and cooperation among all our stakeholders produces the best long-term results.

Our Strategic Priorities

- Provide day-to-day oversight, support, and management of service providers that collect, process, recycle and dispose of materials for the Member Agencies.
- Ensure contractors' and RethinkWaste programs are cost effective for the ratepayers.
- Provide day-to-day oversight of the Shoreway Environmental Center to meet financial, operational, and environmental goals.
- Meet or exceed environmental policies and regulations governing the collection and processing of recyclables and organics.
- Anticipate trends and implement innovative long-term solutions for waste reduction and recycling programs, facility infrastructure and disposal capacity.
- Monitor and assess contractor performance to ensure customer satisfaction and service delivery that meets or exceeds contractual requirements.
- Support RethinkWaste programs and policies through focused community outreach, education and promotion of rate payer value received.
- Manage the annual contractor compensation process to set contractor compensation and recommend Member Agency solid waste rate adjustments.
- Develop, implement and manage enhanced waste reduction and recycling services for Member Agencies (i.e., curbside HHW/universal waste/e-scrap collection services; seasonal community events such as e-scrap collection and shred events, compost giveaways, etc.; state grants; and other programs approved by the Board of Directors).

The Plan will be modified to address any Board changes to the above core values and strategic priorities noting that one of current strategic priorities is to "anticipate trends and implement innovative long-term solutions for waste reduction and recycling programs, facility infrastructure and disposal capacity."

PROPOSED PROJECT APPROACH

Staff is recommending the following approach for completion of the Plan. This approach is characterized by implementation of five key distinct phases, as follows:

- **Phase One** – staff develops and presents for Board consideration and approval policy goals and guiding principles that will drive the development of the Long Range Plan. These will be presented at the *July 24, 2014* Board meeting.
- **Phase Two** – staff completes an inventory of existing collection programs, processing infrastructure, public education and outreach efforts and policies and contracts; and identifies performance results and whether program and service enhancements are needed. This work will be completed in **July through October 2014**. A staff report providing a progress report on this work will be presented at the *November 20, 2014* Board meeting. Staff, with consultant support, will further research and expand upon the benchmarking data gathered as part of the FY1415 budget process and analysis of the current programs and services.

This phase will also include a one-day visioning workshop hosted by the SBWMA which will entail highlighting panels of speakers whose presentations will address the state of the state in waste reduction and recycling policies, programs, and facility infrastructure and technology. This workshop is tentatively scheduled **for late October or early November 2014**. Limited consultant support will be needed for workshop coordination.

- **Phase Three** – staff development of recommendations on potential programs and service alternatives, new or updated policies, and facility infrastructure with associated implementation timelines, preliminary cost estimates and estimated diversion goals as applicable. This work will be completed between **November 2014 and February 2015**. Extensive consultant support is needed for evaluating program and service alternatives, including helping validate cost and waste diversion estimates and the feasibility of pursuing various local policy options.
- **Phase Four** – completion of the Final Report detailing the Long Range Plan for review by the Board at the *March 2015* Board meeting. Preparing the Final Report, the Long Range Plan, the associated work plans and cost details for inclusion in the FY1516 budget for review by the Board will require consultant support.
- **Phase Five** – Board review and consideration of the Long Range Plan and approval of specific recommendations which will include detailed project work plans, including a public stakeholder engagement plan, and budget details to be included in the FY1516 Budget. This work will be completed between **April and June 2015**.

Staff updates will be provided to the Board during Phase Three and as noted in Phases Four and Five. Staff anticipates bringing proposed consultant contracts for Board consideration in October/November 2014.

Below is a listing of the proposed tasks associated with Phases Two, Three and Four of the Plan.

Collection Services

1. Review current collection programs and services.
 - Prepare a description of all franchised and non-franchised collection services provided and identify the service providers.
 - e.g., Recology, WM Curbside, eRecycling, Member Agencies, etc.
 - Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if program changes are needed. Programs to be evaluated using criteria previously identified with a primary emphasis on cost effectiveness, diversion potential and rate impact.
2. Develop final recommendations on program and service alternatives. Recommendations to be prioritized based on their cost effectiveness, level of waste diversion, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

Processing Services

3. Review current materials processing options.
 - Prepare a description of all existing material processing infrastructure (e.g., Shoreway Environmental Center, 3rd party disposal and processing facilities currently utilized, etc.)
 - Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if processing infrastructure changes are needed. This evaluation to include reviewing alternative technologies that are commercially viable and have the potential to significantly improve on existing performance results.
4. Develop final recommendations on material processing alternatives. Recommendations to be prioritized based on their cost effectiveness, how mission critical is the proposed infrastructure improvement, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

Public Education and Outreach

5. Review current public education and outreach programs and services.
 - Prepare a description of each existing program or service, including target audience and demographic, service sector and to what extent the program or service is an ongoing effort or a focused campaign.
 - Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if program changes or enhancements are required. This evaluation to include whether or not more cost effective strategies are available, and to the extent to which the program or service results can be readily measured.
6. Develop final recommendations on public outreach program and service alternatives. Recommendations to be prioritized based on their cost effectiveness, level of waste diversion, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

Policies, Contracts, and Governance

7. Identify state regulatory framework driving programs and services. How will existing and potential future state laws and regulation effect our collection and processing system?
 - AB939, AB32/AB341, AB1076, HHW/Universal Waste Laws and Regulations

8. Identify any local policies that may affect our collection and processing system.
9. Identify and evaluate all existing contracts (e.g., Franchise Agreements with Recology, Shoreway Operations Agreement with SBR, Ox Mountain Disposal Agreement with Republic Services, etc.) When will they expire? What changes may be needed in the current contracts or future related contracts? What is the most effective manner for the JPA to facilitate a review of the existing franchise agreements and future decisions whether to extend the term or not or make other changes?
10. Evaluate policy tools for enhancing existing diversion efforts (e.g., material disposal bans, Zero Waste Policy framework, etc.)
11. Evaluate the JPA model relative to whether any changes are needed to support future programmatic or policy goals.

Facilities and Infrastructure

12. Conduct an inventory of existing facilities and infrastructure.
 - Shoreway Environmental Center
 - Collection fleet parking and maintenance facilities
 - Transfer truck fleet parking and maintenance facilities
 - Fuel storage and distribution system
 - Administrative offices
 - Visitor parking
 - Education center
 - Other
 - Staff offices
13. Evaluate the extent to which any facility and infrastructure improvements are needed. Develop final recommendations on alternatives. Recommendations to be prioritized based on their cost effectiveness, how mission critical is the proposed infrastructure improvement, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

EVALUATION FRAMEWORK

Staff believes a critical first step in development of the Plan is for the Board to adopt specific policy guidance to drive the Plan, including guiding principles or criteria for evaluating programs and service alternatives, new or updated policies, and facility infrastructure. As previously noted, this will be discussed at the *July 24, 2014* Board meeting. In order to help facilitate this future discussion, staff has included in **Attachment A** some policy goals, guiding principles and/or evaluation criteria used by other public agencies in development of their Long Range Plans (called by others sometimes as a Zero Waste Plan, Master Plan, Recycling Plan, etc.)

Long Range Plans or Strategic Plans typically have a common feature of setting a diversion goal or target. The table below includes information on some of the communities that have adopted such targets. The SBWMA currently does not have a specific policy goal of achieving a stated diversion target. However, it should be noted that the State’s current goal is to reach 75% diversion throughout California by 2020. Staff recommends that the Board consider adopting a goal to mirror the State’s 75% diversion by 2020 in order to help focus the end goals of the Long Range Plan.

<u>Jurisdiction</u>	<u>Date Adopted</u>	<u>1st Target</u>	<u>2nd Target</u>
San Francisco	2002	75% by 2010	100% by 2020
Palo Alto	2005	73% by 2011	Zero Waste by 2021*
Oakland	2006	75% by 2010	90% by 2020
Livermore	2007	N/A	75% by 2015
Los Angeles	2007	75% by 2013	Zero Waste by 2030*
Seattle, WA	2007	60% by 2012	75% by 2025
Burbank	2008	N/A	Zero Waste by 2040*
San Jose	2008	75% by 2013	100% by 2022
StopWaste.org	2010	N/A	Less than 10% recyclables or compostables sent to landfill by 2020
Sunnyvale	2013	75% by 2020	90% by 2030

**Most have adopted the principal of equating zero waste to diverting at least 90% of materials from landfills or incinerators.*

City of San Jose Zero Waste Plan (November 2008)

- Excerpts directly from Plan

Evaluating Zero Waste

1. Increase Environmental Benefits to the Community
2. Improve Quality of Service
3. Support Local, State, and National Mandates
4. Address Fiscal Impacts

Increase Environmental Benefits to the Community

- Reduce vehicle emissions to support Urban Environmental Accords Action 14
- Support San José's Climate Action Plan
- Reduce and mitigate landfill and other facility impacts
- Invest in new, safe technologies and processes for infrastructure
- Consider environmental benefits and impacts in siting and permitting of new facilities
- Protect public health and the environment
- Analyze markets for recoverable materials to consider the highest and best use of materials and the implications of reliance on domestic and overseas markets

Improve Quality of Service

- Improve customer convenience such as offering a broader range of collection programs and container options; improving the recycling program for residents; improving call center responsiveness; and enhanced and targeted customer outreach
- Improve aesthetics - control of graffiti, litter and illegal dumping; specification of container types, quality, and placement
- Provide incentives to participate in, and maximize the effectiveness of, program initiatives
- Ensure that program initiatives are convenient, accessible and appropriate
- Ensure equity for all customers
- Create City operations that serve as a model for zero waste

Support Local, State and National Mandates

- Increase diversion to support the zero waste goal from the City's Green Vision Goal 5, the City's 2007 Zero Waste Resolution, and the Urban Environmental Accords Action 4(zero waste goal)
- Reduce the use of a disposable, toxic, or non-renewable product category by at least 50 percent in seven years to achieve Urban Environmental Accords Action 5
- Implement user-friendly recycling and composting programs pursuant to Urban Environmental Accords Action 6
- Support the City Sustainable Energy Policy and Action Plan
- Support the "Reduce, Reuse, Recycle hierarchy

Address Fiscal Impacts

- Minimize impact on customer rates and provide rate equity
- Minimize impact on City's revenue streams
- Minimize contract management and enforcement costs for programs
- Invest in infrastructure
- Invest in green jobs and economic development
- Address long-term fiscal planning and assess full economic impact
- Understand the potential impact on system fees (hauling, tipping, franchise)



City of Boulder Master Plan for Waste Reduction (February 2006)

- Excerpts directly from Plan

WHAT ARE THE GUIDING PRINCIPLES OF THIS MASTER PLAN FOR WASTE REDUCTION?

- Identify service voids.
- Create effective partnerships with for-profit and non-profit organizations to expand services with minimal city investment.
- Support programs that are convenient.
- Utilize economic incentives to alter habitual behavior.
- Help build infrastructure and then require its use once it's convenient and economical.

Potential waste reduction programs were evaluated using the following criteria:

- Cost
- Timing
- Political will
- Visibility
- Diversion potential
- Interagency/government cooperation
- Infrastructure requirements
- Toxicity reduction
- Environmental impacts
- Market value of recyclables
- Program precedent
- Viability
- Measurability



Alameda County Source Reduction and Recycling Plan: Vision 2010: 75% and Beyond (adopted January 2003 and Updated in 2006 and 2007)

- Excerpts directly from Plan

Overall Goals

This plan sets forth the following general goals:

- Achieve a 75% waste diversion rate by 2010, with 20% of this coming from waste prevention.
- Establish the groundwork for moving beyond a 75% diversion rate after 2010.
- Increase and maximize participation in resource conservation and recycling to reduce waste.
- Maintain priority on waste prevention and broaden programs to incorporate sustainability concepts.
- Assist in the development of markets to support diversion efforts. Close the recycling loop by identifying and supporting end uses for targeted materials.
- Educate residents and businesses about the environmental, economic and health merits of sustainable practices.
- Expand partnerships with key stakeholders, including member agencies, haulers, processors, recyclers, other public agencies, businesses, schools, utilities and public policy makers at every level of government.
- Promote best resource stewardship practices in businesses, member agencies and schools.
- Maximize impact of Agency programs by coordinating delivery of services.

General Policies

The following policies derive from the Agency's mission and vision. They define the Agency's basic philosophy as reflected in the Recycling Plan.

1. Promote maximum resource conservation.
2. Promote waste prevention as the top priority.
3. Provide specific goals and measurements.
4. Focus on regional approaches.
5. Promote sustainable economic development.
6. Promote the social benefits of reduction, recycling and composting.
7. Address the fundamental need to change public attitudes and values regarding use of resources.
8. Place Alameda County in a leadership position in the field of resource conservation.
9. Recognize that private industry and institutions can and should play a major role in providing solutions.
10. Focus on methods that encourage voluntary action by industry and the public.
11. Focus on a few programs that are "done well."
12. Focus on public information and education.
13. Identify cost-effectiveness as one key criterion for Agency programs.
14. Take into account significant economic trends.
15. Visualize change.



City of Portland, Office of Sustainable Development: Portland Recycles! Plan (August 2007)

- Excerpts directly from Plan

In a resolution adopted in June 2006, Portland City Council directed the Office of Sustainable Development to conduct a public process and develop a plan that would achieve the following solid waste management goals over the next 10 years:

- *Promote sustainability of the solid waste and recycling system that includes maximum efficiency, equity and economic vitality, improved worker safety and reduced environmental and human health impacts over the entire life cycle of the materials.*
- *Minimize the impact of harmful wastes by targeting toxicity and reducing greenhouse gas emissions.*
- *Reduce per capita waste generation below 2005 levels by the year 2015.*
- *Increase recovery of all waste with a target of 75 percent by the year 2015 and promote highest value use of the recovered materials.*

The following strategies are critical to the success of the Plan::

Promote behavior change and education — Effective education programs and commitment strategies support the development of new daily habits and personal motivation that will lead to an increase in waste prevention and recycling activities.

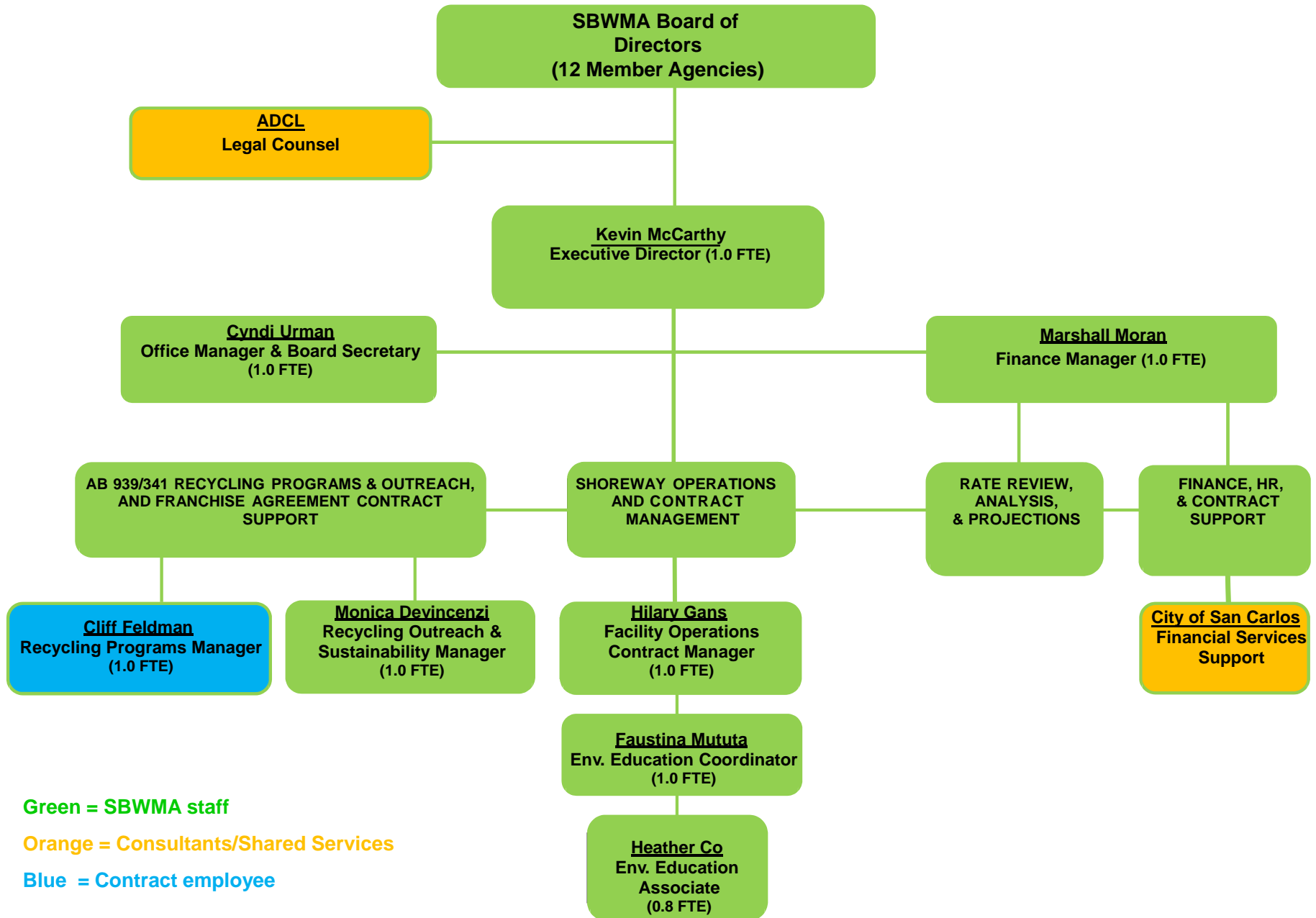
Require participation — New requirements are necessary to compel businesses in particular to optimize waste prevention and recycling activity. Residential strategies focus on voluntary participation throughout most of the plan period; if the plan's goals are not met, participation requirements may be applied to residents in the later phases.

Lead by example in government — Guided by the Sustainable City Principles, City policy for waste prevention and recycling encourages innovation and behavior change from within to serve as a model for the broader community.

Support regional and state policy and legislation — A coordinated approach within all levels of government is necessary. Authority for certain policies or actions may reside with regional or state agencies.

Implement local legislation — City legislation may be necessary to establish new policy and implement recommendations in the Plan.

SBWMA Organization Chart (April 2014)



Green = SBWMA staff

Orange = Consultants/Shared Services

Blue = Contract employee

PERSONNEL AND BENEFIT ASSUMPTIONS FOR FY1415

Staff:	<u>FY1314</u>	<u>Proposed FY1415</u>
Executive Director	1.0	1.0
Facility Operations Contract Manager	1.0	1.0
Finance Manager	1.0	1.0
Recycling Outreach & Sustainability Manager	1.0	1.0
Recycling Programs Manager*	1.0	1.0
Board Secretary/Office Manager	1.0	1.0
Environmental Education Coordinator	1.0	1.0
<u>Environmental Education Associate</u>	<u>0.8</u>	<u>0.8</u>
Total Staff	<u>7.8</u>	<u>7.8</u>

* Contract employee employed by Local Government Services, a public joint powers agency, with PERs benefits.

FY1415 Proposed Position Changes

No proposed changes to staff positions. However, the budget reflects the hiring of a new Finance Manager by April 1, 2015 to replace our existing Finance Manager who plans to retire in the fall of 2015; this will result in some staffing overlap in FY1415 and FY1516 to ensure a successful transition given the critical nature of this position.

Budget Assumptions for Merit Increases

A merit increase pool of 3.0% of wages is assumed for all positions, except for the Executive Director, within the current salary ranges. Actual merit increases are awarded by the Executive Director per the Board adopted Compensation Policy.

Salary Ranges

The salary ranges were last modified in June 2013 per Board approval. No changes to the salary ranges are proposed.

<u>Name</u>	<u>Position</u>	<u>Current Salary</u>	<u>Current Salary Range/Year</u>
Kevin McCarthy	Executive Director	\$191,931	<u>N/A</u>
Marshall Moran	Finance Manager	\$134,542	\$112,196 - \$140,245
Hilary Gans	Facility Operations Contract Manager	\$134,220	\$112,196 - \$140,245
Cliff Feldman	Recycling Program Manager*	\$133,576	\$112,196 - \$140,245
Monica Devincenzi	Recycling Outreach & Sustainability Manager	\$113,585	\$100,976 - \$126,220
Cyndi Urman	Office Manager/Board Secretary	\$63,752	\$59,659 - \$74,573
Faustina Mutata	Env. Education Coordinator	\$69,676	\$65,267 - \$81,580
Heather Co	Env. Education Associate	\$44,382	\$25.10 - \$31.37/hr

¹ Contract employee through Local Government Services

Employee Benefits

No proposed changes in the employee benefit plans.

Attachment F

Back-up Financial and Operational Data

This attachment provides additional supporting data and explanations for the FY1415 Budget projections in the staff report.

OPERATING REVENUE

1. **Table 1** provides revenue, tonnage, yardage and weighted average tip fee data for FY1314 Budget and Mid-Year Budget, and FY1415 Proposed Budget.
 - There are no FY1415 tip fee increases budgeted for franchise and public customers.
 - The public wtd. average FY1415 tip fee increase is due to a change in mix with more solid waste yards at \$35 / yard and less organics yards at \$24 / yard.
 - Volume projections are based on the latest actual trends.

Table 1

TIP FEE REVENUE	FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
<u>Franchise</u>					
Tons	285,837	282,925	280,747	-5,090	-1.8%
Wtd Avg. Tip Fee	\$ 92.84	\$ 92.00	\$ 92.58	\$ (0.26)	-0.3%
Franchise Revenue	\$ 26,536,840	\$ 26,027,745	\$ 25,992,156	\$ (544,685)	-2.1%
<u>Public</u>					
Yards	175,224	200,643	182,976	7,752	4.4%
Wtd Avg. Tip Fee	\$ 32.03	\$ 32.83	\$ 34.05	\$ 2.02	6.3%
Public Revenue	\$ 5,611,560	\$ 6,586,867	\$ 6,229,698	\$ 618,138	11.0%
Total Tip Fee Revenue	\$ 32,148,400	\$ 32,614,613	\$ 32,221,854	\$ 73,454	0.2%

2. **Table 2a** provides historical and projected detail on inbound tonnage and yardage by material type to the Transfer Station (excludes recyclables tonnage to MRF).

- The “franchise food waste” category is largely being classified as “franchise organics” waste starting in 2013 due to the commingling of food and organics in the shipment (transportation) of the materials to the 3rd party compost operations.
- Due to a change by our 3rd party C&D processor, Zanker Road, in their material acceptance standards, the “public C&D” is presorted at Shoreway to remove roofing materials. The roofing materials are then disposed of resulting in fewer tons classified as C&D, but more tons as “public solid waste.”
- Public Green Waste volume decreased in Q3 FY14 causing the projections to decrease into FY1415. It is unknown if this is a permanent trend or an anomaly.

Table 2a

		Fiscal Year					
Total TS Tonnage and Yardage		2012	2013	2014	2015	14 vs 13	15 vs 14
Franchise		<i>actual</i>	<i>actual</i>	<i>estimate</i>	<i>estimate</i>		
SBWMA Solid Waste	<i>tons</i>	182,194	181,239	178,328	176,143	-1.6%	-1.2%
SBWMA Organics	<i>tons</i>	82,750	95,560	98,997	100,815	3.6%	1.8%
SBWMA Food Waste	<i>tons</i>	13,735	5,134	330	0	-93.6%	-100.0%
SBWMA Dirt, Inert, Other	<i>tons</i>	4,592	3,480	3,893	3,790	11.9%	-2.7%
sub-total Franchise		283,271	285,413	281,548	280,747	0.8%	-1.4%
Non-SBWMA Weighed Dirt	<i>tons</i>	3,192	4,014	5,099	5,099	27.0%	0.0%
Total Tons		286,462	289,427	286,647	285,846	1.0%	-1.0%
Public							
Public Solid Waste Yards	<i>yards</i>	31,667	45,244	62,894	67,277	39.0%	7.0%
Public Green Waste Yards	<i>yards</i>	45,215	58,612	54,988	48,209	-6.2%	-12.3%
Public C&D	<i>yards</i>	62,655	66,531	65,522	67,490	-1.5%	3.0%
Total Yards		139,536	170,386	183,404	182,976	22.1%	7.6%

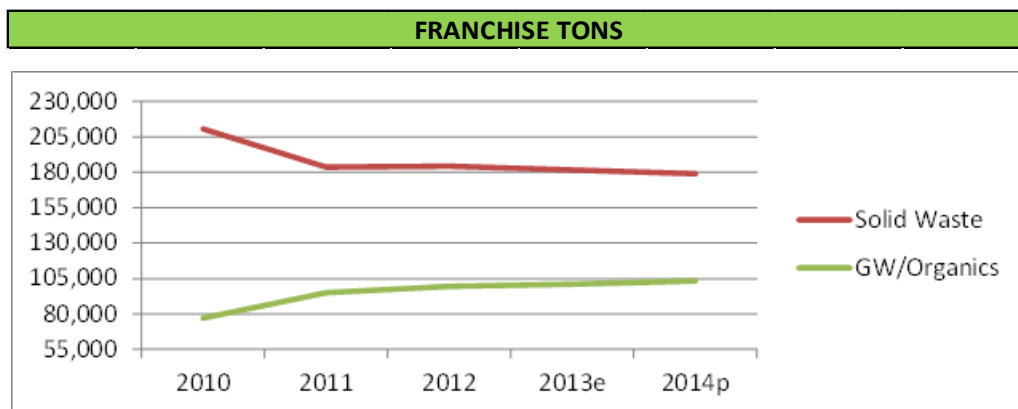
Table 2b compares the FY1415 budget to the FY1314 Mid-Year volume projections and the FY1314 approved budgeted assumptions.

- As mentioned above, some of the lower C&D public volume than in the FY1314 budget is due to the reclassification to solid waste.
- The lower public green waste volume is due to lower Q3 FY1314 actual volume which lowered the projection. We do not know if this trend will continue or not.

Total TS Tonnage and Yardage		FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
Franchise		<i>estimate</i>	<i>estimate</i>	<i>estimate</i>		
SBWMA Solid Waste	<i>tons</i>	181,396	175,298	176,143	-5,253	-2.9%
SBWMA Organics	<i>tons</i>	100,721	103,238	100,815	94	0.1%
SBWMA Food Waste	<i>tons</i>	302	555	0	-302	
SBWMA Dirt, Inert, Other	<i>tons</i>	3,418	3,834	3,790	372	10.9%
sub-total Franchise		285,837	282,925	280,747	-5,090	-1.8%
Non-SBWMA Weighed Dirt	<i>tons</i>	3,756	4,940	5,099	1,343	35.8%
Total Tons		289,593	287,865	285,846	-3,747	-1.3%
Public						
Public Solid Waste Yards	<i>yards</i>	40,916	70,683	67,277	26,361	64.4%
Public Green Waste Yards	<i>yards</i>	58,986	62,987	48,209	-10,777	-18.3%
Public C&D	<i>yards</i>	75,322	66,973	67,490	-7,832	-10.4%
Total Yards		175,224	200,643	182,976	7,752	4.4%

3. Tables **3a** and **3b** chart the change in volume from **Table 2a**.

Table 3a – Tonnage

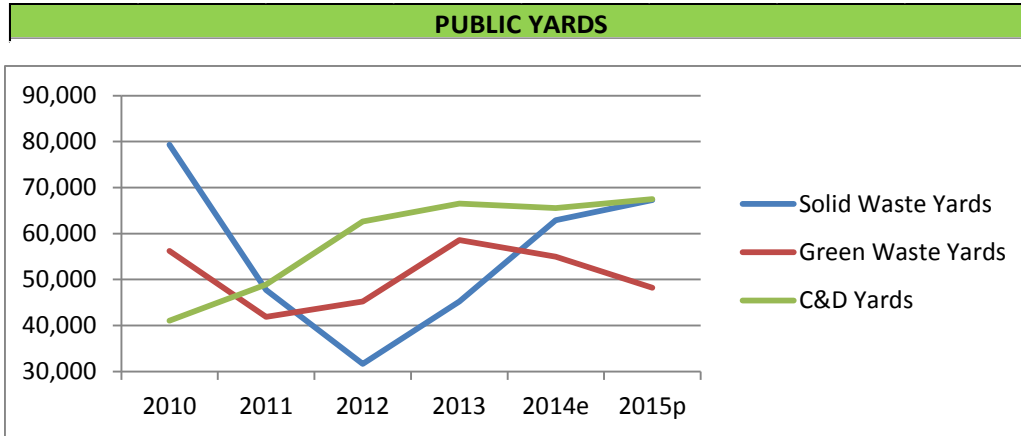


Historical high and 2010 for solid waste: 334,644 tons in 1998; 212,111 tons in 2010.

Historical high and 2010 for organics: 100,815 (est.) in 2015; 77,251 tons in 2010.

Note: New weekly organics service started in 2011.

Table 3b – Public Yardage



Recent highs:

Public solid waste: 152,580 yards in 2007.

Public green waste: 98,115 yards in 2007.

4. **Table 4** provides supporting data on commodity revenue projections.

- Tonnage is up slightly from the FY1314 budget and mid-year projection.
- A conservative price reduction of \$3 / ton for containers and a \$4 mid-year reduction for fibers are budgeted.
- Revenue share with SBR is on a calendar year basis so the budgeted fiscal year revenue is not the basis for the revenue share expense.
- Buyback payments are the CRV rates paid to public customers who “drop off” eligible recyclables at Shoreway.

Table 4

COMMODITY REVENUE		FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
	Tons Sold	60,340	61,692	62,672	2,332	3.9%
	Wtd Avg. Price	\$ 179.20	\$ 171.52	\$ 172.52	\$ (6.68)	-3.7%
	Gross Revenue	\$ 10,813,172	\$ 10,581,344	\$ 10,812,190	\$ (982)	0.0%
	Revenue Share w/ SBR	\$ (1,498,880)	\$ (1,388,725)	\$ (1,521,368)	\$ (22,488)	1.5%
	Buyback Payments	\$ (591,229)	\$ (599,532)	\$ (615,972)	\$ (24,743)	4.2%
	Net Commodity Revenue	\$ 8,723,063	\$ 8,593,087	\$ 8,674,850	\$ (48,213)	-0.6%
Price / Volume Impact			Volume	Price	Total	
	Tonnage Change		2,332	\$ 172.52	\$ 402,317	
	Price Change		60,340	\$ (6.68)	\$ (403,299)	
	Total Change (Gross)				\$ (982)	

5. **Table 5a** provides a history of commodity prices per ton by quarter. The figures shown are the blended average price per ton for all commodities sold in a given quarter.

Table 5a

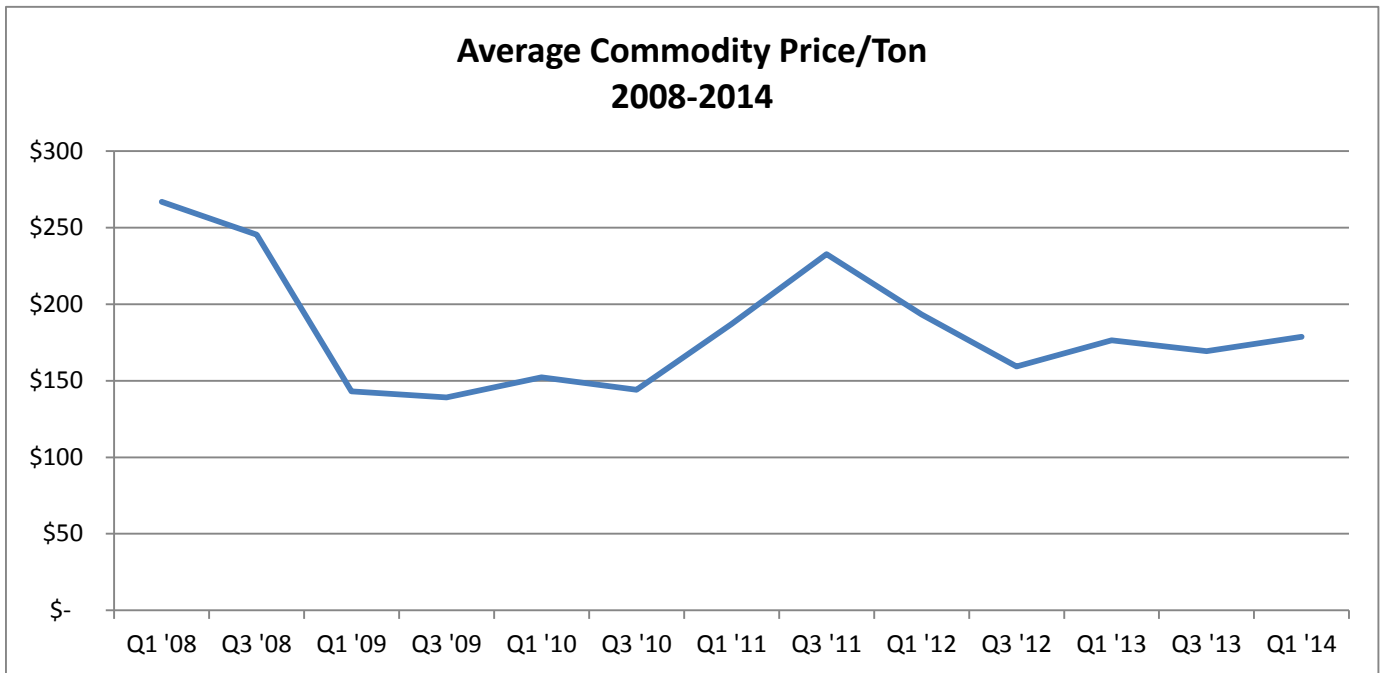


Table 5b shows the actual commodity tonnage and revenue sold by commodity type as of December 2013 YTD (twelve months) from all customers: curbside residential, commercial, Buyback, and drop-off.

Table 5b

Outbound Commodity Tons & Revenue						
Commodity	Tons	Price / Ton	Revenue	% Tons	% Revenue	
OCC (cardboard)	13,884	\$ 158	\$ 2,195,136	22.6%	20.7%	
ONP #8 (newspaper)	15,352	\$ 116	\$ 1,777,120	25.0%	16.8%	
Mixed Paper	15,496	\$ 105	\$ 1,623,248	25.3%	15.3%	
PET	1,289	\$ 1,588	\$ 2,046,108	2.1%	19.3%	
HDPE Natural	402	\$ 727	\$ 291,788	0.7%	2.8%	
HDPE Color	377	\$ 520	\$ 196,013	0.6%	1.9%	
Glass (Clean)	389	\$ 123	\$ 47,908	0.6%	0.5%	
Aluminum	214	\$ 4,461	\$ 955,822	0.3%	9.0%	
Glass (Mix)	11,843	\$ 98	\$ 1,162,374	19.3%	11.0%	
Tin	990	\$ 175	\$ 173,460	1.6%	1.6%	
Plastic 3-7	224	\$ 53	\$ 11,834	0.4%	0.1%	
Mixed Rigid Plastic	422	\$ 117	\$ 49,576	0.7%	0.5%	
Mixed Film Plastic	20	\$ 10	\$ 200	0.0%	0.0%	
Bi Metal	395	\$ 132	\$ 52,245	0.6%	0.5%	
Poly Prop. Plastic #5	17	\$ 40	\$ 678	0.0%	0.0%	
Total	61,314	\$ 173	\$ 10,583,509	100.0%	100.0%	
Total Fibers	44,733	\$ 125	\$ 5,595,504	73.0%	52.9%	
Total Containers	16,582	\$ 301	\$ 4,988,005	27.0%	47.1%	
Total	61,314	\$ 173	\$ 10,583,509	100.0%	100.0%	
CRV from state included in price of PET, HDPE, glass, and aluminum						
<i>approximate</i>						

OPERATING EXPENSES

6. **Table 6a** provides supporting data for SBR's operating expense.

- MRF tons are up slightly.
- The FY1415 budgeted fee increase to SBR on 1/1/2015 is 2.5% (half of the fiscal year).
- The Transfer Station rate increase of 8.8% from the FY1314 budget is partly due to underestimated FY1314 rate. The rate increase from FY1314 mid-year is 4.8%.
- The Transfer Station and transportation tonnage matches the decreased disposal tonnage in table 7.
- The transportation blended rate increase below reflects the rates to seven destinations and the change in mix including more volume budgeted to go to Grover at a higher rate than Newby due to the mileage difference. The processing fee is lower at Grover than Newby (Table 7).

Table 6a

SBR OPERATING EXPENSE						
a. Summary		FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
	MRF	\$ 4,303,844	\$ 4,254,012	\$ 4,434,402	\$ 130,558	3.0%
	Transfer Station	\$ 5,108,802	\$ 5,237,726	\$ 5,502,124	\$ 393,322	7.7%
	Transportation	\$ 6,620,915	\$ 6,714,878	\$ 6,913,235	\$ 292,320	4.4%
	Interest	\$ 240,791	\$ 240,791	\$ 211,488	\$ (29,304)	-12.2%
	TOTAL SBR EXPENSE	\$ 16,274,352	\$ 16,447,407	\$ 17,061,249	\$ 786,897	4.8%
b. Detail		FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%
	MRF					
	Tons, net	60,340	61,692	62,672	2,332	3.9%
	Rate	\$ 71.33	\$ 68.96	\$ 70.76	\$ (0.57)	-0.8%
	Expense	\$ 4,303,844	\$ 4,254,012	\$ 4,434,402	\$ 130,558	3.0%
	Transfer Station					
	Tons	357,281	352,595	353,556	(3,725)	-1.0%
	Rate	\$ 14.30	\$ 14.85	\$ 15.56	\$ 1.26	8.8%
	Expense	\$ 5,108,802	\$ 5,237,726	\$ 5,502,124	\$ 393,322	7.7%
	Transportation					
	Tons	357,281	352,595	353,556	(3,725)	-1.0%
	Wtd. Avg. Rate	\$ 18.53	\$ 19.04	\$ 19.55	\$ 1.02	5.5%
	Expense	\$ 6,620,915	\$ 6,714,878	\$ 6,913,235	\$ 292,320	4.4%
	Interest	\$ 240,791	\$ 240,791	\$ 211,488	\$ (29,304)	-12.2%
	TOTAL SBR EXPENSE	\$ 16,274,352	\$ 16,447,407	\$ 17,061,249	\$ 786,897	4.8%

Table 6b breaks out SBR's operating expense variance between FY1415 volume and rate changes compared to the FY1314 approved budget.

Table 6b

SBR Price / Volume	Volume	Price	Total	%
<u>MRF</u>				
<u>Revenue Impact:</u>				
Tonnage Change	2,332	\$ 70.76	\$ 165,002	126.4%
Rate Change	60,340	\$ (0.57)	\$ (34,444)	-26.4%
Total Change			\$ 130,558	100.0%
<u>Transfer Station</u>				
<u>Revenue Impact:</u>				
Tonnage Change	-3,725	\$ 15.56	\$ (57,975)	-14.7%
Rate Change	357,281	\$ 1.26	\$ 451,297	114.7%
Total Change			\$ 393,322	100.0%
<u>Transportation</u>				
<u>Revenue Impact:</u>				
Tonnage Change	-3,725	\$ 19.55	\$ (72,843)	-24.9%
Avg. Wtd. Rate Change	357,281	\$ 1.02	\$ 365,163	124.9%
Total Change			\$ 292,320	100.0%
<u>SUMMARY</u>				
<u>Revenue Impact:</u>				
Tonnage Change			\$ 34,184	4.3%
Rate Change			\$ 782,016	99.4%
Lower Interest Expense			\$ (29,304)	-3.7%
Total Change			\$ 786,897	100.0%

7. **Table 7** provides supporting data for the disposal and processing expense.

- Disposal processors generally receive a CPI adjustment on January 1.
- The budget rates below are affected by the two rates in each fiscal year and the number of tons assumed in each period; i.e. the change in mix also affects the budgeted rates below.

Table 7

DISPOSAL & PROCESSING EXPENSE						
	FY1314 Adopted Budget	FY1314 Mid-Year Projections	FY1415 Proposed Budget	2015 vs 2014 Budget Variance	%	
Summary						
TS Tons	357,281	364,666	353,556	-3,725	-1.0%	
Wtd Avg. Rate	\$ 39.85	\$ 39.17	\$ 39.80	\$ (0.05)	-0.1%	
Disposal Expense	\$ 14,238,468	\$ 14,283,775	\$ 14,072,800	-165,668	-1.2%	
Detail - 2015 Budget						
	FY 1314 Bud Rate	FY1415 Tons	FY1415 Rate	FY1415 Expense	%	
Ox Mountain MSW	\$ 38.95	209,704	\$ 39.08	\$ 8,195,189	58%	
Ox Mountain Aggregates	\$ 25.00	2,322	\$ 26.89	\$ 62,438	0%	
Organics (wtd avg)	\$ 39.49	112,774	\$ 39.46	\$ 4,450,553	32%	
C&D	\$ 47.41	28,756	\$ 49.32	\$ 1,418,321	10%	
Other (misc disposal less MRF & 3rd party residue paid by SBR)				\$ (53,701)	0%	
TOTAL	\$ 39.85	353,556	\$ 39.80	\$ 14,072,800	100%	



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Cliff Feldman, Recycling Programs Manager
Date: May 22, 2014 Board of Director's Meeting
Subject: Annual Solid Waste Rate Survey Results

Recommendation

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

Analysis

Staff recently concluded its annual survey of solid waste rates charged by other Bay Area jurisdictions. The survey for 2014 rates included a total of 62 jurisdictions from Alameda County, Contra Costa County, Marin County, Santa Clara County and the SBWMA Member Agencies and includes a comparison of rates to a 50th and 75th percentile of those surveyed. This survey has proven to be a useful tool in the past for the Member Agencies to compare their residential rates with those of other jurisdictions. The complete survey is provided as **Attachment A**.

This staff report focuses primarily on residential rates as the factors associated with comparing commercial rates are significantly more complicated due to the variety of service levels and frequencies of weekly collection which commercial customers can subscribe to. As an example, the residential sector has four basic service levels (i.e., 20 gallon, 32 gallon, 64 gallon and 96 gallon) and the frequency of collection is weekly.

The SBWMA has seven of thirteen¹ jurisdictions whose 32 gallon cart rates are below the 50th percentile of the jurisdictions surveyed and these seven jurisdictions comprise 74% of the residential accounts in the SBWMA service area. These agencies include: Burlingame, Foster City, Menlo Park, North Fair Oaks (unincorporated County area), Redwood City, San Carlos and City of San Mateo. A common factor across most of these agencies which results in each having the historically lowest rates in the SBWMA service area is a larger commercial rate base. In addition, these jurisdictions have areas of high housing density with relatively flat topography which in turn allows for more efficient and less costly routing than areas in the hills or those with numerous carts set out for collection at each account. The City of San Carlos has a 32 gallon rate slightly above the 50th percentile.

It is also important to note that in the SBWMA and most of the jurisdictions surveyed, the majority of residential customers subscribe to the 30-35 gallon services (65-70%) and far fewer to the 20 gallon (15-20%) or 60-65 (10-15%) and/or 90-95 gallon services (0-5%). As shown in **Table 1** on the next page, when omitting the two SBWMA Member Agencies with the highest rates (i.e., Atherton and Hillsborough), the average of all other SBWMA jurisdictions is below the overall average of all the jurisdictions surveyed for every Residential rate category.

¹ The County has separate solid waste rates for both North Fair Oaks and the Unincorporated County areas, thus in total there are thirteen jurisdictions with separate and distinct rates and not twelve.

Table 1

	Residential Curbside Collection Rates				Rate Variance from 20g to 96g
	20 Gallon	30-35 Gallon	60-64 Gallon	90-96 Gallon	
50th Percentile	\$23.17	\$30.55	\$59.21	\$83.97	\$60.80
75th Percentile	\$27.52	\$34.63	\$64.22	\$97.37	\$69.85
SBWMA Average w/out Atherton & Hillsborough	\$18.47	\$28.02	\$53.95	\$81.16	\$62.69
SBWMA Average with Atherton & Hillsborough	\$21.80	\$32.93	\$61.62	\$90.90	\$69.10

Rates charged in the City of Piedmont (Alameda County), the Town of Atherton and the Town of Hillsborough² are all above the 75th percentile in the survey group. These communities share similar factors that influence collection route efficiencies and cost such as topography and route density. Piedmont and Hillsborough are located in hilly areas which require more time on route. All three have lower route densities (e.g., greater distance between stops). Other similar characteristics include small commercial sectors which can influence rate decisions and large per capita generation of organics (green waste). Please refer to Table 2.

Table 2

Agency	Hauler	Residential Curbside Collection Rates				Rate Variance from 20g to 96g
		20 Gallon	30-35 Gallon	60-64 Gallon	90-96 Gallon	
City of Piedmont	Republic	\$49.45	\$51.88	\$60.57	\$70.97	\$21.52
Town of Atherton	Recology	\$27.00	\$55.00	\$110.00	\$164.00	\$137.00
Town of Hillsborough ²	Recology	\$49.90	\$60.00	\$89.90	\$124.90	\$75.00

Similar characteristics as noted above can be found when looking at the solid waste rates for the Town of Los Altos Hills (Santa Clara County), City of El Cerrito (Contra Costa County), and City of Belvedere (Marin County).

For some jurisdictions, franchise and other fees included in the rates contribute to higher than average rates. The three cities in the Table 3 below all include high franchise and other fees in their rates. The SBWMA Member Agencies franchise and other fees average 12.4% and range from 5.3% (Menlo Park) to 26.8% (Belmont). While high franchise and other fees are not the sole factor explaining the need for higher than average rates, it is a contributing factor for some.

Table 3

Agency	County	Hauler	Franchise and Other Fees %	Residential Curbside Collection Rates				Rate Variance from 20g to 96g
				20 Gallon	30-35 Gallon	60-64 Gallon	90-96 Gallon	
Union City	Alameda	Republic	34.6%	\$36.21	\$42.29	\$72.71	\$103.10	\$66.89
Mill Valley	Marin	Mill Valley Disposal	24.6%	\$35.06	\$38.66	\$64.55	\$90.40	\$55.34
Larkspur	Marin	Marin Sanitary Service	25.1%	\$29.12	\$34.26	\$68.52	\$102.78	\$73.66
50th Percentile				\$23.17	\$30.55	\$59.21	\$83.97	\$60.80
75th Percentile				\$27.52	\$34.63	\$64.22	\$97.37	\$69.85
SBWMA Average				\$21.80	\$32.93	\$61.62	\$90.90	\$69.10
All City Average				\$23.38	\$30.92	\$57.25	\$83.13	\$59.75

The SBWMA Member Agencies on average have more progressive (i.e., rates increase as service volumes increase) rates than the jurisdictions surveyed. This is notable given the majority (80%) of residential customers (and hence

² The Town of Hillsborough includes a base charge of \$25.00 on all service levels in its property taxes.

source of revenue) subscribe to 20 gallon and 30-35 gallon service levels. The larger variance between the rates charged for 20 and 30-35 gallon service results in a higher burden to achieve more revenue from the 30-35 gallon customers. In essence, the smaller variance between 20 and 30-35 gallon service reduces the burden to get more revenue from the 32 gallon customers, or 64 or 96-gallon customers, and thus lower rates for this service level are the achieved. Refer to **Table 4**.

Table 4

	Residential Curbside Collection Rates			
	20 Gallon	30-35 Gallon	\$ Variance	% Variance of 20 Gallon
50th Percentile	\$23.17	\$30.55	\$7.38	32%
75th Percentile	\$27.52	\$34.63	\$7.11	26%
All City Average	\$23.38	\$30.92	\$7.54	32%
SBWMA Average	\$21.80	\$32.93	\$11.13	51%

While the commercial rates for the SBWMA are above the 50th percentile for three of four rates categories surveyed, the SBWMA average rates charged are above the all city average in all four categories. Please refer to **Table 5** below. (There are by and large at a minimum several dozen commercial rates.) In addition, it is possible to infer that the higher rates charged for commercial services results in a disproportionate amount of revenue which contributes to generally lower residential rates. However, as mentioned above, caution should be applied when making inferences concerning commercial rates in the absence of a more detailed analysis for each jurisdiction.

Table 5

	Commercial Collection Rates			
	1YD Bin	1YD Bin	3YD Bin	3YD Bin
	1x/week	3x/week	1x/week	3x/week
50th Percentile	\$145.82	\$433.61	\$384.12	\$1,129.07
75th Percentile	\$193.21	\$517.46	\$455.42	\$1,282.64
All City Average	\$157.46	\$445.81	\$384.71	\$1,112.83
SBWMA Average	\$163.04	\$473.13	\$441.85	\$1,310.85

While nuances like those explained on the previous pages can be confidently applied to the SBWMA service area as a whole and to many individual Member Agencies, the rates established by each Member Agency tell their own story and should be evaluated as such. The basis for the rates currently charged in most Member Agencies were established decades ago and these rates have undergone flat percentage increases annually (or in many cases less frequent). While a couple of Member Agencies (e.g., Hillsborough and San Carlos) have made structural changes to how rates are set, most have not tackled the issue of individual residential service level subsidies, nor commercial rates subsidizing residential. For the past 3 years the SBWMA has provided the Member Agencies with an analysis of the actual cost of service for the various garbage service levels and this data will be updated and provided again in the July 2014 board packet. Provided as **Attachment B** is this information last shared with the Board as part of the agenda packet for the July 25, 2013 Board meeting.

Background

Each year staff conducts a survey of solid waste rates charged by other Bay Area communities in preparation for the annual adjustment to contractor’s compensation for collection services and Shoreway operations. This information is provided to the Member Agencies to provide a comparison of rates charged by a variety of jurisdictions throughout the Bay Area. This survey is typically conducted in the March – May timeframe in order to capture rate increases in effect for that year.

Fiscal Impact

There is no fiscal impact associated with this staff report.

Attachments:

Attachment A – May 2014 RethinkWaste Survey of Solid Waste Rates

Attachment B – July 25, 2013 Rates vs. Cost Table

RethinkWaste Bay Area Solid Waste Rate Survey

April 2014

Jurisdiction	County	Residential Single-Family				Commercial				Service Info		
		20 Gallon	30-35Gal.	60-64Gal.	90-96Gal.	1YD Bin 1x/week	1YD Bin 3x/week	3YD Bin 1x/week	3YD Bin 3x/week	Rec. Freq.	YW Freq.	Sort
City of Alameda	Alameda	\$ 27.73	\$ 35.00	\$ 57.51	\$ 80.32	\$ 133.33	\$ 407.97	\$ 399.99	\$ 1,223.93	Weekly	Weekly	Single
City of Albany	Alameda	\$ 35.37	\$ 39.61	\$ 68.46	\$ 97.30	\$ 157.84	\$ 473.52	\$ 473.52	\$ 1,420.56	Weekly	Weekly	Single
City of Berkeley (District 1 & 2)	Alameda	\$ 18.52	\$ 29.62	\$ 59.21	\$ 88.78	\$ 143.42	\$ 404.11	\$ 396.92	\$ 1,178.96	Weekly	Weekly	Dual stream
City of Berkeley (District 3)	Alameda	\$ 19.52	\$ 31.14	\$ 62.25	\$ 93.36	\$ 143.42	\$ 404.11	\$ 396.92	\$ 1,178.96	Weekly	Weekly	Dual stream
City of Dublin	Alameda	N/A	\$ 20.31	\$ 37.31	\$ 54.30	\$ 98.54	\$ 344.66	\$ 295.62	\$ 935.90	Weekly	Weekly	Single
City of Emeryville	Alameda	\$ 10.67	\$ 17.67	\$ 35.32	\$ 52.99	\$ 105.20	\$ 315.60	\$ 315.60	\$ 946.80	Weekly	Weekly	Single
City of Fremont	Alameda	\$ 29.89	\$ 30.51	\$ 33.39	\$ 48.93	\$ 86.95	\$ 250.10	\$ 195.45	\$ 575.58	Weekly	Weekly	Single
City of Livermore	Alameda	\$ 17.61	\$ 27.51	\$ 53.34	\$ 86.21	\$ 116.72	\$ 364.16	\$ 350.16	\$ 1,115.62	Weekly	Weekly	Single
City of Newark	Alameda	\$ 24.93	\$ 27.72	\$ 49.09	\$ 70.44	\$ 112.31	\$ 350.41	\$ 297.13	\$ 810.32	Weekly	Weekly	Single
City of Oakland	Alameda	\$ 21.84	\$ 29.30	\$ 63.89	\$ 98.44	\$ 137.54	\$ 437.75	\$ 360.62	\$ 1,136.70	Weekly	Weekly	Single
City of Piedmont	Alameda	\$ 49.45	\$ 51.88	\$ 60.57	\$ 70.97	\$ 162.69	\$ 458.61	N/A	N/A	Weekly	Weekly	Single
City of Pleasanton	Alameda	N/A	\$ 30.59	N/A	\$ 36.30	\$ 145.51	\$ 380.81	\$ 415.54	\$ 1,121.44	Weekly	Weekly	Dirty MRF
City of San Leandro	Alameda	\$ 20.24	\$ 25.22	\$ 41.98	\$ 58.72	\$ 110.58	\$ 334.30	\$ 334.30	\$ 1,002.90	Weekly	Weekly	Single
City of Union City	Alameda	\$ 36.21	\$ 42.29	\$ 72.71	\$ 103.10	\$ 125.62	\$ 346.96	\$ 329.19	\$ 897.15	Weekly	Weekly	Single
Castro Valley Sanitary District	Alameda	\$ 23.17	\$ 35.93	\$ 62.40	\$ 88.91	\$ 254.62	\$ 763.96	\$ 677.64	\$ 1,899.26	Weekly	Weekly	Single
Oro Loma Sanitary District (L1)	Alameda	\$ 12.35	\$ 20.04	\$ 35.53	\$ 50.97	\$ 121.30	\$ 282.91	\$ 295.91	\$ 780.74	Bi-weekly	Weekly	Single
Oro Loma Sanitary District (L2)	Alameda	\$ 10.60	\$ 18.29	\$ 33.78	\$ 49.22	\$ 121.30	\$ 282.91	\$ 295.91	\$ 780.74	Bi-weekly	Weekly	Single
Oro Loma Sanitary District (L3)	Alameda	\$ 13.54	\$ 22.51	\$ 40.38	\$ 58.29	\$ 140.29	\$ 327.19	\$ 342.25	\$ 902.96	Bi-weekly	Weekly	Single
City of Richmond	Contra Costa	\$ 25.56	\$ 31.12	\$ 59.37	\$ 88.43	\$ 204.60	\$ 517.16	\$ 463.94	\$ 1,267.59	Bi-weekly	Bi-weekly	Single
City of San Pablo	Contra Costa	\$ 22.36	\$ 27.20	\$ 52.78	\$ 79.10	\$ 206.04	\$ 518.37	\$ 472.00	\$ 1,287.65	Bi-weekly	Bi-weekly	Single
City of El Cerrito	Contra Costa	\$ 30.29	\$ 40.39	\$ 80.79	N/A	\$ 266.72	\$ 738.10	N/A	N/A	Weekly	Weekly	Single
City of Hercules	Contra Costa	\$ 27.90	\$ 32.76	\$ 57.77	\$ 83.52	\$ 234.26	\$ 586.21	\$ 531.63	\$ 1,445.02	Bi-weekly	Bi-weekly	Single
City of Pinole	Contra Costa	\$ 26.42	\$ 31.28	\$ 55.66	\$ 80.77	\$ 232.45	\$ 587.22	\$ 535.97	\$ 1,465.94	Bi-weekly	Bi-weekly	Single
Unincorp.-West Contra Costa	Contra Costa	\$ 25.50	\$ 31.01	\$ 59.42	\$ 88.50	\$ 197.66	\$ 496.25	\$ 441.95	\$ 1,201.06	Bi-weekly	Bi-weekly	Single
Town of Fairfax	Marin	\$ 24.26	\$ 29.09	\$ 58.18	\$ 87.27	\$ 145.65	\$ 345.00	\$ 341.50	\$ 893.85	Weekly	Weekly	Dual stream
RVSD-N (Oak Manor)	Marin	\$ 20.66	\$ 33.05	\$ 66.07	\$ 99.03	\$ 177.26	\$ 531.85	\$ 531.85	\$ 1,595.55	Weekly	Weekly	Dual stream
RVSD-N (Sleepy Hollow)	Marin	\$ 21.56	\$ 34.50	\$ 68.96	\$ 103.37	\$ 177.26	\$ 531.85	\$ 531.85	\$ 1,595.55	Weekly	Weekly	Dual stream
Town of San Anselmo	Marin	\$ 25.80	\$ 33.71	\$ 67.47	\$ 101.21	N/A	N/A	\$ 553.23	\$ 1,659.78	Weekly	Weekly	Dual stream
City of Belvedere	Marin	\$ 33.75	\$ 38.91	\$ 61.60	\$ 98.18	\$ 192.56	\$ 531.92	N/A	N/A	Weekly	Weekly	Single
City of Novato	Marin	\$ 11.58	\$ 18.52	\$ 37.02	\$ 55.55	N/A	N/A	\$ 241.32	\$ 598.78	Weekly	Weekly	Single
City of Sausalito	Marin	N/A	\$ 36.90	\$ 73.80	\$ 110.74	\$ 145.91	\$ 437.73	N/A	N/A	Weekly	Bi-weekly	Single
Town of Tiburon	Marin	\$ 32.75	\$ 36.95	\$ 67.27	\$ 97.08	\$ 175.79	\$ 479.80	N/A	N/A	Weekly	Weekly	Single
Town of Corte Madera	Marin	\$ 26.50	\$ 31.16	\$ 62.48	\$ 93.80	\$ 145.73	\$ 393.23	N/A	N/A	Weekly	Weekly	Single
City of Mill Valley	Marin	\$ 35.06	\$ 38.66	\$ 64.55	\$ 90.40	\$ 171.25	\$ 460.86	N/A	N/A	Weekly	Weekly	Single
City of San Rafael	Marin	\$ 26.51	\$ 31.19	\$ 62.38	\$ 93.57	N/A	N/A	\$ 385.27	\$ 1,093.57	Weekly	Weekly	Dual stream
Las Gallinas Valley San Dist- County	Marin	\$ 23.17	\$ 27.26	\$ 54.52	\$ 81.78	\$ 195.17	\$ 586.05	\$ 394.92	\$ 1,102.27	Weekly	Weekly	Dual stream
City of Larkspur	Marin	\$ 29.12	\$ 34.26	\$ 68.52	\$ 102.78	\$ 217.51	\$ 652.35	\$ 436.84	\$ 1,145.43	Weekly	Weekly	Dual stream
Town of Ross	Marin	\$ 25.35	\$ 29.82	\$ 59.64	\$ 89.46	N/A	N/A	\$ 382.97	\$ 1,148.79	Weekly	Weekly	Dual stream
County (RVSD-S)	Marin	\$ 18.41	\$ 30.63	\$ 63.70	\$ 99.39	\$ 258.41	\$ 655.13	\$ 399.63	\$ 1,049.39	Weekly	Weekly	Dual stream
County - Marin Franchisors' Group	Marin	\$ 18.06	\$ 30.06	\$ 62.54	\$ 97.56	N/A	N/A	\$ 403.34	\$ 1,053.21	Weekly	Weekly	Dual stream

RethinkWaste Bay Area Solid Waste Rate Survey

April 2014

Jurisdiction	County	Residential Single-Family				Commercial				Service Info		
		20 Gallon	30-35Gal.	60-64Gal.	90-96Gal.	1YD Bin 1x/week	1YD Bin 3x/week	3YD Bin 1x/week	3YD Bin 3x/week	Rec. Freq.	YW Freq.	Sort
City of Campbell ¹	Santa Clara	\$ 18.01	\$ 23.50	\$ 47.00	\$ 70.51	\$ 117.66	\$ 356.31	\$ 235.31	\$ 712.63	Weekly	Weekly	Single
City of Cupertino ²	Santa Clara	N/A	\$ 22.93	\$ 45.86	\$ 68.78	\$ 133.72	\$ 401.19	\$ 213.96	\$ 641.88	Weekly	Weekly	Single
City of Los Altos	Santa Clara	\$ 27.81	\$ 29.94	\$ 59.90	\$ 89.84	\$ 117.50	\$ 352.52	\$ 352.52	\$ 1,057.57	Weekly	Weekly	Single
City of Monte Sereno ⁴	Santa Clara	\$ 21.21	\$ 27.67	\$ 55.35	\$ 83.02	\$ 163.21	\$ 494.35	\$ 326.42	\$ 988.70	Weekly	Weekly	Single
City of Mountain View	Santa Clara	\$ 15.45	\$ 22.60	\$ 45.20	\$ 67.80	\$ 99.20	\$ 337.10	\$ 297.25	\$ 931.90	Bi-weekly	Bi-weekly	Dual stream
City of Palo Alto	Santa Clara	\$ 23.69	\$ 41.54	\$ 77.74	\$ 111.66	\$ 170.04	\$ 523.20	\$ 416.38	\$ 1,322.17	Weekly	Weekly	Single
City of San Jose ¹¹	Santa Clara	\$ 28.23	\$ 29.95	\$ 59.90	\$ 89.85	\$ 152.42	\$ 436.46	\$ 212.85	\$ 608.80	Weekly	Weekly	Single
City of Santa Clara	Santa Clara	\$ 18.22	\$ 24.31	\$ 35.73	\$ 47.15	\$ 73.53	\$ 212.75	\$ 205.94	\$ 584.50	Weekly	Weekly	Single
City of Sunnyvale	Santa Clara	N/A	\$ 32.91	\$ 40.19	\$ 47.47	\$ 150.89	\$ 414.57	\$ 351.61	\$ 1,013.34	Weekly	Weekly	Multiple
City of Saratoga ⁴	Santa Clara	\$ 18.94	\$ 24.71	\$ 49.43	\$ 74.14	\$ 162.50	\$ 492.42	\$ 325.00	\$ 984.84	Weekly	Weekly	Single
Town of Los Altos Hills	Santa Clara	\$ 26.54	\$ 37.01	\$ 74.02	\$ 111.02	\$ 93.18	\$ 196.23	\$ 145.81	\$ 340.93	Bi-weekly	Bi-weekly	Single
Town of Los Gatos ⁵	Santa Clara	\$ 17.41	\$ 22.81	\$ 45.62	\$ 68.44	\$ 132.71	\$ 402.02	\$ 265.42	\$ 804.03	Weekly	Weekly	Single
Town of Atherton	San Mateo	\$ 27.00	\$ 55.00	\$ 110.00	\$ 164.00	\$ 200.00	\$ 600.00	\$ 550.00	\$ 1,650.00	Weekly	Weekly	Single
City of Belmont	San Mateo	\$ 21.61	\$ 35.79	\$ 78.86	\$ 127.49	\$ 203.38	\$ 628.37	\$ 617.00	\$ 1,869.52	Weekly	Weekly	Single
City of Burlingame	San Mateo	\$ 12.90	\$ 23.85	\$ 47.71	\$ 70.80	\$ 150.52	\$ 469.60	\$ 451.53	\$ 1,408.79	Weekly	Weekly	Single
City of East Palo Alto ³	San Mateo	N/A	N/A	N/A	\$ 40.77	\$ 216.17	\$ 503.33	\$ 456.71	\$ 1,164.53	Weekly	Weekly	Single
City of Foster City	San Mateo	\$ 12.16	\$ 19.47	\$ 38.94	\$ 58.41	\$ 93.39	\$ 284.60	\$ 280.17	\$ 853.79	Weekly	Weekly	Single
Town of Hillsborough	San Mateo	\$ 49.90	\$ 60.00	\$ 89.90	\$ 124.90	\$ 140.59	\$ 421.75	\$ 421.75	\$ 1,265.25	Weekly	Weekly	Single
City of Menlo Park	San Mateo	\$ 13.99	\$ 23.40	\$ 55.99	\$ 83.72	\$ 124.69	\$ 389.04	\$ 374.08	\$ 1,219.00	Weekly	Weekly	Single
No. Fair Oaks	San Mateo	\$ 27.31	\$ 27.31	\$ 27.31	\$ 81.93	\$ 157.95	\$ 473.84	\$ 473.84	\$ 1,421.53	Weekly	Weekly	Single
City of Redwood City	San Mateo	\$ 11.38	\$ 27.30	\$ 54.61	\$ 81.06	\$ 127.63	\$ 382.89	\$ 382.89	\$ 1,148.67	Weekly	Weekly	Single
City of San Carlos	San Mateo	\$ 20.87	\$ 31.18	\$ 57.23	\$ 83.45	\$ 121.48	\$ 379.00	\$ 378.88	\$ 1,137.01	Weekly	Weekly	Single
City of San Mateo	San Mateo	\$ 13.04	\$ 20.85	\$ 45.90	\$ 70.93	\$ 139.41	\$ 430.76	\$ 418.34	\$ 1,292.32	Weekly	Weekly	Single
Unincorporated County	San Mateo	\$ 28.15	\$ 33.45	\$ 59.28	\$ 84.21	\$ 216.48	\$ 504.05	\$ 457.41	\$ 1,166.25	Weekly	Weekly	Single
West Bay Sanitary District	San Mateo	\$ 23.30	\$ 37.60	\$ 73.70	\$ 110.00	\$ 227.81	\$ 683.42	\$ 481.45	\$ 1,444.35	Weekly	Weekly	Single

50th Percentile	\$ 23.17	\$ 30.55	\$ 59.21	\$ 83.97	\$ 145.82	\$ 433.61	\$ 384.12	\$ 1,129.07	
75th Percentile	\$ 27.52	\$ 34.63	\$ 64.22	\$ 97.37	\$ 193.21	\$ 517.46	\$ 455.42	\$ 1,282.64	
All City Average	\$ 23.38	\$ 30.92	\$ 57.25	\$ 83.13	\$ 157.46	\$ 445.81	\$ 384.71	\$ 1,112.83	
SBWMA Average	\$ 21.80	\$ 32.93	\$ 61.62	\$ 90.90	\$ 163.04	\$ 473.13	\$ 441.85	\$ 1,310.85	

¹ 1 cubic yard containers not available. Rates reflected here are for 1.5 cubic yards.
² City has one rate for unlimited residential solid waste collection from customer-provided containers.
³ 96 Gallon Cart is only available option for Residential.
⁴ Smallest Commercial Bin is 2 cubic yards.
⁵ Largest commercial bin is 2 cubic yards.
⁶ One cubic yard bin no longer offered to new customers.
⁷ Rate for 1, 2, & 3 30 gallon cans in lieu of 60 and 90 gallon cans.
⁸ Berkeley's District 3 pays a fire surcharge on residential rates.
⁹ OLSL L2 district doesn't provide recycling services to residents. Recycling rates are included in rate for L1 & L3.
¹⁰ Republic provides a discount for Union City mini can.
¹¹ Commercial Rate for Wet service

Attachment B – July 25, 2013 Rates vs. Cost Table

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY RESIDENTIAL COLLECTION SERVICES -- RATES AND COSTS													
2014 COST ESTIMATES vs 2013 RATES													
	Atherton	Belmont	Burlingame	EPA	Foster City	Hillsborough	Menlo Park	N.Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Uninc SMC
March 2013 Number of Carts													
20 gallons	463	1,744	1,218	0	1,281	594	1,949	26	4,861	2,025	3,526	499	996
32 gallons	903	4,216	3,978	0	4,530	1,827	4,309	251	9,949	5,265	12,006	1,229	3,106
64 gallons	585	691	1,149	0	837	853	1,396	2,424	2,084	1,148	3,861	407	737
96 gallons	403	87	251	4,120	139	412	326	18	504	172	705	82	176
Total Carts	2,354	6,738	6,596	4,120	6,787	3,686	7,980	2,719	17,398	8,610	20,098	2,217	5,015
A. 2013 Cart Rates / Month													
20 gallons	\$ 27.00	\$ 19.27	\$ 12.90	\$ -	\$ 11.82	\$ 42.40	\$ 13.99	\$ 26.21	\$ 11.38	\$ 20.87	\$ 13.04	\$ 23.30	\$ 28.15
32 gallons	\$ 55.00	\$ 31.91	\$ 23.85	\$ -	\$ 18.92	\$ 52.50	\$ 23.40	\$ 26.21	\$ 27.30	\$ 31.18	\$ 20.86	\$ 37.60	\$ 33.45
64 gallons	\$ 110.00	\$ 70.32	\$ 47.71	\$ -	\$ 37.84	\$ 82.40	\$ 55.99	\$ 52.42	\$ 54.61	\$ 62.23	\$ 45.90	\$ 73.70	\$ 59.28
96 gallons	\$ 164.00	\$ 113.68	\$ 70.80	\$ 40.77	\$ 56.76	\$ 117.40	\$ 83.72	\$ 78.63	\$ 81.06	\$ 93.45	\$ 70.50	\$ 110.00	\$ 84.21
B. 2014 Collection & Disposal Cost / Month													
20 gallons	\$ 86.18	\$ 43.33	\$ 40.59	\$ -	\$ 33.04	\$ 62.35	\$ 44.54	\$ 38.77	\$ 41.50	\$ 41.23	\$ 37.72	\$ 45.18	\$ 42.97
32 gallons	\$ 87.57	\$ 44.69	\$ 41.94	\$ -	\$ 34.29	\$ 63.60	\$ 45.92	\$ 40.37	\$ 43.09	\$ 42.60	\$ 39.23	\$ 46.53	\$ 44.28
64 gallons	\$ 91.28	\$ 48.30	\$ 45.54	\$ -	\$ 37.63	\$ 66.93	\$ 49.57	\$ 44.65	\$ 47.33	\$ 46.27	\$ 43.25	\$ 50.14	\$ 47.76
96 gallons	\$ 94.98	\$ 51.92	\$ 49.15	\$ 54.18	\$ 40.97	\$ 70.26	\$ 53.23	\$ 48.93	\$ 51.57	\$ 49.93	\$ 47.28	\$ 53.74	\$ 51.24
C. 2013 Rate vs '14 Cost Variance (\$)													
20 gallons	(\$59.18)	(\$24.06)	(\$27.69)		(\$21.22)	(\$19.95)	(\$30.55)	(\$12.56)	(\$30.12)	(\$20.36)	(\$24.68)	(\$21.88)	(\$14.82)
32 gallons	(\$32.57)	(\$12.78)	(\$18.09)		(\$15.37)	(\$11.10)	(\$22.52)	(\$14.16)	(\$15.79)	(\$11.42)	(\$18.37)	(\$8.93)	(\$10.83)
64 gallons	\$18.72	\$22.02	\$2.17		\$0.21	\$15.47	\$6.42	\$7.77	\$7.28	\$15.96	\$2.65	\$23.56	\$11.52
96 gallons	\$69.02	\$61.76	\$21.65	(\$13.41)	\$15.79	\$47.14	\$30.49	\$29.70	\$29.49	\$43.52	\$23.22	\$56.26	\$32.97
D. 2013 Rate vs '14 Cost Variance (%)													
20 gallons	-69%	-56%	-68%		-64%	-32%	-69%	-32%	-73%	-49%	-65%	-48%	-34%
32 gallons	-37%	-29%	-43%		-45%	-17%	-49%	-35%	-37%	-27%	-47%	-19%	-24%
64 gallons	21%	46%	5%		1%	23%	13%	17%	15%	35%	6%	47%	24%
96 gallons	73%	119%	44%	-25%	39%	67%	57%	61%	57%	87%	49%	105%	64%
% rates are above / <below> cost													

Cost estimates are based on a cart count in March 2013. The cart count can vary.
Recology Collection cost is fixed after Board approval.

2014 Collection & Disposal Cost Detail / Month													
20 Gallon													
SW	\$ 17.43	\$ 15.57	\$ 15.10		\$ 13.68	\$ 20.44	\$ 15.07	\$ 14.64	\$ 15.13	\$ 15.19	\$ 14.85	\$ 14.66	\$ 14.44
Organics	\$ 55.00	\$ 17.06	\$ 16.21		\$ 10.38	\$ 26.83	\$ 19.08	\$ 14.56	\$ 16.00	\$ 15.50	\$ 14.18	\$ 19.72	\$ 18.11
Recycling	\$ 13.76	\$ 10.70	\$ 9.27		\$ 8.97	\$ 15.08	\$ 10.40	\$ 9.57	\$ 10.36	\$ 10.53	\$ 8.70	\$ 10.80	\$ 10.43
TOTAL Cost	\$ 86.18	\$ 43.33	\$ 40.59	\$ -	\$ 33.04	\$ 62.35	\$ 44.54	\$ 38.77	\$ 41.50	\$ 41.23	\$ 37.72	\$ 45.18	\$ 42.97
32 Gallon													
SW	\$ 18.82	\$ 16.93	\$ 16.46		\$ 14.94	\$ 21.69	\$ 16.44	\$ 16.24	\$ 16.72	\$ 16.57	\$ 16.36	\$ 16.01	\$ 15.74
Organics	\$ 55.00	\$ 17.06	\$ 16.21		\$ 10.38	\$ 26.83	\$ 19.08	\$ 14.56	\$ 16.00	\$ 15.50	\$ 14.18	\$ 19.72	\$ 18.11
Recycling	\$ 13.76	\$ 10.70	\$ 9.27		\$ 8.97	\$ 15.08	\$ 10.40	\$ 9.57	\$ 10.36	\$ 10.53	\$ 8.70	\$ 10.80	\$ 10.43
TOTAL Cost	\$ 87.57	\$ 44.69	\$ 41.94	\$ -	\$ 34.29	\$ 63.60	\$ 45.92	\$ 40.37	\$ 43.09	\$ 42.60	\$ 39.23	\$ 46.53	\$ 44.28
64 Gallon													
SW	\$ 22.52	\$ 20.54	\$ 20.06		\$ 18.27	\$ 25.02	\$ 20.10	\$ 20.52	\$ 20.96	\$ 20.23	\$ 20.38	\$ 19.61	\$ 19.22
Organics	\$ 55.00	\$ 17.06	\$ 16.21		\$ 10.38	\$ 26.83	\$ 19.08	\$ 14.56	\$ 16.00	\$ 15.50	\$ 14.18	\$ 19.72	\$ 18.11
Recycling	\$ 13.76	\$ 10.70	\$ 9.27		\$ 8.97	\$ 15.08	\$ 10.40	\$ 9.57	\$ 10.36	\$ 10.53	\$ 8.70	\$ 10.80	\$ 10.43
TOTAL Cost	\$ 91.28	\$ 48.30	\$ 45.54	\$ -	\$ 37.63	\$ 66.93	\$ 49.57	\$ 44.65	\$ 47.33	\$ 46.27	\$ 43.25	\$ 50.14	\$ 47.76
96 Gallon													
SW	\$ 26.23	\$ 24.16	\$ 23.67	\$ 27.66	\$ 21.61	\$ 28.35	\$ 23.75	\$ 24.80	\$ 25.20	\$ 23.89	\$ 24.40	\$ 23.22	\$ 22.70
Organics	\$ 55.00	\$ 17.06	\$ 16.21	\$ 17.54	\$ 10.38	\$ 26.83	\$ 19.08	\$ 14.56	\$ 16.00	\$ 15.50	\$ 14.18	\$ 19.72	\$ 18.11
Recycling	\$ 13.76	\$ 10.70	\$ 9.27	\$ 8.99	\$ 8.97	\$ 15.08	\$ 10.40	\$ 9.57	\$ 10.36	\$ 10.53	\$ 8.70	\$ 10.80	\$ 10.43
TOTAL Cost	\$ 94.98	\$ 51.92	\$ 49.15	\$ 54.18	\$ 40.97	\$ 70.26	\$ 53.23	\$ 48.93	\$ 51.57	\$ 49.93	\$ 47.28	\$ 53.74	\$ 51.24



A Public Agency

STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Facility Operations Contract Manager
Date: May 22, 2014 Board of Director's Meeting
Subject: Review of Landfill Disposal and Transportation Rates

Recommendation

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

Analysis

Staff, with the assistance of Sloan/Vazquez and Associates, completed a rate survey of landfill (disposal) sites and also estimated transportation costs from the Shoreway Environmental Center (Shoreway) to such surveyed sites (**Attachment A: Landfill Disposal Survey**).

Survey Background

There are 13 landfills within 100 miles of the Shoreway facility that could be candidates for receiving solid waste (garbage) from the SBWMA. All of these landfills were contacted and information was requested about the landfill's capacity, the ability and interest in receiving the volume of garbage generated by the SBWMA, volume discounts, and fees and taxes that affect the disposal rate (note that not all regional landfills participated in the disposal rate survey). The annual transportation cost to travel to each of the landfills was added to the annual disposal cost to create a total cost to the SBWMA for disposal at each alternative landfill. The transportation cost estimates were developed based in part from rates charged by SBR for transportation of other materials to other locations (e.g., organics to the San Jose and the Central Valley).

Survey Results

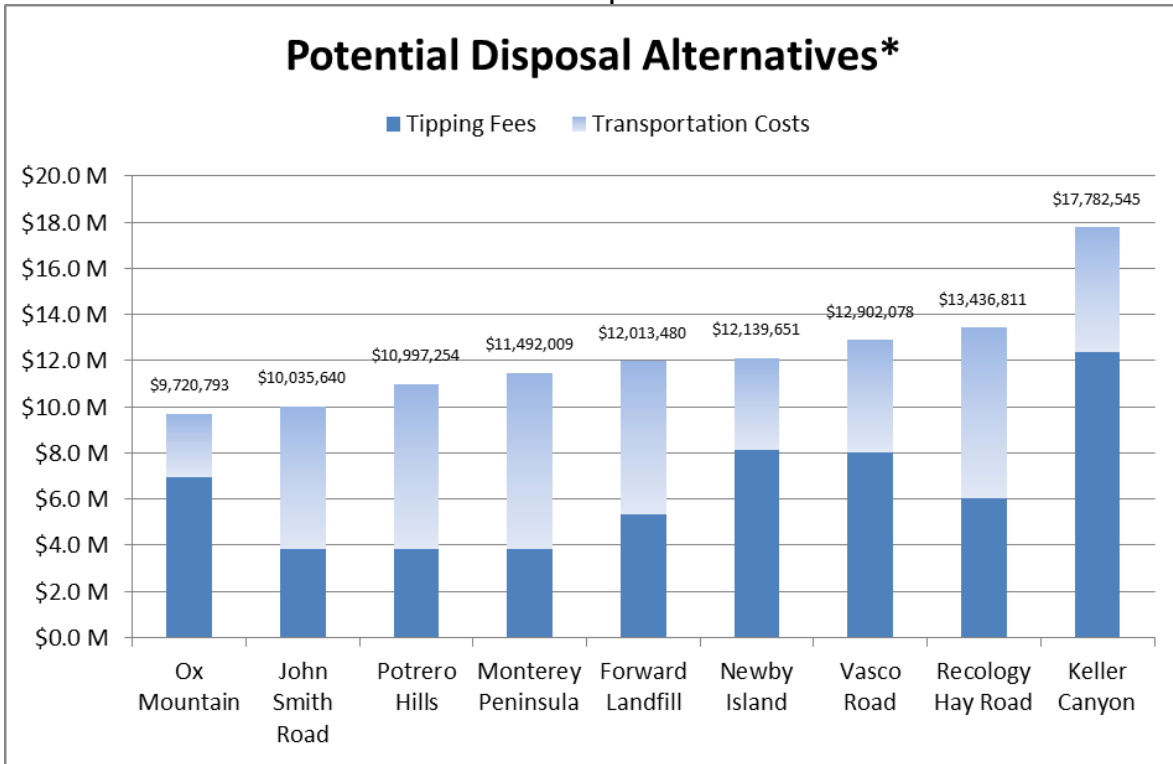
The disposal rate survey and transportation cost estimates were prepared to analyze two key points:

- 1) How competitive is the SBWMA's current disposal rate per ton at Ox Mountain?
- 2) How would the SBWMA's total disposal and transportation cost/ton vary if our solid waste was shipped to an alternative disposal site?

The second point is important because of the Agency's need to plan for the future risk of potential significant tipping fee increases at the expiration of the Ox Mountain disposal contract on 12/31/19. The SBWMA's cost exposure from tipping fee increases at Ox Mountain Landfill through 12/31/19 is limited due to an annual contractually-based rate index set at 80% of CPI, however, it is unclear what the disposal rates will be after the contract expiration.

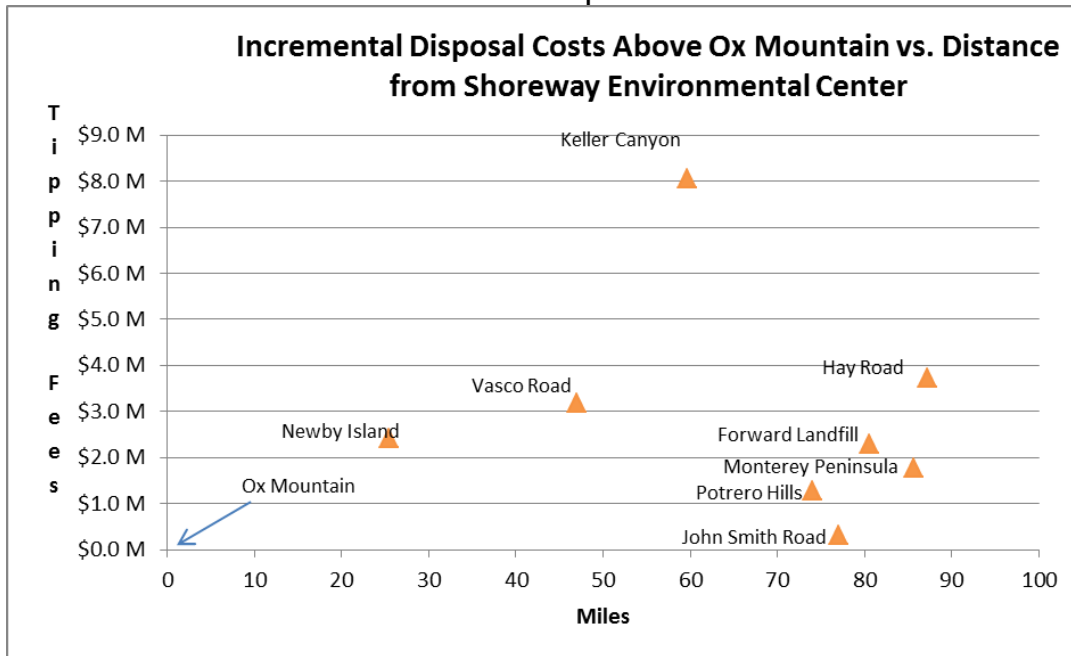
The survey results reveal that the SBWMA's total disposal cost (tipping fees + transportation costs) is the lowest as compared to all other surveyed landfill facilities (see **Graph 1: Potential Disposal Alternatives** on the next page). While there are landfills with considerably cheaper tipping fees (e.g., John Smith landfill in Hollister, MRWMD landfill in Marina, or Portrero Hills landfill in Suisun City), these facilities are much further away which results in much higher transportation costs from Shoreway (i.e., if the SBWMA shipped garbage to one of the aforementioned landfills with lower tipping fees, the increased cost of transportation would more than offset the tip fee savings).

Graph 1



Analysis of the disposal and transportation costs shows that Ox Mountain provides the lowest disposal cost and that the incremental (premium) cost to dispose of garbage at an alternative landfill would increase the SBWMA's cost 3% to 18% above current expenses (see **Graph 2: Incremental Disposal Costs Above Ox Mountain vs. Distance from Shoreway Environmental Center and Attachment A**).

Graph 2



There are a number of factors that the Agency would need to evaluate when considering transporting garbage much further distances to another landfill including:

- The transportation cost figures do not account for new capital expense associated with the Shoreway operator's transportation fleet requirement changes (i.e., longer haul distances compared to Ox Mountain will require purchase of additional tractor trailers; today, one driver can make 3-4 roundtrips to the Ox Mountain Landfill but shipping to another landfill could reduce this to 1-2 roundtrips per day).
- Higher transportation costs would also subject the SBWMA to greater cost fluctuations due to changes in fuel prices; fuel prices are indexed as part of determining SBR's compensation.
- Much greater miles travelled would result in a greater carbon footprint associated with our transportation of garbage to the landfill.
- Traveling greater distance increases the risk of reduced trucking efficiencies due to road and traffic conditions. Ultimately, new transportation rates would need to be negotiated with the Shoreway facility operator.

Next Steps

The information from this survey provides a good foundation to build upon for future disposal cost projections, evaluating future diversion opportunities (e.g., Organics to Energy project) from an avoided disposal cost framework, and for future negotiations for a disposal contract with Ox Mountain and/or to conduct a competitive bidding process for disposal services in advance of the expiration of the disposal agreement with Ox Mountain.

Background

SBWMA currently has an exclusive contract with Ox Mountain landfill, owned by Republic Services, to dispose of solid waste (garbage). The landfill is located near Half Moon Bay off of highway 92. The contract grants the SBWMA "most favored nation" pricing and the contract term goes through 12/31/19. The disposal rate paid to Republic is adjusted by 80% of CPI (for the contractor base rate) and any government fees per ton are a pass-through. The 2014 disposal rate is \$38.91 per ton of which \$11.23 per ton are government fees (\$9.83 for County fees and \$1.40 for State Board of Equalization fees).

SBR transports all solid waste tons to the Ox Mountain Landfill and is paid based on a per-ton-mile rate set each year through the annual contractor compensation adjustment methodology, which is largely index-based. SBR's 2014 transportation rate is \$1.194 per ton mile which converts to approximately \$15.52 per ton. SBR currently delivers approximately 30 loads per weekday to the Ox Mountain Landfill located thirteen miles from the Shoreway transfer station.

The SBWMA's cost for disposing of garbage is the combined cost of landfill tipping fees plus transportation costs from the Shoreway transfer station to the landfill. The SBWMA's projected 2014 total disposal expense of \$9.7 million (see **Attachment A**) breaks-out as follows:

- \$6.95 million for tipping fees or 71%
- \$2.77 million for transportation costs or 29%

The \$9.7 million represents about 10% of our total projected franchise collection and disposal expense for 2014.

Fiscal Impact

There is no fiscal impact associated with staff report. The information from this staff report will be used for planning purposes as we project out future disposal expenses as part of the Long Range Plan.

Attachments:

Attachment A – Landfill Disposal Survey

Landfill	Distance (miles)		Permitted Capacity	Toll		Miles (One-Way)	Cost per Ton / Mile ³	Transp. Cost per Ton	Total										Amount Over Ox (Per Ton)	Amount Over Ox (%)	Rank	Incremental		Total Variance Over Ox (\$)
	from Shoreway	Owner		Tip Fees (\$/Ton) ¹	Charges (per Load)				Average Load (Tons)	Annual Franchise Tons	Total Annual Loads	(A) Total Annual Tipping Fees	(B) Total Annual Transp. Costs	(A) + (B) Total Annual Disposal Costs	Amount Over Ox (\$) ⁴	Incremental Tipping Fee Costs	Incremental Transp. Ox							
Ox Mountain	16	Republic	3,598 TPD	38.91	-	25.00	13.00	1.19	\$15.52	178,586	7,143	\$6,948,781	\$0	\$2,772,012	\$9,720,793			1	\$0	\$0	\$0			
John Smith Road	77	WC	1,000 TPD	21.50	-	25.00	77.10	0.45	\$34.70	178,586	7,143	\$3,839,599	\$0	\$6,196,041	\$10,035,640	\$314,847	\$1.76	3.2%	2	(\$3,109,182)	\$3,424,029	\$314,847		
Potrero Hills	74	WC	3,400 TPD	21.50	50.00	25.00	74.10	0.51	\$38.08	178,586	7,143	\$3,839,599	\$357,172	\$7,157,655	\$10,997,254	\$1,276,461	\$7.15	13.1%	3	(\$3,109,182)	\$4,385,643	\$1,276,461		
Monterey Peninsula	86	MRWMD	3,500 TPD	21.50	-	25.00	85.70	0.50	\$42.85	178,586	7,143	\$3,839,599	\$0	\$7,652,410	\$11,492,009	\$1,771,216	\$9.92	18.2%	4	(\$3,109,182)	\$4,880,398	\$1,771,216		
Forward Landfill	81	Republic	8,668 TPD	30.00	25.00	25.00	80.60	0.45	\$36.27	178,586	7,143	\$5,357,580	\$178,586	\$6,655,900	\$12,013,480	\$2,292,687	\$12.84	23.6%	5	(\$1,591,201)	\$3,883,888	\$2,292,687		
Newby Island	26	Republic	4,000 TPD	45.46	-	25.00	25.50	0.88	\$22.52	178,586	7,143	\$8,118,520	\$0	\$4,021,132	\$12,139,651	\$2,418,858	\$13.54	24.9%	6	\$1,169,738	\$1,249,120	\$2,418,858		
Vasco Road	47	Republic	2,250 TPD	45.00	25.00	25.00	47.00	0.56	\$26.25	178,586	7,143	\$8,036,370	\$178,586	\$4,865,708	\$12,902,078	\$3,181,285	\$17.81	32.7%	7	\$1,087,589	\$2,093,696	\$3,181,285		
Recology Hay Road	87	Recology	2,400 TPD	34.00	50.00	25.00	87.20	0.45	\$39.24	178,586	7,143	\$6,071,924	\$357,172	\$7,364,887	\$13,436,811	\$3,716,017	\$20.81	38.2%	8	(\$876,857)	\$4,592,875	\$3,716,017		
Keller Canyon	60	Republic	3,500 TPD	69.43	25.00	25.00	59.70	0.49	\$29.14	178,586	7,143	\$12,399,226	\$178,586	\$5,383,319	\$17,782,545	\$8,061,752	\$45.14	82.9%	9	\$5,450,445	\$2,611,307	\$8,061,752		

Notes:

1. Tipping fee rates obtained from the following sources and are inclusive of all current government fees:

a) John Smith Road rate was obtained from Dave Jappert District Manager at Waste Connections. With a recent increase in capacity from 400 to 1,000 TPD, this landfill is actively seeking tonnage.

Depending on the timing, it may may not be able to accommodate all of the SBWMA's daily tonnage in which case it would have to be used in combination with a second landfill site.

b) Potrero Hills, Redwood, and Keller Canyon rates were obtained from the Central Contra Costa Solid Waste Authority Procurement Report dated January 30, 2014 and confirmed with Bart Carr, Program Manager.

c) Monterey Peninsula rate was obtained from Tim Flanagan at the Monterey Regional Waste Management District (MRWMD).

d) Forward Landfill rate was estimated based on discussions with a private haulers who has used the facility.

e) Newby Island rate was obtained from Junko Vroman with the City of San Jose.

f) Vasco Road rate for City of Berkeley was \$37.95 for year 2012.

g) Recology Hay Road rate obtained from Paul Yamamoto. Also, the Central Contra Costa Solid Waste Authority Procurement Report dated January 30, 2014 stated a rate of \$27.25/ton.

Landfill capacity availability would have to be confirmed as part of any procurement effort; figures shown above are for permitted capacity and not actual available capacity.

2. Altamont Landfill was excluded due to importation restrictions and high government fees.

3. A non-linear regression formula was used to estimate Cost per Ton/Mile based on actual costs to known destinations. For destinations with known costs, actual costs were used.

4. These figures do not account for new capital expense associated with the Shoreway operator's transportation fleet requirement changes. Longer haul distances compared to Ox Mountain may require purchase of additional tractor trailers.



STAFF REPORT

To: SBWMA Board Members
From: Monica Devincenzi, Recycling Outreach and Sustainability Manager
Date: May 22, 2014 Board of Director's Meeting
Subject: Results of Public Education Survey of Residents

Recommendation

This is an informational report and no action is necessary.

Analysis

Godbe Research has completed the Public Education Survey of Residents commissioned by RethinkWaste in March 2014. The intent of the survey was to gather feedback on how residents like to receive information on CartSMART and other RethinkWaste related services to better target public education and outreach efforts going forward. The results of the survey have also been used to assist in developing the public education and outreach budget for FY1415 that is being considered during the May 22nd Board of Directors meeting.

A total of 1,230 interviews were conducted April 10 through April 21, 2014, representing single-family residents age 18 and older within the RethinkWaste service area. The survey was based on targeting 100 completed interviews for each Member Agency, as this provided for the lowest margin of error and the greatest number of interviews based on budget constraints. The average interview time was approximately 12 minutes, with an overall margin of error rate for the study of +/-2.8% at the 95% confidence level. Godbe Research used voter registry, random digit dialing and Recology's database to conduct the telephone interviews. In addition, the survey was translated into Spanish and Spanish-language interviews were conducted based on statistical representation within the respective Member Agencies.

The total number of interviews completed for each Member Agency is listed below:

- Atherton - 105
- Belmont - 103
- Burlingame - 107
- East Palo Alto - 99
- Foster City - 107
- Hillsborough - 101
- Menlo Park - 97
- Redwood City - 102
- San Carlos - 97
- San Mateo - 100
- County of San Mateo - 102
- West Bay Sanitary District - 110

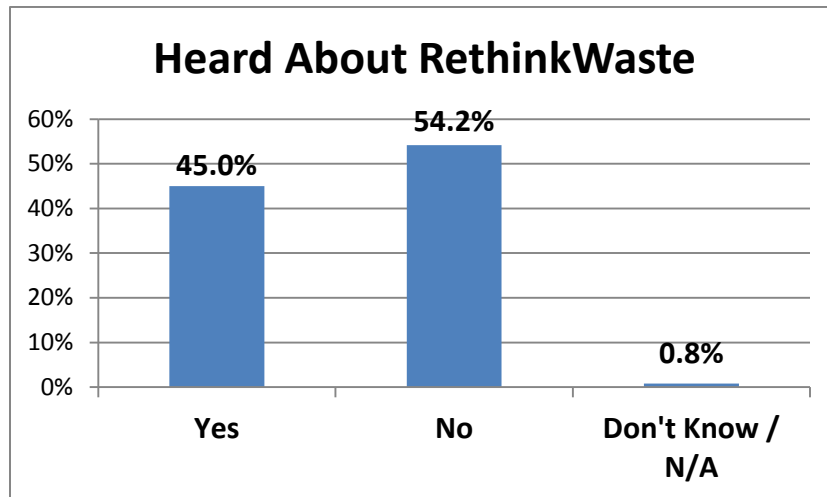
Staff has historically used a variety of strategies (e.g., direct mail, electronic newsletters, inserts, print media and social media) to deliver public education and outreach information, and messages to ensure the widest audience reach and effectiveness. This has primarily been based on marketing industry best practices that show that for any message to be effective, it needs to be repeated multiple times and in different ways. The findings of the survey support this multi-faceted and comprehensive approach in that there is not one specific means of outreach and message delivery that is significantly preferred by the residents. Instead, it is a combination of direct mail, electronic media, and bill inserts, among others.

Staff has included a summary of the key survey results on pages 2-6 of this staff report. The results provided are based on the total responses received. A topline report prepared by Godbe Research showing all of the questions

and results is included as **Attachment A** to this report. Member Agencies will be provided a specific report for their survey results including demographic information for those surveyed.

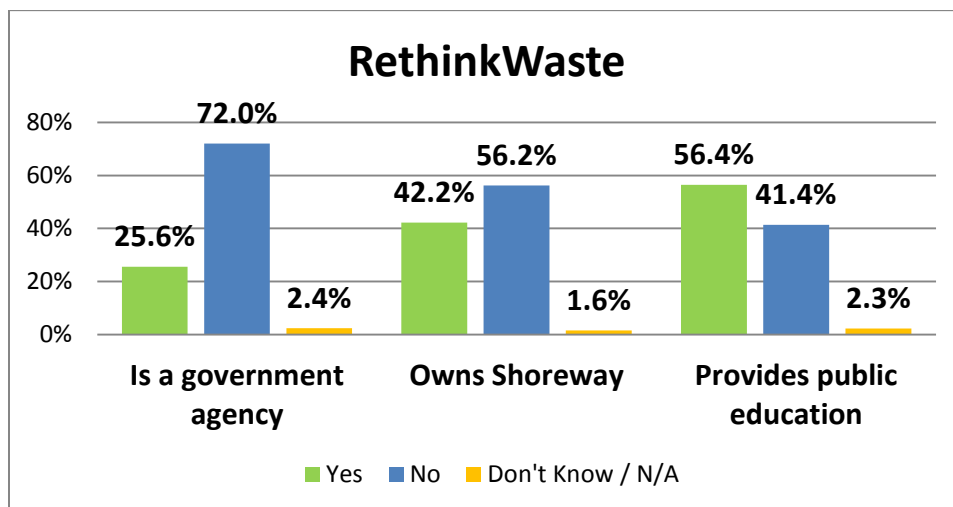
Key Survey Results

When residents were asked whether they had seen, heard or read anything about RethinkWaste, the responses were as follows:



Staff was anticipating that people would in general be unaware of the joint powers authority (JPA) given RethinkWaste not being a typical city or county form of government, or even a service provider like Recology San Mateo County. While staff does not have any prior data for comparison, we believe the recognition would be significantly lower prior to the roll out of new services in 2011. It is important to note that the question above was asked solely to get a sense of public knowledge and staff is not proposing any type of branding campaign or efforts.

A second follow up question was asked of the 45% that stated they had heard about RethinkWaste. They were asked whether they knew three specific things about the joint powers authority (JPA) as shown in the table below:

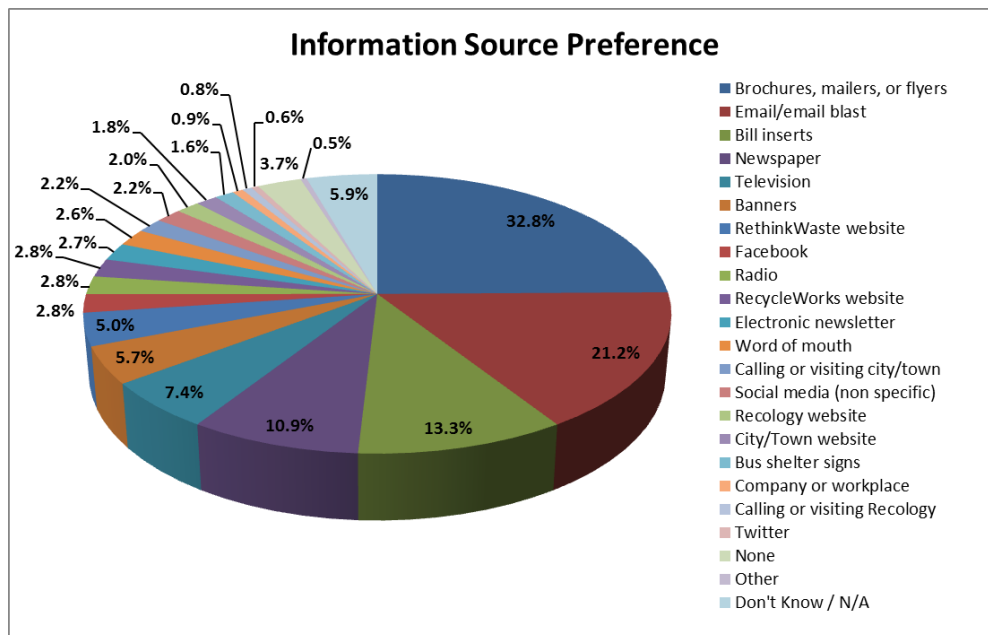


Staff is not surprised by the findings that 72% of the respondents stated they did not know that RethinkWaste is a government agency as it confirms our anecdotal experience when interacting with the public. This is why staff updated the JPA's logo to include "A Public Agency" below the name last year. In addition, staff is in the process of preparing a signage plan for the next fiscal year for the Shoreway Environmental Center that may assist in further clarifying this issue. The signage plan is being developed to provide greater convenience and clarity for customers

using the facility. Staff believes that a greater percentage, 42.2%, was able to identify RethinkWaste as owning the Shoreway facility directly because of the existing signage on the buildings.

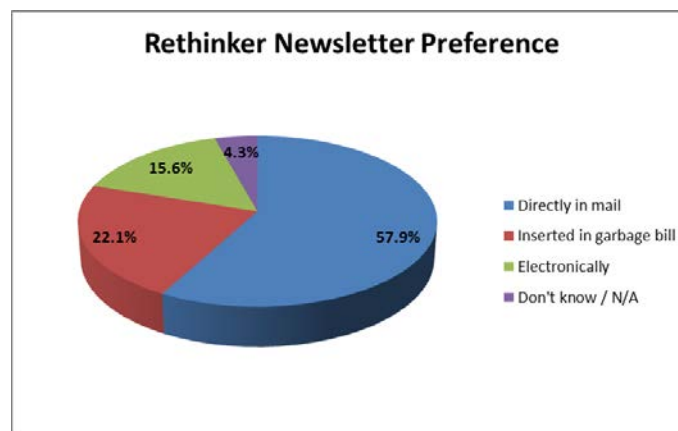
An interesting finding was that over 56% stated that they were aware that RethinkWaste provides public education for their CartSMART Recycle, Compost and Garbage and other related services as it is one of the key areas of responsibility for the JPA.

When asked about their information source preference to get information about their recycling, garbage and other related services in an open-ended question allowing for multiple answers, the responses were as follows:



The highest category was “Brochures, mailers or flyers” at 32.8% supporting staff’s continued use of direct mail for some of its public education and outreach efforts. It was followed by “Email/email blast” at 21.2% and “Bill inserts” at 13.3%. When you add those that preferred “Electronic newsletter” at 2.7% to the “Email/email blast” results, it is just under 24%, still below those that prefer direct mail.

The preference for direct mail is even higher when residents were asked specifically about the RethinkWaste newsletter, the *rethinker*, at nearly 58% in comparison to electronically at only 16% as shown below:

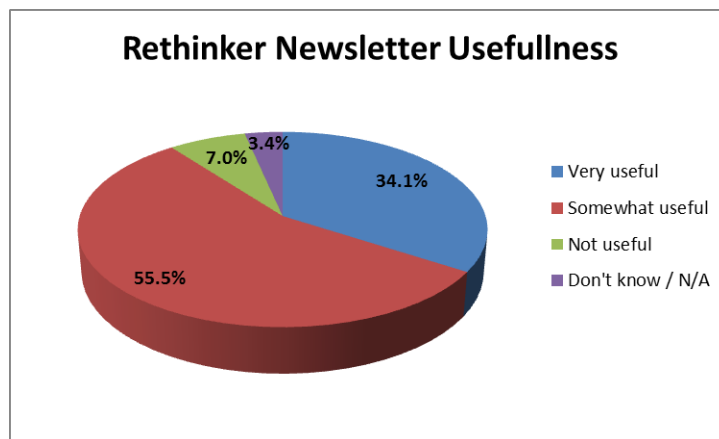


It should be noted that while staff continues to promote signing up for an electronic version of the newsletter, to date there are only 900 subscribers or about 0.1% of single family accounts. In contrast, of the approximately 93,300

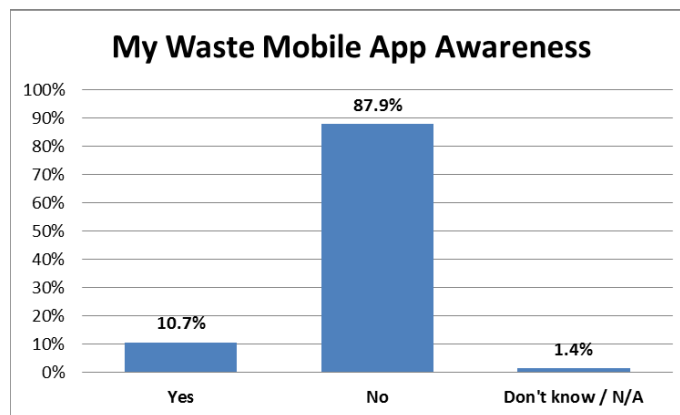
single-family households serviced by Recology, roughly 30,000 or 32% have subscribed to electronic bill payment, leaving two-thirds of the residents as still receiving paper bills. Interestingly, receiving the newsletter as a bill insert came in second at 22% on this question, whereas it came in as the third choice in the prior one that dealt with overall information source preference.

Based on these findings and as part of the efforts to reduce costs, staff has proposed that one of the *rethinker* newsletters be included as an insert in Recology's billing for FY1415 and two direct mailed. In addition, staff will continue to promote and encourage residents to move to electronic media as part of RethinkWaste's efforts to encourage source reduction and sustainability.

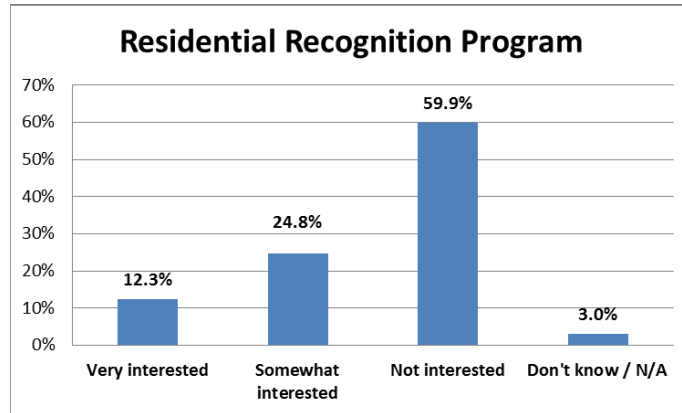
Regarding the newsletter, nearly 90% stated they found it very to somewhat useful, with only 7% stating that it was not useful. Both Recology and staff report increases in program participation and questions related to the subjects covered in an issue of the newsletter when residents receive a copy. The newsletter is one of the outreach requirements specified in the Franchise Agreements with Recology.



When asked about their awareness of RethinkWaste's free mobile application, approximately 11% stated that they knew there was one. Staff has initiated outreach efforts to increase knowledge and use of the "my waste" mobile application, including promotion in the *rethinker* newsletter, social media, truck signs and online advertising. Staff has also been in continued discussions with the third-party vendor who developed the mobile app. They are reporting that in general there is a lower download of the application across all of their customers throughout the United States and Canada, especially in those communities that have a comprehensive education program and website like RethinkWaste.



A couple of the survey questions dealt with a recognition program for households that have high diversion rates through the CartSMART program. Specifically, they were asked how interested they would be in participating in such a program, with responses as follows:

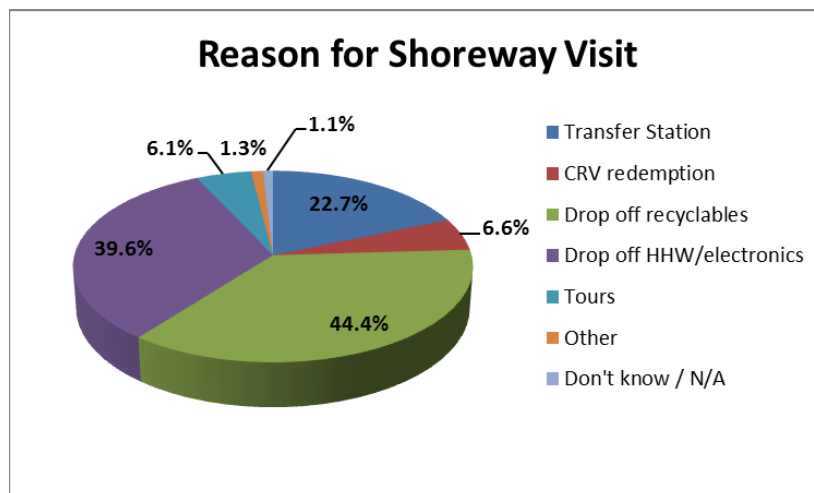


Approximately 37% said they would be very to somewhat interested. While the number who said they were not interested is higher, staff believes those that were very to somewhat interested present the potential to increase residential diversion incrementally and to provide a financial gain to the JPA. As shown in previous reports, residential diversion has plateaued since the roll out of the new services in January 2011. Residential diversion was at 66.9% for calendar year 2013 in comparison to 66.7% in 2012, and 66.2% in 2011. It was 54.7% in 2010 prior to the new services. As such, new opportunities, such as a recognition program need to be explored to maximize diversion opportunities at a relative low cost in comparison to implementing a system redesign.

More specifically, every additional ton of recycling diverted from the landfill results in \$61.72 per ton net commodity revenue to the JPA and the avoidance of \$54.43 per ton in disposal expense. If 37% of the households in the service area increased their recycling by 10%, that would equate to an additional 1,500 tons of recyclables collected over 2013 figures.

Of those that said they were very to somewhat interested in a recognition program, over 72% said they would like to be recognized by receiving gift certificates/cards to local restaurants and stores. Staff will be using its online Home Diversion Calculator launched last August to develop and implement a recognition program in FY1415.

The last programmatic questions were related to the Shoreway Environmental Center and facility usage. Of those that said they had visited the Shoreway facility (37.3%), the chart below details the reasons given for the purpose of their visit. Multiple responses were allowed.



The CRV redemption (6.6%), drop off of recyclables (44.4%) and drop off of household hazardous waste and electronics (39.6%) all occur within Shoreway's Public Recycling Center. Based on the results, nearly 91% of the respondents go to Shoreway specifically for the services provided at the Public Recycling Center (PRC), verifying what staff has believed – that it is valuable and convenient community resource. Staff will be exploring additional ways to continue to promote the use of the PRC.

Interestingly, of the 61% that said they had not visited Shoreway, a majority (73.2%) stated they had not gone to another waste or recycling facility. Staff will continue to work with South Bay Recycling on developing and implementing strategies to increase usage of the overall facility.

Background

While staff has extensive experience in developing public education and outreach campaigns and strategies, and has worked in collaboration with Recology and the Board's adhoc Public Education Subcommittee over the years in developing them, no formal effort had been initiated to determine the best methods to deliver messages to residents in the RethinkWaste service area previously. In previous budget planning Board meetings, discussion has taken place regarding the use of direct mail vs. electronic media for some outreach efforts.

RethinkWaste commissioned a customer satisfaction telephone survey of single-family residents throughout the service area in the spring of 2012, based on feedback from the Board and Member Agencies, to determine resident sentiment and satisfaction with the new CartSMART program, and Recology's performance and related services. The 2012 Customer Satisfaction Survey conducted by Godbe originally included questions related to public education and outreach, but were ultimately not included due to the length of that survey and budget constraints. These questions were the premise for the survey that was just conducted, to ultimately determine the most effective methods for delivering information to residents and assist in developing the FY1415 budget public education and outreach budget.

Fiscal Impact

The RethinkWaste FY1314 budget includes \$130,000 for Residential Outreach Programs. The contract with Godbe Research to conduct this research was for a not-to-exceed amount of \$44,875 and has been paid with these funds.

Attachments:

Attachment A – Godbe Topline Report



GODBE RESEARCH
Gain Insight

RETHINK WASTE / SBWMA

2014 Messaging Survey

Topline Report
n=1,230
12-minutes
Hybrid Sample

April 29, 2014

www.godberesearch.com

Northern California and Corporate Offices
1660 South Amphlett Blvd., Suite 205
San Mateo, CA 94402

Southern California/Southwest
4695 MacArthur Court, 11th Floor
Newport Beach, CA 92660

Nevada
59 Damonte Ranch Parkway, Suite B309
Reno, NV 89521

Pacific Northwest
601 108th Avenue NE, Suite 1900
Bellevue, WA 98004

SURVEY METHODOLOGY

Godbe Research was commissioned by Rethink Waste to conduct a survey to assess awareness and optimize messaging efforts. The survey was also designed to: (a) gauge awareness of Rethink Waste; (b) determine preferred methods for receiving communication; (c) gauge satisfaction with the Rethinker newsletter; (d) assess interest in participating in a recognition program; and (e) gauge awareness of Shoreway Environmental Center and other waste disposal and recycling facilities.

Survey Methodology

Godbe Research conducted a total of 1,230 interviews representing approximately 296,277 adults age 18 and older within the Rethink Waste jurisdiction. Included in this sample was a subsample of approximately 183,640 voters. The error rate for the study is plus or minus 2.8%. Interviews were conducted from April 10 through April 21, 2014. The average interview time was approximately 12 minutes. Once collected, the sample was compared with the respective populations within the selected RethinkWaste jurisdictions to examine possible differences between the demographics of the sample and the actual universe of voters. The data were weighted to correct these differences, and the results presented are representative of the population characteristics of the jurisdiction in terms of demographics.

Questionnaire Methodology

Questions 3, 9, 11 and 12 allowed the respondents surveyed to mention multiple responses and may sum to more than 100.

Conventional rounding rules are used in this report (.5 or above was rounded up, and .4 or below was rounded down). As a result, the percentages may not add up to 100 percent.

MESSAGING INFORMATION

1. Before today, have you seen, heard or read anything about RethinkWaste?

Yes	45.0%
No	54.2%
DK/NA	.8%

2. [If Q1= Yes] Did you know that RethinkWaste _____?

	Yes	No	DK/NA
A. Is a government agency	25.6%	72.0%	2.4%
B. Owns the Shoreway Environmental Center in San Carlos	42.2%	56.2%	1.6%
C. Provides public education for your CartSMART Recycle, Compost, Garbage and other related services	56.4%	41.4%	2.3%

3. From what sources would you prefer to get information about your recycling, garbage and other related services?

Brochures, mailers or fliers	32.8%
Email/email blast	21.2%
Bill inserts	13.3%
Newspaper	10.9%
Television	7.4%
Banners	5.7%
Website - RethinkWaste/www.rethinkwaste.org	5.0%
Facebook	2.8%
Radio	2.8%
Website - RecycleWorks/www.recycleworks.org	2.8%
Electronic newsletter	2.7%
Word of mouth/family/friend/neighbor	2.6%
Calling or visiting city/town	2.2%
Social media (non specific)	2.2%

Website - Recology www.recologysanmateocounty.com	2.0%
Website - City/Town	1.8%
Bus shelter signs	1.6%
Company or workplace	.9%
Calling or visiting Recology	.8%
Twitter	.6%
None - don't seek information on garbage, waste reduction or recycling	3.7%
Other	.5%
DK/NA/Refused	5.9%

4. Have you read the RethinkWaste newsletter, the “Rethinker,” that is mailed to you three times a year?

Yes	42.0%
No	55.2%
DK/NA	2.8%

5. [If Q4=Yes] Do you find the information on the RethinkWaste newsletter, the “Rethinker” to be very useful, somewhat useful, or not useful?

Very useful	34.1%
Somewhat useful	55.5%
Not useful	7.0%
DK/NA	3.4%

6. [If Q4=Yes] Would you prefer to receive the RethinkWaste newsletter, the “Rethinker,” directly in your mail, inserted in your garbage bill or electronically?

Directly in mail	57.9%
Inserted in garbage bill	22.1%
Electronically	15.6%
DK/NA	4.3%

7. Did you know that RethinkWaste has a free mobile app, called “My Waste,” to make it easier for residents to learn about the programs, schedule services and report issues?

Yes	10.7%
No	87.9%
DK/NA	1.4%

8. RethinkWaste would like to recognize residents/households who recycle a lot through the blue and green carts. How interested would you be in having your household recognized for your efforts, would you be very interested, somewhat interested, or not interested?

Very interested	12.3%
Somewhat interested	24.8%
Not interested	59.9%
DK/NA	3.0%

9. [If Q8=Very interested or Somewhat interested] How would you like to be recognized for your recycling efforts?

Special sticker or label on cart	15.8%
Gift certificate or gift card to local restaurant/store	72.4%
Recognition luncheon/dinner	10.4%
DK/NA	10.8%

10. Have you visited or used the Shoreway Environmental Center in San Carlos?

Yes	37.3%
No	61.0%
DK/NA	1.7%

11. [If Q10=Yes, ask] Why did you visit or use the Shoreway Environmental Center [Multiple responses accepted.]

Taken material to the Transfer Station	22.7%
Went to the buy-back center/redeemed CRV bottles and cans	6.6%
Drop-off recyclables	44.4%
Drop-off hazardous waste/electronics	39.6%
Tours	6.1%
Other	1.3%
DK/NA	1.1%

12. [If Q10=No ask] If you have gone to another waste disposal and recycling center instead of the Shoreway Environmental Center, which facility was it? [Multiple responses accepted.]

Ox Mountain Landfill/Dump in Half Moon Bay	4.3%
Sunnyvale SMaRT Station or Sunnyvale	3.4%
Blue Line Transfer Station or South San Francisco	2.0%
San Francisco (SF) Dump or Recology or San Francisco	4.1%
Local CRV buy-back center	4.0%
Other	1.7%
No-Have not gone to another Waste Disposal and Recycling Center	73.2%
DK/NA	7.8%

DEMOGRAPHICS

A. Record Gender [Recorded from voice]:

Male	48.4%
Female	51.6%

B. [If RDD sample] What city do you live in?

Atherton	1.8%
Belmont	6.9%
Burlingame	7.6%
East Palo Alto	6.5%
Foster City	8.0%
Hillsborough	2.7%
Menlo Park	8.2%
Redwood City	19.8%
San Carlos	7.3%
San Mateo	26.0%
County of San Mateo/Unincorporated/Fair Oaks	.8%
West Bay Sanitary District	4.4%

And now just a few questions for comparison purposes.

C. Now I am going to read some age groups. Please stop me when I reach the group that best describes your age.

18 to 24	8.4%
25 to 29	9.4%
30 to 34	9.5%
35 to 39	10.3%
40 to 44	10.6%
45 to 49	9.8%
50 to 54	7.3%
55 to 59	9.4%

60 to 64	7.3%
65+ years	17.0%
Prefer not to say/NA	1.0%

D. Do you own or rent your place of residence?

Own	56.4%
Rent	38.6%
Other	3.2%
DK/NA	1.9%

E. What is the primary language used in your household?

Arabic	.5%
Chinese - Cantonese	1.5%
Chinese - Mandarin	1.3%
English	89.5%
Filipino/Tagalog	.3%
Japanese	.1%
Korean	.0%
Hindi	.3%
Russian	.5%
Spanish	4.5%
Vietnamese	.2%
Other	.9%
DK/NA	.4%

FROM VOTER FILE:

F. Age

18 to 29	16.4%
30 to 39	13.9%
40 to 49	14.8%
50 to 64	20.4%
65 and over	21.0%
Not coded	13.5%

G. Homeownership Status

Own	62.9%
Rent	37.1%