



INTERIM EXECUTIVE DIRECTOR'S REPORT



STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Interim Executive Director
Date: July 28, 2016 Board of Directors Informational Items Packet
Subject: Interim Executive Director Report

Financial and Administrative Updates

FY16/17 SBWMA Budget Process

The FY16/17 SBWMA Budget was approved at the June Board meeting. The FY16/17 Budget forecasted a tip fee increase for franchise and non-franchise/self-haul customers: the non-franchise increase is scheduled to be implemented in two phases; a ~\$5.00 per ton increase which was implemented in July, and a similar increase in January 2017. The tip fee increase for franchise tons delivered to Shoreway by Recology will be implemented in January 2017. The amount of the increase is to be discussed at the July Board meeting.

Member Agency Rate Setting process

SBWMA staff has been working with Recology and SBR to establish the 2017 Compensation for Collection and for Facility Operations services. This process starts with the review of the contractors' Compensation Adjustment Applications and is scheduled to conclude with the Board's approval of the 2017 Contractor Compensation Adjustment at the September Board Meeting.

On July 22nd staff issued the following reports to the Board and Member Agency staff for review and comment:

- Estimated 2016 and 2017 residential and commercial base revenue projections
- Summary of 2017 Member Agency estimated fees to be used in the 2017 cost projections based on Member Agency feedback
- Estimated collected tonnage for 2016 and 2017
- SBWMA Review of Impact on Residential Revenue from Cart Migration and Residential Rates vs. Costs Analysis

Program and Operational Updates

Collection Services Contract Negotiations Process

Staff will be setting a date for the first Ad Hoc Contract Negotiations Committee meeting after the appointment of the new Executive Director.

VRS / MRF Sorter Labor

San Mateo County, Human Services Administration, Vocational Rehabilitation Services (VRS) continues to have challenges meeting SBR's MRF sort labor needs. (At the October 2015 SBWMA Board meeting Iliana Rodriguez, County Human Services Director, spoke during Public Comment about this issue; at the February 2016 Board meeting SBWMA staff reiterated that there are continued challenges faced by SBR sorting materials to produce fiber grades to obtain the highest market pricing due to the lack of MRF sort labor). The primary reason cited by the County is an inability to attract and retain Clients under the current wage structure of \$11.00 hour and that wage pressure from the current tight-labor conditions and a mandated minimum wage increases is necessitating that the staffing levels and the wage structure for VRS Clients be re-evaluated. Staff is working with SBR and the County to determine options that will be brought back to the Board for consideration at the September meeting.

SBR Staffing

SBR has had two staffing gaps at the management level that the company is working to fill. The position of Finance Manager has been vacant since March of 2016 and recruitment has been ongoing. A new Finance Manager started on July 18th and performs accounting and financial reporting for both Recology and SBR as was the case with the prior position. In March 2016, SBR eliminated the position of Site Manager and the company has been evaluating the necessary number of management positions for Shoreway operations. SBR has provided the SBWMA a Staffing Plan and the company is now recruiting for an Operations Support position.

Shoreway Tonnage and MRF Commodity Market

For 2016, commodity prices have stopped their downward trend and seem to be stabilizing, however, prices are still down from prior year: the average price per ton for containers is down roughly 37% from the same period prior year (\$340 for Q2-2015 vs. \$213 for Q2-2016); fiber sales, which make up the majority of commodity tons sold from the MRF, have changed little from the same period prior year (\$106 for Q2-2015 vs. \$104 for Q2-2016). Tonnage into the Shoreway transfer station is up nearly 10% over the same quarter prior year with increases in all categories of materials: Inerts/C&D tons delivered to Shoreway by Self-haul customers increased 24% over Q2 prior year; MRF franchise and third-party tonnage has remained consistent over prior year.

