



A Public Agency

# ADMINISTRATION AND FINANCE

## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Jean Savaree, Deputy General Counsel  
**Date:** January 25, 2018 Board of Directors Meeting  
**Subject:** Election of Board Officers for 2018

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### Recommendation

The Board is required to annually elect a Board Chair and Vice Chair per Article 8, Governance, of the JPA Agreement, Sections 8.5 and 8.6 which provide:

8.5 Chair. The Board shall annually select a Chair, by a vote taken in accordance with Section 10.8 of this Agreement, who shall serve without compensation at the pleasure of the Board. The duties of the Chair include, but are not limited to the following:

- a. Conduct Board meetings.
- b. Review and set meeting agendas with the Executive Director.
- c. Sign any and all SBWMA official documents.

8.6 Vice Chair. The Board shall annually select a Vice Chair, by a vote taken in accordance with Section 10.8 of this Agreement, who serves without compensation at the pleasure of the Board. The Vice Chair shall act in the absence of the Chair, with full powers of the Chair.

This selection traditionally occurred at the Board's January meeting. Staff recommends that the Board now select the Chair and Vice Chair for 2018.

In addition to the duties enumerated in Section 8.5, as a matter of practice, the Board Chair and Vice Chair along with the Executive Director, General Counsel and Board Clerk have traditionally met on a monthly basis as the "Executive Committee" to conduct Board meeting agenda planning and discuss major items of note related to JPA operations. The Executive Director also updates the Executive Committee on a regular basis on any major issues that may come up in the course of day-to-day operations.

### Background

Staff recommends the following process for the Board to follow in electing a Chair and Vice Chair for calendar year 2018:

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.

**Fiscal Impact**

None.

**Attachments:**

None.

## STAFF REPORT

**To:** SBWMA Board Members  
**From:** Farouk Fakira, Finance Manager  
**Date:** January 25, 2018 Board of Directors Meeting  
**Subject:** Resolution Accepting Mid-Year Review of FY17/18 Annual Operating Budget

### Board Action

It is recommended that the SBWMA Board of Directors approve Resolution No. 2018-04 attached hereto authorizing the following action:

Approval of the Mid-Year Budget Adjustments for FY17/18.

### Analysis

Staff has conducted a thorough analysis of year-to-date revenues and expenditures. These findings were reviewed and discussed by the SBWMA Finance Committee at its January 9<sup>th</sup> meeting, **Attachment A** has been prepared to provide the Board with key budget and related information as follows:

- **Attachment A** contains budget worksheets providing line item detail for all projected revenues, expenditures and capital spending.

Table 1				
FY17/18 SUMMARY NET INCOME				
Revenues	Approved Budget	Mid-Year Projections	Variance	Variance %
Total Revenues	\$ 46,960,353	\$ 49,180,563	\$ 2,220,211	4.7%
Total Expenditures	44,137,464	47,569,865	3,432,401	7.8%
<b>Net Income</b>	<b>\$ 2,822,888</b>	<b>\$ 1,610,698</b>	<b>\$ (1,212,190)</b>	<b>-42.9%</b>

Net Income is projected at \$1,610,698 which is (\$1,212,190) less than was projected in the Approved FY17/18 Budget (see Table 1).

As shown in **Table 1 and Table 2 below**, there was a Total positive Revenue variance of \$2,220,211 due to the following:

1. A favorable increase of \$2.73 million in non- franchise revenue is due to a volume increase of 15,492 tons and 27,844 in cubic yards mainly in food waste and C&D and a favorable price variance of \$.13 million as a result of the projected tip fee increase in January of 2018.
2. A favorable increase in volume of \$.33 million in franchise revenue is due to volume increase and \$.53 million is due to the projected tip fee increase in January of 2018.
3. Unfavorable commodity revenue of (\$2.102) million is due to unfavorable rate variance of (\$1.1) million as a result of unfavorable blended rate of \$18.20 (\$123.57 vs. \$141.76 as budgeted) and unfavorable volume variance of (\$1.170) million due to decrease in volume of 6,573 tons.

4. Favorable commodity shared revenue to SBR of \$.244 million in line with the commodity revenue decrease.
5. Lower buyback expenses than budgeted of \$.013 million.

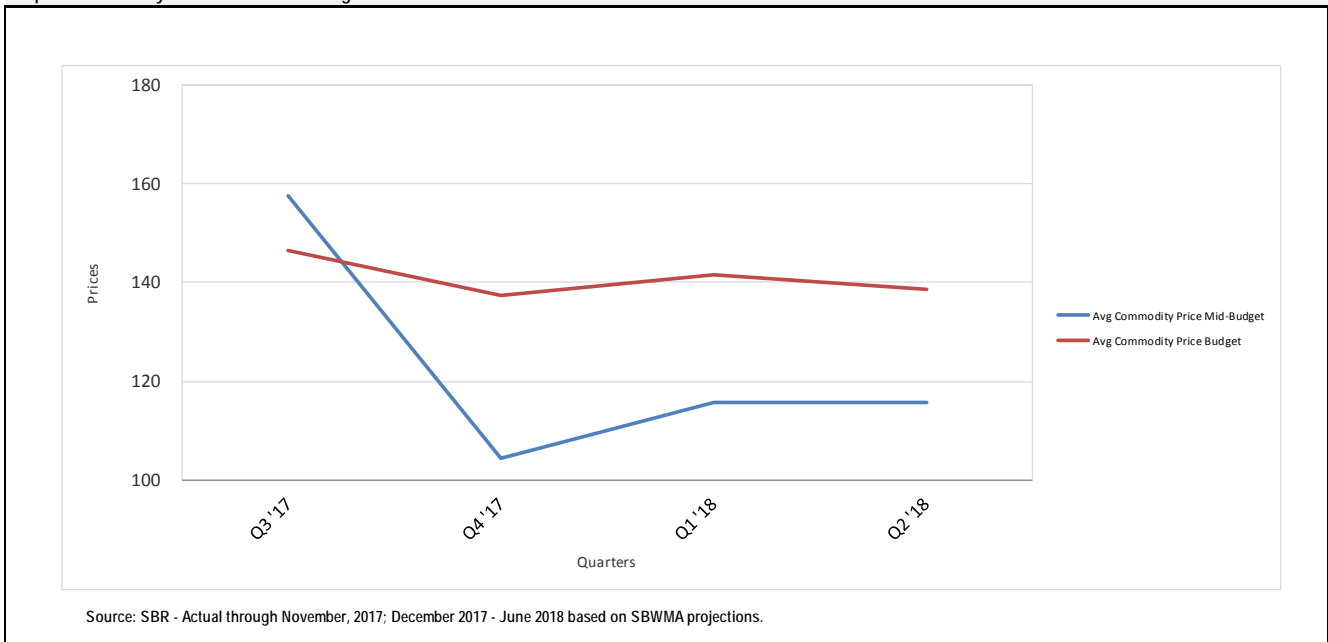
Higher than budgeted Expenditures of \$3,432,401 million are primarily due to the following (see **Table 4**):

1. Unfavorable administrative cost of \$.035 million is due to merit increase and management coverage for Faustina.
2. SBR compensation is higher due to higher rate of \$.320 million caused mainly by higher residue at 12% vs. 6.96% budgeted and \$.295 million is due to higher disposal volume than budgeted.
3. Higher disposal and processing cost of \$2.188 million is mainly due to \$.297 million in higher disposal rates than budgeted and \$1.891 million due to higher volume in line with the higher revenue.

## Revenues

The graph below shows the drop in blended (weighted average) value (\$18.20) per ton for commodities as compared to the budgeted blended rate (\$123.57 vs. \$141.76 budgeted).

Graph 1. Commodity Price Mid-Year vs. Budgeted



The positive revenue was supported mostly by an increase in tip fee revenues resulting from higher than budgeted volume into Shoreway and projected tip fees increases in the month of January, 2018 see **Table 2**.

FY17/18 REVENUE SUMMARY				
Revenues	Approved Budget	Mid-Year Projections	Variance	Variance %
Tip Fee Revenues	\$ 38,780,135	\$ 42,508,115	\$ 3,727,980	9.6%
<i>Non Franchised</i>	8,691,298	11,559,769	2,868,471	33.0%
<i>Franchised</i>	30,088,837	30,948,346	859,509	2.9%
Net Commodity Sales Revenues*	8,015,544	6,170,872	(1,844,672)	-23.0%
Interest Income	106,580	175,079	68,499	100.0%
Other Revenue	58,094	67,990	9,896	17.0%
<b>Sub Revenue</b>	<b>\$ 46,960,353</b>	<b>\$ 48,922,055</b>	<b>\$ 1,961,703</b>	<b>4.2%</b>
<b>Fire Related Revenues:</b>				
Insurance Proceeds	-	\$ 258,508	\$ 258,508	100.0%
<b>Sub Fire Revenue</b>	<b>\$ -</b>	<b>\$ 258,508</b>	<b>\$ 258,508</b>	<b>100.0%</b>
<b>Total Revenues</b>	<b>\$ 46,960,353</b>	<b>\$ 49,180,563</b>	<b>\$ 2,220,211</b>	<b>4.7%</b>

\*Gross commodity sales less 25.00% revenue share with SBR and buyback payments. See Attachment B - Table 2.

### Expenditures

Table 3 below shows that the higher than budgeted Shoreway Operations expense of \$3.396 million mostly is due to \$2.188 million in higher disposal and processing cost caused by higher disposal rates and higher projected volume, higher SBR compensation of \$.616 million, higher franchise fees in line with higher revenue volume, higher insurance charges of \$.203 million and fire expenses of \$.259 million.

FY17/18 EXPENDITURE DETAIL FOR SHOREWAY OPERATIONS				
Expenditures	Approved Budget	Mid-Year Projections	Variance	Variance %
SBR Compensation*	\$ 18,936,520	\$ 19,551,983	\$ 615,463	3.3%
Disposal and Processing*	15,859,400	18,047,130	2,187,730	13.8%
Insurance Shoreway	576,500	780,000	203,500	35.3%
Education Center	60,000	60,000	-	0.0%
Credit Cards Charges	140,600	112,000	(28,600)	-20.3%
Debt Service Bond Interest	2,710,170	2,710,170	-	0.0%
Other Operating Expenses	292,690	292,690	-	0.0%
Taxes (Sewer)	61,860	44,186	(17,674)	-28.6%
Franchise Fee (San Carlos)**	1,846,710	2,024,236	177,526	9.6%
<b>Sub Shoreway Expenses:</b>	<b>\$ 40,484,450</b>	<b>\$ 43,622,394</b>	<b>\$ 3,137,945</b>	<b>7.8%</b>
<b>Fire Related Expenses:</b>				
SBR Compensation		\$ 258,508	\$ 258,508	100.0%
<b>Sub Fire Expenses</b>		<b>\$ 258,508</b>	<b>\$ 258,508</b>	<b>100.0%</b>
<b>Total Shoreway Operations:</b>	<b>\$ 40,484,450</b>	<b>\$ 43,880,902</b>	<b>\$ 3,396,453</b>	<b>8.4%</b>

\* Expense projection based on estimated facility tonnage  
\*\* Expense projection based on estimated gate revenue (tipping fees x estimated tons)

As shown in Table 4 below, the SBWMA administrative expense budget has a Mid-Year Budget variance increase of \$.035 million due a merit increase and management coverage expense for Faustina who is on medical leave.

Table 4

FY17/18 EXPENDITURE SUMMARY				
Expenditures	Approved Budget	Mid-Year Projections	Variance	Variance %
Administrative Expenses	\$ 1,729,485	\$ 1,765,433	\$ 35,948	2.1%
MEMBER AGENCY SUPPORT & CONTRACT COMPLIANCE	889,030	889,030	-	0.0%
STATE MANDATED PUBLIC EDUCATION & OUTREACH	1,034,500	1,034,500	-	0.0%
<b>Total SBWMA Expenses</b>	<b>\$ 3,653,015</b>	<b>\$ 3,688,963</b>	<b>\$ 35,948</b>	<b>1.0%</b>
Shoreway Operations	\$ 40,484,450	\$ 43,880,902	\$ 3,396,453	8.4%
<b>Total Expenses</b>	<b>\$ 44,137,464</b>	<b>\$ 47,569,865</b>	<b>\$ 3,432,401</b>	<b>7.8%</b>

### Capital Spending

No change in projected capital spending. Please see **Attachment A** for a worksheet on our capital projects.

### Reserve Balances

**Table 5** below captures the Mid-Year reserve balance projections for FY17/18 compared to the Approved Budget reserve balance. The projected Total Uncommitted Reserve favorable variance of \$.038 million is primarily due an increase in the beginning balance by \$1.250 million from the actuals for FY16/17 vs. the budgeted balance and that was offset by the unfavorable decrease in net income of \$1.212 million.

Table 5

RESERVE BALANCE					
	ACTUAL FY1617	APPROVED BUDGET FY1718	MID-YEAR BUDGET FY1718	Variance	Variance%
<b>Uncommitted Reserves:</b>					
RATE STABILIZATON (10% of expense)	\$ 4,242,701	\$ 4,413,746	\$ 4,756,987	\$ 343,240	7.8%
EMERGENCY RESERVE (10% of total expense)	\$ 4,242,701	\$ 4,413,746	\$ 4,756,987	\$ 343,240	7.8%
CAPITAL RESERVE	\$ 6,611,002	\$ 4,617,411	\$ 3,969,439	\$ (647,972)	-14.0%
<b>TOTAL UNCOMMITTED RESERVES</b>	<b>\$ 15,096,404</b>	<b>\$ 13,444,904</b>	<b>\$ 13,483,412</b>	<b>\$ 38,508</b>	<b>0.3%</b>
<b>Committed Reserves:</b>					
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 991,791	\$ 1,192,148	\$ 1,192,148	\$ -	0.0%
<b>TOTAL COMMITTED RESERVES</b>	<b>\$ 16,088,195</b>	<b>\$ 14,637,052</b>	<b>\$ 14,675,560</b>	<b>\$ 38,508</b>	<b>0.3%</b>
<i>proof</i>	\$ 16,088,195	\$ 14,637,052	\$ 14,675,560	\$ -	\$ 38,508
<b>Other LT Projects (Fully Funded)</b>					
<b>SHOREWAY REMEDIATION PROJECT</b>	<b>\$ 1,233,640</b>	<b>\$ 1,233,640</b>	<b>\$ 1,233,640</b>		

Table 6 is showing the components that make up the insurance revenue claims due for the period from July, 2017 to date.

Table 6		
Insurance Outstanding Claims		
Account	Amount	Comments
SBR Hauling Charges For Residue	\$ 81,001	Hauling charges for residue from MRF to T.S.
Misc. Equipment Charges and other	177,507	Misc. charges.
<b>Total Insurance Claim</b>	<b>\$ 258,508</b>	<b>Total claim to insurance</b>

**Fiscal Impact**

The Mid-Year Budget for FY17/18 shows Net Income of \$1.611 million which is \$1.212 lower than the Approved FY17/18 Budget.

**Attachments:**

Resolution 2018-04

Attachment A – FY17/18 Budget Worksheets

Attachment B – Mid-Year Budget Tables





**RESOLUTION NO. 2018-04**  
**RESOLUTION OF THE SOUTH BAYSIDE WASTE  
MANAGEMENT AUTHORITY BOARD OF DIRECTORS  
ACCEPTING MID-YEAR REVIEW OF FY1718 ANNUAL OPERATING BUDGET**

**WHEREAS**, the South Bayside Waste Management Authority proposed budget adjustments as presented is balanced and provided sufficient funds for normal operations.

**NOW THEREFORE, BE IT RESOLVED**, the South Bayside Waste Management Authority hereby approves the adjustments to the fiscal year 2017/2018 operating budget.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25<sup>th</sup> day of January, 2018, 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. 2018-04 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on January 25, 2018.

ATTEST:

\_\_\_\_\_  
Bob Grassilli, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Board Secretary

		ACTUAL FY16/17	APPROVED BUDGET FY17/18	YTD EARNED 11/30/17	MID-YEAR BUDGET FY17/18	Variance to Adopted Budget	Variance % to Adopted Budget	Notes
	<b>REVENUE SUMMARY</b>							
1	<b>ADMINISTRATIVE REVENUES</b>							
2	INVESTMENT INCOME	\$ 97,176	\$ 106,580	\$ 64,656	\$ 175,079	\$ 68,499	64.3%	County yield improved.
3	INVESTMENT (GASB 31) MARKET VALUE ADJ	-	-	-	-	-		
4	<b>TOTAL ADMINISTRATIVE</b>	<b>\$ 97,176</b>	<b>\$ 106,580</b>	<b>\$ 64,656</b>	<b>\$ 175,079</b>	<b>\$ 68,499</b>	<b>64.3%</b>	
5	<b>OPERATIONS REVENUES</b>							
6	SHOREWAY TIP FEES - Non Franchised	\$ 9,575,945	\$ 8,691,298	\$ 4,830,689	\$ 11,559,769	\$ 2,868,471	33.0%	Favorable price variance of \$.13 million due to tip fee increase, \$2.73 million is due to favorable volume (food waste & C&D).
7	SHOREWAY TIP FEES - Franchised	\$ 29,349,731	\$ 30,088,837	\$ 12,924,418	\$ 30,948,346	\$ 859,509	2.9%	Favorable price variance of \$.53 Million is due Tip fee increase on 01/01/2018, and \$.33 million due to volume increase.
8	COMMODITY SALES REVENUE	\$ 7,375,505	\$ 10,046,673	\$ 3,101,594	\$ 7,944,839	\$ (2,101,834)	-20.9%	Unfavorable price variance of (\$1.1) million is due to a drop in blended rate of \$18.19 per ton and unfavorable volume variance of \$1.4 million due to a decrease in volume of 9,657 tons.
9	COMMODITY REVENUE SHARING W/ SBR	(435,897)	(1,139,814)	(528,195)	(895,767)	244,047	-21.4%	In line with the decrease in commodities reveue.
10	BUY BACK CENTER - Payment to Customers	(812,243)	(891,314)	365,917	(878,200)	13,114	-1.5%	Slightly under budget in line with the drop in commodities.
11	E-SCRAP COMMODITY REVENUES	15,367	13,094	3,709	8,902	(4,192)	-32.0%	Lower ES revenue than budgeted.
12	MRF HOST FEE - SBR Third-Party Contracted Tons	\$ 90,575	\$ -	\$ 14,088	\$ 14,088	\$ 14,088	0.0%	Recology continued to bring a smaller volume of tons till the month of October.
13	HHW ON-CALL COLLECTION SERVICE - NEW	335,028	-	-	-	-	0.0%	Contract discontinued.
14	COMMERCIAL RECYCLING ORDINANCE FEE	6,723	15,000	-	15,000	-	0.0%	Ordinance fee rev. paid by comm.recycler
15	MISCELLANEOUS REVENUE	136,557	30,000	-	30,000	-	0.0%	CA Paint Care program
16	<b>SUB OPERATIONS</b>	<b>\$ 45,637,291</b>	<b>\$ 46,853,773</b>	<b>\$ 20,712,220</b>	<b>\$ 48,746,977</b>	<b>\$ 1,893,204</b>	<b>4.0%</b>	
17	<b>FIRE RELATED REVENUE:</b>							
22	NET INSURANCE PROCEEDS	\$ 7,542,055	-	-	\$ 258,508	258,508	0.0%	Residue hauling charges and Misc. charges
23	<b>SUB FIRE REVENUE</b>	<b>\$ 7,542,055</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 258,508</b>	<b>\$ 258,508</b>	<b>0.0%</b>	
24	<b>TOTAL OPERATING REVENUES</b>	<b>\$ 53,179,346</b>	<b>\$ 46,853,773</b>	<b>\$ 20,712,220</b>	<b>\$ 49,005,485</b>	<b>\$ 2,151,712</b>	<b>4.6%</b>	
25	<b>TOTAL REVENUE</b>	<b>\$ 53,276,522</b>	<b>\$ 46,960,353</b>	<b>\$ 20,776,876</b>	<b>\$ 49,180,563</b>	<b>\$ 2,220,211</b>	<b>4.7%</b>	
26	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 41,732,971</b>	<b>\$ 44,137,464</b>	<b>\$ 42,280,176</b>	<b>\$ 47,569,865</b>	<b>\$ 3,432,401</b>	<b>7.8%</b>	
27	<b>NET OPERATING INCOME</b>	<b>\$ 11,543,551</b>	<b>\$ 2,822,888</b>	<b>\$ (21,503,300)</b>	<b>\$ 1,610,698</b>	<b>\$ (1,212,190)</b>	<b>-42.9%</b>	
28	<b>DEPRECIATION EXPENSE</b>	<b>\$ 3,337,059</b>	<b>\$ 3,144,496</b>	<b>\$ 3,144,496</b>	<b>\$ 3,144,496</b>	<b>\$ -</b>	<b>0.0%</b>	
28	<b>NET OPERATING INCOME AFTER DEPRECIATION</b>	<b>\$ 8,206,492</b>	<b>\$ (321,608)</b>	<b>\$ (24,647,796)</b>	<b>\$ (1,533,798)</b>	<b>\$ (1,212,190)</b>	<b>376.9%</b>	

MID-YR-REVENUES 2018

Attachment A. FY17/18 Budget Expense Detail

line	EXPENDITURE SUMMARY	ACTUAL FY16/17	APPROVED BUDGET FY17/18	YTD SPENT 11/30/17	MID-YEAR BUDGET FY17/18	Variance to Approved Budget	Variance % to Approved Budget	Staff	Notes
1	ADMINISTRATIVE EXPENSES								
2	ADMINISTRATIVE STAFF	\$ 512,106	\$ 538,710	\$ 231,771	\$ 549,645	\$ 10,935	2.0%	FF	Merit increase
3	MANDATED COMPLIANCE SUPPORT STAFF	538,683	569,370	245,379	593,858	24,488	4.3%	FF	Management coverage for Faustina
4	EMPLOYEE RECRUITMENT/HR SUPPORT	1,625	15,000	325	15,000	-	0.0%	CU/FF	On call human resources planning, organization development services
6	PEO COST (RGS/LGS ADMIN FEES)	2,366	-	-	-	-	0.0%	FF	Discontinuation of administrative service for the recycling manager contract position.
7	BOARD COUNSEL	105,023	65,000	21,583	65,000	-	0.0%	CU	Legal expenses
8	BOARD MEETINGS	4,274	5,000	4,028	5,000	-	0.0%	CU	Includes Board meeting and Event food
9	ACCOUNTING SERVICES	139,950	145,000	72,500	145,000	-	0.0%	FF	Payment to City San Carlos for account services contracted-out
10	INFORMATION SYSTEMS	25,886	30,240	16,428	30,240	-	0.0%	CU	Expenses to maintain the information system
12	WEBSITE	12,000	12,100	8,983	12,100	-	0.0%	CU	Expenses to maintain the Web information system
13	ANNUAL AUDIT	5,735	8,860	2,588	8,860	-	0.0%	FF	Fees paid to auditors to complete FY & Calendar year financial statements.
14	D&O INSURANCE	44,890	45,890	44,580	45,890	-	0.0%	FF	Annual insurance premium for director's and officer's insurance
15	BANK FEES	7,046	9,240	3,297	9,240	-	0.0%	FF	Bank fees inclusive of fees paid to BNY as the Bond Trustee.
16	RENT	54,847	56,000	22,853	56,000	-	0.0%	CU	Rent for the office from the City of San Carlos
17	PRINTING AND POSTAGE	171	500	95	500	-	0.0%	CU	Prints and postage
20	UTILITIES	17,174	20,000	10,499	20,000	-	0.0%	CU	Includes phone and janitor services.
21	OFFICE/TENANT IMPROVEMENTS	31,267	50,000	55,375	50,000	-	0.0%	CU	Tennant improvement & office services
22	OFFICE SUPPLIES	13,567	16,000	4,550	16,000	-	0.0%	CU	Office supplies
23	OFFICE EQUIPMENT COSTS	16,517	30,000	4,401	30,000	-	0.0%	CU	Includes Copier \$600 per mo. base lease and \$200 per month for copies
24	PUBLICATIONS & PUBLIC NOTICES	-	3,000	-	3,000	-	0.0%	CU	Estimate for two public notices if doing more than one public bid this item will need to go up
25	PROFESSIONAL DUES & MEMBERSHIPS	4,034	2,500	371	2,500	-	0.0%	CU	Memberships to trade and community organizations (CRRA, SWMA, NCRA, CCAC)
26	VEHICLE MILEAGE & TOLLS	54	75	271	600	525	700.0%	CU	Auto allowance.
27	CELL PHONES	993	5,000	-	5,000	-	0.0%	CU	Cell phone business expense.
28	CONFERENCE & MEETINGS	12,496	20,000	4,203	20,000	-	0.0%	CU	CRRA conference, progress seminar, SWANA meetings, lunch for SBWMA meetings, State of the City addresses.
29	TRAINING	2,420	10,000	199	10,000	-	0.0%	CU	Staff training opportunities.
31	SPONSORSHIPS & DONATIONS	14,000	30,000	9,000	30,000	-	0.0%	CU	CAW, CRRA, SWANA, Acterra, Sustainable San Mateo, CPSC, NCRA conference and meetings.
32	LEGISLATIVE & REGULATORY ADVOCACY	-	30,000	-	30,000	-	100.0%	JL	Extend producer responsibilities ( battery safety & diversion program support).
33	COMPUTER PURCHASE	4,354	12,000	10,501	12,000	-	0.0%	CU	Computer for Farouk, Ed Center and two new hires.
34	<b>TOTAL ADMINISTRATIVE</b>	<b>\$ 1,571,478</b>	<b>\$ 1,729,485</b>	<b>\$ 773,779</b>	<b>\$ 1,765,433</b>	<b>\$ 35,948</b>	<b>2.1%</b>		
35	<b>MEMBER AGENCY SUPPORT &amp; CONTRACT COMPLIANCE</b>								
36	RATE REVIEW	\$ 13,861	\$ 59,030	\$ 34,561	\$ 59,030	\$ -	0.0%	FF	30k financial auditing office temp support, \$30k support to align rates and cost.
37	FACILITY IMPROVEMENT OVERSIGHT	37,143	100,000	11,760	100,000	-	0.0%	HG	Engineering and construction management support
38	CONTRACT ANNUAL AUDITING	24,966	70,000	-	70,000	-	0.0%	FF	Annual Financial & Reporting Audit of RSMC and SBR at \$40K. \$15K for reviewing annual route assessment.
39	COLLECTION SERVICES FRANCHISE ADMIN.	301,953	55,000	6,230	55,000	-	0.0%	JL	FA compliance \$40k; call center \$15k;
40	FINANCE ANALYSIS' SUPPORT	2,251	40,000	140	40,000	-	0.0%	FF	On-Call consultant support as needed to support Member Agency.
41	WASTE CHARACTERIZATION SUPPORT	27,110	30,000	12,676	30,000	-	0.0%	HG/JL	Characterization support
42	COLLECTION RFP CONSULTING SUPPORT	-	450,000	-	450,000	-	0.0%	JL	Placeholder amount if Recology Contract Negotiations are not successful
43	BATTERY MANAGEMENT PLANNING	-	85,000	3,150	85,000	-	-	-	-
44	HHW DOOR TO DOOR COLLECTION OUTREACH	329,064	-	-	-	-	0.0%	JL	Program discontinued.
45	<b>TOTAL MEMBER AGENCY SUPPORT &amp; CONTRACT COMPLIANCE</b>	<b>\$ 736,348</b>	<b>\$ 889,030</b>	<b>\$ 68,517</b>	<b>\$ 889,030</b>	<b>\$ -</b>	<b>0.0%</b>		
46	<b>STATE MANDATED PUBLIC EDUCATION &amp; OUTREACH</b>								
47	STATE'S REQUIRED ANNUAL REPORTS	\$ 19,960	\$ 28,000	\$ 28,000	28,000	\$ -	0.0%	JL	Annual AB 939 submittal of EARs for 10-MAs .
48	SBWMA ANNUAL REPORT	-	10,000	-	10,000	\$ -	0.0%	JL	Expense for report printing and postage
49	DIVERSION PROGRAM SUPPORT	10,545	50,000	-	50,000	\$ -	0.0%	JL	Support with diversion programs \$10k and public spaces recycling assistance \$40k.
50	RECYCLING REPORTING EXPENSES <sup>1</sup>	420	-	-	-	\$ -	0.0%	JL	
51	EVENT GIVEAWAYS	-	15,000	3,711	15,000	\$ -	0.0%	JL	
52	DIVERSION AND COMPLIANCE PROGRAMS	47,907	395,000	106,825	395,000	\$ -	0.0%	JL	See detail of Diversion and LRP programs to be implemented in fiscal year
53	LARGE EVENT/VENUE SUPPORT/SHREDDING	-	12,500	-	12,500	\$ -	0.0%	JL	Shredding support
54	CLIMATE ACTION PLANNING	12,204	29,000	7,675	29,000	\$ -	0.0%	JL	Annual climate register & Member Agency support.
55	RECYCLING TECHNICAL ASSISTANCE	-	30,000	-	30,000	\$ -	0.0%	JL	AB1826 & 341 Compliance
56	COMMERCIAL/MFD CONTAINERS	31,253	60,000	-	60,000	\$ -	0.0%	JL	MFD recycle bags \$20, internal R containers \$20 MA containers \$20 per Franchise Agreements.
52	MULTI-FAMILY OUTREACH	1,545	50,000	-	50,000	\$ -	0.0%	JL	AB341&1826 Compliance \$10; MFD Toolkit \$20; Battery phones subscription \$10; Annual MFD awards \$10
58	MEMBER AGENCY & RATE PAYER EDUCATION	-	110,000	-	110,000	\$ -	0.0%	JL	Quarterly news letters to Agencies.
59	RESIDENTIAL OUTREACH PROGRAMS	6,806	65,000	9,441	65,000	\$ -	0.0%	JL	Outreach per FA \$40k; Annual Service Notice FA \$10k; website & Social media \$15k;
60	COMMUNITY EVENTS	-	20,000	-	20,000	\$ -	0.0%	JL	Community events support
61	HHW PROGRAM OUTREACH	40,619	80,000	-	80,000	\$ -	0.0%	JL	Education letters regarding HHW disposition.
62	CURBSIDE HOUSEHOLD BATTERY OUTREACH	-	75,000	-	75,000	\$ -	0.0%	JL	New program to educate customers about risk of battery fires and recycling options
63	SHRED EVENT SERVICE	4,318	5,000	9,654	5,000	\$ -	0.0%	JL	
64	<b>TOTAL STATE MANDATED PUBLIC EDUCATION &amp; OUTREACH</b>	<b>\$ 175,577</b>	<b>\$ 1,034,500</b>	<b>\$ 165,306</b>	<b>\$ 1,034,500</b>	<b>\$ -</b>	<b>0.0%</b>		

Attachment A. FY17/18 Budget Expense Detail

line	EXPENDITURE SUMMARY	ACTUAL FY16/17	APPROVED BUDGET FY17/18	YTD SPENT 11/30/17	MID-YEAR BUDGET FY17/18	Variance to Approved Budget	Variance % to Approved Budget	Staff	Notes
65	<b>TOTAL SBWMA PROGRAM BUDGET</b>	\$ 2,483,403	\$ 3,653,015	\$ 1,007,603	\$ 3,688,963	\$ 35,948	1.0%		
66	<b>SHOREWAY OPERATIONS</b>								
67	OPERATING CONTRACT - SBR OPERATIONS	18,518,805	18,936,520	8,986,563	19,551,983	615,463	3.3%	FF	Unfavorable rate variance of \$.320 million due to higher residue percentage of 12% vs. 7% budgeted, and unfavorable volume variance of \$.295 million due to higher volume.
68	DISPOSAL	16,513,386	15,859,400	7,376,159	18,047,130	2,187,730	13.8%	FF	Unfavorable price variance of \$.297 million due to increase in disposal rates and unfavorable volume variance of \$1.891 million due to higher volume of 28,707 tons mostly in food waste and C&D.
69	INSURANCE SHOREWAY	206,052	576,500	384,509	780,000	203,500	35.3%	FF	Noticable increase in property insurance due to fire.
70	SHOREWAY FACILITY COST	131,514	200,000	178,652	200,000	-	0.0%	HG	Budget for unanticipated routine Shoreway maintenance items that are non-CapEx
71	SHOREWAY MAINTENANCE - NEW	28,221	-	-	-	-	0.0%	HG	
72	CREDIT CARDS CHARGES	104,283	140,600	46,624	112,000	(28,600)	-20.3%	FF	Averaging lower bank charges than budgeted.
73	SHOREWAY CHARGES	26,690	26,690	11,121	26,690	-	0.0%	FF	Amortization of trailer cost
74	EDUCATION CENTER OPERATIONS	44,486	60,000	21,661	60,000	-	0.0%	JL	Expense for Shoreway tours program and busing. (w/o staff expense)
75	MAINTENANCE - OX MTN TIPPER	18,110	36,000	1,698	36,000	-	0.0%	HG	Maintenance expense for truck tipper located at Ox Mtn and owned by JPA
76	SHOREWAY MRF EQUIP. MAINTENANCE > \$10k	-	30,000	-	30,000	-	0.0%	HG	Unanticipated MRF equipment maintenance (non-CapEx) expense
77	SEWER FEES (PROPERTY TAX)	60,351	61,860	22,093	44,186	(17,674)	-28.6%	FF	Property tax for Shoreway operation are down due to the running of only one shift in 2018.
78	<b>SUB SHOREWAY OPERATIONS COST</b>	\$ 35,651,898	\$ 35,927,570	\$ 17,029,079	\$ 38,887,988	\$ 2,960,418	8.2%		
79	<b>FIRE RELATED EXPENSES:</b>								
80	OPERATING CONTRACT - SBR - FIRE RELATED	\$ 4,725,903	\$ -	\$ -	\$ 258,508	\$ 258,508		FF	Hauling charges for residue from MRF to TS and other miscellaneous fire expenses.
83	<b>SUB FIRE COST</b>	\$ 4,725,903	\$ -	\$ -	\$ 258,508	\$ 258,508	0.0%		
84	<b>TOTAL SHOREWAY OPERATION</b>	\$ 40,377,801	\$ 35,927,570	\$ 17,029,079	\$ 39,146,496	\$ 3,218,926	9.0%		
85	<b>NON-OPERATING EXPENSES</b>								
86	DEBT SERVICE BOND INTEREST	\$ 2,759,746	\$ 2,710,170	\$ 459,752	\$ 2,710,170	\$ -	0.0%	FF	Solid Waste Enterprise Revenue Bond interest payments.
87	FRANCHISE FEE	1,853,604	1,846,710	845,481	2,024,236	177,526	9.6%	FF	5% Franchise fees paid by JPA to the City of San Carlos (amount changes as Shoreway tip fees change)
88	<b>TOTAL NON-OPERATING EXPENSES</b>	\$ 4,613,350	\$ 4,556,880	\$ 1,305,233	\$ 4,734,406	\$ 177,526	3.9%		
89	<b>TOTAL SHOREWAY OPERATING EXPENSES</b>	\$ 44,991,151	\$ 40,484,450	\$ 18,334,312	\$ 43,880,902	\$ 3,396,453	8.4%		
90	<b>TOTAL OPERATING EXPENSES (SBWMA Program + Shoreway Operations)</b>	\$ 47,474,554	\$ 44,137,464	\$ 19,341,915	\$ 47,569,865	\$ 3,432,401	7.8%		

## Attachment A. FY17/18 Mid-YR Capital Budget

Capital Project Name	FY17/18	FY18/19	FY19/20	FY20/21
Transfer station tipping floor resurfacing	\$ 225,000	\$ -	\$ 250,000	\$ -
Site paving repairs and restriping	50,000	-	500,000	500,000
Transfer station building maintenance	50,000	50,000	50,000	50,000
Administration building maintenance	75,000	40,000	40,000	200,000
Site maintenance	150,000	50,000	50,000	50,000
Enhanced fire suppression	325,000	200,000	50,000	100,000
Repairs to landfill tipper	15,000	15,000	15,000	-
Education center exhibits	15,000	-	-	30,000
Storm water treatment system	30,000	1,200,000	50,000	-
Glass conveyance and loadout system	550,000	-	-	-
Transfer station building expansion <sup>1</sup>	-	2,865,437	-	-
MRF Equipment Replacement <sup>4</sup>	-	-	-	1,206,940
<b>Total</b>	<b>\$ 1,840,000</b>	<b>\$ 4,495,437</b>	<b>\$ 1,095,000</b>	<b>\$ 2,211,940</b>

<i>Mixed waste processing equipment</i> <sup>2</sup>	-	13,984,400	-	-
<i>Fueling system replacement</i> <sup>3</sup>	-	-	1,500,000	-
<i>MRF sorting equipment replacement</i> <sup>4</sup>	-	-	-	-

Special Funding for Above Italic Items

1. Proposed funding from Capital Reserves (Mid-Year FY16/17 balance \$4.66M)
2. Proposed funding through new JPA debt
3. Proposed funding from Shoreway Remediation Fund (Mid-Year FY16/17 balance \$1.20M)
4. MRF Equipment Replacement Reserve (Mid-Year FY16/17 balance \$1.5M)

**ATTACHMENT B - Mid Budget FY 2018**

Update: January 2018

Summary Tables

Table 1

	FY1718 Proposed Budget	FY1718 Mid-Year Projections	2018 Mid-Year vs. Budget Variance	%
<b>TIP FEE REVENUE</b>				
<u>Franchise</u>				
Tons	287,850	288,283	433	0.2%
Wtd Avg. Tip Fee	\$ 104.53	\$ 107.35	\$ 2.82	2.7%
Franchise Revenue	\$ 30,088,837	\$ 30,948,346	\$ 859,509	2.9%
<u>Public</u>				
Tons	13,058	28,550	15,492	118.6%
Wtd Avg. Tip Fee	\$ 101.47	\$ 106.54	\$ 5.08	5.0%
Public Revenue (Tons)	\$ 1,324,957	\$ 3,041,853	\$ 1,716,897	129.6%
Yards	192,232	220,076	27,844	14.5%
Wtd Avg. Tip Fee	\$ 38.32	\$ 38.70	\$ 0.38	1.0%
Public Revenue (CY)	\$ 7,366,342	\$ 8,517,916	\$ 1,151,574	15.6%
Total Public	\$ 8,691,298	\$ 11,559,769	\$ 2,868,471	33.0%
<b>Total Tip Fee Revenue</b>	<b>\$ 38,780,135</b>	<b>\$ 42,508,115</b>	<b>\$ 3,727,980</b>	<b>9.6%</b>

Table 2

	FY1718 Proposed Budget	FY1718 Mid-Year Projections	2018 Mid-Year vs. Budget Variance	%
<b>COMMODITY REVENUE</b>				
Tons Sold	70,869	64,296	(6,573)	-9.3%
Wtd Avg. Price	\$ 141.76	\$ 123.57	\$ (18.20)	-12.8%
<b>Gross Revenue</b>	<b>\$ 10,046,673</b>	<b>\$ 7,944,839</b>	<b>\$ (2,101,834)</b>	<b>-20.9%</b>
Revenue Share w/ SBR	\$ (1,139,814)	\$ (895,767)	244,047	-21.4%
Buyback Payments	\$ (891,314)	\$ (878,200)	13,114	-1.5%
<b>Net Commodity Revenue</b>	<b>\$ 8,015,544</b>	<b>\$ 6,170,872</b>	<b>\$ (1,844,672)</b>	<b>-23.0%</b>

Table 3

<b>SBR OPERATING EXPENSE</b>				
	FY1718 Proposed Budget	FY1718 Mid-Year Projections	2018 Mid-Year vs. Budget Variance	%
<b>a. Summary</b>				
MRF	\$ 6,940,933	\$ 6,617,893	\$ (323,040)	-4.7%
Transfer Station	\$ 4,736,799	\$ 5,110,956	374,157	7.9%
Transportation	\$ 7,144,512	\$ 7,708,865	564,353	7.9%
Interest	\$ 114,277	\$ 114,270	(7.00)	0.0%
<b>TOTAL SBR EXPENSE</b>	<b>\$ 18,936,520</b>	<b>\$ 19,551,983</b>	<b>\$ 615,463</b>	<b>3.3%</b>
<b>b. SBR Expense Detail</b>				
<u>MRF</u>				
Tons, net	76,171	73,281	(2,890)	-3.8%
Rate	\$ 91.12	\$ 90.31	\$ (0.81)	-0.9%

Expense	\$ 6,940,933	\$ 6,617,893	\$ (323,040)	-4.7%
<b>Transfer Station</b>				
Tons	363,382	392,090	28,707	7.9%
Rate	\$ 13.04	\$ 13.04	\$ (0.00)	0.0%
Expense	\$ 4,736,799	\$ 5,110,956	\$ 374,157	7.9%
<b>Transportation</b>				
Tons	363,382	392,090	28,707	7.9%
Wtd. Avg. Rate	\$ 19.66	\$ 19.66	\$ (0.00)	0.0%
Expense	\$ 7,144,512	\$ 7,708,865	\$ 564,353	7.9%
<b>Interest</b>	114,277	114,270	\$ (7)	0.0%
<b>TOTAL SBR EXPENSE</b>	\$ 18,936,520	\$ 19,551,983	\$ 615,463	3.3%

Table 4

DISPOSAL & PROCESSING EXPENSE				
	FY1718 Proposed Budget	FY1718 Mid-Year Projections	2018 Mid-Year vs. Budget Variance	%
<b>Summary</b>				
TS Tons	363,382	392,090	28,707	7.9%
Wtd Avg. Rate	\$ 43.64	\$ 46.03	\$ 2.38	5.5%
<b>Disposal Expense</b>	<b>\$ 15,859,400</b>	<b>\$ 18,047,130</b>	<b>2,187,730</b>	<b>13.8%</b>
Detail - 2018 Budget	FY1718 Budget Rate	FY1718 Mid-Budget Rate	FY1718 Mid-Budget Expense	% of Total
Ox Mountain MSW	\$ 41.43	\$ 41.42	\$ 8,537,845	47%
Ox Mountain Aggregates	\$ 27.96	\$ 27.96	\$ -	0%
Organics (Newby)	\$ 53.22	\$ 58.87	\$ 2,946,031	16%
Organics (Grover)	\$ 36.27	\$ 36.29	\$ 2,826,214	16%
C&D	\$ 62.02	\$ 62.26	\$ 3,613,794	20%
Other (misc disposal less MRF & 3rd party residue paid by SBR)	\$ -	\$ -	\$ 123,246	1%
<b>TOTAL</b>	<b>\$ 43.13</b>	<b>\$ 45.71</b>	<b>\$ 18,047,130</b>	<b>100%</b>

## STAFF REPORT

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To: SBWMA Board Members  
From: Joe La Mariana, Executive Director  
Date: January 25, 2018 Board of Directors Meeting  
Subject: Resolution Approving Agreement with R3 Consulting Group, Inc. to Conduct a Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems for Calendar Years 2017, 2018 and 2019

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### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2018-05 attached hereto authorizing the following action:

Authorize the Executive Director to execute a contract with R3 Consulting Group, Inc. (R3) for:

1. A Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems for audit (calendar) years 2017, 2018 and 2019, and
2. A Financial Systems Audit of the SBWMA Collection Services and Facilities Operations Contractors for audit (calendar years 2017, 2018 and 2019).

These services will be provided to the SBWMA on a not-to-exceed annual budget for their services basis \$49,830, or a total of \$149,490. The Agency reserves the right to bring all or portions of this work in-house during this period, the contract language will be reflected accordingly.

### Summary

The purpose of this annual audit is to verify for completeness and accuracy the self-reported data and information for each audit (calendar) year 2017, 2018 and 2019 provided by our two main contractors, Recology San Mateo County (Recology) and South Bay Recycling (SBR). This self-reported information affects the compensation paid to the contractors and the disincentive payments and liquidated damages paid by the contractors to the Member Agencies. These assessments—particularly the financial systems audits—provide independent, third-party review and verification of the SBWMA's two primary contractor's financial and core operational data that directly feed into the Agency's cost structure which, in turn, an important conduit into the Member Agency's annual rate setting calculations. These audits provide an important financial integrity step for the rate payer's funds that our Agency is fiduciarily tasked with managing. It is noted that Staff envisions a potential future scenario in which the Collection Services and Facility Operations audit (not the Financial Systems audit) is conducted in-house on annual basis.

Each of these three audits will be conducted independently, on an annual basis, in the year after the audit period. For example, the 2017 audit will be conducted in the spring of 2018. These audits will focus on the data included in each audit year. Including Annual Reports issued by the contractors and their various functions related to compiling, maintaining and reporting this data. Thus, the audit work will verify that both Recology and SBR are accurately obtaining, compiling and reporting the information included in their Annual Report(s) to the Member



Agencies and the SBWMA per the requirements prescribed in the Franchise Agreement(s) and the Shoreway Facility Operations Agreement, respectively.

**Analysis**

The SBWMA is seeking to contract with R3 to perform an audit of data and information related to the 2017, 2018 and 2019 Annual Report(s) of our two contractors, Recology and SBR. In 2014, the SBWMA issued a Request for Proposal (RFP) for a Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Auditing Project to five potential proposers which were likely qualified to perform the requested audit work. Based on the results of that RFP process, staff then recommended contracting with R3 to perform this work for audit (calendar) year 2014 and R3 has since conducted these annual audits on the Agency's behalf. In 2016, R3 provides the SBWMA a 15% discount by bundling both the Annual Report Review and the Financial Systems audit with their firm.

Today, the SBWMA continues to benefit from R3's increasing familiarity of the assigned work and their strong interest in working with the Agency as demonstrated in an eight (8) year comparative table of historical costs for that the SBWMA has incurred (and is currently proposed) in **Table 1** (below). It is important to note that R3 has also proposed to fix their not-to-exceed costs for providing these audit services for the three-year duration of the proposed term (2017-2019).

Table 1. SBWMA Financial and Operational Systems Audit Costs: Historical Comparatives								
Contractor	2012	2013	2014	2015	2016	2017	2018	2019
	HF&H	HFH(Finance) R3 (Operations)	R3	R3	R3	R3 (Proposed)	R3 (Proposed)	R3 (Proposed)
Financial System Audit Cost	\$56,881	\$47,792	\$38,131	\$35,743	\$24,985	\$25,575	\$25,575	\$25,575
Operational Systems Audit Cost	\$47,030	\$48,000	\$37,000	\$34,816	\$24,640	\$24,255	\$24,255	\$24,255
<b>Total Audit Cost Per Year</b>	<b>\$103,911</b>	<b>\$95,792</b>	<b>\$75,131</b>	<b>\$70,559</b>	<b>\$49,625</b>	<b>\$49,830</b>	<b>\$49,830</b>	<b>\$49,830</b>

To summarize the scope of work, the Annual Report Review will entail a thorough assessment and verification of Recology and SBR's 2017, 2018 and 2019 Annual Report(s) which includes verifying tonnage allocation, liquidated damages, performance incentives and disincentives, customer service call center data and billing. The full scope of work is provided in the R3 proposal (**Exhibit A**).

**Background**

The Member Agencies Collection Services Franchise Agreements with Recology prescribe numerous reporting requirements that ultimately have a direct effect on Member Agency garbage collection rates charged to their customers. It is very important that the self-reported data and information included in the contractor's annual reports is correctly verified by the Member Agencies. Numerous components of these reports are included in the company's respective applications for an adjustment to contractor's compensation due in June/July each year.

**Fiscal Impact**

The SBWMA FY17-18 budget includes \$70,000 for "Contract Annual Auditing" (line item 38). The contract with R3 Consulting for a not-to-exceed amount of \$49,830 for the 2017 set of audits will be paid with these funds.

**Attachments:**

Resolution 2018-05

Exhibit A –R3's Proposal for 2017 Annual Audits of Recology and South Bayside Recycling



## RESOLUTION NO. 2018-05

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH R3 CONSULTING GROUP FOR A COLLECTION SERVICES AND FACILITY OPERATIONS REPORTS, TONNAGE DATA AND CUSTOMER SERVICE SYSTEMS AUDIT AND A FINANCIAL SYSTEMS AUDIT OF COLLECTION SERVICES AND FACILITY OPERATIONS CONTRACTORS FOR AUDIT (CALENDAR) YEARS 2017, 2018 AND 2019

**WHEREAS**, the South Bayside Waste Management Authority (SBWMA) Board of Directors has considered entering into a contract with R3 Consulting Group for the purpose of providing a Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Auditing Project for 2017, 2018 and 2019; and a Financial Systems Auditing Project for 2017, 2018, and 2019, and

**WHEREAS**, the R3 Consulting Group has the appropriate qualifications and experience in the industry and with the SBWMA, and with the unique scope of work required to conduct the 2017, 2018, and 2019 auditing work; and

**WHEREAS**, attached as **Exhibit A** hereto is the R3 proposal with the scope of work.

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby authorizes Executive Director to execute an Agreement with R3 Consulting Group with a not-to-exceed budget of \$49,830 annually for three years, with a total not to exceed amount of \$149,140 over the 3 year period.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25<sup>th</sup> day of January 2018, 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. 2018-05 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on January 18, 2018.

ATTEST:

\_\_\_\_\_  
Bob Grassilli, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Board Secretary

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1512 Eureka Road, Suite 220, Roseville, CA 95661  
Tel: 916-782-7821 | Fax: 916-782-7824

2600 Tenth Street, Suite 424, Berkeley, CA 94710  
Tel: 510-647-9674

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627 S. Highland Avenue, Suite 300, Los Angeles, CA 90036  
Tel: 323-559-7470

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January 12, 2018

Mr. Joseph La Mariana, Executive Director  
South Bayside Waste Management Authority  
610 Elm Street, #202  
San Carlos, CA 94070

**Subject: Proposal for 2017 Annual Audits of Recology and South Bay Recycling**

Dear La Mariana:

R3 Consulting Group, Inc. (R3) is pleased to submit this proposal to conduct the 2017, 2018 and 2019 Collection Services and Facility Operations Reports, Tonnage, Data and Customer Service Systems Auditing Project and Financial Systems Audit of Collection Services and Facility Operations Contractors (Annual Audits) for the South Bayside Waste Management Authority (RethinkWaste).

Established in 2002, R3 is a solid waste management consulting firm that has been in business for 15 years. ***We work exclusively for municipal agencies responsible for solid waste management*** – we do not work for private solid waste management service providers. One of R3's core services is assisting public agencies, like RethinkWaste, that manage private sector service providers with a review of the rates, finances and operations of those service providers. We believe that our qualifications and ability to conduct a high-quality review for RethinkWaste is most effectively demonstrated by our repeated selection to conduct detailed and complex financial audits and rate analyses for jurisdictions throughout California. Those projects include:

- The past three Financial Systems Audits and the past four Annual Report Audits for RethinkWaste;
- The 2017 detailed rate review of Recology's rate application to the City of San Francisco;
- Our detailed rate review projects for the City of San Jose;
- Our multiple (over two dozen) contractor compliance reviews and billing and fee audits;
- Our hauler tonnage and fee audits conducted annually for the past five years for the cities of Citrus Heights, Elk Grove, Rancho Cordova and Sacramento and Sacramento County; and
- Our financial audit of the City of Fresno's contracted transfer station operator.

R3 gained considerable insight into both Recology's and SBR's monthly, quarterly, and annual reports and internal controls as part of conducting the 2013, 2014, 2015 and 2016 Review of Collection Services and Facility Operations Reports, Tonnage, Data and Customer Service Systems Auditing Project for RethinkWaste, as well as the 2014, 2015 and 2016 Financial Systems Audits. During those prior audits, we became intimately familiar with SBR's "PC Scales" tonnage tracking system as well as Recology's internal "TQR4 reports" customer service and operations ticketing software. Based on our prior reviews, we have

recommended improvements to SBR and Recology general reporting contents, Recology customer service center call coding and complaint documentation processes, and Recology billing audit data tracking.

## Recommendations for 2017 Annual Audits

Prior Annual Audits have found that RethinkWaste's contracts (Recology and South Bay Recycling) maintain logical, consistent, and mathematically accurate financial and reporting systems relative to the annual revenue and other reports they are required to provide. As a result, these annual audits have yielded limited adjustments in recent years; in R3's opinion, this is a testament to the effectiveness of the reporting and auditing processes, which ensure that information submitted by the contractors is verified and accurate. It is important for RethinkWaste to recognize that both contractors maintain complex financial systems that handle and allocate millions of dollars each year. These systems have generally been functioning well, but their accuracy depends on the institutional experience of the individuals maintaining those systems, with the potential for human error being significant (especially if there are changes in contractor personnel). Annually ensuring that these systems are functioning as intended remains an important means of preventing reporting and financial errors and protecting the interests of RethinkWaste, its member agencies, and ratepayers.

Prior Annual Audit work scopes have had limited flexibility to pursue anomalies, if detected. This year, we suggest that RethinkWaste consider including a contingency on these audits to allow for a more thorough review of anomalies in key areas of the contractors' annual reports and financial systems in addition to continuing the same audit function as in prior years. For example, this contingency may be used to follow-up on and document implementation status of recommendations in prior years' audits, to perform additional analysis on items of importance to RethinkWaste, and/or to further investigate anomalies that are identified during the audit process. To that end, this proposal includes a suggested contingency for additional tasks (as of yet unidentified) which are intended to focus on key areas of interest that will be identified during the course of conducting this year's Annual Audits. We welcome RethinkWaste staff input into that process. We suggest that this be achieved via a thorough review of previous work papers and a meeting with RethinkWaste staff to discuss and confirm focus areas for this year's Annual Audits.

## Project Team

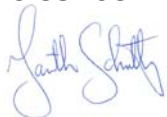
The project team for this engagement will be me (Garth Schultz), William Schoen, Emily Ginsburg, Rose Radford, and Claire Wilson. I, William, Emily and Rose have all participated in prior Annual Audits for RethinkWaste, and Claire will be joining our team this year to provide additional support to other analysts.

\* \* \* \* \*

We appreciate the opportunity to submit our proposal to RethinkWaste. Should you have any questions regarding our proposal, or need any additional information, please contact me by phone at (510) 292-0853 or by email at [gschultz@r3cgi.com](mailto:gschultz@r3cgi.com).

Sincerely,

**R3 CONSULTING GROUP**



Garth Schultz | Principal

# Scope of Work

## Annual Report Audit

### Task 1 Annual Report Audit Data Request

Upon receiving “Authorization to Proceed” from RethinkWaste staff, R3 will schedule kick-off calls with RethinkWaste and contractor staff, as appropriate. Prior to the calls, R3 will review the work papers from our prior audit and schedule a conference call with RethinkWaste staff. The calls will allow the R3 project team, RethinkWaste staff, and contractor staff to discuss the Scope of Work, project goals and objectives, deliverable due dates, and also address the findings and recommendations from last year’s audit. R3 will provide requests for information to be issued to each of the contractors.

R3 project team members will be available to provide status updates via conference call throughout the duration of the project.

Task 1 will include:

- Prior to the kick-off calls, preparing and sending separate requests for information to the contractors (Recology and SBR) to provide background on topics to be discussed:
  - Requesting a narrative of Recology and SBR’s step-by-step procedures for allocating tons and identifying variances from the prior year;
  - Preparing an agenda and scheduling calls with RethinkWaste and the contractors to discuss the goals and objectives of the audit and to reach agreement on the roles and responsibilities of RethinkWaste, the contractors and consultant; and
  - Discussing the content of the final report and reaching an agreement on a project timeline, including deliverable due dates for information needed from the contractors.

### Task 2 Verify Completeness and Mathematical Accuracy of 2017 Quarterly and Annual Reports

R3 will verify that Recology’s and SBR’s 2017 quarterly/annual reports are complete, mathematically accurate, and logically consistent. Reporting requirements are specified in Article 9 (Record Keeping and Reporting) of Recology’s franchise agreements and Article 9 (Contractor Records/Reports) of SBR’s operating agreement.

Task 2 will include:

- Confirming quarterly and annual reports submitted by the contractors contain complete information (broken down by month) for each of the reporting categories required in accordance with Article 9.06 of the Recology Franchise Agreement(s) and Article 9.5 of the SBR Operating Agreement; and
- Verifying the mathematical accuracy of the calculations contained in the reports:
  - Requesting missing information from the appropriate contractor.

### Task 3 Interview Contractors to Determine Sources of Reported Data

R3 will interview SBR and Recology staff to determine the sources of reported data and the process for inputting and handling data. This will include all reported tonnage data, customer service data, and liquidated damage, incentive, and disincentive occurrences.

Task 3 will include:

- Communicating with contractors to discuss the source documents used to populate each section of their quarterly reports;
- Tracing at least one data point of each section to verify the documents stated to be the source do in fact tie to the data point:
  - If data does not tie, R3 will request clarification until the ultimate source documents have been accurately determined and obtained.

### Task 4 Verify Accuracy of Tonnage Data Reported Quarterly by Recology

R3 will verify the accuracy of quarterly tonnage data reported by Recology in 2017. Recology's quarterly tonnage data is based on Monthly Tonnage Reports that allocate franchised tonnages among each of the member agencies for the following categories:

- Commercial;
- Multi-Family Dwelling (MFD);
- Roll-Off; and
- Residential.

The Monthly Tonnage Report figures are electronically linked to data reported in supporting workbook spreadsheets for solid waste targeted recyclables and organic materials, all of which contain hard-coded inputs (i.e., are not electronically linked to the supporting data source). Each spreadsheet reports tonnages for the following categories:

- Single-Family (Residential);
- Multi-Family (MFD);
- Commercial;
- Agency Facilities (Commercial);
- Drop Box (Commercial);
- Venues and Events (Commercial);
- On-Call Single-Family (Residential);
- On-Call Multi-Family (MFD); and
- On-Call Agency Facilities (Commercial).

As part of this task, R3 will gather supporting documentation to test the calculation and application of Recology's tonnage allocation methodology in each category of the tonnage report spreadsheets.

Task 4 will include:

- Testing one (1) month of data for each Member Agency of the tons reported and verifying the amounts tie to the supporting documents;
- Testing the accuracy of supporting documentation:
  - Testing the accuracy of Recology's tonnage allocation methodology. Documents may include tonnage reports, customer account data, list of vehicles assigned to which routes, etc.; and
  - Reviewing the reasonableness of the tonnage allocation methodology.

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- Verifying accuracy of tonnage allocation for each Member Agency – monthly, quarterly and annual totals.
  - Determining if tons reported by Recology consistently tie to SBR scale system records and requesting explanations for variances.

## Task 5      Verify Accuracy of Customer Service Data Reported

R3 will verify the accuracy of customer service data reported by Recology in 2017. In Section D of their quarterly and annual reports, Recology reports customer service data (i.e., “Inquiry, Service Request and Complaint Data”) in the following categories:

- Single Family Initial Missed Pick-Up;
- Complaints;
- Single-Family Missed Pick-Up;
- Collection Events\*;
- Excessive Noise\*;
- Discourteous Behavior\*;
- Property Damage\*;
- Spills\*;
- On-Call Bulky Item Collection;
- Extra/Overage Requests;
- Recycling Tote-Bag Requests;
- Information Requests; and
- Billing Concerns.

\* *Categories marked above with an asterisk have associated Liquidated Damages and/or Performance Incentives and Disincentives. As such, the accuracy of these reporting items will also be reviewed as part of R3’s review of Recology Liquidated Damages/Performance Incentive and Disincentive Payments.*

For all items above, R3 will test two (2) months of data for each Member Agency to verify that the reported number of “occurrences” ties to the supporting documents.

Task 5 will include:

- Testing two (2) months for each Member Agency of customer service data reported and verifying that data ties to the supporting documents;
- Testing that Recology customer service representatives (CSR) statistics reported annually tie to the supporting call center reports;
- Testing the accuracy of CSR’s coding calls:
  - R3 will take a statistically valid sampling (minimum of 380 for each month) of CSR transactions (for specific call types) from two (2) different months and verify that each transaction has been properly coded. This will entail reading the CSR’s comments and verifying they match the coding used to generate the statistics reported quarterly.
- Extrapolating all identified customer service data discrepancies to the entire RethinkWaste service area for 2017 in order to project the actual correct customer service data totals, and associated Liquidated Damages and/or Performance Incentives and Disincentives.

## Task 6      Verify Accuracy of Liquidated Damages, Incentive, and Disincentive Payments

R3 will verify the accuracy of Recology’s calculated liquidated damages, incentive and disincentive payments. Provisions for liquidated damages and performance incentives/disincentives are provided in

Attachment J and Attachment I of Recology's franchise agreements, respectively. Calculations of each liquidated damage and performance incentive/disincentive item are provided by Recology as part of their quarterly and annual reports, with the exception of the incentive/disincentive for diversion, which is only calculated as part of the annual report.

Task 6 will include:

- Verifying that liquidated damages, incentive, and disincentive payments have been properly calculated and tie to the events reported:
  - Requesting explanations for any discrepancies.
- Verifying and explaining Recology's procedures to identify and report events which would trigger liquidated damages and performance incentives/disincentives.

### Task 7      Verify Accuracy of In-Bound Tonnage Data Reported

R3 will verify the accuracy of in-bound tonnage quantities reported by SBR. Currently all incoming franchised vehicles (Recology) and Member Agency Vehicles, as well as self-haul C&D/Inert loads, are weighed on SBR's scales when those loads enter the facility. All other self-haul loads are not weighed and are charged based on estimated volume and material type.

Task 7 will include:

- Verifying SBR's reported data (from franchised services) is consistent with Recology's reports;
- Verifying all other SBR tonnage is also accurate:
  - Sampling various tons reported for each Member Agency and verify the amounts tie to the supporting documents.
- Verifying liquidated damages payments have been properly calculated in accordance with the Operating Agreement and tie to the reported events:
  - Requesting explanations for any discrepancies.
- Verifying and explaining SBR's procedures to identify and report events which would trigger liquidated damages.

### Task 8      Draft and Final Report

Based on the results of Tasks 1 through 7 above, R3 will prepare a draft report that includes preliminary audit findings and recommendations for review with RethinkWaste and the contractors. Our proposed project budget includes one (1) conference call to review the draft report's findings and recommendations. Based on comments and any additional information provided by RethinkWaste and the contractors, R3 will prepare and issue a final report. Following the issuance of the final report, R3 staff will be available to attend one (1) meeting of the RethinkWaste Board to present the audit's findings and recommendations, upon request.

Task 8 will include:

- Preparing a draft report of preliminary findings and recommendations:
  - Providing an explanation of the auditing process and data analyzed;
  - Providing a detailed analysis supporting findings and recommendations;



- Including recommendations for revised reporting and tracking documents and additional written procedures for administering and enforcing the Franchise Agreement(s) and Operating Agreement; and
- Including the monetary impact of the preliminary findings and recommendations. For example, if the call center coding is determined to be done inaccurately, then the monetary results of extrapolating the error rate will be quantified.
- Including the results of any third-party or RethinkWaste customer service call center monitoring work in the report:
  - Details will be included as an appendix with the highlights captured in the body of the report. The scope of the information to include in the report will be provided by RethinkWaste.
- Conducting a conference call with RethinkWaste and contractors to review the preliminary findings:
  - Conducting additional analysis per feedback from RethinkWaste.
- Reviewing and discussing the contractors' comments and any additional information requested:
  - Based on comments and/or additional information provided, R3 will perform additional analyses and adjust the preliminary findings (if warranted) to ensure that all matters have been satisfactorily reviewed.
- Preparing and distributing a final report documenting the findings and recommendations;
- Providing the report for review by RethinkWaste and contractors. The report will include:
  - A matrix summarizing pertinent sections of the Franchise Agreement(s) and Operating Agreement regarding record keeping, data management, and reporting; how the contractor(s) performed in regard to each section (providing qualitative and quantitative support); and, any recommendations for revised procedures.
  - A narrative of findings and recommendations regarding the reasonableness and accuracy of the Member Agency tonnage allocations by SBR and Recology.
  - A similar narrative regarding Recology CSR call coding.
- Reviewing comments and facilitating follow-up discussion with RethinkWaste and potentially the contractors; and
- Attending one (1) meeting of the RethinkWaste Board to present the findings, upon request.

## Financial Systems Audit

### Task 9 Financial Systems Audit Data Requests

Upon receiving "Authorization to Proceed" from RethinkWaste staff, R3 will schedule one kick-off call with RethinkWaste. The kick-off call will allow the R3 project team and RethinkWaste staff to discuss the Financial Audit, project goals and objectives, deliverable due dates, and address the findings and recommendations from last year's audit. For the kick-off call, R3 will provide a call agenda, as well as requests for information to be issued to each of the contractors.

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In addition to the kick-off call, R3 project team members will be available to provide status updates via conference call throughout the duration of the project.

## **Task 10      Audit of Collection Service Contractor (Recology)**

For this Task, the R3 project team will conduct an audit of Recology's annual Revenue Reconciliation for 2017, submitted in accordance with Section 11.03 and Attachment K of Recology's Franchise Agreement for Collection Services with San Mateo County. This audit will include:

- Determining if Recology has accurately calculated each Member Agency's revenue surplus/shortfall for its franchised services;
- Confirming that Recology's billings are consistent with the approved rate schedules and that reported revenues tie to accounting records;
- Verifying net revenue calculations and adjustments; and
- Verifying that Contractor's Compensation ties to each Member Agency's approved compensation.

R3 will also confirm that Recology retained the correct amounts for Attachment Q "unscheduled services," review how additional cart fees are reported, and verify that backyard services revenue is passed through to each Member Agency unless an excess of 20% of customers request such services.

For each subtask below, R3 will request and verify Recology data for all RethinkWaste Member Agencies. All Task 10 subtasks will involve working closely with Recology to determine the source documentation and reporting process for each data category, and then verifying the mathematical accuracy and logical consistency of the company's reported values.

### **Task 10.1      Annual Revenue Reconciliation for 2017**

Task 10.1.1 – R3 will confirm that the residential and commercial revenue amounts reported as billed (by Member Agency) for calendar year 2017 ties to the accounting records, including unbilled and deferred revenue adjustments.

Task 10.1.2 – R3 will verify the following annual amounts and data reported in the Revenue Reconciliation, and will verify that the calculations used to derive the amounts and data are properly reported for each Member Agency:

1. Billed Revenue;
2. Collection Expense;
3. Member Agency Fees (will also confirm that fees are properly calculated and paid for each Member Agency); and
4. Disposal expense and tonnage data.

Task 10.1.3 – R3 will verify the calculation of net revenue retained by Recology (i.e., gross revenue billed, as adjusted, less agency fees paid and less disposal expense paid equals net revenue) in total and by Member Agency.

Task 10.1.4 – R3 will review and validate all adjustments in the Revenue Reconciliation.

Task 10.1.5 – R3 will verify that the net surplus or shortfall balance owed to/from Recology by Member Agency is accurate.

Task 10.1.6 – R3 will verify the Contractor’s Compensation ties to their approved compensation by Member Agency.

Task 10.1.7 – R3 will require explanation from contractor for all unusual adjustments in the Revenue Reconciliation.

### **Task 10.2 Revenue Reconciliation: Revenue Billed to Customers for Attachment Q – Unscheduled Services**

Task 10.2.1 – R3 will confirm that the amount of Attachment Q revenue reported as billed by Member Agency ties to the records for each different type of charge.

Task 10.2.2 – R3 will explain how the additional cart fees charged by some Member Agencies (Atherton, Hillsborough, and County) are reported in the revenue and excluded from Recology’s compensation, accruing to the benefit of these Member Agencies.

Task 10.2.3 – R3 will verify that the credit for the first 20% of residential backyard service customers is accurately reported. (Resolution No. 6178 amended the Recology Franchise Agreement to state that: “Each Agency shall retain the revenue for the first twenty (20) percent of Backyard Service Customers that subscribe to this service.”)

Task 10.2.4 – R3 will report any issues or concerns on how Attachment Q services are calculated and reported by Recology for both the revenue calculation and the cost calculation, and explain how each is separately reported.

### **Task 11 Audit of Facility Operations Contractor (SBR)**

For this Task, the R3 project team will conduct a financial audit of South Bay Recycling (SBR), RethinkWaste’s Facility Operations Contractor. Subtasks will involve coordinating with SBR to determine the source documentation and data tracking process for each reporting category. This will include determining how 2017 public revenues, commodity revenues, SEC buyback center payments, and weight ticket information (including route number and material types) are recorded using SBR’s “PC Scales” tracking system, and then verifying the mathematical accuracy and logical consistency of the company’s reported values. In addition, R3 will conduct an in-depth review of scale house procedures as compared to the SBR Facility Procedure Manual, and test weight tickets to verify that SBR’s procedures are effective and accurate.

#### **Task 11.1 Verify Public Self-Haul Revenue**

R3 will verify that the 2017 public revenue transferred monthly to RethinkWaste ties to the accounting records.

#### **Task 11.2 Verify Commodity Revenue**

R3 will verify that the gross 2017 commodity revenue as reported on their December monthly report ties to the accounting records. R3 will not verify the allocated amount attributed to RethinkWaste as this is done by RethinkWaste.

#### **Task 11.3 Verify SEC Buyback Center Payments**

R3 will verify that amounts of payments to SEC Buyback Center customers by SBR and reimbursed by RethinkWaste ties to accounting records.

## Task 12 Draft and Final Reports

### Task 12.1 Draft Report

Based on the results of the Financial Audit Tasks above, R3 will prepare a draft report of preliminary findings and recommendations. As part of the draft report, R3 will:

- Provide explanation of the auditing process and data analyzed;
- Provide charts to summarize findings (with particular attention paid to Recology);
- Provide detailed support of findings and recommendations;
- Include the monetary impact of all findings and recommendations; and
- Obtain feedback from the contractors as to their agreement or disagreement with the findings, and their explanation of specific findings if warranted.

### Task 12.2 Final Report and Board Meeting

Based on the feedback received from the contractors and/or RethinkWaste staff, R3 will prepare a Final Report. R3 staff will also attend one (1) RethinkWaste Board meeting to be available to answer any questions from RethinkWaste staff and/or Board members.

## Contingency for Additional Analysis and Investigation

### Task 13 Project Contingency for Additional Tasks as Directed

As described in the introduction to this proposal, R3 suggests a project contingency to allow for additional analysis, investigation, and follow-up on the status of prior year's recommendations. Our Proposed Cost for the project includes a modest contingency for this purpose, which would be at the direction of RethinkWaste staff.

## Schedule

Table 1 below includes the tentative project schedule, which is subject to change. R3 will notify and discuss any potential schedule changes with RethinkWaste.

**Table 1**  
**Tentative Schedule**

Key Task	Start Date	End Date
Annual Report Audit	March 1, 2018	May 30, 2018
Financial Systems Audit	April 2, 2018	June 15, 2018

## Proposed Cost

R3 proposes to complete the proposed scope of work for a total, not-to-exceed amount of **\$59,730** annually for the 2017, 2018 and 2019 Annual Audits (to be performed in 2018 through 2020), for a total 3-year contract cost of \$179,190. The project cost includes labor, travel, and project expenses, and includes the work and deliverables as listed in this proposal.

**Table 2**  
**Project Cost**

Task # and Description		Hours	Cost
<b>Annual Report Audit</b>			
1	Annual Report Audit Data Request	5	\$ 825
2	Verify Completeness and Mathematical Accuracy of 2017 Quarterly and Annual Reports	14	\$ 2,310
3	Interview Contractors to Determine Sources of Reported Data	8	\$ 1,320
4	Verify Accuracy of Tonnage Data Reported Quarterly by Recology	14	\$ 2,310
5	Verify Accuracy of Customer Service Data Reported	26	\$ 4,290
6	Verify Accuracy of Liquidated Damages, Incentive, and Disincentive Payments	26	\$ 4,290
7	Verify Accuracy of In-Bound Tonnage Data Reported	14	\$ 2,310
8	Draft and Final Report	40	\$ 6,600
<b>Financial Systems Audit</b>			
9	Financial Systems Audit Data Requests	5	\$ 825
10	Audit of Collection Service Contractor (Recology)	60	\$ 9,900
11	Audit of Facility Operations Contractor (SBR)	50	\$ 8,250
12	Draft and Final Reports	40	\$ 6,600
13	<b>Project Contingency for Additional Analysis / Investigation as Directed</b>	60	\$ 9,900
<b>Total</b>		<b>362</b>	<b>\$ 59,730</b>

## Billing Rates

**Table 3**  
**Billing Rates**

Category	Hourly Rate
Principal / Project Director	\$205 per hour
Senior Project Manager	\$185 per hour
Project Manager	\$160 per hour
Senior Project Analyst	\$145 per hour
Project Analyst	\$135 per hour
Associate Analyst	\$120 per hour
Administrative Support	\$100 per hour
<b>Reimbursable Costs (Included in Hourly Rates)</b>	
Consultants/Subcontractors	Cost plus 10%
Lodging and meals	Direct cost
Travel — Private or company car	\$0.535 per mile
Travel — Other	Direct cost
Delivery and other expenses	Direct cost

## Payments

Unless otherwise agreed in writing, fees will be billed monthly at the first of each month for the preceding month and will be payable within 30 days of the date of the invoice.

## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Julia Au, Recycling Outreach Programs Manager  
**Date:** January 25, 2018 Board of Directors Meeting  
**Subject:** Resolution approving to re-activate the Public Education and Outreach Subcommittee with recommended committee members

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### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2018-06 attached hereto authorizing the following action:

Re-activate the Agency's Ad Hoc Public Education and Outreach Subcommittee consisting of the following recommended TAC or Alternate TAC members and critical stakeholders:

1. **Andra Lorenz**, Senior Management Analyst, City of Foster City
2. **Roxanne Murray**, Solid Waste/Recycling Programs Coordinator, City of San Mateo
3. **Gordon Tong**, Sustainability Program Manager, County of San Mateo Office of Sustainability
4. **Open slot--tbd**
5. **Open slot--tbd**
6. **Julia Au**, Recycling Outreach Programs Manager, RethinkWaste, Staff lead
7. **Mia Rossi**, Zero Waste Program Manager, Recology

Similar to the Finance Committee, this committee's composition may consist of either Board or TAC Members and can consist of up to five general committee members, plus Recology's Zero Waste Program Manager and RethinkWaste's Recycling Outreach Programs Manager serving the committee as the Staff lead. Please note that this proposal currently has two subcommittee positions that have been expressly left open to accommodate additional Board or TAC Members who are interested in being engaged in these activities.

### Summary

The purpose of this report is to inform the Board of the re-formation of SBWMA's Public Education and Outreach Subcommittee, its intended purpose, and approval of the recommended members of the subcommittee.

### Analysis

Staff has received feedback from Member Agencies regarding the reconvening of the Public Education and Outreach Subcommittee and has determined it will reconstitute this Ad Hoc subcommittee starting in February 2018. The subcommittee will provide needed guidance and feedback on public outreach education campaigns and related projects. Immediate emphasis will be placed on the upcoming lithium-ion battery recycling and public spaces outreach projects, as well as to provide input on the annual public education and outreach plan. Staff recommends three TAC Members to be part of the subcommittee due to their interest and relevant experience. Staff recommends that this subcommittee may also consist of up to two Board Members, RethinkWaste staff, and Recology staff. Subcommittee members will assist the SBWMA in making sound outreach and education

decisions as it moves forward. Interested parties are encouraged to state their interest to Julia Au before, or during the January 25<sup>th</sup> Board meeting, so a complete subcommittee roster can be considered at this time.

**Background**

A Public Education and Outreach Subcommittee was formed many years ago to discuss public education and outreach campaigns and assisted in formulating the Public Education and Outreach Plan, amongst other tasks. The subcommittee has not held a meeting since December 2015.

**Fiscal Impact**

There is no specific fiscal impact associated with this item.

**Attachments:**

Resolution No. 2018-06





## RESOLUTION NO. 2018-06

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING THE FORMATION OF THE AD DOC PUBLIC EDUCATION AND OUTREACH SUBCOMMITTEE

WHEREAS, the SBWMA previously convened a public education and outreach subcommittee, but hasn't met since December 2015; and,

WHEREAS, Member Agencies and the SBWMA have requested that this subcommittee be re-convened to meet, discuss, and receive feedback on public outreach education campaigns and projects.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the formation of an Ad Hoc Public Education and Outreach Subcommittee consisting of:

1. Andra Lorenz, Senior Management Analyst, City of Foster City
2. Roxanne Murray, Solid Waste/Recycling Programs Coordinator, City of San Mateo
3. Gordon Tong, Sustainability Program Manager, County of San Mateo Office of Sustainability
- 4.
- 5.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 25<sup>th</sup> day of January, 2018, 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. 2018-06 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on January 25, 2018.

ATTEST:

\_\_\_\_\_  
Bob Grassilli, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Board Secretary