



BOARD OF DIRECTORS MEETING

THURSDAY, November 17, 2011 at 2:00 p.m.

San Carlos Library
Conference Room A/B
610 Elm Street, San Carlos, CA 94070

1. **Roll Call**

2. **Public Comment**

Persons wishing to address the Board on matters NOT on the posted agenda may do so.

Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting.

If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

3. **Approval of Consent Calendar:**

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

- A. Adopt the October 27, 2011 BOD Meeting Minutes
- B. Approval of Quarterly Investment Report as of 9/30/11
- C. Approval of 2012 Board Meeting Calendar
- D. Resolution Approving Office Lease Agreement at San Carlos Library
- E. Receipt of Recology and SBR Monthly Reports

4. **New Business:**

- A. Presentation on Future Strategic Priorities and Planning
- B. Discussion on Shoreway Education Center Tour Bus Funding and Tour Reservation Protocol
- C. Resolution Approving Shoreway Facility Tipping Fee Adjustments Effective 1/1/12

5. **Old Business:**

- A. RSMC Franchise Agreement Operational and Contract Administration Update
- B. SBR Shoreway Operational and Contract Administration Update

6. **Staff Updates**

- a) Update on Recology Commercial Recycling Outreach Efforts
- b) Recycling and Outreach Programs Update
- c) Shoreway Construction Update
- d) Update on 2012/2013 Franchise Rate Setting Process
- e) Preview of Upcoming Board meetings

7. **Board Member Comments**

8. **Adjourn** Next Regular meeting scheduled for January 26, 2012, San Carlos Library at 2 pm

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



CONSENT CALENDAR

DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
October 27, 2011 – 2:00 p.m.
San Carlos Library Conference Room A/B

1. Roll Call:

CTO 2:09 p.m.

In attendance: Belmont, Foster City, Hillsborough, Menlo Park, Redwood City, San Mateo, County of San Mateo, West Bay Sanitary District

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so.

Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting.

If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

None

3. Approval of Consent Calendar:

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

- A. Adopt the September 22, 2011 BOD Meeting Minutes
- B. Adopt the October 6, 2011 Special BOD Meeting Minutes
- C. Receipt of Recology and SBR Monthly Reports

Member Fotu requested agenda item 3A be pulled from consent for discussion

Motion to approve consent calendar items B and C

M/S: Hardy/Gibbons

Voice Vote: All in Favor (Atherton, Burlingame, East Palo Alto, and San Carlos Absent)

Member Fotu requested that the September 22, 2011 Board of Director's meeting minutes be amended on page 7 to reflect: *Member Fotu asked about the labor routes, she gave the example of there being an increase of 2% more accounts in Menlo Park but that there is an increase of 7% route hours and a 15% increase in labor route hours, she asked for clarification of reconciling increase in costs.*

Member Fotu made a motion to accept agenda item 3A as amended

M/S Fotu/Hardy

Voice Vote: All in Favor (Atherton, Burlingame, East Palo Alto, and San Carlos Absent)

4. New Business:

- A. Results of 2011 Third Quarter Recology Franchise Agreement(s) Quarterly Contamination Measurement for Loads of Recyclable Materials, Organic Materials and Plant Materials

Staff Feldman explained that through the franchise agreements, every quarter the SBWMA is to measure the levels of contamination of the 5 material streams that Recology picks up. He noted that the contamination numbers are going in the right direction, announcing that there will be no disincentive payments for the 3rd quarter based on the results. There were disincentive payments associated with the first and second quarter results.

Member Oskoui asked about the ramifications of the disincentive payments, asking for clarification on the process of the disincentive payments.

Staff Feldman answered that it's part of a checks and balances system so that the SBWMA gets the most value for the commodities being processed through the MRF. Noting that if Recology doesn't meet the contractual contamination thresholds, then there is a disincentive payment paid to the SBWMA, explaining that it is paid to the SBWMA not the agencies because the SBWMA pays the increased costs associated with disposal of contaminated loads.

B. Resolution Approving Office Lease Agreement at San Carlos Library

SBWMA staff is still working with the City of San Carlos on the terms of this agreement, so this item was removed from discussion and will be brought up for discussion at the November meeting.

Executive Director McCarthy added that within the last day the SBWMA and the City of San Carlos has come to terms on a 3 year lease with an annual CPI adjustment that will come before the Board at the November meeting.

7. **Old Business:**

Hilary Gans introduced Faustina Mututa the newest member to the SBWMA staff. She will serve as the Environmental Education Coordinator, and is working 4 days a week.

A. Resolution Approving Teamster Benefit Trust (TBT) Repayment Agreement with Recology San Mateo County

Executive Director McCarthy stated that this was a follow item up from the September board meeting where the Board approved a resolution with 5 points in it, 4 were agreed upon at the last meeting and the 5th point was for staff to come back to the Board with repayment terms around a 121st payment if there is one. The Board has been presented with an agreement that has been reviewed by Legal Counsel, and is acceptable by Recology and Staff.

Member Oskoui asked if this amount was part of the Allied balancing account.

Executive Director McCarthy answered that it is separate from the balancing account numbers. Noting that originally this number was in the Allied balancing account, but we worked with Allied and the Executive Committee for an agreement to be brought up at the September Board meeting. The Agreement is that the SBWMA would reimburse Allied, and Recology would reimburse the SBWMA to keep this number separate from inflating the Allied balancing account figures.

Member Oskoui asked if this was only for Allied employees that transferred to Recology or if it was Allied outstanding balance.

Executive Director McCarthy explained that the difference is that there are fewer number of employees on the Recology payroll as compared to the payment Allied made, adding that the payments also dealt with some SBR employees. He also noted that this was an unanticipated item, but according to Allied and the Teamsters this very typical when there is a change in contractor.

Member Oskoui asked if there had been any thought around building the cost into the established 120 payments.

Executive Director McCarthy stated that the thought process was to not assume an 121st payment in the rates, but create a an agreement that would address this contingency so that the SBWMA wouldn't be in this position again in 10 years at the end of this contract, and the SBWMA wouldn't be in the position of trying to get the money back from Recology.

Member Scott asked about the likelihood of having to pay it.

Executive Director McCarthy stated that we don't know as it depends in part on whether the Recology franchise agreements are extended beyond the 10 year terms.

Member Gibbons made a motion to approve the resolution as written

M/S: Gibbons/Fotu

Roll Call Vote:

Motion Passes: 7-0-1-4

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton				X	Menlo Park	X			
Belmont			X		Redwood City	X			
Burlingame				X	San Carlos				X
East Palo Alto				X	San Mateo	X			
Foster City	X				County of San Mateo	X			
Hillsborough	X				West Bay Sanitary District	X			

B. RSMC Franchise Agreement Operational and Contract Administration Update

Gino Gasparini gave an update on Recology's operations.

Gino thanked the Agencies and SBWMA for the good quarterly contamination results.

He told a good will story about travel documents and money accidentally ending up in the recycling, and how Recology was able to track the driver using the on board systems and recover the items.

C. SBR Shoreway Operations Agreement Update

John Richardson SVP with SBR and VP of Community Recycling. He reminded that Board the SBR is a joint venture with Potential Industries and Community Recycling. He stated that SBR had two items to update the Board on.

The first was the tragic fatal accident that happened at the Community Recycling compost facility in Bakersfield. He handed out a press release sent to The Bakersfield California from Community Recycling in response to the accident, and noted that due to the investigation they were restricted to what they could say. He told the Board that Community Recycling is doing everything they can to deal with this tragedy.

John announced that Dwight Herring will be the new general manager. He thanked David Langer for his service, and said that David would continue through the end of year to ensure that the transition goes smoothly.

8. Staff Updates

Executive Director McCarthy stated that he would like to extend his thanks and from all of the staff for all the help from David Langer. Noting that David was a critical member of the team, he's been a great resource for our staff and SBR, and expressed that the SBWMA expects to continue to find ways to work with him.

Executive Director McCarthy stated that we now have an updated state recycling goal thanks to AB 341, and that this would be a topic of discussion at the Board Retreat in February. We now have a target for where we're going with our diversion efforts.

Executive Director McCarthy thanked all the Board Members for attending the Grand Opening Event.

- a) Update on Recology Commercial Recycling Outreach Efforts
- b) Recycling and Outreach Programs Update
- c) Shoreway Construction Update
- d) Preview of Upcoming Board meetings

Executive Director McCarthy noted that the Board would be discussing Tip Fee adjustments at the November meeting, and asked members of the Board to let staff know if advance of questions.

9. Board Member Comments

10. Adjourn 2:39 PM

Next Regular meeting scheduled for November 17, 2011, San Carlos Library at 2:00 pm



STAFF REPORT

To: SBWMA Board Members
From: Marshall Moran, Finance Manager
Date: November 17, 2011 Board of Director's Meeting
Subject: Quarterly Investment Report for the Quarter Ended September 30, 2011

Recommendation

It is recommended that the SBWMA Board review and accept the Quarterly Investment Report.

Analysis

The primary objective of the Investment Policy for the SBWMA is safety of principal, while meeting the cash flow needs of the Authority, through prudent investment of unexpended cash. As of September 30, 2011, the investment portfolio was in compliance with the Investment Policy. The portfolio contains enough liquidity to meet the next six months of expected expenditures by the Authority as well as by other third parties.

Fiscal Impact

The attached Investment Portfolio Summary indicates that on September 30, 2011, funds in the amount of \$18,224,474 were invested producing a weighted average yield of 1.420%.

Accrued interest earnings this quarter totaled \$60,368. As shown in the table below, the slight decrease in interest earnings is due to the slight decreased balance of the portfolio as compared with the prior quarter.

Below is a summary of the changes in the portfolio.

	Qtr Ended 9/30/11	Qtr Ended 6/30/11	Increase (Decrease)
Total Portfolio	\$ 18,224,474	\$ 18,610,033	\$ (385,559)
Wgtd Avg Yield	1.42%	1.43%	0.00%
Interest Earnings	\$ 60,368	\$ 65,344	\$ (4,976)

The decrease in the total portfolio of \$385,559 is primarily due to debt service payments of approximately \$1.5 million and project costs of approximately \$2.4 million from the Bond Proceeds accounts. These outlays are offset by the receipt of franchise revenues.

A table comparison of the portfolio components is provided below:

	9/30/11 Balance	% of Total	6/30/11 Balance	% of Total	Change over prior qtr
SM County Pool	\$ 2,077,198	11%	\$ 2,070,798	11%	\$ 6,400
LAIF	10,206,329	56%	8,197,304	44%	2,009,025
Bond Proceeds	5,940,947	33%	8,341,931	45%	(2,400,984)
Total Portfolio	\$ 18,224,474	100%	\$ 18,610,033	100%	\$ (385,559)

Note: There may be minor differences in totals as individual amounts are rounded to the nearest dollar

The average yield of the portfolio excluding bond proceeds was 0.537%. The Local Agency Investment Fund (LAIF) is used as a benchmark, and the average LAIF yield for the quarter ending September 30, 2011, was 0.38%. The San Mateo County Pool average yield for the quarter was 1.31%.

Due to arbitrage restrictions, bond proceeds investments are not included in our LAIF rate comparison. As of September 30, 2011, the bond proceeds of approximately \$5.94 million were invested with the trustee in LAIF, Federal Home Loan Bank securities and other cash and short-term investments.

The Investment Advisory Committee, consisting of Jeff Maltbie, City Manager of San Carlos; Brian Moura, Assistant City Manager of San Carlos; Michael Galvin, City Treasurer for San Carlos; and, Rebecca Mendenhall, Administrative Services Director have reviewed this report before presentation to the Board.

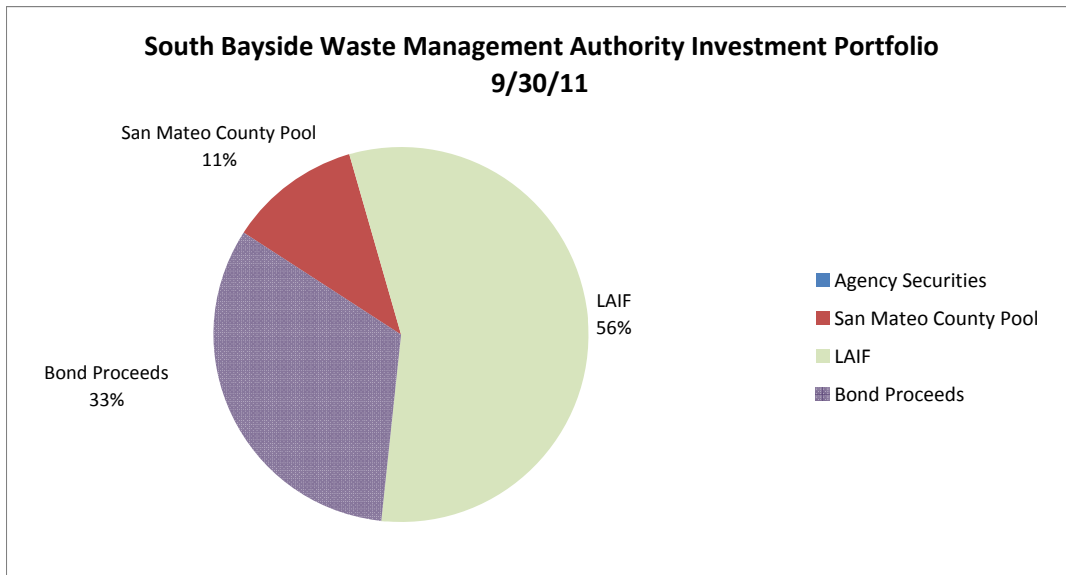
Attachments

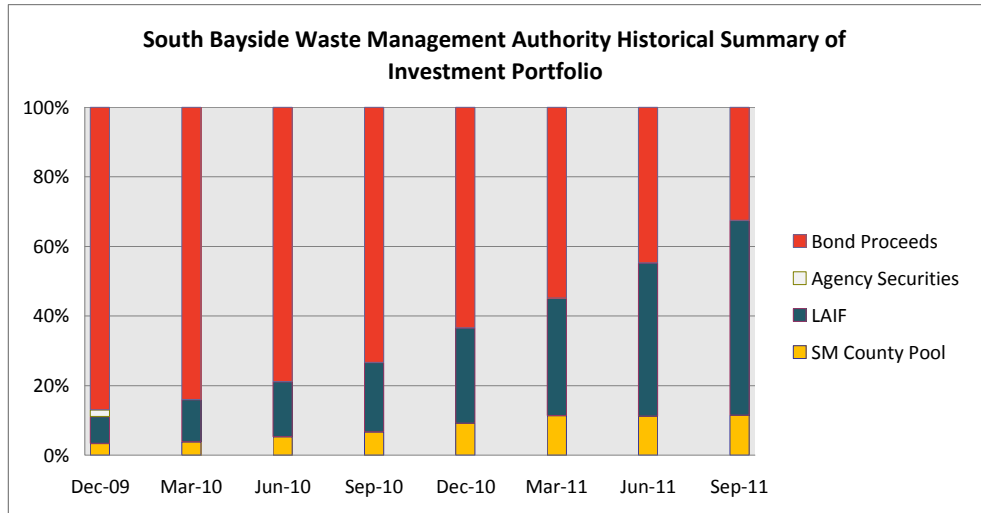
- 1 – Investment Portfolio Summary for the Quarter Ended September 30, 2011
- 2 – Historical Summary of Investment Portfolio

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

SUMMARY OF ALL INVESTMENTS
For Quarter Ending September 30, 2011

Category	Maturity		Weighted Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Months			
Liquid Investments:					
San Mateo County Investment Pool (COPOOL)	2		1.31%	2,077,198	2,077,198
Local Agency Investment Fund (LAIF)	1		0.38%	10,206,329	10,206,329
Total - Investments			0.537%	12,283,527	12,283,527
Bond Proceeds Accounts - Cash with Fiscal Agents					
BNY Western Trust - LAIF 2009 Project Fund Account			0.38%	624,055	624,055
BNY Western Trust - Dreyfus Cash Mgmt 670 Inv 2009 Project Fund Account			0.00%	429,910	429,910
BNY Western Trust - Dreyfus Cash Mgmt 670 Inv 2009A Reserve Fund Account			0.00%	360,362	360,362
BNY Western Trust - Federal Home Loan Bank 2009A Reserve Fund Account			4.64%	4,108,048	3,904,292
BNY Western Trust - Dreyfus Cash Mgmt 670 Inv 2009A Payment Fund Account			0.00%	418,572	418,572
Total - Bond Proceeds Accounts			3.246%	5,940,947	5,737,191
GRAND TOTAL OF PORTFOLIO			1.420%	18,224,474	18,020,718
Total Accrued Interest this Quarter					60,368
Total Accrued Interest Fiscal Year to Date					60,368





South Bayside Waste Management Authority Portfolio

	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
SM County Pool	1,690,785	1,694,971	2,048,690	2,053,315	2,060,200	2,065,675	2,070,798	2,077,198
LAIF	4,003,801	5,511,106	6,166,777	6,174,485	6,182,460	6,189,561	8,197,304	10,206,329
Agency Securities	1,001,250	-	-	-	-	-	-	-
Bond Proceeds	44,972,979	38,168,917	30,856,257	22,690,918	14,335,911	10,045,187	8,341,931	5,940,947
Grand Total	\$ 51,668,815	\$ 45,374,995	\$ 39,071,723	\$ 30,918,719	\$ 22,578,571	\$ 18,300,423	\$ 18,610,033	\$ 18,224,474



STAFF REPORT

To: SBWMA Board Members
From: Cyndi Urman, Board Secretary/Office Manager
Date: November 17, 2012 Board of Director's Meeting
Subject: Approval of 2012 Board Meeting Calendar

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY 2012 BOARD MEETING SCHEDULE

*Meetings of the South Bayside Waste Management Authority are held
on the fourth Thursday of the month from 2:00pm to 4:00 pm*

Location: City of San Carlos Library, 2nd Floor, Conference Room A/B, 610 Elm St., San Carlos, CA 94070

January	26	2012
February	23	2012
March	22	2012
April	26	2012
May	24	2012
June	28	2012
July	26	2012
August		NO MEETING IN AUGUST
September	27	2012
October	25	2012
November	15	2012* (Third Thursday)
December		NO MEETING IN DECEMBER

**November's Meeting date falls on the Thanksgiving Holiday; it has been scheduled for the PRIOR week*



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Date: November 17, 2011 Board of Director's Meeting
Subject: Resolution Approving Office Lease Agreement at San Carlos Library

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2011-26 attached hereto authorizing the following action:

Authorize the Executive Director to execute the fourth amendment to the lease as detailed in **Exhibit A**.

Analysis

The proposed fourth amendment to the lease agreement at the San Carlos library will extend our current lease, which expired on June 30, 2011, for three years until June 30, 2014 and includes an annual CPI adjustment (i.e., Consumers Price Index for Urban Wage Earners and Clerical Workers, San Francisco Bay Area, All Items (1982-84=100). The first CPI adjustment is effective October 1, 2011 and annually thereafter on July 1st.

Staff is recommending this three year lease extension as the only viable current alternative as sufficient office space is not available at the Shoreway facility to house agency staff. If directed by the Board, staff can explore other alternatives over the next two year period prior to the amended lease expiration.

Background

In 2003 the SBWMA first entered into a lease agreement with the City of San Carlos for approximately 300 square feet in the upstairs office area of the San Carlos library. The lease has subsequently been amended and extended three times for space now totaling approximately 2,429 square feet with a current annual lease amount of \$47,443.56 (\$3,953.63 per month). Utilities and janitorial services are paid separately with the SBWMA paying its prorata share based on the square footage leased.

Fiscal Impact

Approval of the fourth amendment to the lease would increase our monthly lease amount by \$114.65 or 2.9% effective October 1, 2011. This would result in annual lease costs in FY 2012 of \$48,475.41 compared to our budget amount of \$48,000. Sufficient funds are available to cover this \$475.41 unbudgeted amount.

Subsequent budgets will reflect the annual CPI provision in the amended lease.

Attachments:

Resolution 2011-26

Exhibit A – Fourth Amendment to Lease



RESOLUTION NO. 2011-26

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING THE FOURTH AMENDMENT TO THE LEASE AGREEMENT WITH THE CITY OF SAN CARLOS

WHEREAS, On July 12, 2010 the SBWMA and the City of San Carlos agreed to amend and extend the lease for a period of one year through June 30, 2011 with no change in the monthly lease amount; and

WHEREAS, the SBWMA and the City of San Carlos staff have proposed to amend and extend the lease (see Exhibit A) for a three year period through June 30, 2014 with an annual CPI adjustment in the lease rate.

WHEREAS, if the Board approves the amended lease it will be subject to approval by the City of San Carlos city council; and

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the fourth amendment to the lease with the City of San Carlos.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the this 17th day of November, 2011, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				

I HEREBY CERTIFY that the foregoing Resolution No. 2011-26 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2011.

ATTEST:

Brian Moura, Chairperson of SBWMA

Cyndi Urman, Board Secretary

FOURTH AMENDMENT TO LEASE

This is the Fourth Amendment to the Lease between the CITY OF SAN CARLOS (the City) and the SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (SBWMA), a California Joint Powers Authority (the Lessee) dated October 14, 2003.

RECITALS

- A. SBWMA and City entered into a Lease on October 14, 2003 for the premises at 610 Elm Street, Suite 202 (the Library Building), of approximately 300 square feet. The Lease originally had an expiration date of October 13, 2006.
- B. The SBWMA assumed the Lease space of World Learning group effective October 13, 2005 and assumed the Lease space of Neal Martin and Associates on or about June 1, 2006.
- C. On February 14, 2007, the SBWMA and City agreed to extend the Lease through June 30, 2008, with an option to extend to June 30, 2010. SBWMA timely extended the Lease before June 30, 2008 and the Lease now terminates on June 30, 2010.
- D. On June 22, 2009 the parties agreed to amend the Lease to add additional space formerly known as the City computer lab. This space includes an additional 384 square feet, bringing the total size of the SBWMA Office to 2,429 square feet with all space leased at the same rate and under the provisions of the Lease.
- E. On July 12, 2010 the parties agreed to amend the Lease to extend the Lease for a period of one year through June 30, 2011. During that one year period, the rental rate will remain at \$3,953.63 per month through June 30, 2011.

THEREFORE, the City and SBWMA agree as follows:

AGREEMENT

- 1. The Lease is modified as follows: The Lease as amended is extended three years from July 1, 2011 to June 30, 2014. The rental rate will increase to Four Thousand Sixty Eight Dollars and 28 cents (\$4,068.28) per month starting October 1, 2011.
- 2. The rental rate will increase on July 1, 2012 and each year thereafter. Said rental amount shall increase by the amount of increase in the Consumers Price Index for Urban Wage Earners and Clerical Workers, San Francisco Bay Area, All Items (1982-84=100), hereinafter referred to as the "Index". Such cost of living increases shall be computed based on the change in the index for the period of April to April each year.
- 3. In all other respects the terms and conditions of the Lease are reaffirmed.

DATED: _____

CITY:

CITY OF SAN CARLOS, a municipal corporation

By _____

(Name) _____

(Title) _____

DATED: _____

LESSEE:

SOUTH BAYSIDE WASTE MANAGEMENT
AUTHORITY, a California Joint Powers Authority

By _____

(Name) _____

(Title) _____



Agenda Item 3E
Receipt of Recology and SBR Monthly Reports

Attachments:

- 1 – Recology October 2011 Report**
 - 2 – SBR October 2011 Report**
-

- ◆ Recology October 2011 Report
- ◆ SBR October 2011 Report

As per the Contract these reports are due 11/15/11, and they will be posted on the web on 11/16/11

Posted on Website after 11/16/11: www.rethinkwaste.org

Report POSTED AFTER 11/15/11 at www.rethinkwaste.org



NEW BUSINESS



Agenda Item 4A

Presentation on Future Strategic Priorities and Planning

Verbal Presentation at the November 17, 2011 Board Meeting

Blank Page - No Report



STAFF UPDATE

To: SBWMA Board Members
From: Hilary Gans, Facility Operations Contracts Manager
Faustina Mututa, Environmental Education Coordinator
Date: November 17, 2011 Board of Director's Meeting
Subject: Discussion on Shoreway Education Center Tour Bus Funding and Tour Reservation Protocol

Recommendation

This is an informational report and no action is necessary.

Analysis

Tour Program Description

Starting in January 2012, RethinkWaste will start providing tours to schools primarily located in the Member Agency service area. The new School Groups tour program of the Shoreway Environmental Education Center will consist of visitors engaging with the new museum quality exhibits, class room learning activities in the Rethinker Room, and observing the materials recovery facility (MRF) and Transfer Station operations.

The tour will promote the theme of resource conservation and highlight RethinkWaste waste reduction and recycling programs and will offer students and the community an opportunity to learn first-hand what happens to their recyclables, yard waste, food scraps and garbage at a working MRF and Transfer Station. The education program seeks to engage students and increase their knowledge in a broad foundation of resources conservation, human ecology, and provide specific instruction on the 4Rs (reduce, reuse, recycle, and rot/composting). The curriculum goal is to educate kids in resource conservation and 4R behaviors so that they will be empowered to conserve resources in their lives and practice waste reduction and recycling at their schools and residences.

The activities are based on the best practices in environmental education and provide connections to the California State Content Standards.

Field trips will include:

- ❖ A **two-hour** visit to the Education Center, Solar and Water Conservation Kiosks (planned), Transfer Station, MRF, museum quality exhibits and more.
- ❖ An opportunity to **trace the path of** recyclables, food scraps & yard waste and garbage from curbside to remanufacture or disposal.
- ❖ Learning about resource conservation and the 4Rs (reduce, reuse, recycle, and rot) that are aligned to the **State Content Standards**.
- ❖ Hands-on learning activities that explore how student's individual actions can help reduce waste.
- ❖ Pre- and post-field trip lessons.

Tour Reservation Protocol

The School Groups tour program will initially target 4th-6th grade public and private school students located in the SBWMA service area. As the tour program grows, the target grade levels may change (e.g., just 4th grade). In addition, tours will be given to interested community groups. Tours will be scheduled on a first-come first-served policy. Tours will be provided to schools outside our service area, but in San Mateo County, if open tour times are available, but such schools will not be offered busing assistance.

Tour availability

From January, 2012 to June, 2012, field trips will be offered Monday-Wednesday from 9:30 am - 11:30 am OR 12:30 pm – 2:30 pm and Thursday 9:30 am -11:30 am (for the 2012/13 school year the School Groups tour program will be offered September to June). To start, every third-Thursday of the month is being designated as Open House Day from 9:30 am – 12:00 pm (no School Groups tour will be scheduled on this day) for all community groups and the general public to tour the facility. School tours will be conducted following these criteria:

- ❖ Class size maximum is approximately 40 for both students and chaperones for the field trip, not more than 20 visitors at one time will be allowed on the MRF operations mezzanine.
- ❖ Tour program meets ADA requirements. Access to the MRF operations mezzanine for handicap visitors will be limited to the small platform just outside the Rethinker Room.
- ❖ Tours provided rain or shine
- ❖ Target adult to child ratio is 1:10
- ❖ Summer Field Trip program - TBD

Buses & Safety Equipment

Buses are being offered FREE to 4th - 6th grades from public & private schools in the SBWMA service area depending upon the availability of budgeted funds. All other schools and interested community groups are to arrange their own transportation to & from the facility. Staff is currently preparing bussing contracts and tour waiver forms; these will be reviewed and signed-off on by the Executive Director and Legal Counsel. Posted safety rules will be followed at all times and tour takers will be given personnel protective equipment while touring the facility.

Program Promotion

The following are strategies that staff plans to implement in order to promote the School Groups tour program and to the community:

- ❖ Flyers to all school districts in service area
- ❖ Direct engagement with school principals & grade teachers
- ❖ Webpage development and local/social media
- ❖ Informational packets to grade teachers
- ❖ Item on Board of Directors agenda to spread word to jurisdictions (Jan. 26, 2012)
- ❖ Attend Principal meetings to introduce program (planned for school year 2012/13)
- ❖ Post tour information on California Regional Environmental Education Community (CREEC)
- ❖ Attend teacher meetings to introduce the tour education program

Background

The Environmental Education Center is a key design feature of the Shoreway Master Plan approved by the Board in the spring of 2007 and in subsequent detailed construction plans approved by the Board. It was also a key selling point in the approval of our Conditional Use Permit by the City of San Carlos Planning Commission in July 2008. The Board approved Strategic Plan 2008-2012 (3/27/08) states as one of the JPA's values:

"We believe providing environmental education for children and adults fosters a greater resource conservation ethic which results in more livable and sustainable communities."

Fiscal Impact

The 2011-2012 program budget for the tours program is \$80,000 and is expected to be spent on school busing, safety supplies, design and printing costs for learning activities and other collateral.



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: November 17, 2011 Board of Director's Meeting
Subject: Resolution Approving Shoreway Facility Tipping Fee Adjustments Effective 1/1/12

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2011-28 attached hereto authorizing the following action:

Approval of the following Shoreway facility tipping fee adjustments effective January 1, 2012:

- Lower franchised solid waste disposal rate by \$2.00/ton from \$90.00/ton to **\$88.00/ton**
- Increase franchised residential organics recycling rate by \$10.00/ton from \$79.00/ton to **\$89.00/ton**
- Establish a franchised commercial food waste recycling rate at **\$101.00/ton**
- Lower public (residential, commercial) disposal rates by \$2.00/cubic yard from \$35.00/cubic yard to **\$33.00/cubic yard**
- Lower public (residential, commercial) clean plant material and wood recycling rates by \$3.00/cubic yard from \$25.00/cubic yard to **\$22.00/cubic yard**

The Board adopted FY 2012 budget assumed no change in the franchised solid waste rate or the public yardage rates as opposed to the current recommendation to lower these rates. The recommended tipping fee adjustments for residential organics and commercial food waste are the same as assumed in the adopted FY 2012 budget.

Analysis

When evaluating potential adjustments to the Shoreway tipping fees, staff took into consideration two key factors:

- Updated calendar year 2011 and 2012 financial projections ("updated bond proforma"), including net operating surplus/shortfall and cash reserve balances (designated and undesignated reserves).
- An analysis of tip fees collected per ton versus actual operating costs per ton by material type (solid waste, residential organics, plant materials, food scraps and C&D).

As part of the analysis we also completed our annual survey of tipping fees at select Bay area transfer stations and landfills and have included the results as **Attachment A**. This rate survey is relevant for comparing certain public rates at local facilities in competition with Shoreway for public customers; these facilities would be Ox Mountain Landfill and FERMA/SRDC in Redwood City. As discussed later in this staff report, the Board's action to lower public solid waste and green waste rates at Shoreway has proven successful in reversing yardage declines and in fact has increased public business at Shoreway; this is the basis for recommending further reductions in certain public rates.

Updated SBWMA Financial Projections for Calendar Year 2011 and 2012

Updated financial projections for calendar year 2011 and 2012 are shown in **Table 1** on the next page. The 2011 calendar year projections are significantly better than the previous projections and 2012 projections are slightly lower (i.e., \$3.1 million net income vs. \$3.3 million in the September projection included as Table 8 in the final SBR rate application report). These results were then used to update cash reserve balances as shown in **Table 2**.

Table 1

	Calendar Year Projections	
	2011 Projection	2012 Projection
Operating Revenue		
Franchise Revenue	24,550,947	25,353,977
Public Revenue	4,396,404	4,509,707
Commodity Material Sales	12,140,493	11,671,457
Commodity Revenue Sharing	(1,261,462)	(1,551,125)
HHW Program	392,642	507,059
Other Revenue	70,000	70,000
Total Operating Revenue	40,289,024	40,561,075
Operating Expenses		
SBR Operating Cost	11,833,214	13,848,398
SBR Interim Operation Cost	872,168	-
SBR Interest Expense	308,120	282,260
SBR Startup Cost	276,500	-
Subtotal SBR Cost	13,290,002	14,130,658
Allied 2009 Adjustment	1,347,000	
Allied 2010 Adjustment	-	641,000
Off-site Processing to Smurfit	1,596,222	
Disposal Expense	12,856,474	13,270,075
Buyback Payments	587,348	587,348
Maintenance	60,000	122,800
Total Operating Cost	29,737,046	28,751,881
SBWMA Operating Budget	3,586,850	3,316,050
HHW Program	392,642	507,059
Ed Center Operations	20,000	90,000
Tax, Permit & Insurance	322,847	335,761
Franchise Fee	1,378,000	1,422,000
Total Other Costs	5,700,340	5,670,871
Total Expense	35,437,386	34,422,752
Non-Operating		
Interest Income < >	(165,915)	(138,602)
Interest Expense	3,177,862	3,177,862
Subtotal	3,011,947	3,039,260
Net Operating Surplus / Shortfall	\$ 1,839,691	\$ 3,099,064
Bond Covenant		
Break Even 1	1.05	1.06
Debt Coverage 2	1.99	1.85
1 Required to be 1.0 or greater		
2 Required to be 1.4 or greater		

Table 2

SBWMA RESERVE BALANCES			CALENDAR 2010 Actual	CALENDAR 2011 Projection	CALENDAR 2012 Estimate	
UNRESTRICTED:						
OPERATING RESERVE (10% of total expense)	\$		2,215,434	\$ 3,543,739	\$	3,442,275
EQUIPMENT (ANNUAL - start in 2012)					\$	1,225,000
RATE STABILIZATION (10% of expense)	\$		2,174,087	\$ 3,543,739	\$	3,442,275
UNDESIGNATED	\$		1,455,783	\$ 586,342	\$	350,225
SUBTOTAL UNRESTRICTED GENERAL RESERVES	## \$		5,845,304	\$ 7,673,819	\$	8,459,775
REVENUE TRANSFER FOR BOND COVENANT	\$		-	\$ -		
TOTAL UNCOMMITTED RESERVES	## \$		5,845,304	\$ 7,673,819	\$	8,459,775
Note: Revenue Transfers are non-cash transactions for bond reporting purposes						
COMMITTED:						
MASTER PLAN INTERNAL CAPITAL SPENDING	\$		1,685,963	\$ 1,685,963		committed funds
BURLINGAME BOND REPAYMENT FUND				\$ 818,107	\$	1,636,215
						\$3M due 9/1/2014 (3.7 yrs)
TOTAL GENERAL RESERVES	## \$		7,531,267	\$ 10,177,889	\$	10,095,990

Table 2 shows that all Board approved cash reserves will be fully funded in both calendar year 2011 and 2012, including fully funding the equipment replacement (single stream processing equipment) reserves beginning in 2012. Further, sufficient cash will be generated to begin setting aside funds needed to payoff the \$3 million bond (loan) from Burlingame which is due in September 2014. Finally, Table 2 shows that we will have undesignated cash remaining of \$586,342 in 2011 and a cumulative undesignated balance of \$350,225 in 2012. In 2012, \$1.7 million will be used to complete the Shoreway Master Plan project as always envisioned which is why the total General Reserve Balance remains relatively flat from 2011 to 2012.

Based on the projections shown in Tables 1 and 2, staff feels comfortable in recommending the \$2 per ton reduction in the franchise solid waste rate.

Recommended Tipping Fees vs. Projected 2012 Operating Costs

The projected operational and disposal costs below are based on data taken from the Board approved 2012 South Bay Recycling Compensation Application. Table 3 on the next page shows the breakout of operational costs.

2012 projected franchise rates:

	(Revenue)	(Expense)
	Recommended	
<u>Material</u>	<u>Tipping Fee</u>	<u>Operational Costs (Shoreway + disposal/processing rates)</u>
Solid Waste	\$88.00/ton	\$44.48 + \$37.83 (Ox Mtn. rate) = \$82.31
Residential Organics	\$89.00/ton	\$53.35 + \$37.25 (blended rate of Newby & Grover) = \$90.60/ton
Commercial Food Waste	\$101.00/ton	\$50.51 + \$50.86 (blended rate) = \$101.37/ton
C&D	\$90.00/ton	\$47.38 + \$46.63 (Zanker Road) = \$94.01/ton

The recommended tipping fee adjustments for franchised residential organics and the new rate for commercial food waste will cover projected operating costs.

2012 projected public rates:

	(Revenue)	(Expense)
	Recommended	
<u>Material</u>	<u>Tipping Fee</u>	<u>Operational Costs (Shoreway + disposal/processing rates)</u>
Solid Waste	\$33.00/yard	\$7.80 + \$6.64 (Ox Mtn. rate) = \$14.44/yard
Green Waste	\$22.00/yard	\$10.19 + \$2.99 (Biofuels) = \$13.18/yard
C&D	\$29.00/yard	\$14.90 + \$14.66 (Zanker Road) = \$29.56/yard

The recommended rate reductions for public solid waste and green waste yardage rates will make Shoreway's rates more competitive while keeping rates well above our operating costs.

Table 3

2012 Cost / Ton (Estimated):								Full Pmt - Add
	Transfer Station	Transp	SBR P-T	SBWMA	Allied Bal Acct ²	Debt ¹	Disposal	TOTAL / Ton
FRANCHISE								
Solid Waste Residential Organics Commercial Food Waste C&D	\$ 11.12 \$ 11.12 \$ 11.12 \$ 11.12	\$ 14.52 \$ 23.39 \$ 20.55 \$ 17.41	\$ 1.49 \$ 1.49 \$ 1.49 \$ 1.49	\$ 12.84 \$ 12.84 \$ 12.84 \$ 12.84	\$ 1.90 \$ 1.90 \$ 1.90 \$ 1.90	\$ 2.61 \$ 2.61 \$ 2.61 \$ 2.61	\$ 37.83 \$ 37.25 \$ 50.86 \$ 46.63	\$ 82.31 \$ 90.60 \$ 101.37 \$ 94.01
2012 Cost / Yard (Estimated) ³ :								TOTAL / Yard
SELF-HAUL								
Solid Waste Green Waste to BioFuel C&D	\$ 1.95 \$ 1.92 \$ 3.50	\$ 2.55 \$ 5.02 \$ 5.48	\$ 0.26 \$ 0.26 \$ 0.47	\$ 2.25 \$ 2.21 \$ 4.04	\$ 0.33 \$ 0.33 \$ 0.60	\$ 0.46 \$ 0.45 \$ 0.82	\$ 6.64 \$ 2.99 \$ 14.66	\$ 14.44 \$ 13.18 \$ 29.56
One-Time Payments					\$ 1.90	\$ 1.90		
Note: ¹ Debt includes principal payment (\$1.1M)- 21% of total debt allocated to Transfer Station ² Balancing Account paid in 2012 for 2010 ³ Estimated conversion from yards to tons per SBR Monthly Report YTD - April 2011 for GW & C&D; SW - assumed 5.7 yds / ton								

Previous rate reductions implemented July 1, 2011 resulted in a significant increase in public yardage in the 3rd quarter (July-Sept.) 2011 vs. 2nd quarter (April-June) 2011 as follows: 14.6% increase in solid waste yards and 34.7% increase in green waste yards.

Background

Historical tipping fees at the Shoreway facility are summarized below.

Year:	2006	2007	2008	2009	1/1/10	7/1/10	1/1/11	7/1/11
Rates								
Franchised Solid Waste	\$59.00/ton	\$61.00/ton	\$63.00/ton	\$72.00/ton	\$81.00/ton	\$84.00/ton	\$90.00/ton	Same
Franchised Plant Materials/Organics	\$48.50/ton	\$48.50/ton	\$52.50/ton	\$60.50/ton	\$69.50/ton	\$70.00/ton	\$79.00/ton	Same
Public Solid Waste	\$20.00/yard	\$22.00/yard	\$25.00/yard	\$29.00/yard	\$34.00/yard	\$35.00/yard	\$40.00/yard	\$35.00/yard
C&D	\$20.00/yard	\$22.00/yard	\$25.00/yard	\$29.00/yard	\$34.00/yard	\$28.00/yard	\$29.00/yard	\$25.00/yard
Public Green Waste	\$16.50/yard	\$16.50/yard	\$19.00/yard	\$22.00/yard	\$25.00/yard	\$25.00/yard	\$29.00/yard	Same

Fiscal Impact

The recommended tipping fee adjustments have the net effect of lowering our FY 2012 revenue by \$571,000 which is partially offset by higher expected public volumes. The \$2 per ton reduction in the franchise solid waste rate will reduce collection rates by approximately 0.4%.

Attachments:

Resolution 2011-28

Attachment A -- Comparison of Bay Area Transfer Station and Landfill Rates



RESOLUTION NO. 2011-28

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING SHOREWAY FACILITY TIPPING FEE ADJUSTMENTS EFFECTIVE JANUARY 1, 2012

WHEREAS, staff has submitted a report to the Board, dated November 17, 2011 recommending adjustments to the tipping fees charged at the Shoreway Environmental Center (the Tipping Fees); and

WHEREAS, the SBWMA Board has reviewed the suggested changes to the Tipping Fees.

NOW, THEREFORE, BE IT RESOLVED that the SBWMA Board approves the adjustments to the Tipping Fees as recommended in the staff report.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the this 17th day of November, 2011, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				

I HEREBY CERTIFY that the foregoing Resolution No. 2011-28 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 17, 2011.

ATTEST:

Brian Moura, Chairperson of SBWMA

Cyndi Urman, Board Secretary

11/10/2011

COMPARISON OF TRANSFER STATION RATES

Facility	City	Public	Private	Permitted TPD	HH Trash		Comm. Trash		Green Waste		Clean Wood		Dirt, rocks (inerts)		C & D	
					cy	ton	cy	ton	cy	ton	cy	ton	cy	ton	cy	ton
SBWMA- Shoreway (current)	San Carlos	<input checked="" type="checkbox"/>		3000	\$35.00	\$90.00*	\$35.00	\$90.00*	\$25.00	\$79.00*	\$25.00	\$79.00*		\$90.00	\$29.00	
Shoreway proposed new rates	Proposed rate adjustments per adopted FY 11/12 budget				\$33.00	\$88.00	\$33.00	\$88.00	\$22.00	\$89.00	\$22.00	\$89.00		\$90.00	\$29.00	
Berkeley Transfer Station (rates effective 1/1/10)	Berkeley	<input checked="" type="checkbox"/>		560	\$29.00	\$126.00	\$29.00	\$126.00	\$23.00	\$67.00	\$23.00	\$67.00			\$29.00	\$126.00
Sunnyvale Smart Station	Sunnyvale	<input checked="" type="checkbox"/>		1500	\$16.00				\$13.00		\$17.50		\$69.50		\$32.50	
FERMA/SRDC	Redwood City		<input checked="" type="checkbox"/>	174 - C&D 499 - WW & GW					\$15.00		\$12.00		\$20.00		\$20.00	
Blue Line Transfer (South SF-Scavenger)	S. San Francisco		<input checked="" type="checkbox"/>	1200		\$88.00		\$88.00		\$76.00		\$73.00		\$62.00		
WM Davis Street TS (2/1/11)	San Leandro		<input checked="" type="checkbox"/>	5600	\$30.62	\$121.43	\$30.62	\$121.43	\$26.00		\$26.00	\$60.00	\$55.00	\$105.00	\$30.62	\$121.43
Fremont Recycling & TS (BLT Enterprises)	Fremont		<input checked="" type="checkbox"/>	2400		\$81.80		\$81.80		\$80.40		\$80.40		\$80.40		\$80.40
Newby Island Landfill (Republic) (effective 7/1/11)	Milpitas		<input checked="" type="checkbox"/>	4000	\$39.00		\$39.00		\$34.00				\$32.00		\$35.00	
Ox Mountain Landfill (Republic) (effective 6/1/11)	Half Moon Bay		<input checked="" type="checkbox"/>		\$24.50	\$59.00	\$24.50	\$59.00	\$18.00	\$33.00	\$18.00	\$33.00	\$24.50	\$24.50	\$24.50	\$24.50
San Bruno Transfer Station (Recology)	San Bruno		<input checked="" type="checkbox"/>		\$50.00				\$50.00	\$65.00	\$50.00	\$65.00	\$65.00		\$40.00	\$65.00
SF Dump (Sunset Scavenger- Recology)	San Francisco		<input checked="" type="checkbox"/>	3000		\$140.76								\$140.76		\$140.76
Zanker Materials Recovery and Landfill	San Jose		<input checked="" type="checkbox"/>						\$12.00		\$8.00		\$25.00		\$25.00	

Note: *SBWMA member agency rate.



**TO BE PRESENTED AT THE NOVEMBER 2011
BOARD OF DIRECTOR'S MEETING**

**5A. RSMC FRANCHISE AGREEMENT OPERATIONAL AND CONTRACT
ADMINISTRATION UPDATE**

5B. SBR SHOREWAY OPERATION AGREEMENT UPDATE



STAFF UPDATES



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Date: November 17, 2011 Board of Directors Meeting
Subject: Update on Recology Commercial Recycling Outreach Efforts

Recommendation

This is an informational report and no action is necessary.

Analysis

Recology San Mateo County (Recology) is not required to submit monthly statistics on its commercial recycling activities; however, the company is required to submit a quarterly status report on this program per section 9.06.N of the Franchise Agreement(s). Even though a monthly update is not contractually required, the company has agreed to provide the status of some key commercial recycling metrics each month. Below is an example of the information that Recology plans to submit monthly for this staff report to the Board, and staff will continue working with Recology to determine what other pertinent information can be provided on a monthly basis.

October 2011 Recology Commercial Recycling Outreach Program Metrics

- 27 new Compost customers subscribed to service – 21 carts and 6 bins
- 71 new Recycle customers subscribed to service – 55 carts and 16 bins
- 133 commercial recycling brochures and posters were distributed
- 256 internal recycling containers were distributed
- 331 Buddy Bags were delivered
- 7 commercial recycling “community events” were reported:

Date	Franchise	NAME OF EVENT	LOCATION	TIME
10/1/2011	RWC	REDWOOD CITY PORT FEST	PORT OF REDWOOD CITY	11AM-4PM
10/2/2011	BEL	SAVE THE MUSIC FOUNDATION	TWIN PINES PARK	10AM - 5PM
10/08/2011	BUR	SHREDDING AND ELECTRONIC WASTE DROP OFF	CITY LOT O	9AM-2PM
10/08-9/2011	SNC	SAN CARLOS ART & WINE FAIR	DOWNTOWN SAN CARLOS	10AM - 5PM
10/19/2011	RWC	ELECTRONIC ARTS HEALTH AND WELLNESS FAIR	250 SHORELINE DR	1030 AM-1PM
10/22/2011	SNC	SAN CARLOS ANNUAL COMPOST GIVEAWAY	HIGHLAND PARK	8AM-11AM
10/22/2011	CSM	COUNTY OF SAN MATEO ANNUAL SHREDDING EVENT	HIGHLAND RECREATION CENTER	9AM-2PM

Franchise codes: ATH = Atherton, BEL = Belmont, BUR = Burlingame, CSM = County of San Mateo, EPA = East Palo Alto, FOC = Foster City, HIL = Hillsborough, MAT = San Mateo, MPK = Menlo Park, NFO = North Fair Oaks, RWC = Redwood City, SNC = San Carlos, WBS = West Bay Sanitary District

- 7 commercial recycling “presentations and trainings” were reported as follows:

Date	Franchise	Customer Name	Location	ATTENDEES (staff, custodians, students, etc.)	Presentaion or Training
10/04/2011	BUR	MERCY HIGH SCHOOL	2750 ADELIN DR	KITCHEN STAFF	TRAINING
10/05/2011	MPK	ROSEWOOD SAND HILL	2825 SAND HILL RD	MANAGERS, CHEF & STAFF, HOUSE KEEPING	TRAINING
10/18/2011	EPA	COUNTY OF SAN MATEO	2415 UNIVERSITY AVE	CITY COUNCIL, CITIZENS OF EPA	PRESENTATION
10/19/2011	CSM	SKYLAWN MEMORIAL PARK	6000 SKYLINE	STAFF	PRESENTATION
10/26/2011	BUR	CITY OF BURLINGAME - LIBRARY	480 PRIMROSE RD	IBRARY STAFF	PRESENTATION
10/26/2011	MPK	LA MICHOCANA	1305 WILLOW RD	STORE MANAGER AND STAFF	TRAINING
10/28/2011	MAT	COLLEGE PLAZA SHELL	1400 W HILLSDALE BLVD	CAR MAINTENANCE CREW	TRAINING

Staff has commenced monthly meetings with Recology on commercial recycling and requested additional analysis and data to facilitate decision making on next steps regarding increasing tonnage from the commercial sector. In addition to analysis of the program’s performance, staff has requested Recology to providing information on profiling the commercial customer base, the net change on account retention and attraction efforts and information related to the internal metrics used to measure the relative success and cost effectiveness of its commercial recycling outreach (sales) efforts. The results of these inquiries will be addressed in detail at a Special Board Workshop on Commercial Recycling to be scheduled in the next 60 days..

Background

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 RSMC commencing on July 1, 2010. In addition, Recology moved its commercial recycling staff into the Shoreway Administration building on this date.

The Member Agencies Franchise Agreements with Recology required the company to commence the first new program, the Recycling Blitz Commercial Recycling Campaign, also on July 1, 2010. Recology’s Recycling Blitz Plan and the SBWMA Commercial Recycling Communications and Outreach Plans were shared with the Board in May 2010. These plans outline the next steps regarding stepping up efforts to increase diversion from the commercial sector in the near term.

Commencing with Recology’s first quarterly report due on April 30, 2011, the company is required to submit with each quarterly report a detailed update on its commercial recycling program outreach efforts. This requirement is prescribed in Franchise Agreement section 9.06.N, as follows:

- “N. **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."

Recology has now submitted three quarterly reports and staff is currently reviewing the Third Quarter 2011 Report submitted on October 30, 2011. However, it is important to note that the commercial recycling section of all three 2011 Quarterly Reports have fallen short of establishing quantifiable goals with regards to increasing diversion, nor have these reports provided a detailed description of the strategic approach employed by the Recology sales team to increase diversion. While the company assured staff that quantifiable goals for the commercial recycling sales team and Commercial Recycling Manager would be developed, staff has not been provided this information. The 2011 Third Quarter Report provides general goals that are supported by task based metrics for each Zero Waste Specialist. If quantifiable diversion goals and a specific sales based approach are shared with staff, this information will in turn be shared with the Member Agencies at the upcoming Special Board Workshop on Commercial Recycling.



STAFF UPDATE

To: SBWMA Board Members
From: Recycling Staff
Date: November 17, 2011 Board of Director's Meeting
Subject: Recycling and Outreach Programs Update

Recommendation

This is an informational report and no action is necessary.

Recology 2012 Annual Public Education Plan

A copy of Recology San Mateo County's 2012 Annual Public Education Plan was submitted to the Member Agencies and Staff with the company's third quarter 2011 Quarterly Report. Staff worked with Recology to review the draft version of the Public Education Plan as specified in Section 7.03 B of the Franchise Agreement. In addition, Staff and Recology will continue to meet regularly to review the plan to ensure that all outreach and education efforts are coordinated and remain focused and effective.

Curbside Inc., Door-to-Door HHW Program

The following eight Member Agencies are now participating in the program: Belmont, East Palo Alto, Foster City, Hillsborough, Menlo Park, San Carlos, San Mateo, and West Bay Sanitary District. Interest in the program remains strong and the company has made approximately 6,338 collections since the program started in mid-May 2010 through October 2011. Approximately 256,229 pounds of HHW material, 140,900 pounds of Universal Waste and 92,671 pounds of E-Scrap have been collected since the start of the program in May 2010. We encourage additional Member Agencies 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.

Staff provided an update to the Board in the September agenda packet that we were aware of delays exceeding the contract standard of two weeks to provide service after scheduling an appointment and we are working with the company to get this resolved. The company is on notice to rectify these service delays. They hired additional staff to replace those no longer with the company and to supplement their routing capacity. Staff is now getting daily reports on residents calling to schedule appointments. While some customers are very frustrated with the current extended wait time, the majority are just happy to know the service will be coming to them soon since they typically have stored materials for many years.

Household Battery and Cell Phone Curbside Recycling Collection Program

The monthly average of batteries and cell phones collected through the curbside recycling program through the first ten months of 2011 is 4,160 pounds. A total of 53,000 pounds was collected during 2010, which is slightly less than the 57,000 pounds collected in 2009. It is anticipated that this trend will continue as a similar year over year reduction will likely be experienced. The total amount of batteries and cell phones collected in October was 1,680 pounds.

RethinkWaste Website and Social Media

The RethinkWaste website continues to be updated with information on the CartSMART residential collection and new BizSMART commercial collection services, and the Shoreway Environmental Center. Plans are underway to

revamp the website to make it more user-friendly and interesting. Staff is in the process of reaching out to the Board and Public Education Subcommittee for input on the features they would like to see on the updated website. Upon receiving the feedback, a Request for Proposals will be developed and issued in late December or early January.

The current site averaged approximately 453 visits per week since the last Board meeting, of which nearly 71% were new visits. The most commonly visited sections of the site during this period continued to be "Beyond the Cart" and "Shoreway" sections.

RethinkWaste continues to use its Facebook and Twitter pages to promote program information and new services. To date, the Facebook page has 196 "fans," consistent with the October report. Staff will be working on strategies to drive more people to the pages. Our Facebook page can be found at www.facebook.com/rethinkwaste, and the Twitter page is located at www.twitter.com/rethinkwaste.

rethinker Newsletter

The current issue of the rethinker has been sent to residents. This issue focuses on the items that are accepted in the green Compost Cart and holiday reminders. In addition, the newsletter provides information on how to sign up for an electronic version, including a promotion to encourage the sign ups. The next issue of the rethinker is in development and will be sent to residents in January 2012.

Schools Recycling Program Update

Staff has purchased 32 gallon recycling carts for distribution to schools in the RethinkWaste service area. The program is implemented with assistance from RecycleWorks staff who has delivered 154 carts on behalf of RethinkWaste.

Compost Giveaway Events

The RethinkWaste Fall Compost Giveaway Events were held in September and early October. Menlo Park and San Mateo will continue to host events through the remainder of 2011. Staff will be preparing for spring 2012 Events toward the end of the year and will reach out to all Member Agencies for their preferences.

Electronic Scrap/Community Shred Events

Several Member Agencies hosted RethinkWaste Electronic Scrap/Community Shred Events in October and early November. Staff will continue to work with Member Agencies to hold additional events.

Approved Operating Agreement Amendments or Recommended Recology Franchise Agreement Administrative Changes

Staff is requesting that Member Agencies keep us apprised if any administrative changes have been made.

<u>Agreement</u>	<u>Board Approval</u>	<u>Staff Recommendation</u>	<u>Description</u>
Operations Agreement	October 28, 2010	N/A	Amendment No. 1. Is now effective as eight Member Agencies have approved the Amendments. Approved by: Belmont, Foster City, Menlo Park, Redwood City, San Carlos, City of San Mateo, San Mateo County, West Bay Sanitary District.
Franchise Agreement(s)	N/A	Via email on October 20, 2010	Requested Member Agencies send letter accepting interest waiver offer from Recology on potential 2011 revenue requirement shortfall if rates approved after January 1 but before March 1, 2011. Approved by: Atherton, Foster City, Redwood City, City of San Mateo, San Mateo County, West Bay Sanitary District.
Franchise Agreement(s)	N/A	Via email on December 9, 2010	Overage "bags" change to "tags"; SBWMA relief from purchasing battery/cell-phone bags; On-call bulky item collection temporary schedule for January 2011. Approved by: Foster City.
Franchise Agreement(s)	N/A	Via email on December 13, 2010	Member Agency self haul remittance of payments to SBWMA by Recology. Approved by: Burlingame, Foster City, Redwood City.
Franchise Agreement(s)	N/A	Via email on June 3, 2011	Six Member Agencies (i.e., Belmont, Burlingame, Foster City, Menlo Park, Redwood City, San Carlos and City of San Mateo) are requested to allow Recology to continue using used collection vehicles through September 30, 2011. Approved by Foster City.



STAFF UPDATE

To: SBWMA Board Members
From: Hilary Gans, Facility Operations Contracts Manager
Date: November 17, 2011 Board of Director's Meeting
Subject: Shoreway Construction Update

Financial Update

On July 23, 2009 the Board approved the sale of Bonds for the Shoreway Master Plan Project in a total dollar amount of \$56.5 million of which \$46.97 million was dedicated to actual physical improvements. Through the end of October 2011, \$44,880,200 has been spent, leaving a fund balance of \$2,096,600. (The SEC Master Plan Budget table on page 3 of this report shows the Master Plan expenditures by category).

At this time, it is forecasted that there are sufficient funds to cover the remaining project expenditures through the completion of the Master Plan project without tapping the transfer station bid deduct funds of \$515,000 or the projected remaining unallocated project contingency of \$211,000.

Issues of Note

Start of Solar installation – early in November, Ecoplexus started installation of the photovoltaic (PV) solar system on the roof of the MRF and transfer station. Ecoplexus is working to complete the installation and have the system operational by the end of 2011. To meet this timeline, the installation process is working on many project phases simultaneously (i.e., the wiring, the switchgear, the inverter, and the roof installation of the arrays will all be occurring together in late November and early December). In addition to the roof mounted arrays, there will be a 20' x 80' ground-mounted array located in front of the transfer station that will be used as an educational display and will be incorporated into the tours program. **Once installed, the solar system will provide ~30% of the MRF's and ~76% of the transfer station's annual power demand.**

Construction Update

This project update summarizes the status of the construction of the Shoreway Master Plan Phase II improvements which include the construction of new Materials Recovery Facility (MRF) building, modifications to the Transfer Station (TS), and various site work; and Phase III improvements which are comprised solely of the purchase and installation of the single stream processing equipment. A contract in the amount of \$16,209,000 was awarded to SJ Amoroso on July 23, 2009 for Phase II of the Master Plan construction work. On October 7, 2009 the Board approved a contract with BHS for \$15,713,180, exclusive of sales tax, for the Phase III work.

This report includes a discussion of completed and upcoming construction activities, updates to the construction schedule, and a summary of the project budget.

Construction and Other Project Activities

The following construction activities occurred over the past month:

MRF Building

- o Construction complete and pending Final Occupancy permit
- o Installation of fire department required fixtures
- o Safety ladder and roof walkways

- Installation of IT wiring to electrical panel for pending PG&E meter

Transfer Station (TS)

- Construction complete and pending Final Occupancy permit
- Security gate at transfer station tunnel exit

Equipment Installation and Other Project Activities

- Installation of Single Stream system reporting software package

Other Building and Project Items

- Re-lamping Recology truck and container shop with energy efficient lighting
- Shoreway frontage sewer line and landscape repair

The following construction activities are expected to occur during the next reporting period:

MRF Building

- Installation of Solar PV system
- Frontage sign lighting
- Landscape plantings

Transfer Station

- Installation of Solar PV system
- Installation of MRF residue shuttle conveyor inside TS
- Frontage sign lighting

Equipment Installation and Other Project Activities

- Installation of Single Stream system reporting software package
- Residue transfer shuttle conveyor inside TS

Other Buildings and Project Activities

- Re-landscape of Recology administrative building
- Re-landscape of back of Transfer Station parking area
- Contaminated soils remediation plan submitted to the County Department of Environmental Health

Project Expenditures Summary

▪ **Construction Budget (S.J. Amoroso)**

No payments to SJ Amoroso for the month of October 2011. Cumulative progress payments made to Amoroso through the end of October 2011 total \$16,209,000 on a total contract amount of \$16,209,000 (*Amoroso has been paid 100% of their budget for Construction*).

▪ **Construction Management Budget (Covello)**

- Payments to Covello for the month October 2011 total \$9,671 on a monthly forecasted amount of \$0.
- Cumulative progress payments made to Covello through October 2011 total \$1,772,818 on a budget of \$1,826,050. (*Covello has been paid 98% of their Construction Management budget*).

▪ **Design Support Services (JRMA)**

- Payments to JRMA for the month of October 2011 total \$6,181 on monthly forecasted amounts of \$0.

- Cumulative progress payment made to JRMA for Design Support Services through the end of October 2011 total \$492,008 on a project budget amount of \$597,000 (*JRMA has been paid 83% of their budgeted amount for Design Support Services*).
- **MRF Processing Equipment and Installation (BHS)**
 - No progress payments to Bulk Handling Systems (BHS) through October 2011.
 - Cumulative progress payments made to BHS for both equipment manufacture and system installation through the end of October 2011 total \$16,658,914 on a budget of \$16,901,400 (*BHS has been paid 99% of the budgeted amount for equipment and installation, there are still retainage dollars being withheld for change order work*).
- **Other Master Plan Project Expenditures**
 - Egan Plumbing has installed fire suppression water supply in the MRF and Transfer Station and has been paid \$19,763 in October for a total project amount of \$47,684 out of the Master Plan funds.
 - Scapes Landscape Company has landscaped the front of the Transfer Station and was paid \$9,191 in October out of master plan funds.

Master Plan Project - Bond Funds Status

A summary of the Master Plan budget and expenses through October 2011 is presented in the SEC Master Plan Budget table below. Through the end of October 2011, \$44,880,200 has been spent on a total project budget amount of \$46,971,900 with a project balance of \$2,096,600.

SHOREWAY ENVIRONMENTAL CENTER MASTER PLAN BUDGET						
THROUGH OCTOBER 2011 (000's)						
	Vendor	Original Project Budget Amount	Allocated Contingency	Revised Project Total	Spent Amount	Remaining Amount
PROJECT COST SUMMARY						
Preliminary Costs						
Planning, Design & Engineering	Various	2,404.0	28.5	2,432.5	(2,424.6)	7.9
Bond Issuance Costs		90.5	(7.4)	83.1	(83.1)	0.0
Phase I						
Construction	Rodan	2,405.0	31.3	2,436.3	(2,436.3)	0.0
Construction Management	Covello	444.3	15.9	460.2	(460.2)	0.0
Phase II						
Construction	Amoroso	16,209.0	-	16,209.0	(16,209.0)	0.0
Construction Contingency (10%)	Amoroso		3,053.9	3,053.9	(3,015.7)	38.2
Permit, CM, & Design Support Services	Covello/JRMA	2,259.0	714.0	2,973.0	(2,674.3)	298.7
Construction Soft Costs	Various	786.7	-	786.7	(269.7)	521.9
Phase III						
Equipment Installation	BHS	2,432.4	30.0	2,462.4	(2,462.4)	0.0
Contingency (10%)	BHS		246.2	246.2	(79.0)	167.2
Camera System, elec.		85.0	-	85.0	(66.0)	19.0
Supplemental Fire Suppression		75.0	-	75.0	(22.2)	52.8
Equipment	BHS	14,273.2	81.2	14,354.4	(14,332.7)	21.7
Contingency	BHS		492.8	492.8	(333.0)	159.8
Construction Management	Various	95.0	-	95.0	(12.0)	83.0
Project Total		41,559.1	4,686.4	46,245.5	(44,880.2)	1,370.2
Other Project Dollars						
Unallocated Contingency (Balance of Funds)		4,684.8		4,684.8	(4,473.4)	211.4
Transfer Station Public Area (SJA Bid Deduction)		728.0		728.0	(213.0)	515.0
Project Subtotal		46,971.9				2,096.6



STAFF UPDATE

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: November 17, 2011 Board of Directors Meeting
Subject: Update on 2012/2013 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 will be provided monthly to the Board commencing with the November 17, 2011 Board meeting. The purpose of this staff update report is to keep the Board informed on the timing, schedule of events and issues affecting Member Agencies during the 2013 Compensation Application review (performed in 2012) and the Recommended Rate Adjustment process for the upcoming 2013 Rate Year (i.e., establishing rates for January 1-December 31, 2013). The goal is to provide and update pertinent information for Member Agencies to effectively plan for and manage communications regarding the next year's compensation application and rate setting process.

Attached is the draft 2012 (for calendar year 2013 rates) Rate Approval Schedule (**Attachment A**).

New Issues Affecting 2013 Compensation Adjustment include:

- Service Level Adjustments. Per the Member Agency Franchise Agreements with Recology, the company will include in its 2013 Compensation Application the second and **final** service level adjustment to account for changes in accounts for residential service, lifts for commercial service, and pulls for rolloff service that have occurred since first adjustment that was made in 2010 to the company's proposal submitted in 2008. It is important to note that the 2008 proposal which was used as the basis for establishing 2011 rates relied on customer service level data provided by Allied Waste/Republic Services.
- Recology Annual Revenue Reconciliation for 2011. Recology will submit a Revenue Reconciliation Application to the SBWMA by March 31, 2012 which will compare the approved compensation owed to Recology for 2011 with the actual net compensation billed and 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 2013 Revenue Requirement; this surplus or shortfall can not be carried forward to 2014 rates

- Service to Agency Facilities for 2011. The allocation of the cost to provide service to this distinct Service Sector to each Member Agency will be adjusted retroactively for 2011 based on final statistics from Recology. The initial allocation for 2011 was based on projections in lieu of the actual operating statistics, thus the Board approved using a temporary allocation until the company returned with actual statistics to be provided with the March 31, 2012 Revenue Reconciliation Application.

Schedule of Rate Review Activities

Jan/Feb 2012

- SBWMA to send letter to Board requesting feedback on how to improve annual rate setting process

March 2012

- Recology is required to submit the first Revenue Reconciliation Application by March 31, 2012 (and annually thereafter).
- SBWMA to award a contract to audit the financial data provided by SBR and Recology for 2011 to ensure this data is accurate.

May 2012

- SBWMA to send out letter to Board requesting feedback from all agencies on issues affecting 2012 rate adjustments (e.g., changes to Agency fees, revenue and tonnage projections). Response requested by July 1.

May/June 2012

- SBWMA to issue report summary on the Recology 2011 Revenue Reconciliation Application
- Special Board Workshop for Board Members, Elected Officials and Other Stakeholders to discuss rate setting process and share results on Recology 2011 Revenue Reconciliation Application

July 2012

- July 1 - Rate Applications due from Recology and SBR for 2013 compensation application.
- July 1-15 – SBWMA to provide Recology Compensation Application to all Member Agencies and commence a process to include Member Agency feedback. The Member Agency feedback will be needed by August 1.
- July 21 – BOD Staff report on estimated residential revenue changes due to cart migration by Member Agency with an update on cart migration since July 2011; to be discussed at July 26th Board meeting
- July 22 - Response from Member Agencies to SBWMA on issues affecting 2013 rate adjustments (e.g., changes in agency fees, revenue and tonnage projections).

August 2012

- August 1 - Member Agency feedback due on 2013 Recology Compensation Application.
- August 8 - Feedback from agencies on what to include in 2013 collection rate adjustment for current and future cart migration (agencies may decline to include an estimate for future cart migration).

September 2012

- September 1 - Preliminary report issued by SBWMA on Recology's Rate Application for 2013 compensation adjustment.
- September 1 - Preliminary report issued by SBWMA on SBR's Rate Application for 2013 compensation adjustment.

- September 11 - Comments due back from Member Agencies on preliminary Rate Reports for Recology and SBR.
- September 20 - Final Rate Report issued for Recology's Rate Application for 2013 compensation adjustment (for consideration at September 27, 2012 Board meeting)
- September 20 - Final Rate Report issued for SBR's Rate Application for 2013 compensation adjustment (for consideration at September 27, 2012 Board meeting)
- September 20 - Consolidated Rate Report issued with recommended total collection rate adjustments for 2013 (including Recology compensation, disposal expense at Shoreway, agency fees, and agency directed cart migration impact for 2013).
- September 27 – Board consideration and approval of SBWMA Consolidated Rate Report.

September 27 – December 31, 2012

- Member Agencies notice and approve final 2013 solid waste rates

November 2012

- Report to Board on Recommended January 1, 2012 Shoreway tip fee adjustment including Bond proforma update for 2013 SBWMA financial projection with assumed tip fee and reserve balances.

Attachment:

Attachment A – Draft 2013 Rate Approval Schedule



**JANUARY 2012 – FEBRUARY 2012 BOARD AGENDA ITEMS
(SUBJECT TO CHANGE)**

- Board Workshop on Commercial Recycling Outreach and Promotion Program and Results of Recology San Mateo County Efforts -- **To be rescheduled**

January 26, 2012

- Election of New Officers for 2012
- Resolution Accepting the Fiscal Year 2009-2010 Annual Financial Statements
- Mid Year Review of FY2012 Annual Operating Budget
- Review of Investment Policy
- Update on 2013 Rate Setting Process

February 2012

- Board and Staff Retreat on Strategic Planning – date and time TBD

February 23, 2012

- Approval of Quarterly Investment Report as of 12/31/11
- Resolution Approving Mid-Year Budget Adjustments FY2012
- Update on Shoreway remediation project