



A Public Agency

STAFF UPDATES



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Date: October 24, 2013 Board of Director's Meeting
Subject: Update on Recology Commercial Recycling Efforts

Recommendation

This is an informational report and no action is necessary.

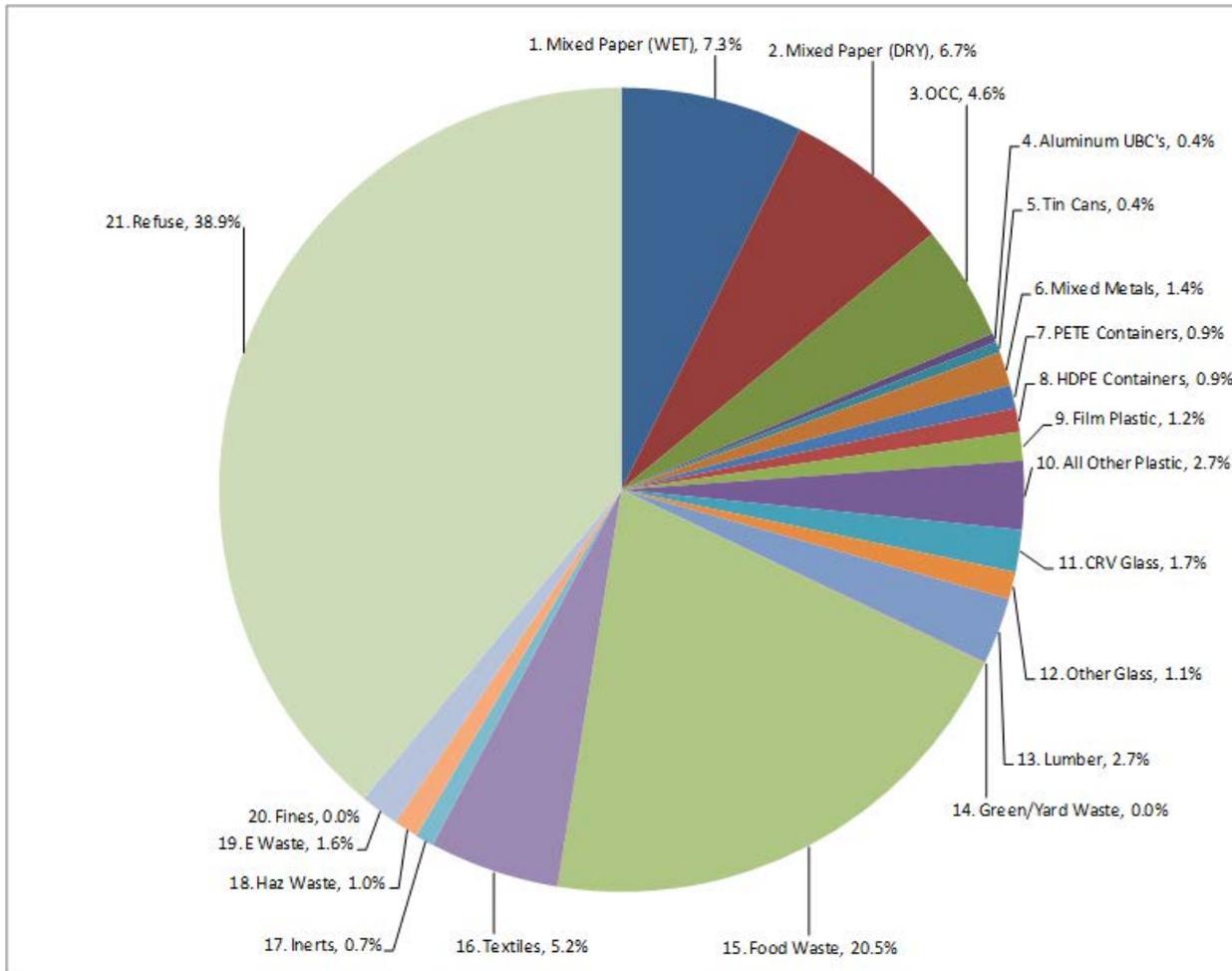
Analysis

Multi-Family Dwelling (MFD) Outreach

As reported to the Board the past few months, Staff is moving forward with developing supplemental outreach tools for commercial recycling and an expanded toolkit for multi-family dwelling property managers. The supplemental outreach and updated toolkits are being finalized, including the addition of door hangers and magnets for tenants, and will be rolled out starting in November.

MFD Waste Characterization Project

Staff recently conducted a waste characterization study of the MFD solid waste stream in collaboration with Recology. Specific MFD complexes were targeted which are representative of the service area as a whole. The study took place at the Shoreway Environmental Center during the week of September 23-27, 2013. This data is valuable in assessing the amount of specific recyclable commodities that are being discarded by this specific service sector. Based on the results of more general research involving MFD complexes, there appears to be a high potential to achieve additional diversion from this sector. The full report is available for the Board's perusal upon request. On the next page is a pie chart which shows the percentage of the different materials found in MFD complexes.



As this chart shows, 27.8% of the material generated by the MFD complexes included in the research is readily compostable (i.e., Food Waste and Mixed Paper - Wet). In addition, another 20.8% can readily be recycled via the single-stream recycling collection service (i.e., Mixed Paper - Dry, OCC-corrugated cardboard, Aluminum cans, Tin cans, Mixed Metals, PET plastic, HDPE plastic, Other plastic and Glass).

Therefore, approximately 50% of the materials disposed by the MFD sector and destined for the Ox Mountain landfill are potentially recyclable.

Recology reports that the MFD sector is the single largest type of commercial account they provide service to. The company reports that approximately 34% of the commercial accounts that they provide service to are MFD complexes, therefore the potential for additional diversion from this sector is high.

Background

The Franchise Agreement(s) with Recology fund a commercial recycling sales team consisting of eight commercial recycling sales representatives and one manager. This staff of nine is solely dedicated to the Commercial Recycling Outreach Program activities, of which a major goal is to increase diversion from the Multi-Family sector. Per the Franchise Agreement(s), RethinkWaste is responsible for developing outreach materials and strategies for the company's use in targeting the Multi-Family sector. While anecdotal feedback has been provided from Recology regarding the effectiveness of the existing public outreach materials and strategies, the effectiveness of the various tools and strategies in use have not been systematically and thoroughly measured for effectiveness.



STAFF UPDATE

To: SBWMA Board Members and Agency Staff
From: Recycling Staff
Date: October 24, 2013 Board of Director's Meeting
Subject: Recycling and Outreach Programs Update

Recommendation

This is an informational report and no action is necessary.

New State Mattress Recycling Bill – Senate Bill 254

A new product stewardship bill targeting mattress recycling was signed by California Governor Jerry Brown on September 27, 2013. Under the provisions of Senate Bill (SB) 254, mattress manufacturers are required to create and manage a single mattress recycling organization that will provide recycling services to municipalities free of charge. The program will be financed by a visible state mattress recycling charge, or “eco-fee,” which will be collected from consumers at point of sale. The mattress recycling organization must submit a plan detailing the operations of the program to the Department of Resources Recycling and Recovery (CalRecycle) on or before July 1, 2015.

SB 254 should result in cost savings at the Shoreway Environmental Center for RethinkWaste and its Member Agencies, and a potential reduction in illegal dumping costs once it goes into effect. South Bay Recycling partners with St. Vincent de Paul to recycle the mattresses it receives at the Shoreway Facility. Approximately 100 mattresses or box springs are currently recycled through the program per month, averaging \$1,000 per month in operating costs.

California is the third state in the country to pass a mattress recycling law, with Connecticut and Rhode Island passing similar ones earlier this year. Only manufacturers who participate in the program will be permitted to sell mattresses in the state. Staff will monitor the development of the mattress stewardship council and keep the RethinkWaste Board of Directors apprised of the program's progress.

WM At Your Door Special Collections (Door-to-Door HHW Collection Program)

The following ten Member Agencies are participating in the program: Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, San Carlos, San Mateo, San Mateo County, and West Bay Sanitary District, with Burlingame starting this past February. Interest in the program has been strong and the company has made approximately 13,642 collections since the program started in mid-May 2010 through August 2013. **We are also pleased to announce passing the 1 million pounds collected milestone earlier in 2013, at the start of the 3rd year of providing this service.**

Approximately 434,458 pounds of HHW material, 470,826 pounds of Universal Waste and 224,564 pounds of E-Scrap has been collected since the start of the program. To increase program participation, an ongoing public outreach effort was initiated starting in late June that is continuing to yield significantly positive results.

The need for additional outreach promoting this service was confirmed via the results of the Single-Family Residential Customer Satisfaction Telephone Survey commissioned by RethinkWaste in Spring 2012, which identified the Door-to-Door HHW Collection Program as one of the programs that residents were not as familiar with. Staff plans to continue its efforts to maintain high participation levels through ongoing public outreach, including direct mail, outdoor and print advertising, *rethinker* newsletters, holiday ads, community events and social media per the adopted Fiscal Year 2014 budget.

We also encourage the remaining two Member Agencies (i.e., Atherton and Redwood City) to offer the program as it provides a more convenient and cost-effective option to properly recycle and dispose of a wide variety of materials (such as common HHW) than is currently available through the County's drop-off program at Tower Road.

Household Battery and Cell Phone Curbside Recycling Collection Program

The annual total of batteries and cell phones collected through the curbside recycling program has been:

2009 - 57,000 pounds

2010 - 53,000 pounds,

2011 - 47,000 pounds

2012 – 58,000 pounds

The total amount of batteries and cell phones collected in September 2013 was 4,040 pounds with a YTD total for 2013 of 51,400 pounds. Per the adopted FY14 budget, additional outreach will be provided to highlight this service.

Shoreway Education Center School Groups and Public Tours Update

School Group and Public tours continue to be popular as spots fill up quickly. Staff has already begun scheduling tours for 2014. The Tour Program is promoted via various channels, (emails, press release, flyers, website, social media, environmental education platforms, etc.). Staff will also continue to give tours to interested community groups, businesses, municipal and environmental groups as scheduling allows.

The tour gives the community an opportunity to learn first-hand what happens to their recyclables, plant materials, food scraps and garbage at a working materials recovery facility (MRF) and transfer station. In addition, students and the community are given an opportunity to learn and practice the 4Rs (reduce, reuse, recycle, and rot/composting), resource conservation and be empowered to conserve resources in their lives, at school and residences.

The Tour program continues to receive very positive feedback. Below are a few of the many recent comments that tour participants shared at the end of their tour experience:

"Fantastic! Kids learned a ton. Also relates to our science units." (Teacher)

"Very good! It's important for the students to learn about this." (Teacher)

"Excellent, amazing, everyone should go!" (Teacher)

"Amazing especially since our students participate in composting/recycling at our school." (Parent)

"Very nicely planned out – right amount of time." (Parent)

"The kids will take what they learned today through the rest of their lives." (Parent)

The table below shows the tours that have been conducted and those scheduled for October 2013.

<u>Date</u>	<u>School/Group</u>	<u>Jurisdiction</u>	<u>Grade/Group</u>	<u>Total # of Participants</u>
October 1	Audubon Elementary	Foster City	5	35
October 1	Orion Elementary	Redwood City	4	29
October 2	Menlo-Atherton High	Atherton	10-12	27
October 4	Menlo-Atherton High	Atherton	10-12	27
October 8	Menlo-Atherton High	Atherton	10-12	27
October 9	Henry Ford School	Redwood City	5	50
October 9	Orion Elementary	Redwood City	4	29
October 10	St. Andrews	Saratoga	5	46
October 11	Menlo-Atherton High	Atherton	10-12	17
October 14	Millbrae Cub Scouts	Millbrae	3	28
October 15	Audubon Elementary	Foster City	5	35
October 15	East Palo Alto Charter School	East Palo Alto	5	32
October 16	Orion Elementary	Redwood City	3	39
October 16	Our Lady of Mt. Carmel	Redwood City	5	45
October 17*	Public Open House	Various	All ages	52
October 17	San Francisco State University	San Francisco	Adults	3
October 18	Wornick Jewish Day school	Foster City	5	23
October 21	Los Robles Magnet Academy	East Palo Alto	6	30
October 22	Fair Oaks	Redwood City	4	30
October 23	Highlands	San Mateo	5	33
October 23	Phillips Brooks	Menlo Park	2	48
October 24	Highlands	San Mateo	5	33
October 25	Highlands	San Mateo	5	33
October 28	Nesbit Elementary	Belmont	5	36
October 29	Foster city Elementary	Foster City	5	35
October 30	Fair Oaks	Redwood City	4	30
Total Participants				852**

* October 17th is a Public Open House Day. The number of participants is based on only those that have made a reservation for the tour on the Public Open House Day. **Includes estimated numbers for those scheduled tours that have not been conducted by the date this report is issued.

Tour logistics continue to be conveyed to all participants via email, phone or on-line, which has worked well.

Photos of Tour Participants at Shoreway Environmental Center



Orion Elementary School, Redwood City



Millbrae Cub Scouts, Millbrae

Tour Availability

School Group Tours are offered Monday at 12:30pm – 2:30pm, Tuesday-Wednesday from 9:30am – 11:30am, 12:30pm – 2:30pm, Thursday and Friday 9:30am – 11:30am.

Every third Thursday of the month is a designated Public Open House Day for the general public, and tours are given in the time slots from 9:30am – 10:30am and 11:30am – 12:30pm. Tours will continue to be scheduled on a first-come first-served policy.

Night at Shoreway Event

RethinkWaste is hosting its first ever “Night at Shoreway” event on Friday, November 8th from 4-9pm at the facility. Lincoln Elementary Burlingame Cub Scouts, 3rd -5th grade, will participate in an activity filled night including a tour of Shoreway, recycling relay race, zero waste dinner, movie and much more! It is planned to be a fun and exciting way to learn about resource conservation. This event will showcase how the Shoreway Environmental Center is a versatile resource for the community.

Business Tour Program

Staff is reaching out to businesses in the RethinkWaste service area to tour the Shoreway Environmental Center. The availability of tours for businesses is being promoted via Chambers of Commerce in all cities in the Rethinkwaste service area (which have a chamber), on our website, business tour flyer and through leveraging Recology's network of business leaders. Member Agencies are encouraged to promote this program to businesses in their community.

Free School Compost Giveaway Program

The free Compost Giveaway Program will continue in the 2013/14 school year. It is for both public and private schools within the RethinkWaste service area. Through the program, schools can receive up to five 50-pound bags of compost for a garden project, or up to 20 cubic yards of the material for landscaping projects per school year. The compost is made from the yard trimmings and food scraps set out by residents and businesses for collection in the green CartSMART and BizSMART containers.

The Compost Giveaway Program is meant to serve as a resource for schools in alignment with the California Department of Education's Garden in Every School initiative. According to the state, students who participate in school garden projects discover fresh food, make healthier food choices, and are physically active. Using compost in gardens and landscaping projects helps improve soil quality, conserve water and control erosion, among others.

The table below shows the schools that have requested compost in September and October 2013.

<u>Date</u>	<u>School</u>	<u>Jurisdiction</u>	<u>Quantity of Compost</u>	<u>*Total # of participants</u>
September 4	Baywood Elementary	San Mateo	3 bags	20
September 26	Highlands Elementary	San Mateo	12 yards	250
October 7	Horrall Elementary	San Mateo	2 yards	400
October 10	Fair Oaks Elementary	Redwood City	5bags	150
Total Participants				820

** Estimated number of students and adults involved in the gardening/landscaping project*

Interested schools simply need to complete a request form (available on-line) to receive the compost. Schools need to arrange for the pick-up of the bags of compost at the Shoreway Environmental Center in San Carlos. Staff will arrange for the delivery of the larger quantity of loose compost through Recology San Mateo County at no additional cost to the schools; Recology's delivery costs will be covered in the SBWMA budget. Staff encourages Member Agencies to promote this service and program within their community.

High Diversion Rates and Compensation Workshop

RethinkWaste Staff Cliff Feldman and Monica Devincenzi attended a workshop on managing rates as communities achieve higher diversion levels, resulting in lower revenues to cover the costs of the programs. The half-day workshop held October 9th in Oakland was presented by HFH Consultants and HDR, and sponsored by CalRecycle. The workshop featured speakers from CalRecycle, HFH, HDR, SF Environment, StopWaste.org, Waste Management and Marin Sanitary Service, who provided information and case studies highlighting different approaches to rate structuring, costs and public education.

Staff will be sharing the information learned at the workshop in future Board meetings during rate discussions. Joe La Mariana and Lillian Clark with San Mateo County RecycleWorks, and Roxanne Murray with the City of San Mateo also attended the workshop.

2013 Public Education and Outreach Update

RethinkWaste and Recology are developing a number of outreach pieces to be distributed to residents in the coming months. This includes a Service Notice, the annual program brochure that will provide a summary of the scope of services available to all residential, commercial, multi-family and Agency facility customers. The Annual Holiday Tree Recycling and "Reduce Holiday Packaging" inserts will be sent to all residential and multi-family customers in the September through November billing cycles. In addition, new and updated outreach tools targeting multi-family customers are also in development. Outreach pieces will be developed in collaboration with the Board's Adhoc Public Education Subcommittee.

RethinkWaste Website and Social Media

The new RethinkWaste website was launched in August to provide a more user-friendly and interactive experience for site visitors. The redesigned site includes many new features, and serves as the launching pad for new outreach and education programs, including the Home Diversion Calculator and the "My Waste" mobile application currently in development. The site averaged over 560 visitors per week over the last month, with the most frequently visited pages consisting of Household Hazardous Waste, Shoreway Tours, and Shoreway Services and Rates.

RethinkWaste also continues to use its Facebook and Twitter pages to promote program information and new services. To date, the Facebook page has 315 "likes," and the Twitter page has 152 followers. RethinkWaste, in

collaboration with South Bay Recycling, has also developed a Yelp business page focusing on the programs and services available at the Shoreway Environmental Center. Staff will continue to work on strategies to drive more people to the pages, and is reviewing other social media sites to use as outreach tools. The RethinkWaste Facebook page can be found at www.facebook.com/rethinkwaste, the Twitter page is located at www.twitter.com/rethinkwaste, and the Yelp page is at <http://www.yelp.com/biz/shoreway-environmental-center-san-carlos>.

rethinker Newsletter

The fall issue of the *rethinker* is in the process of being sent to residents and focuses on new program tools and outreach efforts, household hazardous waste and bulky item collection. The *rethinker* is now published three times annually, instead of quarterly, per the FY14 budget.

"My Waste" Mobile App

RethinkWaste Staff is continuing to work with a third-party vendor in developing the convenient Agency-wide mobile application tool, "My Waste," for residential customer use to request services, get additional program information and other related items. The development of the mobile app has been pushed to late October due to the complexity of the programs and services available to RethinkWaste residents, large customer database and customization needed for 12 separate agencies. A presentation of the mobile app was made to the Board in September.

Community Outreach Events

Staff has been working with Recology to try and better coordinate the Community Outreach Events (Compost Giveaway, E-Scrap/Shredding Events, Recology's Bring Your Own Bucket Compost Giveaway, Confidential Document Destruction Service Event and Coats for Kids event) for this year to avoid any duplicative efforts. Recology is the point of contact for all Compost Giveaway Events and the Coats for Kids event. RethinkWaste is the point of contact for all E-Scrap/Shredding events. In addition, RethinkWaste continues to provide outreach and promotion for all community events. An email was sent to all Member Agencies on March 11th providing the details and costs for the events, and request forms. The following events have been held to date or are still planned for the upcoming months:

Shred/E-Scrap Recycling Events

- Belmont - April 20
- Redwood City - April 27 (*shred only*)
- San Mateo - April 28
- Menlo Park - May 4
- Foster City - May 11
- Burlingame - June 29 (*shred only*)
- Foster City - August 17
- San Mateo Highlands/County - August 24 (*shred only*)
- San Carlos - September 14 (*shred only*)
- Hillsborough - September 15 (*shred only*)
- San Mateo - October 26
- Menlo Park - Nov. 2

Compost Giveaways

- Menlo Park - Monthly event
- San Mateo - Monthly event
- Foster City - March 16

- Foster City - April 13
- Redwood City - April 20
- Belmont - April 20 & 21
- Foster City - September 14
- San Carlos - October 12
- Foster City - October 12

Approved Recommended Recology Franchise Agreement Administrative Changes and Amendments

Staff is requesting that Member Agencies keep us apprised if any administrative changes and amendments to the Franchise Agreements with Recology have been made.

<u>Agreement</u>	<u>Board Approval</u>	<u>Staff Recommendation</u>	<u>Description</u>
Franchise Agreement(s)	March 28, 2013	March 28, 2013	<p>The Board approved Resolution No.2013-07 recommending that each Member Agency consider adopting a variety of administrative changes.</p> <p>The following ten Member Agencies have approved these contractual changes: Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, San Carlos, City of San Mateo, County of San Mateo and West Bay Sanitary District.</p> <p>Approval from the following two Member Agencies is pending: Menlo Park and Redwood City.</p>
Franchise Agreement(s)	March 28, 2013	March 28, 2013	<p>The Board approved Resolution No.2013-08 recommending that each Member Agency consider adopting amendments to Attachment I (Performance Incentives and Disincentives) and include a new section as 8.08(D) (Administrative Changes to the Franchise Agreement).</p> <p>The following nine Member Agencies have approved these contractual changes: Atherton, Belmont, Burlingame, East Palo Alto, Foster City, San Carlos, City of San Mateo, County of San Mateo and West Bay Sanitary District.</p> <p>Approval from the following three Member Agencies is pending: Hillsborough, Menlo Park and Redwood City.</p>



STAFF UPDATE

To: SBWMA Board Members
 From: Hilary Gans, Operations Contracts Manager
 Date: October 24, 2013 Board of Director's Meeting
 Subject: Shoreway Facility Operations and Master Plan Update

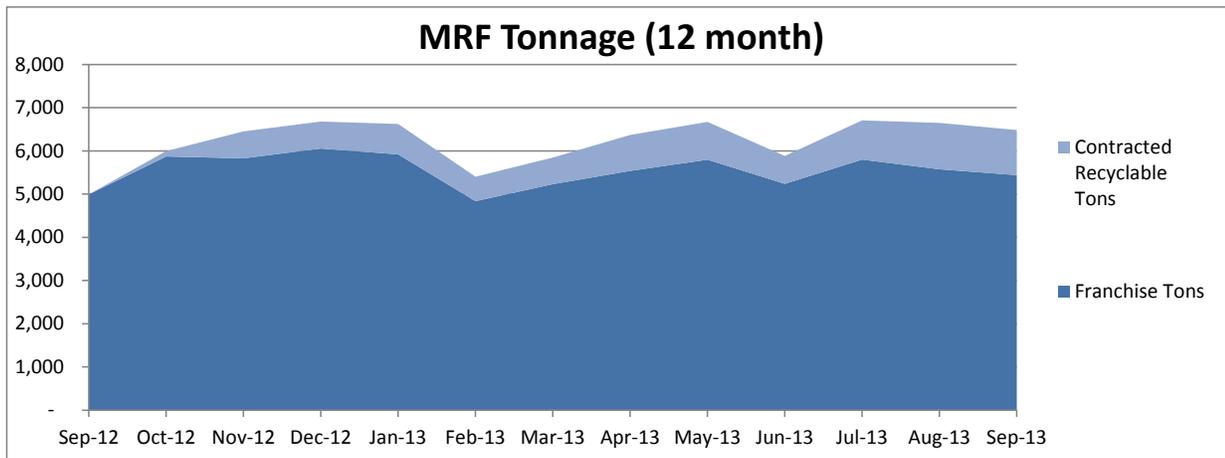
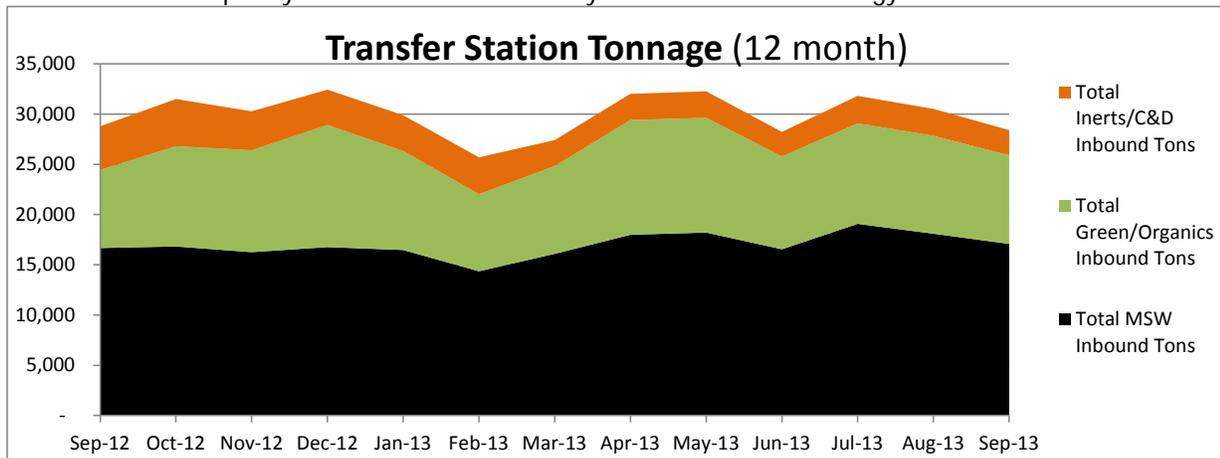
Recommendation

This is an informational report and no action is necessary.

I. OPERATIONS UPDATE

Facility Tonnage

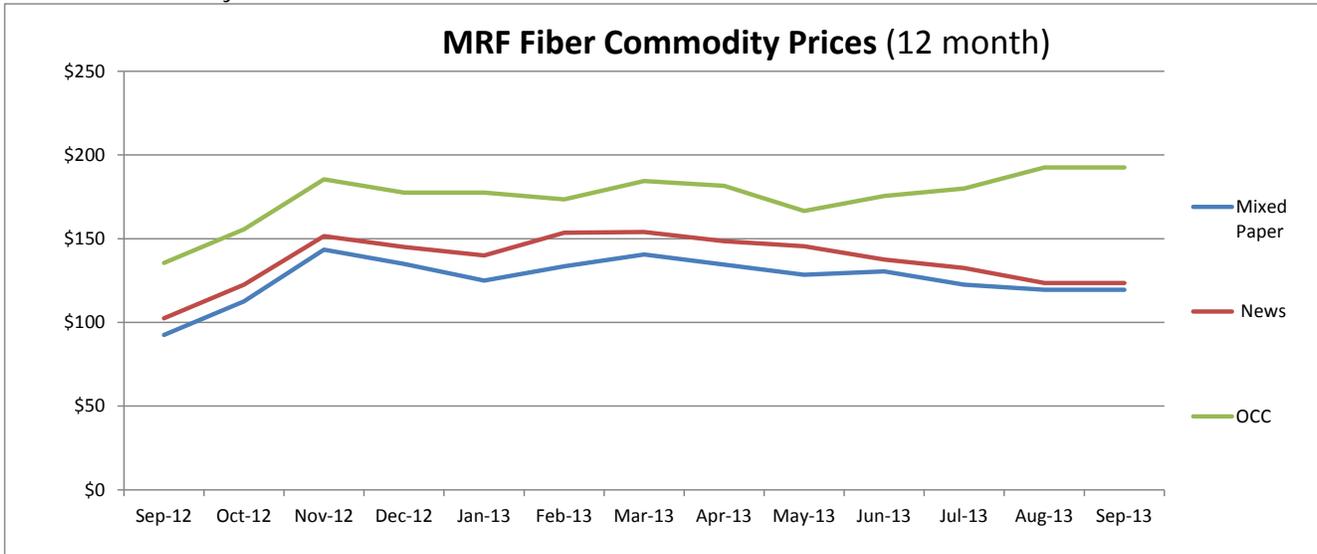
The charts below provide a summary of the monthly inbound tonnage at the Shoreway Environmental Center Transfer Station and Materials Recovery Facility (MRF). The tonnage for the MRF shows an increase over the same month in the prior year due to contracted recyclable tons from Recology's San Bruno transfer station.





Commodity Revenues

This chart provides a price trend summary of fiber (paper) commodities marketed by South Bay Recycling (SBR) from the Shoreway MRF; the pricing shown is derived from a market index (OBM) that tracks the export price for recycled fiber. SBR’s pricing to the SBWMA is contractually tied to this index through the Fiber Price Assurance Mechanism (see Attachment 11-B in Operations Agreement). Since fiber represents the largest volume of commodities marketed from the MRF, the price and MRF volume charts provides a strong indicator of trend in SBWMA commodity revenues.



Operational Issues of Note

None to report.

II. MASTER PLAN UPDATE

Construction Overview

This project update summarizes the status of the construction of the Shoreway Master Plan improvements which include the construction of new Materials Recovery Facility (MRF) building, modifications to the Transfer Station (TS), various site work, and the purchase and installation of the single stream processing equipment. At this point the major contracts associated with the Master Plan improvements (Phase I, Phase II, and Phase III contracts) have been closed. This report provides a discussion of Construction Projects (both master plan and non-master plan related) and a summary of the Master Plan budget.

Update on Master Plan (MP) Projects

The following construction activities are in various degrees of completion:

- Installation new rollup shop doors hardware in RSMC truck shop (non-MP)
- Removal and repair of concrete slabs in RSMC truck shop area (non-MP)
- Repair and replacement of shorted out underground electrical wiring at RSMC truck shop area (non-MP)
- Continued installation of outdoor education area landscape and features near the transfer station (MP)



- Flooring installation at the MRF lobby (MP)
- Painting at Transfer Station and MRF (non-MP)
- Signage design and installation (non-MP)
- Administrative building window sound proofing test installation (non-MP)
- MRF and Transfer Station fire suppression enhancements (non-MP)
- Installation of audio system to administrative building conference room (non-MP)

Master Plan Project Expenditures Summary

An amount of \$41,520 remains in the Master Plan budget to complete the projects associated with the Master Plan close-out. All construction contracts related to the MRF and transfer station buildings have been closed-out (this includes contracts with JS Amoroso, JRMA, and Covello). Ongoing reports to the Board will include updates on all projects with and full Master Plan completion expected in 2013.



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Marshall Moran, Finance Manager
Date: October 24, 2013 Board of Director's Meeting
Subject: Update on 2013/2014 Franchise Rate Setting Process

Recommendation

This is an informational report and no action is necessary other than the various requested future responses below.

Analysis

This staff report has been provided to the Board monthly during 2013 commencing with the April 25, 2013 Board meeting. 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 2014 Compensation Application(s) review (performed in 2013) and the Recommended Revenue Requirement process for the 2014 Rate Year (i.e., establishing rates for January 1 - December 31, 2014). 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.

Attached is the current 2013 (for calendar year 2014 rates) Rate Approval Schedule (**Attachment A**).

Issues Affecting Recology 2014 Compensation Adjustment includes:

- Recology Annual Revenue Reconciliation for 2012. Recology submitted a Revenue Reconciliation Report to the SBWMA and Member Agencies on March 29, 2013 which compares the approved compensation owed to Recology for 2012 with the actual net compensation retained by Recology after paying for Pass-Through costs for disposal at Shoreway and Agency fees (e.g., Franchise Fees) paid to each Member Agency. Each Agency will have a surplus or shortfall which will be added to or subtracted from the 2014 Revenue Requirement. The Recology 2012 Revenue Reconciliation Report has been reviewed by staff and audited by Hilton, Farnkopf and Hobson (HF&H) as part of the Financial Systems Audit. The results of this Audit were presented to the Board at the special Board meeting on September 12, 2013. In addition, the final Revenue Reconciliation Surplus/Shortfall and interest for each Agency are included in the SBWMA's August 16, 2013 Draft Report Reviewing the Recology 2014 Compensation Application and the Final Report issued on September 19, 2013 (see agenda item 6B) and approved by the Board on September 26, 2013.
- Recology Performance Incentive/Disincentive and Liquidated Damages Payments. The Franchise Agreement(s) with Recology prescribe that payments related to performance incentives/disincentives will

be calculated in the company's Annual Report submitted in mid-February and then included in the Compensation Application (submitted on June 14, 2013 for Rate Year 2014) each year (with the exception of Contamination related disincentive payments which are calculated quarterly and paid directly to SBWMA). Therefore, both incentive payments due to Recology and disincentive payments (with the exception of Contamination related disincentives) due to Member Agencies are included in the 2014 Annual Compensation Application. Staff has conducted an audit of the company's 2012 Annual Report which in part includes confirmation of the reported Performance Incentives and Disincentives and Liquidated Damages payments. In addition, staff conducted an audit of the company's customer service systems and deficiencies in performance found in both audits have increased the Liquidated Damages due to the Member Agencies by \$20,950 to be used to offset Performance Incentives included in the 2014 rates. The results of the audits noted above were presented to the Board at the special Board meeting on September 12, 2013.

Per the contract negotiations presented to and approved by the Board at the March 28, 2013 Board meeting, there are two substantive changes to the calculation of Performance Incentives/Disincentives that will impact 2014 rate setting. The first change is to omit the calculation of Initial Missed Pick-Ups which will result in a reduction of \$193,950 in incentive payments to Recology for Rate Year 2014. However, per the audit results, the company owes the Member Agencies a total of \$20,950 in Liquidated Damages that will be applied to the Recology 2014 Compensation Application. The net payment to Recology for 2012 is \$472,171.

Schedule of Rate Review Activities

March 2013

- Recology submitted the 2012 Revenue Reconciliation Report to the SBWMA and Member Agencies.
- SBWMA Board approved a contract with HF&H to audit the financial data (approx. \$100 million) provided by SBR and Recology for 2012 to ensure this data (including the Revenue Reconciliation) is accurate.

April 2013

- Staff made a presentation at the April 25th Board Meeting to discuss the rate setting process, including a review and discussion of a draft rewrite of the Recology 2013 Compensation Application report to improve its clarity and ease of use for Board Members and Member Agency staff.

May 2013

- Member Agencies were requested to provide feedback (optional) to the SBWMA and Recology on the draft revised Recology 2013 Compensation Application by May 9th to include any new changes in the Recology 2014 Compensation Application due June 14; however, no comments were received.

June 2013

- SBWMA issued a letter to the Board requesting feedback from all agencies on estimated 2014 Member Agency fees (e.g., franchise fees) included in their solid waste rates.
- June 14 – Recology submitted its 2014 Compensation Application.

July 2013

- July 1 – SBR submitted their 2014 Compensation Application.
- July 8 – SBWMA staff issued comments to Recology on its 2014 Compensation Application.
- July 8 – SBWMA Board deadline to issue comments to Recology on its 2014 Compensation Application.
- July 3 – Member Agency responses due to SBWMA on 2014 estimated Member Agency fees.

- July 19 – SBWMA issued reports to Member Agency staff:
 - Estimated residential revenue changes due to cart migration by Member Agency since July 2012.
 - Projected 2013 and 2014 residential and commercial 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., rates don't cover costs) and rate subsidization of small carts by large carts.
 - Projected 2013 tonnage (based on six months of actual) compared to the base tonnage projection in the 2013 rate projections in September 2012 and 2014 projected tonnage. These projections will be used to estimate Member Agency disposal expense.
 - Summary of 2014 Member Agency fees based on agency feedback for final agency review
- July 30 – Recology submitted its revised 2014 Compensation Application based on SBWMA staff and Member Agency comments.

August 2013

- August 16 – SBWMA issued Draft Report Reviewing Recology's 2014 Compensation Application. Included in this Report was the draft recommended Revenue Requirement and rate adjustment for 2014.
- August 16 – SBWMA issued Draft Report Reviewing SBR's 2014 Compensation Application.
- August 30 – Member Agency comments due back on SBWMA Draft Report(s) Reviewing Recology's and SBR's 2014 Compensation Applications.

September 2013

- September 12 – special Board meeting
 - Discussion on 2014 Compensation Application(s) and rate setting process for new Board members.
 - Staff reports on 2012 Financial Audits of Recology and SBR conducted by HF&H including the Recology 2012 Revenue Reconciliation.
- September 19 – SBWMA Final Report Reviewing Recology's 2014 Compensation Application issued (for consideration at the September 26, 2013 Board meeting) based on Board feedback. Included in the Final Report is the recommended total collection rate adjustment for 2014.
- September 19 – SBWMA Final Report Reviewing SBR's 2014 Compensation Application issued (for consideration at the September 26, 2013 Board meeting).
- September 26 – Board approved the SBR 2014 Compensation Application.
- September 26 – Board approved the Recology 2014 Compensation Application and total recommended Revenue Requirement for 2014.

September 27 – December 31, 2013

- Member Agencies notice and approve final 2014 solid waste rates.

November 2013

- Report to Board on recommended January 1, 2014 Shoreway tip fee adjustments including Bond proforma update for 2014 SBWMA financial projection with assumed tip fee and cash reserve balances.

January 2014

- Board discussion on improvements and changes to the rate setting process in 2014 for 2015 rates.

Attachment:

Attachment A – Draft 2014 Rate Approval Schedule

Attachment A

DRAFT

2014 Rate Approval Schedule

Member Agency Rate Setting Process

The Recology 2014 Compensation Application was submitted to the SBWMA and Member Agencies on June 14, 2013 per the revised timeline approved by the Board of Directors on February 28, 2013. On August 16, 2013, the SBWMA issued its Draft Report Reviewing Recology's 2014 Compensation Application and the recommended Total Solid Waste Revenue Requirement for 2014. The Member Agencies were provided until August 30th, ten business days, to provide comments on the SBWMA's Draft Report. The comments received are incorporated in the SBWMA Final Report Reviewing the Recology 2014 Compensation Application that will become binding upon the Board's consideration for approval at the September 26, 2013 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. Conversely, any surplus revenue collected by Recology is subject to interest payments to the respective Member Agency.

September 26, 2013 BOD Meeting

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

Member Agency Residential Billing Schedule

Group A: October-November-December (Billed September 30, 2013; December 31, 2013)

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

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**Group B: November-December-January
(Billed October 31, 2013; January 31, 2014)**

- Atherton
- Burlingame
- San Carlos

**Group C: December-January-February
(Billed November 30, 2013; February 28, 2014)**

- 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, 2013 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, 2014.

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Proposed Schedule:

- September 26, 2013.....SBWMA BOD Approves Recology and SBR Compensation.
- October 1-15Governing body or Agency staff approves issuance of the Prop 218 notice.
- October 16-31Prop 218 Notice printed and issued via direct mail
- November 1-15Governing body closes the Prop 218 public notice period and adopts 2014 rates effective January 1, 2014.
- December 31.....First Recology bill issued with new 2014 rates.

Group B

These agencies will likely be able to prepare and print a bill insert in time for inclusion with the October 31, 2013 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, 2013. 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, 2014.

Proposed Schedule:

- September 26, 2013.....SBWMA BOD Approves Recology and SBR Compensation
- October 1 – October 15.....Governing body or Agency staff approves issuance of the Prop 218 notice.
- October 31Prop 218 Notice included with Recology bills
- December 15-31Governing body closes the Prop 218 public notice period and adopts 2014 rates.
- January 31, 2014First Recology bill issued with new 2014 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, 2013 mailing, this is moot since the 45 day Prop 218 notification period will not close until after January 1, 2014 (i.e., on January 14, 2014). 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, 2014.

Proposed Schedule:

- September 26, 2013.....SBWMA BOD Approves Recology and SBR Compensation
- October 1-15Governing body or Agency staff approves issuance of the Prop 218 notice.
- October 16-31Prop 218 Notice printed and issued via direct mail
- December 1-15Governing body closes the Prop 218 public notice period and adopts 2014 rates.
- February 28, 2014.....First Recology bill issued with new 2014 rates including a retroactive rate adjustment for January and February.

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November 2013 – January 2014 Potential Future Board Agenda Items

November 21, 2013 - Regular Board Meeting (to be held at the Shoreway Facility. Meeting preceded by a holiday luncheon in the Shoreway Education Center space starting at 12:30. Tours also available)

- Election of New Officers for 2014
- Approval of Quarterly Investment Report as of 9/30/13
- Consideration of Shoreway Facility Tipping Fee Adjustments Effective 1/1/14
- Update on Shoreway Remediation Project
- Staff Update on Recology Implementation of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Audit Recommendations
- Contractor Quarterly Updates
- Other items TBD

January 23, 2014

- Mid-Year Review of FY2014 Annual Operating Budget
- Discussion on 2014/2015 Solid Waste Rate Setting Process
- Resolution Accepting the FY1213 Annual Financial Statements
- Results of 2013 4th Quarter Recology Franchise Agreement Contamination Measurements for Loads of Recyclable Materials, Organic Materials, and Plant Materials
- Other items TBD