



A Public Agency

NEW BUSINESS



STAFF REPORT

To: SBWMA Board Members
From: Robert J. Lanzone, General Counsel
Date: November 21, 2013 Board of Directors Meeting
Subject: Election of New Officers for 2013/2014

Recommendation

The Board is required to annually elect a Board Chair and Vice Chair per Article 8 of the JPA Agreement.

Background

Both the current Chair, Jeff Ira, and Vice Chair, Pam Frisella, are leaving office in their respective cities during the month of December 2013, and will be effectively also leaving the SBWMA Board. There is no Board meeting scheduled for December 2013. With the labor related issues that the JPA faces, staff has agendized the selection of a new Chair/Vice Chair. Normally this matter would be on the January 2014 agenda.

Staff recommends the following process for the Board to follow in electing a Chair and Vice Chair for calendar year 2014:

1. Chair calls for nominations for the position of Chair (nominations do not require a second).
2. Motion is adopted to close nominations.
3. Board votes on nominations in the order in which the nominations were made until a Chair is elected.
4. Sections 8.5 and 10.8 of the JPA Agreement require the successful vote to be by 2/3 of the Directors present.
5. The new Chair takes the gavel and assumes the office and calls for nominations for Vice Chair and the same procedure is followed for electing the Vice Chair.

The Board may want to consider selecting an Interim Chair and Vice Chair to serve following the November Board meeting until the January 2014 Board meeting. This procedure would allow for seating of any new Board members. A permanent Board Chair and Vice Chair could then be selected for calendar year 2014.

Fiscal Impact

None.

Attachments:

None.



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
 Marshall Moran, Finance Manager
Date: November 21, 2013 Board of Directors Meeting
Subject: Consideration of Shoreway Facility Tipping Fee Adjustments Effective 1/1/14

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2013-26 attached hereto authorizing the following action:

Approval of the following Shoreway facility tipping fee adjustments effective January 1, 2014:

- Increase franchised solid waste disposal rate by \$1.00/ton from \$91.00/ton to **\$92.00/ton**
- Increase franchised residential/commercial organics recycling rate by \$2.00/ton from \$92.00/ton to **\$94.00/ton**
- Increase franchised commercial food waste recycling rate by \$3.00 from \$104.00/ton to **\$107.00/ton**
- Decrease franchise and non-franchised weighed rates for inerts by \$10.00 from \$91.00/ton to **\$81.00/ton**
- Increase public (residential, commercial) solid waste disposal rates by \$1.00/cubic yard from \$34.00/cubic yard to **\$35.00/cubic yard**
- Increase public (residential, commercial) clean plant material and wood recycling rates by \$1.00/cubic yard from \$23.00/cubic yard to **\$24.00/cubic yard**
- Increase public construction and demolition recycling rate by \$2.00/cubic yard from \$30.00/cubic yard to **\$32.00/cubic yard**

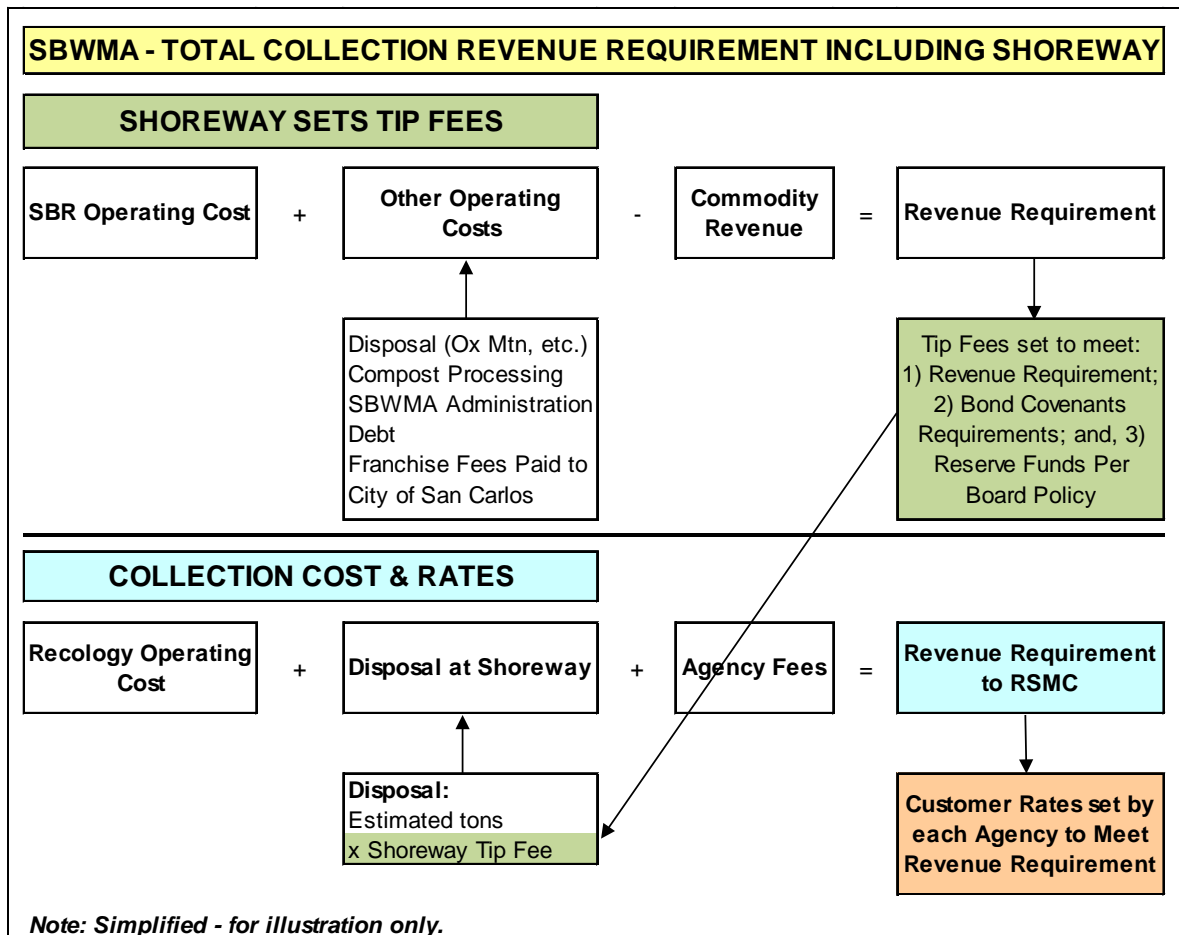
These recommended tipping fee adjustments differ favorably (are lower overall) from what was assumed in the Board adopted FY1314 budget as follows:

Table 1

<u>ASSUMED TIPPING FEES PER TON OR CUBIC YARD PER ADOPTED FY1314 BUDGET VS. RECOMMENDED ADJUSTMENTS</u>				
<u>Transfer Station Tip Fee Increases</u>	<u>Current Rates</u>	<u>Assumed Rates (1/1/14)</u>	<u>Assumed Increase</u>	<u>Recommended Adjustment</u>
SBWMA Solid Waste, <i>Franchise</i>	\$91.00 per ton	\$94.00 per ton	\$3/ ton	\$1/ ton
SBWMA Residential Organics, <i>Franchise</i>	\$92.00 per ton	\$95.00 per ton	\$3/ ton	\$2/ ton
Non-SBWMA Weighed Tons <i>non-Franchise</i>	\$91.00 per ton	\$94.00 per ton	\$3/ ton	\$10/ ton decrease
Public Solid Waste Yards, <i>non-Franchise</i>	\$34.00/ yard	\$35.00/ yard	\$1/ yard	Same
Public Green Waste Yards, <i>non-Franchise</i>	\$23.00/ yard	\$24.00/ yard	\$1/ yard	Same
Construction and Demolition, <i>non-Franchise</i>	\$30.00/ yard	\$31.00/ yard	\$1/ yard	\$2/ yard

The assumed tipping fees in the adopted FY1314 budget are the same tipping fees used in the disposal and processing expense projection in the SBWMA Final Report on Review of 2014 Recology Compensation Application, Appendix F, approved by the Board in September. **Figure 1** below captures how tipping fees are incorporated into the collection revenue requirement for Member Agency annual solid waste rate setting.

Figure 1



Analysis

When evaluating potential adjustments to the Shoreway facility tipping fees, staff prepares and reviews the following information:

- Updated calendar year 2013 and 2014 financial projections to capture any changes in forecasted inbound tonnage and yardage from franchise and non-franchise customers, commodity revenue, and operating expenses.
- Review the projected net operating surplus/shortfall for 2014 assuming various tipping fee adjustment (per ton and per yard rates) scenarios. We start first with the base case scenario of what tipping fees were assumed in the Board adopted FY1314 budget and then “test” this and other scenarios against compliance with bond debt covenant requirements (i.e., break even test and debt coverage ratio of 1.4). Basically, we see if using the base case tipping fees still keep us in compliance with the bond covenants and to what extent any changes are needed or can be made to the base case fees.
- Staff compares the 2014 tipping fee scenarios vs. the estimated Transfer Station operating costs by material type (i.e., primarily solid waste, organics, food waste, inerts and C&D) to see if this warrants any adjustments to the tipping fees.

- Finally, staff surveys tipping fees at select Bay area transfer stations and landfills (see **Attachment A**). This rate survey is relevant for comparing certain public rates at local facilities in competition with Shoreway for public customers; this primarily would be the Ox Mountain Landfill.

In completing the updated financial projections we also take a preliminary look at how the projected net income affects our cash reserve balances. We are still reviewing our cash reserve balances but all indications are that we are accruing higher levels of undesignated reserves above and beyond our designated reserve fund requirements.

Updated SBWMA Financial Projections for Calendar Year 2013 and 2014

Updated financial projections for calendar year 2013 and 2014 are shown in **Table 2** below. The 2014 projection for franchise and public revenue is based on the recommended tipping fees for 2014. The 2014 projected net income of \$2.44 million is consistent with the \$2.45 million in the September projection included as Table 8 in the final SBR rate application report that was approved by the Board.

Table 2

<i>estimate</i>	Calendar Year		% Change	% of Total
	2013 Projection	2014 Projection		
Operating Revenue				
Franchise Revenue	26,176,104	26,467,716	1.1%	63.3%
Public Revenue	5,795,282	6,267,134	8.1%	15.0%
Commodity Sales, Net	8,407,663	8,360,739	-0.6%	21.3%
HHW Program	488,833	498,610	2.0%	1.2%
Other Revenue	207,228	187,317	-9.6%	0.4%
Total Operating Revenue	41,075,110	41,781,517	1.7%	100.0%
Operating Expenses				
SBR Operating Expense	16,085,447	16,775,818	4.3%	42.6%
Disposal Expense	14,111,515	14,449,601	2.4%	36.7%
Shoreway Facility & Maintenance	147,210	161,931	10.0%	0.4%
Total Operating Expense	30,344,171	31,387,350	3.4%	75.1%
SBWMA Program Budget	2,790,468	2,811,750	0.8%	7.1%
Franchise Fee	1,522,000	1,559,000	2.4%	4.0%
HHW Program	488,833	498,610	2.0%	1.3%
Other Expense	287,205	306,512	6.7%	0.8%
Total Other Expense	5,088,506	5,175,871	1.7%	13.2%
Total Expense	35,432,677	36,563,222	3.2%	92.9%
Non-Operating				
Interest (Income)	(63,123)	(134,527)	113.1%	-0.3%
Interest Expense	3,123,112	2,915,612	-6.6%	7.4%
Subtotal	3,059,989	2,781,085	-9.1%	7.1%
Total Expense	38,492,666	39,344,306	2.2%	100.0%
Net Operating Income	\$ 2,582,444	\$ 2,437,211	-5.6%	
Other Payments				
Shoreway Capital Expenditures	350,000	350,000	0.0%	
Miscellaneous	55,500	100,000	80.2%	
Bond Principal Payments	1,150,000	1,205,000	4.8%	
Net Cash Flow	1,026,944	782,211	-23.8%	
Designated Reserve Funding	(1,973,056)	593,440		
Undesignated Cash Flow	3,000,000	188,771		
Bond Covenant Requirements				
Break Even 1	1.04	1.03		
Debt Coverage 2	1.69	1.62		
1 Required to be 1.0 or greater				
2 Required to be 1.4 or greater				

The projected net income for calendar year 2014 results in meeting both bond covenant tests of break-even ratio of 1.0 and debt coverage ratio of 1.4, but very close to the minimum levels required; this leaves little room for negative variances in our financial projections. Even a slight negative variance to projected costs, tonnage, or commodity prices may require a revenue transfer for 2014 to meet bond covenant requirements.

Attachment B provides a series of tables with back-up detail on operating revenue and expense information used in the 2013 and 2014 financial projections.

Recommended 2014 Tipping Fees vs. Projected 2014 Shoreway Facility Transfer Station Operating Costs

Table 3 shows the projected 2014 Transfer Station operational and disposal costs as compared to the recommended 2014 tipping fees.

Table 3

SHOREWAY ENVIRONMENTAL CENTER - ESTIMATED TRANSFER STATION OPERATIONAL COSTS BY TYPE OF MATERIAL VS. RECOMMENDED TIPPING FEES											
2014 Cost / Ton (Estimated):	SBR Compensation				3rd Party Expenses	Other Pass Through Expenses					REVENUE
	Transfer Station	Transp.	Interest Expense	Subtotal	Disposal & Processing	SBWMA Admin.	Franchise Fee & Other	Debt ¹	Other Non- Operating ³	TOTAL COST / Ton	Recommended Tip Fee / Ton
FRANCHISE											
Solid Waste	\$ 12.39	\$ 15.52	\$ 0.53	\$ 28.44	\$ 39.01	\$ 6.56	\$ 5.00	\$ 2.30	\$ 2.82	\$ 84.13	\$92.00
Residential and Commercial Organics	\$ 12.39	\$ 24.79	\$ 0.53	\$ 37.71	\$ 40.33	\$ 6.56	\$ 5.00	\$ 2.30	\$ 2.82	\$ 94.72	\$94.00
Commercial Food Waste	\$ 12.39	\$ 22.08	\$ 0.53	\$ 34.99	\$ 61.25	\$ 6.56	\$ 5.00	\$ 2.30	\$ 2.82	\$ 112.92	\$107.00
Inerts	\$ 12.39	\$ 15.99	\$ 0.53	\$ 28.91	\$ 25.77	\$ 6.56	\$ 5.00	\$ 2.30	\$ 2.82	\$ 71.36	\$81.00
2014 Cost / Cubic Yard (Estimated):	SBR Compensation				3rd Party Expenses	Other Pass Through Expenses					REVENUE
	Transfer Station	Transp.	Interest Expense	Subtotal	Disposal & Processing	SBWMA Admin.	Franchise Fee & Other	Debt ¹	Other Non- Operating ³	TOTAL COST / Yard	Recommended Tip Fee / Yard
SELF-HAUL ²											
Solid Waste	\$ 3.10	\$ 3.88	\$ 0.13	\$ 7.11	\$ 9.75	\$ 1.64	\$ 1.25	\$ 0.58	\$ 0.71	\$ 21.03	\$35.00
Green Waste	\$ 2.79	\$ 5.98	\$ 0.12	\$ 8.89	\$ 9.08	\$ 1.48	\$ 1.13	\$ 0.52	\$ 0.64	\$ 21.73	\$24.00
C&D	\$ 3.90	\$ 7.12	\$ 0.17	\$ 11.19	\$ 19.26	\$ 2.06	\$ 1.57	\$ 0.72	\$ 0.89	\$ 35.69	\$32.00
Note: ¹ Debt includes interest & principal payment (\$1.2M) - 21% of total debt allocated to Transfer Station											
² Estimated conversion from yards to tons per SBR Monthly Report YTD - April 2011 for GW & C&D; SW - assumed 4.0 yds / ton											
³ Includes capital costs and transfers to reserve funds											

Table 3 details the cost components that make-up what is paid to SBR, our facility operator, to handle and ship all materials (though the Transfer Station only), the disposal and processing costs and SBWMA program administration, franchise fees paid to the City of San Carlos, debt and reserve funding requirements. The SBWMA related expenses are derived from allocating what percentage of the costs (e.g., debt service) attributable only to the Transfer Station operations. The MRF operational costs are not included in this analysis as gross commodity revenues received by the SBWMA cover all MRF related costs (i.e., SBR costs to run the MRF and Public Recycling Center, buyback payments to customers, commodity revenue share with SBR and any SBWMA allocated costs).

As approved by the Board on September 26, 2013, the rates paid to SBR increased by 3.4% in 2014. SBR is paid on a rate per ton times the actual number of tons. They are paid separately to operate the Transfer Station, operate the MRF, and transfer the materials to outside disposal and processing facilities.

All of the contracts with SBWMA's disposal and processing vendors have either annual index adjustments to their rates or a fixed percent increase per year as follows:

<u>Vendor</u>	<u>Annual Adjustment to Rate Charged to SBWMA</u>	<u>Percent of Tons</u>
Republic Ox Mountain Landfill	80% of All Urban Consumers Index (Bay Area)	58%
Republic Newby Island Compost facility	3.5%	15%
Recology Grover Compost Facility	90% of All Urban Consumers Index (Bay Area)	12%
Zanker Road C&D Processing Site	90% of All Urban Consumers Index (Bay Area)	10%

When comparing the recommended 2014 tipping fees to projected 2014 costs by rate category it's important to keep in mind a few key points:

- Transfer Station tipping fee revenue in total needs to exceed operating costs.
- Transfer Station tipping fees are our largest source of income, estimated at 78% (see **Table 2**) of total revenue for 2014, and as such are the largest contributor to meeting our net income requirements.
- Commodity revenues cover our MRF line of business costs but if we experience a significant drop in commodity revenue there's financial pressure placed on tipping fees. Fortunately, the SBWMA reserve funds are fully funded and include a Rate Stabilization Fund to mitigate a rate shock from commodity revenue fluctuations.
- Public tipping fees for materials that are recycled (i.e., green waste and C&D) have been kept at a lower rate than disposal fees to provide an incentive for higher recycling (diversion) levels).
- Public tipping fees are influenced not only by a goal of covering operating costs but also are strongly influenced by competitive pressures; self haul (public) customers can take their materials to other facilities like the Ox Mountain Landfill so we try to keep our solid waste and green waste rates as competitive as we can.

Table 4 shows the revenue generated from each rate category.

Table 4

	2014 PROJECTION			
FRANCHISE	Yards	Tons	Revenue	% of Total
Solid Waste		179,011	\$ 16,469,035	50.3%
Residential/Commercial Organics		102,714	\$ 9,655,155	29.5%
Commercial Food Waste		556	\$ 59,535	0.2%
Inerts		3,054	\$ 247,376	0.8%
Other		404	\$ 36,616	0.1%
Total Franchise		285,740	26,467,716	80.9%
SELF-HAUL				
Solid Waste	62,859		\$ 2,200,071	6.7%
Green Waste	61,509		\$ 1,476,217	4.5%
C&D	64,526		\$ 2,064,834	6.3%
Public Inerts (Dirt/Concrete, etc.)		4,492	\$ 363,837	1.1%
Other			\$ 162,176	0.5%
Total Public	188,894	4,492	6,267,134	19.1%
TOTAL	188,894	290,232	32,734,850	100.0%

Background

Historical tipping fees at the Shoreway facility are summarized below.

Year:	2009	1/1/10	7/1/10	1/1/11	7/1/11	1/1/12	1/1/13
<u>Rates</u>							
Franchised Solid Waste	\$72.00/ton	\$81.00/ton	\$84.00/ton	\$90.00/ton	Same	\$88.00/ton	\$91.00/ton
Franchised Organics	\$60.50/ton	\$69.50/ton	\$70.00/ton	\$79.00/ton	Same	\$89.00/ton	\$92.00/ton
Franchised Food Waste						\$101.00/ton	\$104.00/ton
Public Solid Waste	\$29.00/yard	\$34.00/yard	\$35.00/yard	\$40.00/yard	\$35.00/yard	\$33.00/yard	\$34.00/yard
Public C&D	\$29.00/yard	\$34.00/yard	\$28.00/yard	\$29.00/yard	\$29.00/yard	\$29.00/yard	\$30.00/yard
Public Green Waste	\$22.00/yard	\$25.00/yard	\$25.00/yard	\$25.00/yard	Same	\$22.00/yard	\$23.00/yard

Fiscal Impact

The recommended tipping fee adjustments have the net effect of increasing SBWMA franchise revenue by \$356,000 which has an approximate 0.4% impact on customer solid waste collection rates as compared to the assumed tipping fee rates (in the adopted FY1314 budget) used in the Total Collection Rate Report which had a 0.7% rate impact; a positive variance of approximately 0.3%.

The public tip fee adjustments increase revenue by \$208,000.

Attachments:

Resolution 2013-26

- Attachment A - Comparison of Bay Area Transfer Station and Landfill Rates
- Attachment B - Back-up Financial and Operational Data



RESOLUTION NO. 2013-26
**RESOLUTION OF THE SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY BOARD OF DIRECTORS
APPROVING SHOREWAY FACILITY TIPPING FEE ADJUSTMENTS
EFFECTIVE JANUARY 1, 2014**

WHEREAS, staff has submitted a report to the Board, dated November 21, 2013 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 21st day of November, 2013, 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. 2013-26 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on November 21, 2013.

ATTEST:

Jeff Ira, Chairperson of SBWMA

Cyndi Urman, Board Secretary

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	\$34.00	\$91.00*	\$34.00	\$91.00*	\$23.00	\$92.00*	\$23.00	\$92.00*		\$91.00	\$30.00	
Shoreway recommended rates					\$35.00	\$92.00	\$35.00	\$92.00	\$24.00	\$94.00	\$24.00	\$94.00		\$81.00	\$32.00	
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 (rates effective March 2012)	Sunnyvale	<input checked="" type="checkbox"/>		1500	\$16.50				\$15.00		\$20.00		\$69.50		\$34.00	
SRDC (rates effective 1/11/13)	Redwood City		<input checked="" type="checkbox"/>	174 - C&D									\$30.00	\$30.00		
Blue Line Transfer (South SF-Scavenger)	South San Francisco		<input checked="" type="checkbox"/>	1200		\$88.00		\$88.00		\$76.00		\$73.00		\$62.00		
WM Davis Street TS (rates effective 6/12/13)	San Leandro		<input checked="" type="checkbox"/>	5600	\$30.62	\$121.43	\$30.62	\$121.43	\$26.00	\$60.00	\$26.00	\$60.00	\$55.00	\$105.00	\$30.62	\$121.43
Fremont Recycling & TS (BLT Enterprises) (rates effective 6/1/13)	Fremont		<input checked="" type="checkbox"/>	2400		\$84.94		\$84.94		\$79.53		\$79.53		\$79.53		\$83.51
Newby Island Landfill (Republic) (rates effective 1/1/13)	Milpitas		<input checked="" type="checkbox"/>	4000	\$40.00		\$40.00		\$36.00				\$33.00		\$36.00	
Ox Mountain Landfill (Republic) (effective 1/1/12)	Half Moon Bay		<input checked="" type="checkbox"/>		\$26.00	\$62.00	\$26.00	\$62.00	\$20.00	\$35.00	\$20.00	\$35.00	\$25.00	\$25.00	\$26.00	\$26.00
San Bruno Transfer Station (Recology)	San Bruno		<input checked="" type="checkbox"/>			\$75.00		\$75.00		\$75.00		\$75.00		\$75.00		\$75.00
SF Dump (Sunset Scavenger- Recology)	San Francisco		<input checked="" type="checkbox"/>	3000		\$147.13		\$147.13						\$147.13		\$147.13
Zanker Materials Recovery and Landfill (rates eff. 7/1/13)	San Jose		<input checked="" type="checkbox"/>		\$28.00		\$28.00		\$13.00		\$8.00		\$28.00		\$28.00	

Note: *SBWMA member agency rate.

Attachment B

Back-up Financial and Operational Data

This attachment provides additional supporting data for the 2013 and 2014 financial projections in the staff report.

Operating Revenue

1. **Table 1** provides tonnage, yardage and weighted average tip fee data for 2013 and 2014.

Table 1

TIP FEE REVENUE		2013	2014	14 vs 13	%
<u>Franchise</u>					
Tons		286,388	285,740	-648	-0.2%
Wtd Avg. Tip Fee		\$ 91.40	\$ 92.64	\$ 1.24	1.4%
Franchise Revenue		\$ 26,176,104	\$ 26,467,716	291,612	1.1%
<u>Public</u>					
Yards		180,520	188,894	8,374	4.6%
Wtd Avg. Tip Fee		\$ 32.10	\$ 33.18	\$ 1.07	3.3%
Public Revenue		\$ 5,795,282	\$ 6,267,134	471,853	8.1%
Total Tip Fee Revenue		\$ 31,971,385	\$ 32,734,850	763,465	2.4%

2. **Table 2** provides historical and projected detail on inbound tonnage and yardage by material type to the Transfer Station (excludes recyclables tonnage to MRF).

Table 2

Total TS Tonnage and Yardage		2011	2012	2013	2014	13 vs 12	14 vs 13
Franchise							
SBWMA Solid Waste	tons	183,663	184,348	181,693	179,011	-1.4%	-1.5%
SBWMA Green Waste	tons	81,885	86,824	100,498	102,714	15.7%	2.2%
SBWMA Food Waste	tons	13,056	12,607	507	556	-96.0%	9.7%
SBWMA Dirt, Inert, C&D	tons	3,980	3,931	3,236	3,054	-17.7%	-5.6%
SBWMA Wood	tons		107	168	180		
SBWMA Other, BI	tons		269	286	224		
sub-total Franchise		282,584	288,086	286,388	285,740	-0.6%	-0.2%
Non-SBWMA Weighed Dirt	tons	2,923	3,240	4,492	4,492	38.6%	0.0%
Total Tons		285,507	291,326	290,880	290,232	-0.2%	-0.2%
Public							
Public Solid Waste Yards	yards	33,785	31,982	57,600	62,859	80.1%	9.1%
Public Green Waste Yards	yards	39,429	50,641	60,412	61,509	19.3%	1.8%
Public C&D	yards	58,413	67,826	62,508	64,526	-7.8%	3.2%
Total Yards		131,627	150,449	180,520	188,894	20.0%	4.6%

3. The following tables chart the change in volume from Table 2.

Table 3a

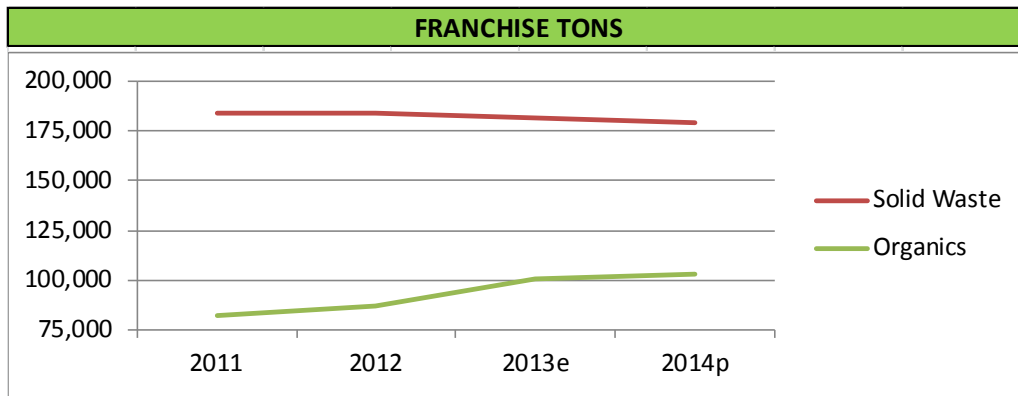
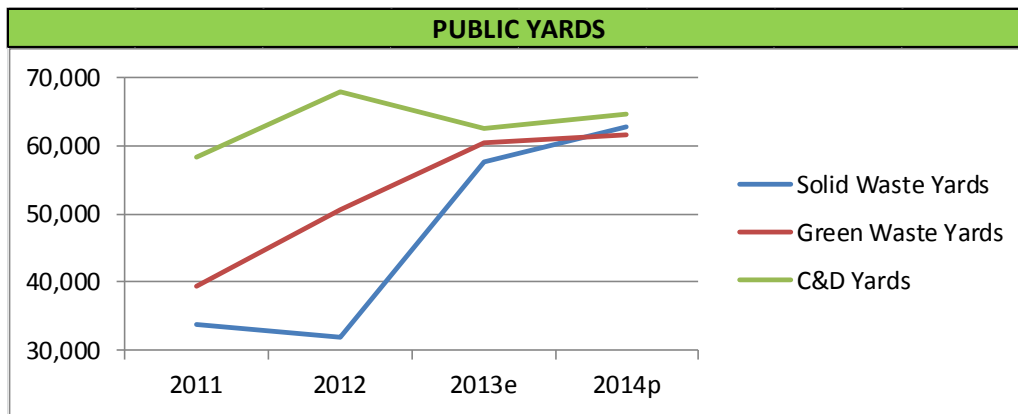


Table 3b



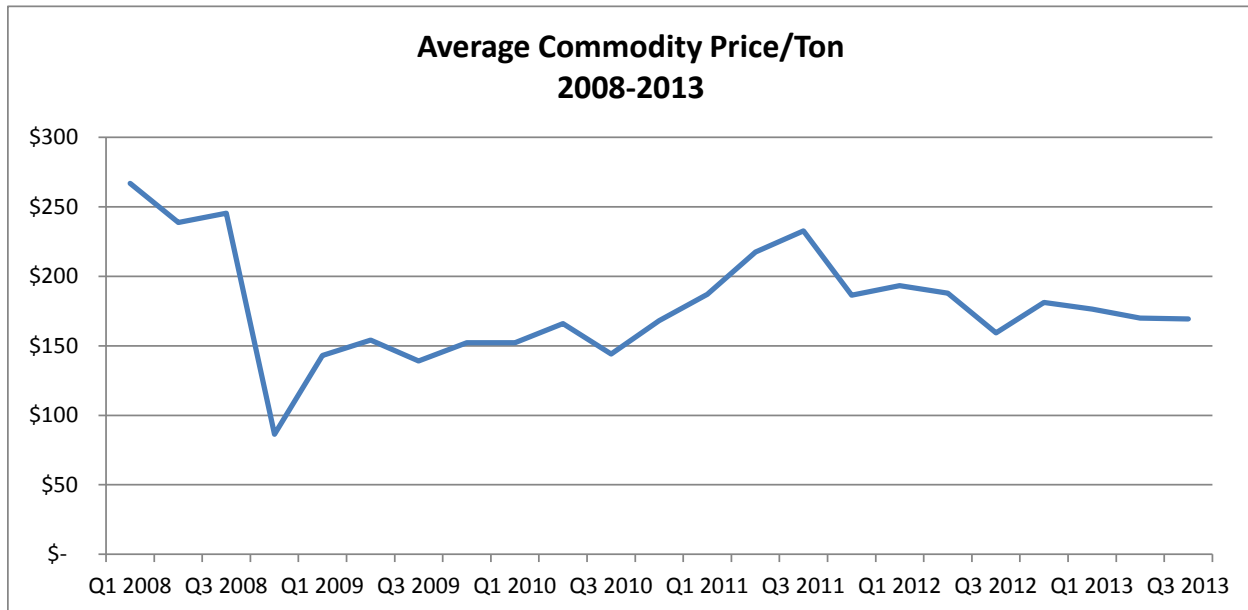
4. **Table 4** provides supporting data on commodity revenue projections.

Table 4

COMMODITY REVENUE	2013	2014	14 vs 13	%
Tons	60,263.0	60,452.0	189	0.3%
Wtd Avg. Price	\$ 171.86	\$ 170.24	\$ (1.62)	-0.9%
Gross Revenue	\$ 10,356,736	\$ 10,291,564	-65,172	-0.6%
Revenue Share w/ SBR	(1,344,372)	(1,326,123)	18,248	-1.4%
Buyback Payments	(604,701)	(604,701)	0	0.0%
Net Commodity Revenue	\$ 8,407,663	\$ 8,360,739	-46,924	-0.6%

5. The following table provides a history of commodity prices per ton by quarter. The figures shown are the blended average price per ton for all commodities sold in a given quarter.

Table 5



Operating Expenses

6. **Table 6** provides supporting data for SBR's operating expense.

Table 6

SBR OPERATING & TRANSPORTATION EXPENSE					
a. Summary		2013	2014	14 vs 13	%
	MRF	\$ 4,852,033	\$ 5,046,446	\$ 194,413	4.0%
	Transfer Station	\$ 4,230,185	\$ 4,508,716	\$ 278,532	6.6%
	Transportation	\$ 6,748,152	\$ 6,994,151	\$ 245,999	3.6%
	Other	\$ 255,077	\$ 226,505	\$ (28,572)	-11.2%
	TOTAL SBR EXPENSE	\$ 16,085,447	\$ 16,775,818	\$ 690,371	4.3%
b. Detail		2013	2014	14 vs 13	%
<u>MRF</u>					
	Tons	60,263	60,452	\$ 189	0.3%
	Rate	\$ 80.51	\$ 83.48	\$ 2.96	3.7%
	Expense	\$ 4,852,033	\$ 5,046,446	\$ 194,413	4.0%
<u>Transfer Station</u>					
	Tons	359,710	363,900	\$ 4,190	1.2%
	Rate	\$ 11.76	\$ 12.39	\$ 0.63	5.4%
	Expense	\$ 4,230,185	\$ 4,508,716	\$ 278,532	6.6%
<u>Transportation</u>					
	Tons	359,710	363,900	\$ 4,190	1.2%
	Rate	\$ 18.76	\$ 19.22	\$ 0.46	2.5%
	Expense	\$ 6,748,152	\$ 6,994,151	\$ 245,999	3.6%
	Other	\$ 255,077	\$ 226,505	\$ (28,572)	-11.2%
	TOTAL SBR EXPENSE	\$ 16,085,447	\$ 16,775,818	\$ 690,371	4.3%

7. **Table 7** provides supporting data for the disposal and processing expense.

Table 7

DISPOSAL & PROCESSING EXPENSE					
	2013	2014	14 vs 13	%	
Summary					
TS Tons	359,710	363,900	4,190	1.2%	
Wtd Avg. Rate	\$ 39.23	\$ 39.71	\$ 0.48	1.2%	
Disposal Expense	\$ 14,111,515	\$ 14,449,601	338,087	2.4%	
Detail - 2014					
	Tons	Rate	Expense		
Ox Mountain MSW	207,234	\$ 39.01	\$ 8,085,159		
Ox Mountain Aggregates	2,048	\$ 25.77	\$ 52,784		
Organics	120,784	\$ 37.14	\$ 4,485,733		
Food	247	\$ 61.25	\$ 15,139		
C&D	33,586	\$ 50.18	\$ 1,685,235		
Other			\$ 125,552		
TOTAL - 2014	363,900	\$ 39.71	\$14,449,601		

Operating Margin for Transfer Station Only

8. **Table 8** details the operating margin for the various rate categories (material types) for the Transfer Station only.

Transfer Station Operating Margin					
FRANCHISE	2014 Cost / Ton (Estimated)	2014 Tip Fee / Ton (Proposed)	Operating Margin / Ton (Estimated)	# Tons	2014 Total Operating Margin (Estimated)
Solid Waste	\$ 84.13	\$ 92.00	\$ 7.87	179,011	\$ 1,408,063
Residential Organics	\$ 94.72	\$ 94.00	\$ (0.72)	102,714	\$ (73,869)
Commercial Food Waste	\$ 112.92	\$ 107.00	\$ (5.92)	556	\$ (3,293)
Inerts	\$ 71.36	\$ 81.00	\$ 9.64	3,258	\$ 31,404
SELF-HAUL	2014 Cost / Yard (Estimated)	2014 Tip Fee / Yard (Proposed)	Operating Margin / Ton (Estimated)	# Yards	2014 Total Operating Margin (Estimated)
Solid Waste	\$ 21.03	\$ 35.00	\$ 13.97	62,859	\$ 877,917
Green Waste	\$ 21.73	\$ 24.00	\$ 2.27	61,509	\$ 139,408
C&D	\$ 35.69	\$ 32.00	\$ (3.69)	64,526	\$ (238,182)
Public Dirt (tons)	\$ 71.36	\$ 81.00	\$ 9.64	4,492	\$ 43,298
Other Drop Off, etc				n/a	\$ 36,624
Total Transfer Station					\$ 2,221,370



STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Facility Operations Contract Manager
Date: November 21, 2013 Board of Directors Meeting
Subject: Update on Shoreway Remediation Project

Recommendation

This item is informational and no action is required.

Analysis

The San Mateo County Health System (SMCHS) and the California Regional Water Quality Control Board (RWQCB) has reviewed and approved the SBWMA's "Closure Report" submitted on January 29, 2013 to close the Shoreway Environmental Center ("Shoreway") groundwater remediation project. The SBWMA was first notified of the pending closure in a June 28, 2013 letter from SMCHS in which the property abutters were notified of the pending closer of the Shoreway remediation project and were provided a 60-day comment period. On August 29, 2013 the comment period ended and the SBWMA was notified that the RWQCB required "no further remediation action" at the Shoreway site.

Prior to the SMCHS completing the site closure process, the final project activity of removing the contamination monitoring wells, provide a report documenting the well destruction activities, and removal of any remedial equipment and investigation-derived waste needs to be completed. SBWMA Staff has approved a scope of work with the remediation consultant Iris Environmental to complete this work. A work plan and permit application for the well removal activities will be submitted to the SMCHS by Iris in November 2013. Specific work to be completed in this work plan for well removal includes:

- The destruction of the existing 13 groundwater monitoring wells.
- The destruction and removal of the 4 sub-slab soil gas probes located at the Recology administration building.
- Waste characterization and subsequent disposal of waste soils from drill cuttings, assuming non-hazardous characterization.
- Reporting of field activities and preparation of a final report for submission to SCMHS.

Throughout the remediation process, the SBWMA has retained the law firm of Barg Coffin, Lewis & Trapp, LLP for legal counsel on the remediation project. At the request of the SMCHS, the firm drafted a ***Covenant to Restrict Use of Property*** that was submitted in draft form along with the Site Closure Plan. This Deed Restriction was approved by the SBWMA Board of Directors at its April 25, 2013 meeting.

The Covenant will restrict future site use to commercial/industrial use (e.g., prohibits residential development) and requires advanced notification and approval by SMCHS of soil excavation projects. The Covenant essentially requires that current site conditions are maintained, so that the potential for exposures to site contaminants is minimized as under current conditions. In addition, the Covenant requires that SBWMA submit a Soil Management Plan and a Health and Safety Plan for SMCHS review and approval, prior to any soil disturbance within the specific parcel containing the former UST area at the Waste Transfer Station building.

It should be noted that the Shoreway facility still utilizes underground storage tanks (USTs) for the storage of diesel fuel. The Shoreway tanks are singled-walled with automatic leak detection systems which is compliant with current State and Federal regulations. Staff is recommending that these tanks be closed out and replaced with an aboveground storage tank (AST) system so as to mitigate the risk of a leak. Staff is hiring Balch Petroleum to prepare a preliminary design and cost estimate for the AST.

Background

Republic Services (formerly Allied Waste) and the SBWMA previously entered into a Settlement and Release Agreement that addresses the responsibility for the remediation of contaminated soils at Shoreway, including the payment of \$1.5 million to the SBWMA. This money was deposited into a SBWMA account dedicated to pay for the ongoing clean-up efforts at Shoreway. Since the Settlement, SBWMA Staff has retained Iris Environmental to guide the remediation process and to petition the County and the State RWQCB to make a determination that the contamination has been remediated and that the site can be "closed." Remediation of the Shoreway site is being executed by Iris Environmental under the SBWMA's supervision.

Detailed History

Environmental work has been ongoing at the site since a ground water contamination case was first opened by SMCHS in March of 1998. The primary contaminants of concern at the site are middle-to-heavy-end petroleum hydrocarbons, including diesel fuel and motor oil. The following subsections give a chronological overview of the release history and remediation work performed to address the presence of contaminants for the major areas of interest at the site.

Transfer Station

Two fuel underground storage tanks (USTs) were removed in the early 1980s from what is now the western corner of the Transfer Station. Records suggest the tanks may have been used originally for gasoline storage and later for diesel. The USTs were originally installed and used by the waste company that operated the facility prior to BFI and were excavated and removed during the re-development of the site by BFI. Additionally, truck maintenance activities allegedly took place prior to the 1980s on the northeast side of the Administration Building by the previous owner/occupant of the site.

In 1999, Green Environmental (GEI) began a subsurface investigation of the former fuel USTs area at the Transfer Station to evaluate soil and groundwater impact by petroleum hydrocarbon constituents. The analytical results indicated the presence of petroleum hydrocarbons exceeding San Mateo County acceptable soil concentrations. In January 2001, GEI constructed three groundwater monitoring wells, designated to monitor impacts in the area. A groundwater monitoring program was initiated for the Transfer Station.

Residual contamination comprised of fuel-related hydrocarbons continues to be present in the area of the former fuel USTs at the Transfer Station building. The residual levels present in site soil and groundwater exceed concentrations screening levels for commercial/industrial land use (all 14 of the borings with elevated residual soil contamination are located near the former fuel USTs at the Transfer Station building, either within the tank UST backfill area beneath the corner of the building or within the parking lot area between the Transfer Station building and the Administration Building).

Administration Building

The 2005 *Revised Feasibility Study Report* prepared by GEI identified potential risks to indoor air quality, construction/utility trench workers, and aquatic habitats. Shaw Environmental later identified vapor intrusion as the primary risk associated with the contamination present in the administration building area.

In a letter dated June 30, 2005, SMCHS requested soil gas sampling be conducted to establish a cleanup goal for the volatilization-to-indoor-air exposure pathway (also known as vapor intrusion). The *Revised Feasibility Study Report* by GEI in 2005 identified the contamination near the Administration Building as low-risk and manageable via institutional controls, and that vapor intrusion into the Administration Building is unlikely to be occurring.

Iris performed a sub-slab soil gas sampling program in 2010 at the Administration Building. Four sub-slab sampling points were developed and sampled for VOCs and TPH. Several VOCs were detected above risk-based sub-slab soil gas screening values, and Iris accordingly recommended further investigation to determine if vapor intrusion is creating a health risk to occupants at the site. In May 2012, Iris performed an indoor air quality investigation at the Administration Building to determine whether vapor intrusion is occurring. Iris concluded from the results that vapor intrusion is not occurring at levels of concern.

Truck Maintenance Building

On July 14, 1998, a 1,000-gallon waste oil UST was removed southwest of the truck maintenance building and an underground drain pipe that extended from waste oil drain sumps inside the building to the UST.

In September and October 2002, GEI completed the closure of the abandoned waste oil drain pipe below the truck maintenance building. Between November 2003 and March 2004, GEI performed a subsurface investigation to assess underground utilities and potential preferential pathways in the vicinity of the former waste oil UST system. A September 2005 groundwater investigation conducted by GEI concluded that the diesel-to motor oil-range petroleum hydrocarbon plume from the former waste oil UST occurs only in the shallow-zone, is relatively stable, and is attenuating laterally from the former waste oil UST location.

Fiscal Impact

In March of 2010, the SBWMA received a lump sum payment of \$1.5 million from Republic Services. This money was deposited into a SBWMA account dedicated to pay for the ongoing clean-up efforts at Shoreway. The Shoreway Remediation fund has a current balance of \$1,329,386 for remaining remediation project costs.

Anticipated project costs for 2013 include:

- 1) Decommission sub-slab soil gas probes in the Administration Building.
- 2) Decommission groundwater monitoring wells.
- 3) Issuance of a report to SMCHS with a description of the well destruction activities.
- 4) Final Site Closure issued from the SMCHS.

It is anticipated that the cost for the above tasks will be in the \$48,800 - \$65,000 range depending on the review of work plan submitted to SMCHS and the need for legal assistance in the deed restriction and final site closure. Board direction will be requested in the future as to how the estimated surplus Settlement Funds of \$1.26 million are to be utilized with staff's preference that the funds be used for an aboveground fuel storage system to replace the current underground fuel storage system. The current Board policy is that the adopted budget provides specific guidance on the use of such surplus cash with a goal of utilizing the monies for one-time expenditures, non-recurring costs, or funding an undesignated reserve account.

Attachments:

Attachment A – Site Plan

