



A Public Agency

STAFF UPDATES



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Marshall Moran, Finance Manager
Date: September 11, 2014 Special Board of Directors Meeting
Subject: Update on 2014/2015 Franchise Rate Setting Process

Recommendation

This is an informational report and no action is necessary.

Analysis

The purpose of this staff update report is to keep the Board and Member Agency staff informed on the timing, schedule of events and issues affecting Member Agencies during the 2015 Contractor's Compensation Application(s) review (performed in 2014) and the SBWMA Recommended Rate Adjustment process for the 2015 Rate Year (i.e., establishing rates for January 1 - December 31, 2015). The goal is to provide pertinent information for Member Agencies to effectively plan for and manage communications regarding the compensation application and rate setting process including specific input needed from all Member Agencies. This staff update is revised as necessary and included in the Board packet for each Board meeting.

Attached is the current 2014 (for calendar year 2015 rates) Rate Approval Schedule (**Attachment A**).

- ***Issues Affecting Recology and SBR 2015 Compensation Adjustments includes:*** We are pleased to report that there are no outstanding issues on either of the two contractor's compensation applications.
- **Recology Annual Revenue Reconciliation for 2013.** Each Agency will have a surplus or shortfall which will be added to or subtracted from the total 2015 Revenue Requirement. Recology's 2013 Revenue Reconciliation Report was reviewed by staff and audited by a consultant as part of the Financial Systems Audit.
- **Recology Performance Incentive/Disincentive and Liquidated Damages Payments for 2013.** Recology reported the amounts of performance incentives/disincentives in the company's Annual Report submitted on February 14, 2014 which are included in the 2015 Compensation Application.

Schedule of Compensation/Rate Adjustment Activities:

January 2014

- January 23 Board Meeting - Discussion on Cost Allocation Methodology.

February 2014

- February 14 – Recology issued its 2013 Annual Report.
- February 27 Board Meeting - Discussion on interest calculations for rate revenue surplus/shortfall.

March 2014

- March 27 Board Meeting – Board approval of MOU with Recology on interest calculations for rate revenue surplus/shortfall.
- March 27 Board Meeting - Follow-up information and responses to questions on the Cost Allocation Methodology.
- Recology submitted the 2013 Revenue Reconciliation Report.

June 2014

- SBWMA issued a letter to the Board requesting feedback from all Member Agencies on estimated 2015 Member Agency fees (e.g., franchise fees) to be included in their 2015 solid waste rates.
- June 13th – Recology submitted its 2015 Compensation Application to the SBWMA and Member Agencies.
- June 26 – Board approved the Financial Audit Report on Recology and SBR for calendar year 2013 including final results of the 2013 Recology Revenue Reconciliation.
- June 26 – Board approved the Audit Report of Recology 2013 Annual Report and financial impact of performance incentives/disincentives and liquidated damages to be included in Recology's 2015 compensation application.

July 2014

- July 1 - SBR's 2015 Compensation Application due to the SBWMA. Application was submitted on June 13, 2014.
- July 3 – Member Agency responses due to SBWMA on 2015 estimated Member Agency fees.
- July 8 – SBWMA staff issued comments to Recology on its 2015 Compensation Application.
- July 8 – SBWMA Board deadline to issue comments to Recology on its 2015 Compensation Application. (Comments from the following two Member Agencies were received: Foster City and County of San Mateo.)
- July 21 – SBWMA issued the following reports to the Board and Member Agency staff for review and comment:
 - Estimated residential revenue changes due to cart migration (i.e., lost revenue) by Member Agency since July 2013.
 - Projected 2014 and 2015 residential and commercial base revenue (based on six months of actual).
 - Residential rates versus cost analysis by Member Agency. Member Agencies are encouraged to review their residential rate structure for rate versus cost deficiencies (i.e., if rates don't cover costs) and rate subsidization of small carts by large carts.
 - Projected 2014 and 2015 tonnage based on six months of actual. These projections were used to estimate Member Agency 2014 and 2015 disposal expense.
 - Summary of 2015 Member Agency fees based on Member Agency feedback for final agency review.
- July 29 – Recology revised 2015 Compensation Application submitted to the SBWMA and Member Agencies.

August 2014

- August 8 – SBWMA issued the Draft Report Reviewing Recology's 2015 Compensation Application (due on August 15). Included in this Report is the draft recommended total Revenue Requirement and rate adjustment(s) for 2015.
- August 8 – SBWMA issued the Draft Report Reviewing SBR's 2015 Compensation Application.

- August 29 – Member Agency comments due back on SBWMA Draft Report(s) Reviewing Recology's and SBR's 2015 Compensation Applications. (Comments were received from the County of San Mateo.)

September 2014

- September 11 – Special Board meeting
 - Board may discuss the 2015 Compensation Application(s) and rate setting process.
- September 18 – SBWMA Final Report Reviewing Recology's 2015 Compensation Application issued (for consideration at the September 25, 2014 Board meeting). Included in the Final Report is the recommended total collection rate adjustment for 2015.
- September 18 – SBWMA Final Report Reviewing SBR's 2015 Compensation Application.
- September 25 – Board consideration of the SBR 2015 Compensation Application.
- September 25 – Board consideration of the Recology 2015 Compensation Application and total recommended Revenue Requirement for 2015.

September 27 – December 31, 2014

- Member Agencies issue Prop. 218 notice and approve final 2015 solid waste rates.

November 2014

- Report to Board on recommended January 1, 2015 Shoreway tip fee adjustments, if needed, including updated calendar year 2015 SBWMA financial projection with assumed tip fee and cash reserve balances.

Attachment:

Attachment A – Draft 2015 Rate Approval Schedule

Attachment A

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2015 Rate Approval Schedule

Member Agency Rate Setting Process

The Recology 2015 Compensation Application was submitted to the SBWMA and Member Agencies on June 13, 2014. On August 8, 2014, the SBWMA issued its Draft Report Reviewing Recology's 2015 Compensation Application (due on August 15) and the recommended Total Solid Waste Revenue Requirement for 2015. The Member Agencies were provided until August 29th, fifteen business days, to provide comments on the SBWMA's Draft Report. The comments received are incorporated in the SBWMA Final Report Reviewing the Recology 2015 Compensation Application that will become binding upon the Board's consideration for approval at the September 25, 2014 Board meeting. While the individual Member Agencies actually set solid waste rates for their jurisdictions, any rate increases put forth by the Member Agencies that are less than recommended in the approved SBWMA Final Report and cause a shortfall in compensation to Recology will result in interest payments for amounts owed to Recology.

September 25, 2014 Board Meeting

- Recology and SBR Compensation Applications Considered by Board
- Total Recommended Revenue Requirement Considered by Board

Member Agency Residential Billing Schedule

Group A: October-November-December (Billed September 30, 2014; December 31, 2014)

- Menlo Park
- Redwood City (Not applicable to Residential, Redwood City does its own billing.)
- San Mateo
- West Bay Sanitary District

Group B: November-December-January (Billed October 31, 2014; January 31, 2015)

- Atherton
- Burlingame
- San Carlos

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**Group C: December-January-February
(Billed November 30, 2014; February 28, 2015)**

- East Palo Alto (Not applicable to Residential.)
- Foster City
- Hillsborough
- County of San Mateo

Prop 218 Public Notice Implications

Prop 218 requires an agency to provide 45 days public notice directly to all account holders prior to authorizing a rate increase. If more than 50% of all account holders file a protest letter within the 45 day public comment period, the agency cannot adopt the proposed rate increase.

Bill Insert Considerations

Recology typically requires that a bill insert is prepared and ready for insertion with the bills a minimum of two weeks prior to the scheduled bill issuance date. However, the company may reduce this deadline to 5 business days for special circumstances, such as a Prop 218 Notice. The company has detailed guidelines regarding the specifications for bill inserts and will share these upon request. Agencies issuing a Prop 218 Notice via Recology's bills will need to **pay directly for the costs** associated with production and printing but will save on mailing expenses since Recology can include the insert with its bills at no additional cost.

Direct Mail Considerations

Member Agencies sending the Prop 218 Notice via direct mail will need to **pay directly for the costs** associated with production, printing and mailing. Agencies sending a direct mail piece typically include these costs in their rates. Sending the Prop 218 Notice via direct mail provides the Agency with total control and flexibility regarding production and mailing of the notice.

Bill Insert vs. Direct Mail:

Group A

These agencies may be able to prepare and print a bill insert in time for inclusion with the September 30, 2014 mailing. Therefore these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process and adopt rates prior to January 1, 2015.

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Proposed Schedule:

- September 25, 2014..... SBWMA BOD Approves Recology and SBR Compensation.
- October 1-15 Governing body or Agency staff approves issuance of the Prop 218 notice.
- October 16-31 Prop 218 Notice printed and issued via direct mail
- November 1-15 Governing body closes the Prop 218 public notice period and adopts 2015 rates effective January 1, 2015.
- December 31..... First Recology bill issued with new 2015 rates.

Group B

These agencies will likely be able to prepare and print a bill insert in time for inclusion with the October 31, 2014 mailing. However, since the Prop 218 process will not close for 45 days after issuance of the Prop 218 rate increase notice, these agencies will have to bring the results of the Prop 218 notice before their governing body between December 16 and 31, 2014. Otherwise, these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2015.

Proposed Schedule:

- September 25, 2014..... SBWMA BOD Approves Recology and SBR Compensation
- October 1 – October 15..... Governing body or Agency staff approves issuance of the Prop 218 notice.
- October 31 Prop 218 Notice included with Recology bills
- December 15-31 Governing body closes the Prop 218 public notice period and adopts 2015 rates.
- January 31, 2015 First Recology bill issued with new 2015 rates including a retroactive rate adjustment for January.

Group C

While these agencies will have ample time to prepare and print a bill insert in time for inclusion with the November 30, 2014 mailing, this is moot since the 45 day Prop 218 notification period will not close until after January 1, 2015 (i.e., on January 14, 2015). Therefore these agencies will be required to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2015.

Proposed Schedule:

- September 25, 2014..... SBWMA BOD Approves Recology and SBR Compensation
- October 1-15 Governing body or Agency staff approves issuance of the Prop 218 notice.
- October 16-31 Prop 218 Notice printed and issued via direct mail
- December 1-15 Governing body closes the Prop 218 public notice period and adopts 2015 rates.
- February 28, 2015..... First Recology bill issued with new 2015 rates including a retroactive rate adjustment for January and February.

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STAFF UPDATE

To: SBWMA Board Members
From: Marshall Moran, Finance Manager
Date: September 11, 2014 Special Board of Directors Meeting
Subject: Review of Lower Residential Revenue from Cart Migration and Rates vs. Costs Analysis

Recommendation

This is an informational report and no action is necessary. This report was issued on July 21, 2014 and is brought back to the Board for possible discussion if requested by a Board member. This report covers all eleven agencies except East Palo Alto which only offers the 96 gallon cart and is therefore unaffected by these issues.

Analysis

Cart Migration Analysis

Each year since 2011, staff has reported to the Board during the rate setting process on residential cart migration affecting residential revenue. This report presents an update on residential customers changing cart sizes (i.e., "cart migration") from March 2013 through March 2014 (**Attachment A**).

The purpose of this report is to update the agencies on the estimated impact to agency solid waste collection revenue from customers "migrating" to smaller cart sizes with lower rates. This generally results in less revenue and could have a negative impact on rates by creating a compensation shortfall owed to Recology. The overall annualized impact from cart migration from 2013 to 2014 is an estimated revenue loss of \$445,996 on estimated total residential revenue of \$41,646,000 (1%). This is slightly higher than last year's estimated revenue loss of \$380,273 from cart migration but significantly lower than the 2011 and 2012 estimated revenue loss. The table below shows the four year trend:

Estimated Revenue Loss from Cart Migration			
2011	\$	(899,833)	July 2010 to July 2011
2012	\$	(1,615,570)	July 2011 to March 2012
2013	\$	(380,273)	March 2012 to March 2013
2014	\$	(445,996)	March 2013 to March 2014

The actual revenue impact from cart migration for any given Member Agency cannot be determined since we do not know the timing of when the change occurred during the past year (i.e., it is difficult if not impossible to ascertain exactly when all the changes were made since customers can change their service levels at any time). These changes could be for one month or twelve months. In addition, the data includes changes in the number of carts being serviced so the migration impact alone is diluted.

However, it is important to point out that cart migration generally results in less revenue being generated and needs to be considered when establishing rates for the next rate year (i.e., 2015). The draft 2015 SBWMA Consolidated Rate Report issued on August 15 provided the recommended rate adjustments based on revenue projections at current revenue levels, cost for collection service, disposal expense and Agency fees, and prior

year surplus/shortfalls owed to/from Recology. Agencies may want to consider collecting additional revenue from higher rate adjustments than recommended to offset any potential revenue shortfall from residential cart migration. Further, the revenue requirement figures in the 2015 SBWMA Consolidated Rate Report will be binding on each Member Agency and interest will accrue on any revenue shortfall owed to Recology once this report is approved by the Board in September.

Rates vs. Costs Analysis

Another factor to consider when setting rates and that contribute to a deficit in revenue generation includes the extent to which an agency adopts "progressive" rates. Member Agencies that adopt more progressive residential rates (i.e., those that offer the smaller cart sizes such as the 20 and 32 gallon carts at the highest "discounts" in relation to the actual cost of service) may exacerbate the loss of revenue associated with cart migration. **Attachment B** provides details on how 2014 residential rates compare to 2015 costs by cart size. In all cases, Member Agency rates for 20-gallon and 32-gallon carts are substantially below actual costs. Conversely, nearly all Member Agency rates for the 64-gallon and 96-gallon service levels are substantially above actual costs.

One important consideration when establishing residential garbage rates is that the cost to service the four cart sizes is not proportional to the size difference of the carts (as shown in **Attachment A, section B**), due to factors such as:

1. The cost includes the cost to service garbage (black), recycling (blue), and organics (green) carts. Only the black cart size changes with the cart selection – the other two are constant.
2. The cost to service all four cart sizes is approximately the same.
3. Only the solid waste disposal expense (approximately 10% of total cost) changes with the different black cart sizes.

Timing of Rate Increases

The timing of when rate increases are effective is also important. Rate increases effective after January 1 will generate a revenue shortfall unless they are made retroactive or increased to make up for the lost time at the new rates.

Background

The Franchise Agreements for Collection Services with Recology fundamentally improved the offering of services provided to customers including weekly single stream recycling and other services. Overall, our customers in the SBWMA service area are very pleased with the new services. Based on findings of a statistically representative survey in the spring of 2012, a total of 88.2 percent of the residents surveyed said they were "very satisfied" and "somewhat satisfied" overall with the CartSMART Recycle, Compost and Garbage collection services, while only 6.4 percent said they were "somewhat dissatisfied" or "very dissatisfied."

There is also a heightened level of responsibility on Member Agencies to establish rates to pay for these services. The Franchise Agreements with Recology stipulate that the Member Agencies have a contractual obligation to set rates to cover Recology's approved compensation, pass-through costs such as Agency franchise fees and disposal and processing at Shoreway, and any prior year's revenue shortfall. The past use of a Balancing Account with Allied Waste/Republic Services is not part of the new Agreement with Recology and thus Member Agencies need to adjust rates annually as necessary.

Fiscal Impact

There is no fiscal impact to SBWMA. The fiscal impact, if any, on the Member Agencies will be addressed during each respective Agency's rate setting process.

Attachments:

Attachment A – Cart Migration Tables

Attachment B – Rates vs. Costs Tables

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: SBWMA TOTAL

2014 vs 2013

	March 2013		March 2014		Year-Over-Year Variance		Revenue Impact: 2014 vs 2013	
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	March 2014 vs March 2013	Number of Carts	Percent of Carts	Monthly Revenue
20 gallon	19,182	21.3%	19,907	22.1%	725	3.8%	\$ 11,086	\$ 133,031
32 gallon	51,569	57.2%	51,154	56.9%	-415	-0.8%	\$ (10,756)	\$ (129,073)
64 gallon	16,172	17.9%	15,842	17.6%	-330	-2.0%	\$ (18,236)	\$ (218,833)
96 gallon	3,275	3.6%	3,058	3.4%	-217	-6.6%	\$ (19,260)	\$ (231,122)
TOTAL	90,198	100.0%	89,961	100.0%	-237	-0.3%	\$ (37,166)	\$ (445,996)

% Change -0.3% -1.3%

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

The "Total" excludes East Palo Alto since it only offers one cart size (i.e., 96 gallon).

All cart data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: ATHERTON

2014 vs 2013

	March 2013		March 2014		Year-Over-Year Variance March 2014 vs March 2013		Revenue Impact: 2014 vs 2013	
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Monthly Revenue	Annualized Revenue
20 gallon	463	19.7%	454	19.4%	-9	-1.9%	\$ (243)	\$ (2,916)
32 gallon	903	38.4%	913	39.0%	10	1.1%	\$ 550	\$ 6,600
64 gallon	585	24.9%	585	25.0%	0	0.0%	\$ -	\$ -
96 gallon	403	17.1%	388	16.6%	-15	-3.7%	\$ (2,460)	\$ (29,520)
TOTAL	2,354	100.0%	2,340	100.0%	-14	-0.6%	\$ (2,153)	\$ (25,836)

% Change

-0.6%

-1%

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All cart data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: Belmont

Service Levels	March 2013		March 2014		Year-Over-Year Variance March 2014 vs March 2013		Revenue Impact: 2014 vs 2013	
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Monthly Revenue	Annualized Revenue
	20 gallon	1,744	25.9%	1,861	27.6%	117	6.7%	\$ 2,528
32 gallon	4,216	62.6%	4,146	61.5%	-70	-1.7%	\$ (2,505)	\$ (30,064)
64 gallon	691	10.3%	655	9.7%	-36	-5.2%	\$ (2,839)	\$ (34,068)
96 gallon	87	1.3%	78	1.2%	-9	-10.3%	\$ (1,147)	\$ (13,769)
TOTAL	6,738	100.0%	6,740	100.0%	2	0.0%	\$ (3,963)	\$ (47,560)
% Change			0.0%				-1.6%	

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: Burlingame

Service Levels	March 2013		March 2014		Year-Over-Year Variance March 2014 vs March 2013		Revenue Impact: 2014 vs 2013	
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Monthly Revenue	Annualized Revenue
	20 gallon	1,218	18.5%	1,134	17.2%	-84	-6.9%	\$ (1,084)
32 gallon	3,978	60.3%	4,062	61.6%	84	2.1%	\$ 2,003	\$ 24,041
64 gallon	1,149	17.4%	1,152	17.5%	3	0.3%	\$ 143	\$ 1,718
96 gallon	251	3.8%	242	3.7%	-9	-3.6%	\$ (637)	\$ (7,646)
TOTAL	6,596	100.0%	6,590	100.0%	-6	-0.1%	\$ 426	\$ 5,109
% Change		-0.1%				0.2%		

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: Foster City

	March 2013		March 2014		Year-Over-Year Variance		Revenue Impact: 2014 vs 2013	
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Monthly Revenue	Annualized Revenue
20 gallon	1281	18.9%	1333	19.8%	52	4.1%	\$ 632	\$ 7,582
32 gallon	4530	66.7%	4433	66.0%	-97	-2.1%	\$ (1,887)	\$ (22,640)
64 gallon	837	12.3%	827	12.3%	-10	-1.2%	\$ (389)	\$ (4,668)
96 gallon	139	2.0%	127	1.9%	-12	-8.6%	\$ (700)	\$ (8,402)
TOTAL	6,787	100.0%	6,720	100.0%	-67	-1.0%	\$ (2,344)	\$ (28,129)

% Change

-1.0%

-1.6%

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: Hillsborough

Service Levels	March 2013		March 2014		Year-Over-Year Variance		Revenue Impact: 2014 vs 2013	
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	March 2014 vs March 2013		Monthly	Annualized
					Number of Carts	Percent of Carts	Revenue	Revenue
20 gallon	594	16.1%	596	16.2%	2	0.3%	\$ 85	\$ 1,018
32 gallon	1827	49.6%	1838	50.1%	11	0.6%	\$ 578	\$ 6,930
64 gallon	853	23.1%	845	23.0%	-8	-0.9%	\$ (659)	\$ (7,910)
96 gallon	412	11.2%	392	10.7%	-20	-4.9%	\$ (2,348)	\$ (28,176)
TOTAL	3,686	100.0%	3,671	100.0%	-15	-0.4%	\$ (2,345)	\$ (28,139)

% Change

-0.4%

-1.0%

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: Menlo Park

Service Levels	March 2013		March 2014		Year-Over-Year Variance		Revenue Impact: 2014 vs 2013		
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	March 2014 vs March 2013		Monthly	Annualized	
					Number of Carts	Percent of Carts	Revenue	Revenue	
20 gallon	1,949	24.4%	1,960	24.6%	11	0.6%	\$ 154	\$ 1,847	
32 gallon	4,309	54.0%	4,308	54.0%	-1	0.0%	\$ (23)	\$ (281)	
64 gallon	1,396	17.5%	1,384	17.4%	-12	-0.9%	\$ (672)	\$ (8,063)	
96 gallon	326	4.1%	319	4.0%	-7	-2.1%	\$ (586)	\$ (7,032)	
TOTAL	7,980	100.0%	7,971	100.0%	-9	-0.1%	\$ (1,127)	\$ (13,529)	
% Change		-0.1%						-0.5%	

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: North Fair Oaks

Service Levels	March 2013		March 2014		Year-Over-Year Variance		Revenue Impact: 2014 vs 2013		
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	March 2014 vs March 2013		Monthly	Annualized	
					Number of Carts	Percent of Carts	Revenue	Revenue	
20 gallon	26	1.0%	28	1.0%	2	7.7%	\$ 55	\$ 655	
32 gallon	251	9.2%	273	10.0%	22	8.8%	\$ 601	\$ 7,210	
64 gallon	2424	89.2%	2420	88.5%	-4	-0.2%	\$ (218)	\$ (2,622)	
96 gallon	18	0.7%	12	0.4%	-6	-33.3%	\$ (492)	\$ (5,899)	
TOTAL	2,719	100.0%	2,733	100.0%	14	0.5%	\$ (55)	\$ (655)	
% Change		0.5%						0.0%	

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: Redwood City

Service Levels	March 2013		March 2014		Year-Over-Year Variance		Revenue Impact: 2014 vs 2013		
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	March 2014 vs March 2013		Monthly	Annualized	
					Number of Carts	Percent of Carts	Revenue	Revenue	
20 gallon	4,861	27.9%	5,220	30.1%	359	7.4%	\$ 4,085	\$ 49,025	
32 gallon	9,949	57.2%	9,726	56.0%	-223	-2.2%	\$ (6,088)	\$ (73,055)	
64 gallon	2,084	12.0%	1,966	11.3%	-118	-5.7%	\$ (6,444)	\$ (77,328)	
96 gallon	504	2.9%	444	2.6%	-60	-11.9%	\$ (4,864)	\$ (58,363)	
TOTAL	17,398	100.0%	17,356	100.0%	-42	-0.2%	\$ (13,310)	\$ (159,721)	
% Change		-0.2%						-2.8%	

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: San Carlos

	March 2013		March 2014		Year-Over-Year Variance		Revenue Impact: 2014 vs 2013	
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	March 2014 vs March 2013	Number of Carts	Percent of Carts	Monthly Revenue
20 gallon	2,025	23.5%	2,072	24.1%	47	2.3%	\$ 981	\$ 11,771
32 gallon	5,265	61.1%	5,245	61.1%	-20	-0.4%	\$ (624)	\$ (7,483)
64 gallon	1,148	13.3%	1,110	12.9%	-38	-3.3%	\$ (2,175)	\$ (26,097)
96 gallon	172	2.0%	155	1.8%	-17	-9.9%	\$ (1,419)	\$ (17,024)
TOTAL	8,610	100.0%	8,582	100.0%	-28	-0.3%	\$ (3,236)	\$ (38,833)
% Change			-0.3%				-1.1%	

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: San Mateo

Service Levels	March 2013		March 2014		Year-Over-Year Variance		Revenue Impact: 2014 vs 2013	
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	March 2014 vs March 2013		Monthly	Annualized
					Number of Carts	Percent of Carts	Revenue	Revenue
20 gallon	3526	17.5%	3693	18.4%	167	4.7%	\$ 2,178	\$ 26,132
32 gallon	12006	59.7%	11916	59.5%	-90	-0.7%	\$ (1,877)	\$ (22,529)
64 gallon	3861	19.2%	3757	18.8%	-104	-2.7%	\$ (4,774)	\$ (57,283)
96 gallon	705	3.5%	654	3.3%	-51	-7.2%	\$ (3,596)	\$ (43,146)
TOTAL	20,098	100.0%	20,020	100.0%	-78	-0.4%	\$ (8,069)	\$ (96,826)

% Change

-0.4%

-1.5%

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: West Bay

Service Levels	March 2013		March 2014		Year-Over-Year Variance March 2014 vs March 2013		Revenue Impact: 2014 vs 2013	
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Monthly Revenue	Annualized Revenue
20 gallon	499	22.5%	512	23.2%	13	2.6%	\$ 303	\$ 3,635
32 gallon	1229	55.4%	1210	54.8%	-19	-1.5%	\$ (714)	\$ (8,573)
64 gallon	407	18.4%	405	18.4%	-2	-0.5%	\$ (147)	\$ (1,769)
96 gallon	82	3.7%	80	3.6%	-2	-2.4%	\$ (220)	\$ (2,640)
TOTAL	2,217	100.0%	2,207	100.0%	-10	-0.5%	\$ (779)	\$ (9,347)
% Change			-0.5%				-0.8%	

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All data provided by Recology San Mateo County.

prepared by: SBWMA

Single-Family Residential Collection Service Levels and Revenue Summary

SOLID WASTE COLLECTION SERVICE ONLY

Member Agency: Unincorporated County of San Mateo

	March 2013		March 2014		Year-Over-Year Variance March 2014 vs March 2013		Revenue Impact: 2014 vs 2013	
	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Number of Carts	Percent of Carts	Monthly Revenue	Annualized Revenue
20 gallon	996	19.9%	1,044	20.8%	48	4.8%	\$ 1,412	\$ 16,946
32 gallon	3106	61.9%	3,084	61.3%	-22	-0.7%	\$ (769)	\$ (9,229)
64 gallon	737	14.7%	736	14.6%	-1	-0.1%	\$ (62)	\$ (743)
96 gallon	176	3.5%	167	3.3%	-9	-5.1%	\$ (792)	\$ (9,504)
TOTAL	5,015	100.0%	5,031	100.0%	16	0.3%	\$ (211)	\$ (2,531)
% Change			0.3%				-0.1%	

Note: These revenue figures are derived from Single-Family Dwelling Residential solid waste (black) cart rates only and exclude all other revenue sources such as Commercial and Multi-Family account revenues and Attachment Q - Unscheduled services revenues from backyard service, additional cart rental fees, etc.

All data provided by Recology San Mateo County.

prepared by: SBWMA

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
RESIDENTIAL COLLECTION SERVICES -- RATES AND COSTS**

**2015 COST ESTIMATES
vs 2014 RATES**

	Atherton	Belmont	Burlingame	EPA	Foster City	Hillsborough	Menlo Park	N.Fair Oaks	Redwood City	San Carlos	San Mateo	West Bay	Uninc SMC
March 2014 Number of SW Carts													
20 gallons	454	1,861	1,134	0	1,333	596	1,960	28	5,220	2,072	3,693	512	1,044
32 gallons	913	4,146	4,062	0	4,433	1,838	4,308	273	9,726	5,245	11,916	1,210	3,084
64 gallons	585	655	1,152	0	827	845	1,384	2,420	1,966	1,110	3,757	405	736
96 gallons	388	78	242	4,099	127	392	319	12	444	155	654	80	167
Total Carts	2,340	6,740	6,590	4,099	6,720	3,671	7,971	2,733	17,356	8,582	20,020	2,207	5,031
A. 2014 Cart Rates / Month													
20 gallons	\$ 27.00	\$ 21.61	\$ 12.90	\$ -	\$ 12.15	\$ 42.40	\$ 13.99	\$ 27.31	\$ 11.38	\$ 20.87	\$ 13.04	\$ 23.30	\$ 29.42
32 gallons	\$ 55.00	\$ 35.79	\$ 23.85	\$ -	\$ 19.45	\$ 52.50	\$ 23.40	\$ 27.31	\$ 27.30	\$ 31.18	\$ 20.86	\$ 37.60	\$ 34.96
64 gallons	\$ 110.00	\$ 78.86	\$ 47.71	\$ -	\$ 38.90	\$ 82.40	\$ 55.99	\$ 54.62	\$ 54.61	\$ 57.23	\$ 45.90	\$ 73.70	\$ 61.95
96 gallons	\$ 164.00	\$ 127.49	\$ 70.80	\$ 40.77	\$ 58.35	\$ 117.40	\$ 83.72	\$ 81.93	\$ 81.06	\$ 83.45	\$ 70.50	\$ 110.00	\$ 88.00
B. 2015 Collection & Disposal Cost / Month													
20 gallons	\$ 83.90	\$ 42.69	\$ 42.70	\$ -	\$ 32.13	\$ 61.72	\$ 44.00	\$ 39.26	\$ 42.68	\$ 39.18	\$ 39.11	\$ 44.24	\$ 41.47
32 gallons	\$ 85.25	\$ 44.05	\$ 44.05	\$ -	\$ 33.33	\$ 62.96	\$ 45.34	\$ 40.84	\$ 44.24	\$ 40.53	\$ 40.63	\$ 45.48	\$ 42.82
64 gallons	\$ 88.86	\$ 47.67	\$ 47.62	\$ -	\$ 36.56	\$ 66.28	\$ 48.94	\$ 45.05	\$ 48.40	\$ 44.14	\$ 44.67	\$ 48.81	\$ 46.43
96 gallons	\$ 92.46	\$ 51.29	\$ 51.20	\$ 56.30	\$ 39.78	\$ 69.59	\$ 52.54	\$ 49.27	\$ 52.57	\$ 47.74	\$ 48.71	\$ 52.14	\$ 50.04
C. 2014 Rate vs '15 Cost Variance (\$)													
20 gallons	(\$56.90)	(\$21.08)	(\$29.80)		(\$19.98)	(\$19.32)	(\$30.01)	(\$11.95)	(\$31.30)	(\$18.31)	(\$26.07)	(\$20.94)	(\$12.05)
32 gallons	(\$30.25)	(\$8.26)	(\$20.20)		(\$13.88)	(\$10.46)	(\$21.94)	(\$13.53)	(\$16.94)	(\$9.35)	(\$19.77)	(\$7.88)	(\$7.86)
64 gallons	\$21.14	\$31.19	\$0.09		\$2.34	\$16.12	\$7.05	\$9.57	\$6.21	\$13.09	\$1.23	\$24.89	\$15.52
96 gallons	\$71.54	\$76.20	\$19.60	(\$15.53)	\$18.57	\$47.81	\$31.18	\$32.66	\$28.49	\$35.71	\$21.79	\$57.86	\$37.96
D. 2014 Rate vs '15 Cost Variance (%)													
20 gallons	-68%	-49%	-70%		-62%	-31%	-68%	-30%	-73%	-47%	-67%	-47%	-29%
32 gallons	-35%	-19%	-46%		-42%	-17%	-48%	-33%	-38%	-23%	-49%	-17%	-18%
64 gallons	24%	65%	0%		6%	24%	14%	21%	13%	30%	3%	51%	33%
96 gallons	77%	149%	38%	-28%	47%	69%	59%	66%	54%	75%	45%	111%	76%

% rates are above / <below> cost

Cost estimates are based on a cart count in March 2014. The cart count can vary.

2015 Cost includes Recology collection cost, disposal expense, and agency fees. This analysis does not include any surplus/shortfall due to/from Recology for prior years.

Recology Collection cost is fixed after Board approval. Disposal expense is based on estimated tonnage collected.



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Date: September 11, 2014 Special Board of Directors Meeting
Subject: Hiring New Finance Manager in Spring 2015

Recommendation

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

Background

The adopted FY1415 budget documents noted 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. It is currently assumed that the existing Finance Manager will remain full-time through the period in which the FY1516 budget is adopted (June 2015) and part-time from July through September 2015 to ensure continuity during the annual review of the contractor compensation applications.

Given the critical nature of this position, staff plans to include two Board Members on the interview panel. Staff will provide details at a later date regarding the recruitment and hiring process.

Fiscal Impact

The FY1415 budget includes an estimated expense of \$43,000 for an overlap period between the current and new Finance Manager and \$25,000 in recruitment expense. Additional expense will be budgeted in FY1516. The actual fiscal impact is unknown at this time.