



Simple. Smart. Green.

NEW BUSINESS



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Date: March 28, 2013 Board of Director's Meeting
Subject: Presentation on Recology San Mateo County 2012 Annual Report

Recommendation

This is an informational report and presentation by Recology San Mateo County and no action is necessary.

Analysis

Recology San Mateo County (Recology) is required to submit its Annual Report 45 days after the end of each calendar year. The attached Recology 2012 Annual Report (**Attachment A**) was submitted on time.

Recology's Annual Report summarizes key data compiled throughout the year. This Report is required to include the data presented in the Quarterly Report and additional information related to the company's operations, customer accounts, customer service and the annual report on a review of customer billings. In addition, the Annual Report includes the company's calculations of performance incentives/disincentives and liquidated damages, which are paid directly to the Member Agencies via a check which is required to be provided with the Annual Report.

The tonnage information presented in all of Recology's Reports, including the 2012 Annual Report, is derived from data compiled by South Bay Recycling (SBR), the Shoreway Environmental Center facility operator. Therefore, regarding the reporting of tonnage, the Recology and SBR reports are redundant. In addition, the SBR report provides details on the transfer station and buy-back center activities and therefore includes more facility tonnage data than the Recology Report. Recology's report includes collection data, monthly updates on various operations, and call center complaint/inquiry related metrics.

Background

Article 9, section 9.07 of the Member Agencies Franchise Agreement(s) with Recology require the company to prepare and submit an Annual Report.

Attachments:

Attachment A - Recology 2012 Annual Report



Agenda Item: 6A

Presentation on Recology San Mateo County 2012 Annual Report

Attachment A – Recology 2012 Annual Report

Files too large to be included in packet Posted on Website: www.rethinkwaste.org

- Attachment A: Recology 2012 Annual Report



STAFF UPDATE

To: SBWMA Board Members
From: Hilary Gans, Operations Contracts Manager
Date: March 28, 2013 Board of Director's Meeting
Subject: Receipt of SBR 2012 Annual Report

Recommendation

This is an informational report and no action is necessary.

Analysis

South Bay Recycling (SBR) is required to submit an annual report by the 31st of January. The attached Annual Report (see **Attachment A**) was submitted on time by SBR.

In the Annual Report, SBR is required to provide a complete reporting of tonnage, commodity marketing results, events, activities and changes in operations throughout the year. SBR has provided the SBWMA a reporting of all inbound and outbound tonnages by material type showing monthly, quarterly and annual totals. This reporting is essentially a summary of what has been reported by the company during its Monthly Reporting. The body of the 2012 Annual Report provides a description of the operations of the MRF, the Transfer Station and the trucking efforts over the year and includes discussion of the company's materials marketing efforts and compliance history.

Background

Article 9, Section 9.06 of the Operations Agreement between the SBWMA and SBR requires the company to submit an Annual Report.

Attachments:

Attachment A – SBR 2012 Annual Report



Agenda Item: 6B

Presentation on South Bay Recycling 2012 Annual Report

Attachment A – SBR 2012 Annual Report

Files too large to be included in packet Posted on Website: www.rethinkwaste.org

- Attachment A: SBR 2012 Annual Report

Reports POSTED at www.rethinkwaste.org



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Date: March 28, 2013 Board of Director's Meeting
Subject: Update on C&D Certification Program

Recommendation

This is an informational report and no action is necessary.

Analysis

The Recycling Certification Institute (RCI) has recently been formed to meet the growing need for reliable recycling reporting by construction and demolition (C&D) recycling facilities. RCI will use independent third-party evaluators to certify the accuracy and reliability of the recovery/recycling rates reported by the facilities. Through use of a rigorous set of protocols, guidelines, and tools to professionally review and certify the recovery/recycling reports of participating C&D recyclers, RCI is intending to increase the certainty and confidence in the C&D recycling marketplace for project owners, architects, the environmental community, municipalities and the public. The protocols are adaptable to certify various types and sizes of facilities.

RCI will contract with Green Halo Systems (San Jose; <https://greenhalosystems.com/>) to manage the portal for secure uploading, management, and storage of data for the facilities. Facilities interested in third-party certification will submit an application to RCI providing essential information regarding the type of facility, operations, and supporting data. RCI will review the application, conduct an on-site review, and apply RCI's protocols to determine the recycling rate of the facility. Facilities will continue to upload their data via the Green Halo portal and are subject to an annual review for re-certification.

RCI and Green Halo are working out the final details of how the reporting system will work, with a program launch date expected in the coming months. The initial focus for the launch will be in the San Francisco Bay Area and eventually expanding to the rest of California, then nationally.

Background

The Construction Recycling Management Association (CRMA) has been developing a C&D Recycling Certification Program in-part to address concerns about inconsistent recycling standards in the C&D recycling industry. Specifically, a major concern has been that facilities claim recycling rates exceeding the diversion actually achieved. Other significant implications include the United States Green Building Council's (USGBC) LEED Certification system given the potential to earn credit for points related to C&D recycling on LEED's rating scale. In response to these concerns and others, the CRMA organized the non-profit Recycling Certification Institute (RCI) to oversee standardized certification of the recycling rates achieved at C&D processing facilities nationally.

Since all but one Member Agency has adopted a C&D recycling ordinance, Staff has been focused on providing assistance with administration of these ordinances. One missing link to assist with ensuring the effectiveness of these ordinances has been confirmation of the recycling rates claimed by the various C&D recycling processing facilities. In the absence of third party verification, Member Agencies permit counter staff must rely on the self-reported information for the project provided by the permit holder when ascertaining whether or not a project

meets the recycling thresholds prescribed in the ordinance. A standardized C&D recycling facility certification program will directly assist jurisdictions administering recycling ordinances and also result in cost savings in avoiding independently pursued certifications.

Fiscal Impact

The fiscal impact of relying on the RCI C&D recycling facility certification system will be a savings of \$12,500 budgeted in FY12/13 to conduct independent facility certifications.



STAFF REPORT

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Kevin McCarthy, Executive Director
Date: March 28, 2013 Board of Director's Meeting
Subject: Discussion on Roles and Responsibilities for Collection Services Franchise Agreement Contract Administration

Recommendation

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

Analysis

The purpose of this staff report is begin a discussion between the Board and SBWMA staff to gain further clarity around roles and responsibilities for Franchise Agreement contract administration. This is an important and timely discussion as we prepare for the next fiscal year budget and also to address some confusion or expectation issues that currently exist around who does what with regard to Franchise Agreement administration.

SBWMA staff provides a range of contract administration services to support the Member Agencies with their Collection Services Franchise Agreements with Recology San Mateo County. Some of this support is clearly defined in the Franchised Agreement(s) (e.g., annual compensation application/rate review work, public education requirements, etc.) while other tasks are not clearly spelled out in terms of whether the Member Agency and/or JPA staff are responsible. Other responsibilities are in transition as a set of administrative changes to the Franchise Agreement are under consideration.

Attachment A provides a summary of current contract administration services provided by SBWMA staff and how such services relate to Franchise Agreement provisions. A description of the area of contract administration, the contractual reference and whether or not the SBWMA's role or responsibility is denoted in the Franchise Agreement(s) is provided. The general areas of contract administration detailed in **Attachment A** include:

- Contract Interpretation (and Negotiation)
- Customer Service Delivery
- Financial Oversight
- Customer Billing
- Reporting
- Public Education and Outreach
- Commercial Recycling Outreach Program
- Conducting Performance Hearing
- Cooperation with Facility Operations
- Insurance and Bond Documents
- Review of Proposals
- Quarterly Contamination Monitoring (now Bi-Annual)

It's important to note that this discussion does not apply to the Shoreway Operations Agreement as clearly SBWMA staff has full responsibility to administer that contract.

Background

On March 27, 2008 the Board adopted a resolution regarding management of certain aspects of collection Franchise Agreements as discussed during the board retreat on February 22, 2008. It was noted during the Board retreat that SBWMA staff currently performs, on behalf of its Member Agencies, contract management functions specific to the individual Franchise Agreements for solid waste, recyclable materials and plant materials collection services with Allied Waste/Republic Services. Key contract management activities that were listed included, but were not limited to:

1. Annual Rate review
2. Annual Performance Review
3. Review of Quarterly Reports
4. Liquidated Damages Monitoring and Reporting

While there are a number of explicit JPA powers delegated to the SBWMA by the Member Agencies, the activities above were not expressly identified. The adopted resolution reaffirmed the SBWMA's role in delivering the contract management services noted above.

Fiscal Impact

There is no fiscal impact associated with this discussion. Contract management and support services are covered in existing budget line items in the FY12/13 budget.

Attachment:

Attachment A – Summary of Franchise Agreement Administration Activities

Attachment A

SUMMARY OF FRANCHISE AGREEMENT ADMINISTRATION ACTIVITIES

(EXCLUDES CONTRACT ADMINISTRATION OF THE SHOREWAY OPERATIONS AGREEMENT WHICH THE SBWMA IS 100% RESPONSIBLE FOR, INCLUDING BILLING RECOLOGY FOR TONS DELIVERED TO SHOREWAY AND MANAGEMENT OF ALL DISPOSAL AND PROCESSING VENDORS)

<u>Area of Contract Administration</u>	<u>Summary Description</u>	<u>Contractual Reference</u>	<u>Specific Responsibility Denoted for SBWMA</u>
Contract Interpretation (and Negotiation)	<ul style="list-style-type: none"> • With a complex, detailed and service oriented contract of this type, various issues arise which require interpretation and dialogue to potentially avoid protracted disputes and/or litigation. <p>SBWMA role: Regularly provides guidance to Member Agency staff and Recology as the SBWMA is viewed by the company as the primary point of contact to administer the contract and resolve issues efficiently. The alternative for Recology would be to bring issues directly to all twelve Member Agencies. This alternative approach would likely be burdensome to the Member Agencies and Recology as the inherent back and forth that would likely transpire would be very time consuming and possibly result in inconsistent results across Member Agencies. Examples of circumstances whereby the SBWMA provided guidance and clarification of the contractual obligations include: providing Backyard Service for all three carts; remitting all revenue directly to Agencies for the 1st 20% of Backyard Service customers; reviewing the timing issues of changing the cost adjustment of CBA wages to an indices based cost adjustment upon expiration or amendment of the CBA's; negotiating the relief of Member Agencies from accruing interest for setting rates late after January 1, 2011 for first year. Staff has also taken the lead with the recent contract negotiations to deliver cost savings to the Member Agencies and prior administrative changes which improved the services provided.</p>	Various	<ul style="list-style-type: none"> • No

<u>Area of Contract Administration</u>	<u>Summary Description</u>	<u>Contractual Reference</u>	<u>Specific Responsibility Denoted for SBWMA</u>
Customer Service Delivery	<ul style="list-style-type: none"> The Franchise Agreement(s) require high standards of customer service and contractor performance. <p>SBWMA role: Staff has maintained the Customer Service Resolution Tracking System since 2007 which is a stand-alone customer management and contractor work order processing system used exclusively by Member Agencies; through publicizing the RethinkWaste website and phone number, numerous direct customer interactions are handled by staff; and staff responds directly to inquiries from the Board and their respective staff. In 2012, Staff conducted a detailed audit of the company's performance in 2011 which led to numerous improvements in service delivery, customer service functions, and data compilation and reporting.</p>	Articles 5 and 7	<ul style="list-style-type: none"> No
Financial Oversight	<ul style="list-style-type: none"> Review of Annual Compensation Application <p>SBWMA role: While prescribed with a limited review of the Application for "accuracy and completeness," a very detailed analysis is actually conducted including an analysis of Pass-Through Costs so that the total collection rate adjustment can be provided when the Board considers approving the company's compensation at the September meeting.</p> <ul style="list-style-type: none"> Review of Annual Revenue Reconciliation <p>SBWMA role: Staff's review of the annual compensation application includes verification of the data presented, confirming the tonnage and cost allocation processes are sound, verifying Member Agencies are paid the appropriate Franchise and other Fees. Staff also manages an annual Financial Audit which includes auditing the Revenue Reconciliation and data pertinent to the annual Compensation Application. For example, the balance owed to/from Recology by Member Agency and interest is verified. Staff has also recently reorganized and rewritten the company's 2013 Application and will work closely with the company to come to agreement on the organization, format and content of the 2014 Application with the goal of developing a more user friendly and easier to understand Application for next year which is due this June 14, 2013.</p>	Article 11	<ul style="list-style-type: none"> Yes No

<u>Area of Contract Administration</u>	<u>Summary Description</u>	<u>Contractual Reference</u>	<u>Specific Responsibility Denoted for SBWMA</u>
Customer Billing	<ul style="list-style-type: none"> Billing Service - Recology is required to provide billing services to 10 of 12 Member Agencies. Confirmation of Customer Account Data <p>SBWMA role: A limited review of Recology's customer billing is done to verify that correct rates are charged and accounts are in the correct jurisdiction.</p>	Article 7	<ul style="list-style-type: none"> No No
Reporting	<ul style="list-style-type: none"> Review of Monthly, Quarterly and Annual Reports <p>SBWMA role: Staff has worked with Recology to develop the content and format for reports; reviews the reports and conducts a detailed audit of the Annual Report. Since Recology self-reports many of the metrics used to calculate the reported incentive/disincentive and liquidated damages payments due to/from the Member Agencies, Staff's review and analysis of the Annual Report is specifically focused on the calculations and the source data used for this reporting. For example, this includes analyzing the statistics derived from the customer service call center and the allocation of tonnage.</p>	Article 9	<ul style="list-style-type: none"> No
Public Education and Outreach	<ul style="list-style-type: none"> Effective public education and outreach is critical in conveying to customers the scope of services, participation requirements and performance standards. <p>SBWMA role: Staff was primarily responsible for the critical public education activities required during the roll-out of new services and in many activities since; per recent changes to the Franchise Agreement(s), staff has now formally been charged with oversight of all public education and outreach activities, including those specified as Recology's public education requirements. This includes the Annual Public Education Plan and the bill inserts.</p>	Sections 7.02 and 7.03	<ul style="list-style-type: none"> Yes
Commercial Recycling Outreach Program	<ul style="list-style-type: none"> The commercial recycling outreach program staffing consists of 8 recycling sales representatives and a manager. This staff of nine is required to solely focus on Commercial, Multi-Family and Agency Facility recycling activities. <p>SBWMA role: Staff continues to work with the company to provide needed reports and analysis to ensure this program delivers good value to the Member Agencies.</p>	Sections 7.04 and 7.05	<ul style="list-style-type: none"> No

<u>Area of Contract Administration</u>	<u>Summary Description</u>	<u>Contractual Reference</u>	<u>Specific Responsibility Denoted for SBWMA</u>
Conducting Performance Hearing	<ul style="list-style-type: none"> The Franchise Agreement(s) provide the opportunity for Member Agencies to annually conduct a detailed performance review of the company. <p>SBWMA role: Staff shall assist the Member Agencies with conducting this review upon request. It is anticipated this review would take place in April or May of any given year after the company's Annual Report is released on February 15. The contract prescribes the process and the next possible window to conduct a performance review would be early 2014.</p>	Section 8.11	<ul style="list-style-type: none"> Yes
Cooperation with Facility Operations	<ul style="list-style-type: none"> Effective communication and coordination of both the collection services and facility operations contractors is critical to ensure the cost-effective functionality of the Shoreway Environmental Center. <p>SBWMA role: Staff works closely with both companies to ensure disputes are resolved and services are provided uninterrupted.</p>	Section 8.09	<ul style="list-style-type: none"> Yes
Insurance, Bond Documents	<ul style="list-style-type: none"> The Franchise Agreement(s) require the company to maintain and submit proof of insurance coverage and a bi-annual performance bond. <p>SBWMA role: Recology has provided the insurance and performance bond documents to Staff in the past and are then requested to ensure these are distributed accordingly.</p>	Article 13	<ul style="list-style-type: none"> No
Review of Proposals	<ul style="list-style-type: none"> Section 15.12 is related to the Agency's rights to make changes to services/service levels. But historically, proposals for changes/new services have been first reviewed and analyzed by the SBWMA with a recommendation to the Member Agencies. While this is not a "denoted" responsibility, it is one that the SBWMA takes on. 	Section 15.12	<ul style="list-style-type: none"> No

<u>Area of Contract Administration</u>	<u>Summary Description</u>	<u>Contractual Reference</u>	<u>Specific Responsibility Denoted for SBWMA</u>
"Quarterly" Contamination Monitoring (now Bi-Annual)	<ul style="list-style-type: none"> The Franchise Agreement(s) require the company to ensure that the content of the recyclable materials collected and delivered to Shoreway comply with prescribed thresholds of contamination. The intent of this requirement is to achieve high levels of diversion and to mitigate extra processing costs at Shoreway. The SBWMA is paid directly for the prescribed disincentive payments applied to contamination levels exceeding the thresholds. This disincentive payment is to offset the unbudgeted extra disposal expense associated with excessive contamination. <p>SBWMA role: Staff is responsible for conducting a quarterly (now bi-annual) contamination monitoring event to measure the amount of contamination present in five streams of materials collected by Recology (i.e., Commercial and Multi-Family Single-Stream Recycling, Commercial/Multi-Family Compost, Commercial/Multi-Family Plant Materials, Residential Single-Stream Recycling and Residential Compost). Staff conducted a competitive procurement for a contractor to conduct the quarterly contamination monitoring and funds were budgeted in the current fiscal year to conduct this monitoring twice.</p>	Section 6.02	<ul style="list-style-type: none"> Yes