



**BOARD OF DIRECTORS
SPECIAL MEETING
THURSDAY, APRIL 24TH, 2014 12:30 PM**

Shoreway Environmental Center
RethinkWaste Board Room (upstairs community room in
Recology Administration Offices)
225 Shoreway Road San Carlos, CA 94070

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
COMMERCIAL RECYCLING BEST PRACTICES WORKSHOP**

AGENDA

1. SBWMA Staff Presentation
 - Historical information on commercial recycling efforts and results
 - Commercial Recycling Outreach – Scope of Work in Franchise Agreements
 - SBWMA’s role in commercial recycling
 - Regulatory framework
 - Survey of other commercial recycling programs in Bay area
2. Recology Presentation
 - Program approach and results
 - Challenges and issues
3. Question and Answer
4. Next Steps

MEMBER AGENCIES

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



A Public Agency

SBWMA STAFF PRESENTATIONS

Agenda Item 1



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Monica Devincenzi, Recycling Outreach and Sustainability Manager
Date: April 24, 2014 Special Board of Directors Meeting
Subject: Commercial Recycling Best Practices Workshop

Recommendation

This is an informational report and no action is necessary.

Analysis

Staff organized a special Board Workshop in response to a Board Member request for more information on the status of commercial recycling efforts in our service area. The Workshop is scheduled for April 24, 2014 prior to the Board meeting. Staff has collaborated with Recology on an agenda and both RethinkWaste staff and Recology will make powerpoint presentations at the Workshop.

Historical Information on Commercial Recycling Efforts and Results

Commercial recycling in the SBWMA service area can best be characterized as an open market system complimented with a "free" recycling collection service provided by Recology as part of its franchised collection services for the Member Agencies. The open market recycling system consists of a number of private companies that collect a wide range of materials (e.g., paper, bottles and cans, organics, C&D, scrap metal, etc.) often paying the customer some amount for materials that have a value such as paper and scrap metal. Large retailers and grocery stores also operate back-haul programs where they send recyclables back to a central distribution center and then sell their materials. As noted below, limited data is available on such open market recycling activities.

Prior to the Member Agencies contracting with Recology who commenced collection services in January 2011, the contract with Allied Waste/Republic Services for commercial recycling services was included in the Shoreway Operations Agreement with the SBWMA and not the franchise agreements for collection services with the Member Agencies. However, the commercial recycling outreach program was included in the request for proposals (RFP) for collection services and hence included in the new Franchise Agreements with Recology.

The key implication of this change in contracting the commercial recycling outreach program from the Operations Agreement to the Franchise Agreements is the issue of authority over how this program is managed and funded. When the commercial recycling outreach program was included in the Operations Agreement, the SBWMA Board had authority over program changes and funding; however, now that this program is included in the Franchise Agreements, the oversight and authority is decentralized as the scope of the program is included in all twelve Franchise Agreements between the individual Member Agencies and Recology. This nuance is worth pointing out because in 2006-2007 the Board directed Staff to consider bringing the Allied Waste/Republic Services commercial recycling program in-house which would have transferred full responsibility of the program and its seven to nine FTE's to the SBWMA as staff. This change ultimately did not occur as the Board agreed with Staff's perspective that this type of commercial sales effort should be directly linked to the collection services provider and not managed as an independent entity. In addition, the Board also concurred with Staff's recommendation to include this sales effort in the RFP for collection services in lieu of carrying it over again in the new Shoreway Operations Agreement.

Table 1 below shows the trends of program costs, diversion achieved and staffing levels for the contracted commercial recycling outreach/sales efforts from 2004 through 2013. While the cost per ton generally decreases as tons diverted increases, the reduction of staffing also contributes significantly to decreasing the cost per ton. In addition, the recent reduction in Recology's staffing in 2013 (i.e., from 11 FTEs to 9 FTEs), per the SBWMA and Recology negotiations and subsequent Franchise Agreement changes/improvements, has not resulted in a drop off of tons diverted as the company achieved a 6.3% increase in tons diverted while reducing staff 18% (i.e., reduction of 2 FTEs) from 2012 to 2013. The cost per diverted ton figures are for the hauler's (i.e., Allied and Recology) program staffing costs only and do not include collection costs or processing costs (at Shoreway). More details on total program cost and diversion associated with the commercial recycling sales effort is provided in **Attachment A – SBWMA Contracted Commercial Recycling Program Tons, Staffing and Costs 2004-2013**.

Table 1
Commercial Recycling Outreach/Sales Program Tons Diverted, Cost per Ton Diverted and Staffing Levels 2004-2013

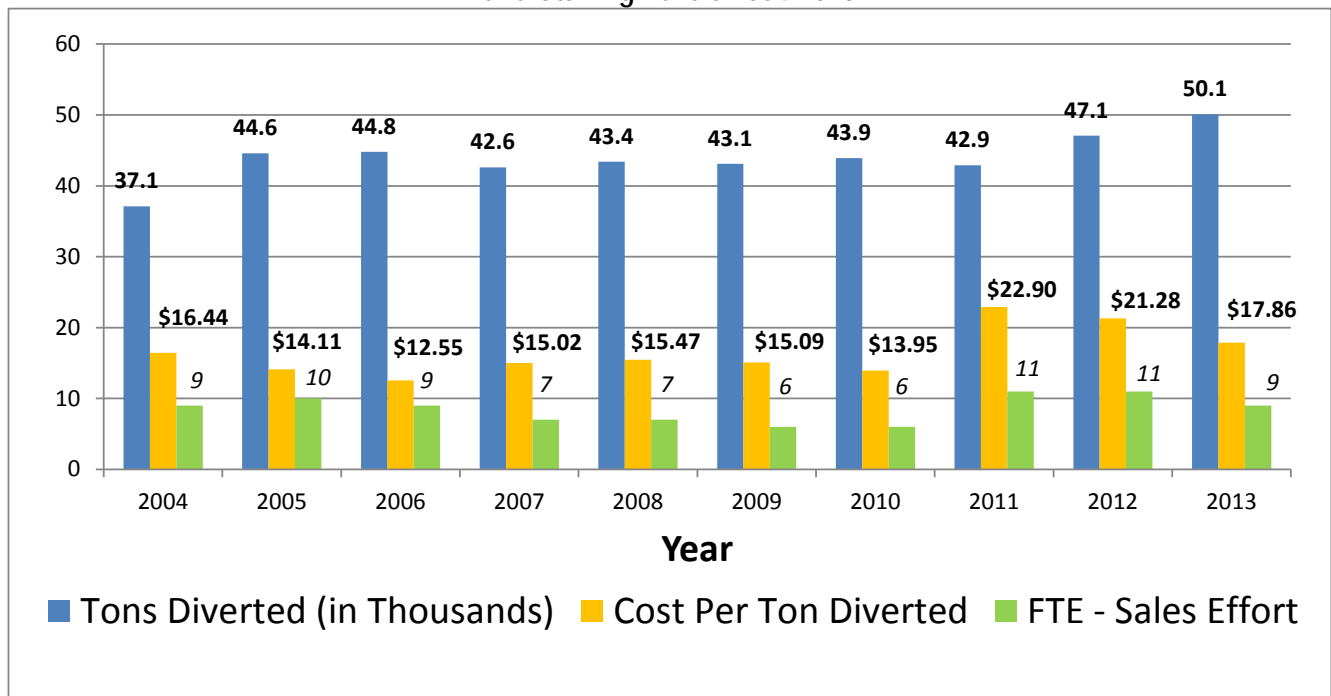
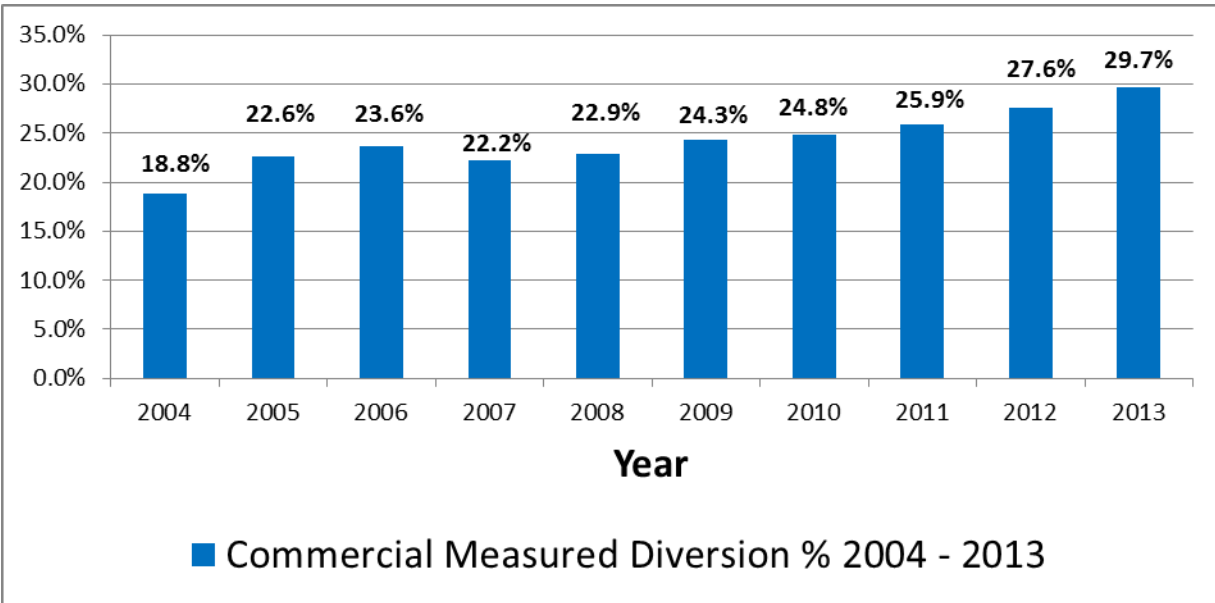


Table 2 on the following page shows the trends for commercial measured diversion rates for the same time period as **Table 1**. While **Table 1** show the actual tons collected, **Table 2** details the percentage of materials that were diverted from the landfill through the contracted commercial recycling outreach/sales efforts. The commercial measured diversion rates show a similar pattern as the previous table, including a 2.1% increase in diversion in 2013 over 2012.

Table 2
Commercial Measured Diversion Rates 2004-2013



The tons diverted information provided by the Member Agencies franchised collection services provider is the only source of data on commercial recycling available. While there is significant independent recycling activity in the commercial sector, data on those diverted tons is not currently available. Past efforts made by the SBWMA to acquire independent recycling related data were met with mixed results and the data obtained was incomplete and inaccurate as primarily ranges of possible tons diverted were provided by the independent recycling haulers surveyed.

Per direction at the March 27, 2014 Board meeting, Staff is trying again to voluntarily obtain data from large commercial recyclers and will be reporting back to the Board on such efforts in the next few months. If this voluntary effort does not prove successful, then Staff will bring back for Board consideration an ordinance to implement a commercial recycling reporting system.

SBWMA Role in Commercial Recycling

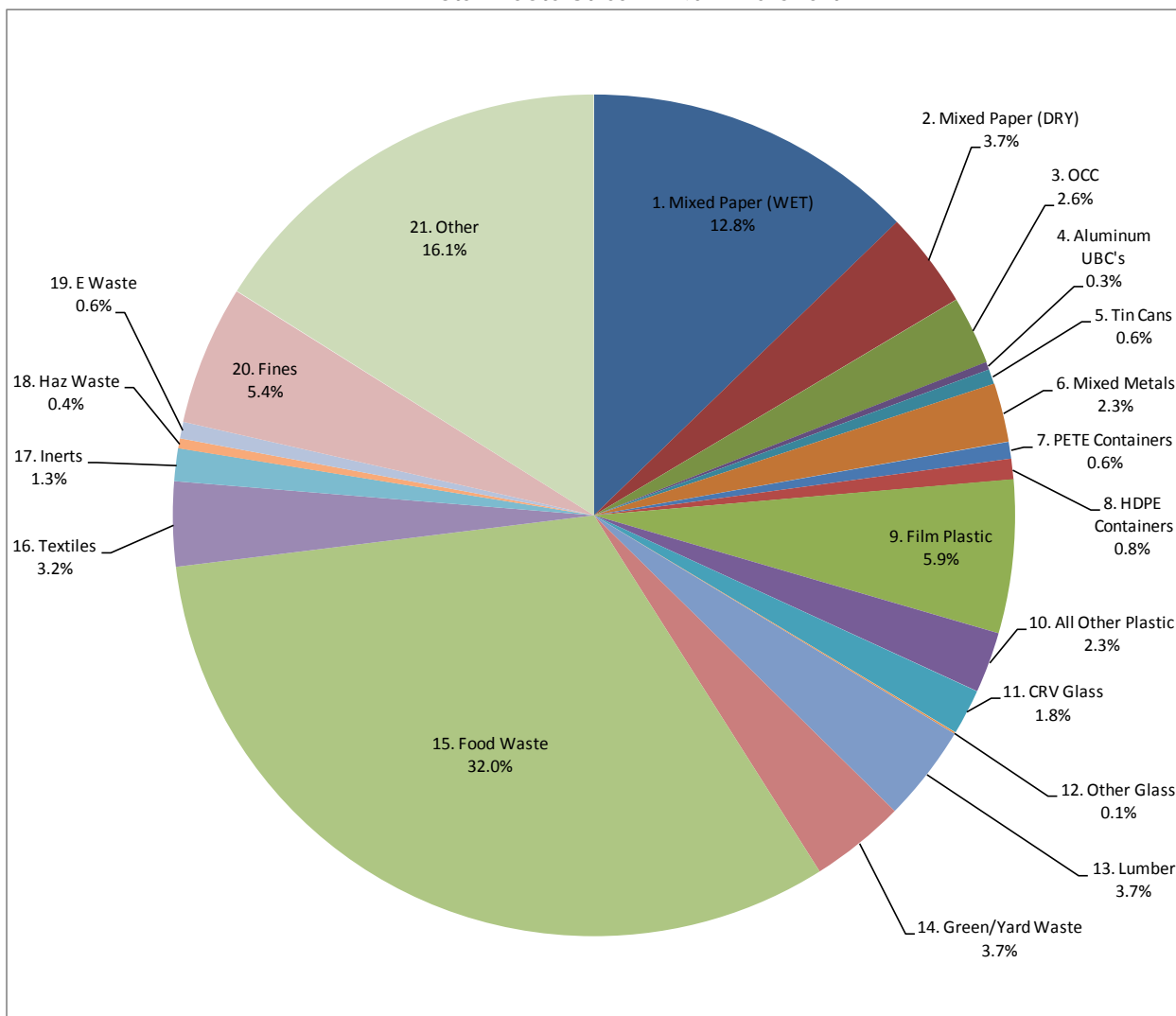
The SBWMA’s primary role in commercial recycling is related to monitoring and supporting the Recology commercial recycling outreach/sales effort and assisting the Member Agencies with the State’s Assembly Bill 341 (AB 341) – Mandatory Commercial Recycling Program compliance. Compliance with AB 341 is principally associated with public education and outreach efforts to ensure that all businesses in the SBWMA service area are aware of the State’s new law which became effective in 2012. In addition, the commercial sector is the primary area of emphasis to achieve additional diversion given this sector contributes two-thirds of all garbage disposed in the SBWMA service area and Recology’s measured diversion rate for 2013 was 29%. Therefore, staff is focused on this sector to develop programs and policy, and assist the Member Agencies with supplementing the diversion currently achieved by Recology.

As part of these efforts, the SBWMA drafted a model mandatory commercial recycling ordinance for the cities of San Mateo and San Carlos and held stakeholder meetings for each. In 2010, the City of San Carlos adopted its mandatory commercial recycling ordinance; however, San Mateo decided not to. The SBWMA has also developed and continues to provide ongoing outreach materials to support Recology’s efforts, including a multi-family outreach toolkit containing posters, flyers, and a property owner’s guide. Other outreach materials provided

by the SBWMA include reusable recycling buddy bags for multi-family tenants to carry their recyclables to their complex's central recycling station and internal containers for businesses to use, which include recycling and compost slim jims and desk-side containers.

In recent years the SBWMA has conducted studies to ascertain the composition of materials discarded from the commercial sector. This data is necessary to determine the potential for achieving additional diversion. **Table 3** below provides the results of the most recent commercial disposal composition study conducted for the SBWMA in 2012. While the largest single component of commercial disposal is Food Waste at 32%, when wet and dry Mixed Paper is included, the readily compostable percentage of disposal totals 48.5%. Diverting this material, which comprises close to half of commercial discards, is especially significant since it is organic or compostable discards of this type that result in the most methane generation when landfilled and methane is 22 times more potent of a greenhouse gas than carbon dioxide.

Table 3
Total Waste Stream – % – Pie Chart



Commercial Recycling Outreach Program – Scope of Work in Recology Franchise Agreements

The Recology Franchise Agreements with the Member Agencies include several sections that prescribe the scope of commercial recycling related obligations for Recology, the SBWMA and the Member Agencies. These contract provisions cover the types of collection services provided to the commercial sector, the scope of the commercial

recycling outreach/sales program and reporting requirements. In addition, the obligations of the SBWMA and the Member Agencies are also delineated. The sections pertaining specifically to the scope of Recology's obligations include:

- Article 5 includes sections detailing the scope of solid waste (section 5.02), recycling (section 5.03) and organics/compost (section 5.04) collection services.
- Section 7.03(E) lists Recology's responsibilities regarding public education, several of which are related to promoting commercial recycling.
- The Recology "commercial recycling promotion program" is explained in Section 7.04. This section include requirements for the staffing commitment, use of information signs at businesses, attendance at community events, promotional activities including on-site waste assessments, assisting Member Agencies with enclosure specifications and building plan review, reporting and specific assistance for Member Agencies with a local mandatory commercial recycling ordinance.
- Section 7.05 contains similar requirements specific to the multi-family dwelling sector.
- Section 7.09 prescribed the scope of the Recology "Recycling Blitz" campaign which was a promotional effort conducted the six months prior to Recology commencing collection services on January 1, 2011.
- Article 9 includes sections regarding the monthly, quarterly and annual reports which Recology is required to provide. The Recology Quarterly Report includes the most pertinent section regarding the commercial recycling program outreach/sales effort. Specifically, section 9.06(N) includes the following:

Commercial Recycling Promotion Program Status Report. Contractor must prepare and submit, both quarterly and annually, to Agency and SBWMA, a Commercial Recycling Program Status Report. The Commercial Recycling Program Status Report shall include, but not be limited to:

1. A summary of training and professional development activities for the Commercial Recycling Promotion and supervisory staff.
2. A description of the strategy and overall approach to attract and retain a high quality and effective Commercial Recycling Promotion Program and supervisory staff.
3. A description and status of meeting the goals and objectives for the Commercial Recycling Promotion team and how these goals and objectives are tied to the compensation incentive plan. (Contractor must explain how the stated goals and objectives will be accomplished if no compensation incentive plan is used.)
4. A description of Contractor's sales strategy for maintaining and/or expanding the existing Commercial Recycling account base and diversion levels.
5. A description of the services provided to the Commercial and Agency Facility sectors.
6. A detailed accounting of diversion statistics for the Commercial and Agency Facility sectors.

The sections pertaining specifically to the scope of SBWMA and Member Agencies obligations include:

- Section 7.03(D) lists the SBWMA's and Member Agencies' responsibilities regarding public education, several of which are related to promoting commercial recycling. Specifically, the SBWMA was charged with funding the wide-scale roll-out public education effort and ongoing program maintenance related public education. In addition the SBWMA and Member Agencies are required to purchase recycling program outreach tools for use by Recology including multi-family dwelling "buddy bags" and recycling receptacles for use by the commercial sector.

Regulatory Framework

There are two primary State regulations that are related to commercial recycling: Assembly Bill 939 (AB 939) and AB 341. Compliance with AB 939 was originally based on meeting or exceeding a calculated 50% diversion rate for all cities and counties within the State, but was subsequently changed in 2008 from this diversion rate/percentage calculation to a per capita and per employee disposal equivalent. This is denoted as the target 50% equivalent and compliance is still measured annually. If the year-end per capita and per employee disposal results are below the established target 50% equivalent, then this achievement is considered in-part compliant with the State AB 939 mandate. However, along with the change in quantitative compliance in 2008, the State also mandated that qualitative compliance would be given more weight in determining overall compliance with AB 939. This qualitative compliance is measured by the types of programs implemented and level of good faith effort made towards striving to develop and implement effective policy and programs to divert waste from landfill.

AB 341 established a statewide goal of 75% diversion by 2020. In addition, AB 341 includes a mandatory commercial recycling requirement that went into effect on July 1, 2012. The mandatory commercial recycling provisions require that businesses generating four cubic yards or more of garbage per week and multi-family complexes with five or more units, to ensure they have recycling service either through their own means, through an agency sponsored program such as per a franchise, via self-hauling or a third-party such as a commodities broker. In addition, there are required outreach and education, monitoring and reporting components for compliance which are primarily the responsibility of the individual jurisdictions and not the commercial sector. (The SBWMA provides the Member Agencies assistance with this compliance.)

Survey of Other Commercial Recycling Programs in the Bay Area

As part of its preparation for the Commercial Recycling Best Practices Workshop, the SBWMA conducted a survey of other agencies to benchmark commercial recycling programs against the one in our service area. The following nine agencies (includes JPAs, cities and a private company) were surveyed:

- 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 size, socio-demographic profiles, urban Bay Area locations and the types of services provided. They were also selected to show the diversity of approaches to address the commercial sector and the significant investment some have made to maximize their diversion opportunities.

Table 4 provides an overview of the number of commercial customers, service providers and a summary of the collection services by each agency surveyed. Obtaining detailed data that is comparable or similar to the information maintained by the SBWMA for the commercial sector from the agencies surveyed proved to be challenging. For example, the way each agency accounts for commercial recycling data varies. Some agencies, (e.g., Oakland and San Francisco), consider multi-family dwellings (MFDs) as part of either/or their residential services and commercial services depending on the type of collection service provided. Others (e.g., SBWMA, Palo Alto, and Livermore) consider MFDs as part of their commercial services, while one (e.g., San Jose)

considers MFDs to be their own separate service with an exclusive franchise agreement completely separate from either residential or commercial.

With respect to the types of services, 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 two noted exceptions would be the cities of San Jose and Fremont, which have a Wet/Dry collection system for commercial accounts. In addition, San Francisco and the StopWaste communities have a mandatory commercial recycling ordinance in place that is much more aggressive than the State's AB 341.

Table 4 – Agency Overview

Agency	Population	No. of Commercial Customers	No. of Multi-Family Accounts	Franchised Service Provider	Collection Services Summary
SBWMA	433,000	9,212	3,095	Recology	Commercial/MFD: single-stream and source separated recycling included w/franchised garbage services; and compost collection service is subscription based.
CCCSWA	200,000	1,800	500	Allied Waste	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	4,500	2,800	Republic	Commercial: recycling subscription option for wet/dry or single-stream and source separated collection.
Livermore	83,500	1,283	113	Livermore Sanitation	Commercial/MFD: single-stream recycling and composting included in base service, charges for extra service/larger containers; mandatory recycling ordinance.
Marin Sanitary Service (private company in southern Marin)	111,000	2,100	900	N/A	Commercial/MFD: separate bins for paper recycling and mixed containers, compost w/food and garbage.
Oakland	396,000	5,000	3,860	Waste Management and CWS	Commercial: open market collection system; mandatory recycling ordinance per countywide JPA.
Palo Alto	66,300	1,700	266	Green Waste Recovery	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	16,000	8,700	Recology	Commercial/MFD: 3-bin/cart single-stream, organics and garbage.
San Jose	984,000	8,500	3,300	Republic/GreenTeam	Commercial: Wet/Dry system; MFD: recycling included w/garbage services, limited yard trimmings services.
StopWaste (Alameda County)**	1,555,000	20,000	9,000	Varies	Commercial: primarily open market; mandatory recycling ordinance.

*San Jose MFD service is provided by GreenTeam under a separate franchise agreement, considered more residential than commercial. 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.

The difference in how an agency accounts for their commercial sector carries through with how diversion rates are calculated. While all are required to submit an annual report to CalRecycle noting compliance with the per employee disposal thresholds per State mandate, several also view diversion results more broadly than the approach used by the SBWMA, which relies solely on measured diversion data (i.e., the tons collected by Recology - our franchised service provider). As a result, with very few exceptions, most of the surveyed agencies do not break out measured commercial diversion rates, as noted in **Table 5**, making it difficult to do a true comparison of diversion rates.

The other area surveyed included both agency and service provider staffing levels in the form of full-time employees (FTEs) and program budgets. In reviewing how the commercial programs are managed, staff identified three 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 agency 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** also includes a per capita ratio of total commercial staffing (agency and service provider staffing) for comparison of those agencies 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.

Unlike the SBWMA, most of the agencies surveyed do not allocate their budget by sector. Some were able to estimate their costs as shown in **Table 5** on the following page. 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 – Agency Staffing/Budget and Diversion Tracking

Agency	Population	Agency Staffing (FTEs)	Agency Program Cost	Service Provider Staffing (FTEs)	(Agency+Service Provider) Per Capita Staffing Ratio	Methodology to Track Commercial Diversion
SBWMA	433,000	0.15	\$260,000	9	47,322	<ul style="list-style-type: none"> Track measured diversion rates provided by franchised service provider Commercial diversion rate: 29.7% MFD diversion rate:19.8% Commercial/MFD diversion rate: 24.7% Overall diversion rate (residential + commercial): 48.8%
CCCSWA	200,000	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> Track overall (residential + commercial) diversion rates only Overall diversion rate: 66%
Fremont*	210,000	1.75	\$630,000	1	76,364	<ul style="list-style-type: none"> Periodic waste characterization studies, mandatory recycling inspections and enforcement by StopWaste Commercial diversion rate: 16.08%
Livermore	83,500	1	N/A	3	20,875	<ul style="list-style-type: none"> Track tonnage, service level/diversion rates provided by service provider, mandatory recycling inspections and enforcement by StopWaste Commercial/MFD diversion rate: 40%
Marin Sanitary Service (private company in southern Marin)	111,000	N/A	N/A	2	N/A	<ul style="list-style-type: none"> N/A

Table 5 Continued – Agency Staffing/Budget and Diversion Tracking

Agency	Population	Agency Staffing (FTEs)	Agency Program Cost	Service Provider Staffing (FTEs)	(Agency+Service Provider)) Per Capita Staffing Ratio	Methodology to Track Commercial Diversion
Oakland	396,000	1	N/A	N/A	396,000	<ul style="list-style-type: none"> Track tonnage (voluntarily provided by Waste Management only - no data on open market diversion)
Palo Alto	66,300	0.5	N/A	3.75	15,600	<ul style="list-style-type: none"> Number of customers with service, compost audits Commercial/MFD diversion rate: 52%
San Francisco	850,000	4 Zero Waste & 12-16 Environment Now staff	\$2,900,000	6	38,636	<ul style="list-style-type: none"> Track overall diversion rates Overall diversion rate:53.2%
San Jose**	984,000	3.33	\$2,800,000	4	134,242	<ul style="list-style-type: none"> Against diversion goal, was 75% for 2013, hit 70%; 80% diversion goal going forward Commercial diversion rate: 70% MFD diversion rate:
StopWaste (Alameda County)***	1,555,000	7	\$1,800,000	N/A	222,143	<ul style="list-style-type: none"> Mandatory recycling inspections JPA staffing does not include staff from the 17 member agencies and their franchised haulers*

N/A = not available

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

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

***StopWaste (Alameda County) does not track collection diversion rates, tracks against materials sent to the landfill for disposal and contamination levels. StopWaste commercial program costs are only for their mandatory recycling ordinance, and do not include other commercial-related programs.

The City of Livermore has one of the lowest ratios of staff per commercial accounts and perhaps one of the highest diversion rates achieved for the commercial sector, as does the City of Palo Alto. However, as noted above, the Recology staffing level was reduced by 18% from 2012 to 2013 and the company's commercial measured diversion rate still increased 6%. On the other hand, the City of San Francisco has a low ratio and mandatory commercial recycling, yet the overall measured diversion rate is relatively close to that achieved in the SBWMA service area.

The San Jose program is perhaps the most unique of all given the significant investment made in infrastructure by the City. The City embarked on a lengthy RFP process and issued one exclusive franchise agreement for the commercial sector that resulted in reliance on a wet/dry collection service system and construction of a large anaerobic digester to process the wet fraction of the waste stream. Thus, while the staffing to commercial accounts ratio for San Jose is similar to the SBWMA and other agencies, the high commercial diversion rate reported is not comparable due to the type of collection and processing system the City invested in. The overall annual cost for this commercial (exclusive of multi-family) system, including compensation to the collection, processing and disposal contractors, is approximately \$54 million.

In addition, San Francisco has a unique system where the largest portion of the labor pool that works on commercial recycling is by and large a job training function. San Francisco's Environment Now program employs numerous junior staff who provide technical assistance and monitoring of commercial accounts in addition to the Zero Waste staff and the Recology staff. Thus the relatively low ratio of staff to commercial accounts, coupled with the City's mandatory commercial (and residential) recycling ordinance, enables the City to provide a wide range of services and extensive education and assistance to the commercial sector.

The City of Palo Alto has historically had a high commercial diversion rate due to the lower number of commercial accounts, limited industrial-type accounts and dedicated focus placed on the sector by both the City and the service provider. In addition, the City's commercial sector has a high commercial compost subscription rate and therefore the dense material stream contributes significantly to its commercial diversion. Multi-family dwelling complexes with 5-10 units have compost service included automatically which in turn results in a high diversion rate from these accounts (which are part of the commercial sector). In FY 2013, nearly 30% of the tonnage collected from the commercial sector was compostables.

Another unique approach is the one pursued by the Central Contra Costa Solid Waste Authority, which includes the Cities of Danville, Lafayette, Moraga, Orinda, Walnut Creek and areas of Contra Costa County. This JPA has six authorized recycling service providers and thus receives measured 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, like Palo Alto.

The City of Oakland is also unique in that while it is a large city with a significant number of commercial accounts, it is a completely open market with no franchised commercial recycling services. This system prevents the City from having any accurate measured diversion data. The City is currently in the final stages of an RFP process to improve upon the system.

Staff identified through the benchmarking process that it is very difficult to do a true apples-to-apples comparison of the SBWMA's commercial recycling program against others due to the differences in how other agencies manage their program or services. However, this benchmarking effort made it clear that for the SBWMA to develop programs and policies to increase diversion from the commercial sector, we would need to take some of the most feasible ideas and approaches from the diverse programs implemented by the agencies surveyed and

modify them based on our unique circumstances. For example, the following takeaways from this effort that the SBWMA might consider include:

- Researching alternative technologies and collection approaches via the long range planning process.
- Collecting additional commercial diversion data in order to gain a better understanding of the “big picture.”
- Implementing pilot projects to test various approaches to achieving additional diversion (e.g., every other week garbage service pilot, multi-family wet/dry collection).
- Continued support of Recology’s commercial recycling outreach/sales staff and measuring the results of these efforts.

Background

Commercial recycling in the SBWMA service area is an open market system with franchised collection services provided to businesses that subscribe to service. The Member Agencies franchised haulers have been contracted to provide this service historically. Specifically, these services were provided by BFI/Allied Waste/Republic Services prior to Recology commencing operations on July 1, 2011. However, on April 22, 2010, the Board adopted Resolution No. 2010-14 approving the Commercial Recycling Agreement between Recology and Allied Waste/Republic Services. This agreement transferred Allied’s commercial recycling outreach program to Recology commencing on July 1, 2010, six months prior to Recology providing collection services. In addition, Recology moved its commercial recycling staff into the Shoreway Administration building on this date.

Fiscal Impact

This is an information staff report and there is no fiscal impact to the SBWMA or Member Agencies.

Attachments:

Attachment A - SBWMA Commercial Recycling Program Tonnage, Staffing and Costs 2004-2013

SBWMA Contracted Commercial Recycling Program Tonnage, Staffing and Costs 2004 - 2013³

<u>Year</u>	<u>Commercial Recycling Program Outreach/Sales Team Staffing</u>	<u>Total FTE</u>	<u>Sales Force Annual Cost^{1,5}</u>	<u>Commercial Recycling Annual Tons</u>	<u>Commercial Compost Tons</u>	<u>Commercial Other^{2,4} Diversion Tons</u>	<u>Total Commercial Diversion Tons</u>	<u>% Commercial Overall Diversion</u>	<u>Sales Force Cost/Ton</u>
2004	1 Sales Manager 1 Recycling Analyst 1 Special Events Coordinator 5 Outside Sales Reps 1 inside Sales Rep	9	\$611,279	32,062	Started 9/04 2,180	2,941	37,183	17.9%	\$16.44
2005	1 Sales Manager 1 Recycling Analyst 1 Special Events Coordinator 6 Outside Sales Reps 1 inside Sales Rep	10	\$630,313	30,939	8,742	4,979	44,660	21.9%	\$14.11
2006	1 Sales Manager 1 Recycling Analyst 1 Special Events Coordinator 5 Outside Sales Reps 0.5 Inside Sales Rep 0.5 Recycling Analyst	9	\$562,625	27,596	12,295	4,933	44,824	23.1%	\$12.55
2007	1 Sales Manager 6 Outside Sales Reps	7	\$640,000	27,099	11,823	3,700	42,622	21.4%	\$15.02
2008 ⁶	1 Sales Manager 6 Outside Sales Reps	7	\$671,353	26,159	12,585	4,666	43,410	22.9%	\$15.47
2009 ⁶	1 Sales Manager 1 Recycling Analyst 4 Outside Sales Reps (2 positions eliminated due to commodity price drop)	6	\$650,909	25,689	13,023	4,418	43,130	24.3%	\$15.09
2010 Full Year	Allied (January-June) & Recology (July-December)	6	\$612,936 ⁷	24,987 23,332 ⁸	14,375	4,570	43,933	24.8%	\$13.95
2011 Recology ³	1 Commercial Recycling Manager 8 Zero Waste Specialists 2 Diversion Auditors	11	\$984,613	24,208	16,497	2,287	42,992	25.91%	\$22.90
2012 Recology ³	1 Commercial Recycling Manager 8 Zero Waste Specialists 2 Diversion Auditors	11	\$1,003,321	26,871	18,280	1,994	47,144	27.66%	\$21.28
2013 Recology ³	1 Commercial Recycling Manager 8 Zero Waste Specialists	9	\$895,393	28,651	20,002	1,467	50,120	29.77%	\$17.86

¹ Excludes collection and processing costs.

² Consists primarily of green waste collected from roll-off and balance is C&D. For Recology this exclusively consists of Roll-Off Compost.

³ The tons denoted in this table have not been adjusted to deduct contamination. Diversion figures shown are measured diversion.

⁴ For Recology this category is reported as "Roll-Off Organics (Compost)."

⁵ The cost for Recology in 2010 (i.e., Recycling Blitz staffing) was capped at \$54,167/mo. per the estimated cost for Allied in April 2010 and subsequently used in the Commercial Recycling Agreement between Allied and Recology and paid by SBWMA.

The monthly amount billed by Recology in 2010 was on average \$6,187 less than the amount of reimbursement agreed to by the SBWMA.

⁶ The "Sales Force Annual Cost" is estimated.

⁷ The "Sales Force Annual Cost" is estimated per information from Allied in April 2010.

⁸ This figure reduces the total by 1,655 tons which was reported as cardboard bales collected by Allied.

Source: SBWMA, Recology and Allied Waste/Republic Services.