



STAFF UPDATES



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Date: February 23, 2012 Board of Directors Meeting
Subject: Update on Recology Commercial Recycling Outreach Efforts

Recommendation

This is an informational report and no action is necessary.

Analysis

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

January 2012 Recology Commercial Recycling Outreach Program Metrics

- *15 new Compost customers subscribed to service (5 carts and 10 bins) in January
- *53 new Recycle customers subscribed to service (43 carts and 10 bins) in January
- 400 commercial recycling brochures and posters were distributed in January
- 168 internal recycling containers were distributed in January
- 150 Buddy Bags were delivered in January
- 170 MFD tool kits were delivered in January

(*The above figures are for new starts and don't reflect any customers discontinuing recycling or compost services.)

- 0 commercial recycling "community events" was reported for January

- 10 commercial recycling “presentations and trainings” were reported for January:

Franchise	Date	Customer Name	Location	ATTENDEES (staff, custodians, students, etc.)	Description	Time
SNC	01/13/2012	PUDLEY'S TAVERN & GRILL	774 EL CAMINO REAL	KITCHEN STAFF	TRAINING	10:30
MAT	01/17/2012	KINGFISH, LLC	201 S B ST	KITCHEN STAFF	TRAINING	10 AM
MAT	01/17/2012	KINGFISH, LLC	201 S B ST	KITCHEN STAFF	TRAINING	4 PM
RWC	01/18/2012	HARVEST PROPERTIES	2000 BRIDGE PKWY	ANAGER AND JANITORIAL MANAGERS	TRAINING	11AM
RWC	01/18/2012	HARVEST PROPERTIES	2000 BRIDGE PKWY	JANITORIAL MANAGERS	PRESENTATION	11AM
MAT	01/19/2012	KINGFISH, LLC	201 S B ST	KITCHEN STAFF	TRAINING	4 PM
MAT	01/19/2012	KINGFISH, LLC	201 S B ST	KITCHEN STAFF	TRAINING	10 AM
MAT	01/27/2012	SIBBY'S CUPCAKERY	716 S RAILROAD AVE	STAFF	PRESENTATION	11 AM
MPK	01/27/2012	ST RAYMONDS SCHOOL	1100 SANTA CRUZ AVE	TEACHERS AND STUDENTS	PRESENTATION	9:30AM
RWC	01/30/2012	CHAVEZ BAKERY	817 ARGUELLO ST	MANAGERS	PRESENTATION	8:15AM

Staff had numerous meetings with Recology during 2011 on commercial recycling and requested additional analysis and data to facilitate decision making on next steps regarding increasing tonnage from the commercial sector. In addition to analysis of the program's performance, staff has requested Recology to provide information on profiling commercial customers, the net change on account retention and attraction efforts and information related to the internal metrics used to measure the relative success and cost effectiveness of its commercial recycling outreach (sales) efforts. The results of these inquiries will be addressed in detail at a Special Board Workshop on Commercial Recycling to be scheduled in March.

Background

On April 22, 2010, the Board adopted Resolution No. 2010-14 approving the Commercial Recycling Agreement between Recology and Allied Waste/Republic Services. This agreement transferred Allied's commercial recycling outreach program to RSMC commencing on July 1, 2010. In addition, Recology moved its commercial recycling staff into the Shoreway Administration building on this date.

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

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

- “N. **Commercial Recycling Promotion Program Status Report.** Contractor must prepare and submit, both quarterly and annually, to Agency and SBWMA, a Commercial Recycling Program Status Report. The Commercial Recycling Program Status Report shall include, but not be limited to:

1. A summary of training and professional development activities for the Commercial Recycling Promotion and supervisory staff.
2. A description of the strategy and overall approach to attract and retain a high quality and effective Commercial Recycling Promotion Program and supervisory staff.
3. A description and status of meeting the goals and objectives for the Commercial Recycling Promotion team and how these goals and objectives are tied to the compensation incentive plan. (Contractor must explain how the stated goals and objectives will be accomplished if no compensation incentive plan is used.)
4. A description of Contractor's sales strategy for maintaining and/or expanding the existing Commercial Recycling account base and diversion levels.
5. A description of the services provided to the Commercial and Agency Facility sectors.
6. A detailed accounting of diversion statistics for the Commercial and Agency Facility sectors."

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



STAFF UPDATE

To: SBWMA Board Members
From: Recycling Staff
Date: February 23, 2012 Board of Director's Meeting
Subject: Recycling and Outreach Programs Update

Recommendation

This is an informational report and no action is necessary.

Residential Survey

RethinkWaste will be conducting a customer satisfaction survey of single-family residents throughout the service area. The intent of the survey is to better determine and measure resident sentiment and satisfaction with their CartSMART Recycle, Compost and Garbage collection services and service provider; awareness of the various entities related to their services and their respective roles; and other related programs and services.

A Request for Proposals (RFP) was issued on February 13, 2012 to select a professional firm to conduct the telephone survey. Responses to the RFP are due on March 2, 2012 and staff will present a recommendation for selection at the March 22, 2012 Board of Directors meeting. Staff will be seeking input from the Board and elected officials in the development of the questions. Plans are to have the survey conducted in late March and April, 2012.

2012 Public Education and Outreach Update

RethinkWaste and Recology continue to review specific components of Recology's 2012 Public Education Plan, and to discuss upcoming coordinated and collaborative outreach and education efforts. Most recently, Monica Devincenzi from RethinkWaste and Gino Gasparini from Recology taped a 10-minute segment for PenTV's "One on One" show, discussing the success of the CartSMART residential program, the improvements at Shoreway and frequently asked questions. The segment aired on February 12th, and will air again on February 19th and 26th at 7 am, 12 pm and 7 pm each day. Both RethinkWaste and Recology have posted links to the show on their respective websites and social media sites.

RethinkWaste plans on developing a commercial bill insert to address the mandatory commercial recycling requirements of AB 341 to be sent in Recology's April or May invoices. RethinkWaste will also be developing additional commercial outreach pieces to complete a commercial toolkit for Recology's Zero Waste Specialists to use as a resource to promote increased recycling and compost efforts, and to better address customers' needs.

Recology will be producing the Annual On-Call Collection Service Notice for single-family residences to promote the twice annual Bulky Item Collection Program. The notice will be sent to residents in the spring.

Curbside Inc., Door-to-Door HHW Program

The following eight Member Agencies are now participating in the program: Belmont, East Palo Alto, Foster City, Hillsborough, Menlo Park, San Carlos, San Mateo, and West Bay Sanitary District. In addition, San Mateo County will be the ninth Member Agency to roll out the program beginning in April 2012. Interest in the program remains strong and the company has made approximately 6,891 collections since the program started in mid-May 2010 through January 2012. Approximately 280,299 pounds of HHW material, 196,757 pounds of Universal Waste and 105,301 pounds of E-Scrap have been collected since the start of the program. We encourage additional Member Agencies to offer the program as it provides a more convenient and cost-effective option to properly recycle and dispose of a wide variety of materials (such as common HHW) than is currently available through the County's drop-off program at Tower Road.

Household Battery and Cell Phone Curbside Recycling Collection Program

The monthly average of batteries and cell phones collected through the curbside recycling program during 2011 was 3,945 pounds. A total of 53,000 pounds was collected during 2010, which is slightly less than the 57,000 pounds collected in 2009. While early participation in CartSmart program resulted in an increase of household battery and cell phone collection, it appears this increase has now leveled off as the full year result (i.e., 47,334 pounds) is below that achieved in 2010. It is anticipated that this trend will continue as a similar year over year reduction will likely be experienced. The total amount of batteries and cell phones collected in January 2012 was 4,540 pounds.

Shoreway Education Center School Groups and Public Tours Update

The Shoreway Environmental Education Center tours have become extremely popular and in high demand in the short time since they were launched in January, and spots are quickly filling up for the remainder of this school year. February marks the start of providing bus transportation to those that meet the criteria.



In addition to the school groups, staff is scheduling tours for the various community groups that had previously been put on a waiting list. Tour logistics have been conveyed to teachers and all participants via email or phone, and printed material and this approach has worked well so far. All participants are required to sign a permission slip prior to taking the tour. At the end of the tour, teachers and chaperones are asked to fill out a survey about their experience, and the responses received thus far been very positive. For example, the tour program was described as "informative and worth class time to learn about resource conservation."

Below is a table showing the tours that have been conducted and those scheduled for February 2012.

Date	School/Group	Jurisdiction	Grade/Group	Total # of participants
February 6	Gloria Dei Lutheran Elementary	Belmont	5 th	33
February 7	Carey School	San Mateo	2 nd	45
February 8	Benjamin Fox Elementary	Belmont	4 th	36
February 9	Roy Cloud Elementary	Redwood City	2 nd	32
February 13	Our Lady of Mount Carmel	Redwood City	4 th	36
February 14	Sunnybrae School	San Mateo	4 th & 5 th	36
February 15	Beechwood School	Menlo Park	5 th	24
February 16*	Public Open House	Various	Adults	15
February 21	Sunnybrae School	San Mateo	5 th	36
February 22	PAC 126 Cub Scouts	Burlingame	8 year olds	8
February 22	Brownies Troop	Burlingame	2 nd	20
February 23	Beechwood School	Menlo Park	4 th	24
February 28	St. Gregory School	San Mateo	4 th	45
February 29	St. Matthew Catholic School	San Mateo	4 th	45
Total Participants				435**

* Thursday, February 16th, is the Monthly Public Open House Day. The number of participants is based on only those that have made a reservation for the tour on the Public Open House Day. While reservations are recommended, they are not required.

**Includes estimated numbers for those scheduled tours that have not been conducted by the date this report is issued.

Staff continues to promote the Tour Program, via various channels, (emails, press release, flyers, website, social media, environmental education platforms, etc.) Staff is open to any suggestions for further promoting the program.

Tour availability

Tours are being offered Monday-Wednesday from 9:30am – 11:30am OR 12:30pm - 2:30pm and Thursday 9:30am – 11:30am. Every third Thursday of the month is being designated as the Public Open House Day for the general public from 9:30am – 12:00pm.

RethinkWaste Website and Social Media

The RethinkWaste website continues to be updated with information on the CartSMART residential collection and new BizSMART commercial collection services, and the Shoreway Environmental Center. Plans are underway to revamp the website to make it more user-friendly and interactive based on feedback from customers, Board Members and the Public Education Subcommittee. A Request for Proposals for website redesign will be issued in March.

The current site averaged approximately 469 visits per week since the last Board meeting, of which over 72% were new visits. The most commonly visited sections of the site during this period continued to be "Beyond the Cart," "Shoreway Services" and "Shoreway Location" sections.

RethinkWaste also continues to use its Facebook and Twitter pages to promote program information and new services. To date, the Facebook page has 219 "fans," and the Twitter page has 65 followers. Staff will continue to work on strategies to drive more people to the pages. Our Facebook page can be found at www.facebook.com/rethinkwaste, and the Twitter page is located at www.twitter.com/rethinkwaste.

rethinker Newsletter

The spring issue of the *rethinker* is currently in development and will focus on the most frequently asked questions from customers and multi-family programs and services. It will be sent to residents in April.

Following the release of an issue of the *rethinker* newsletter, there is always a notable increase in activity on the RethinkWaste website and Facebook and Twitter pages. Staff will continue driving residents to go paperless with the newsletter.

Rethink@Work Pledge

RethinkWaste will be kicking off its "Rethink@Work" pledge campaign this week, designed to increase visibility and raise awareness for recycling in the RethinkWaste business community. Individuals will be joining the campaign by pledging to reduce waste in their workplace. Upon pledging, they will be placed into random drawings each week for a gift card of \$15 from local shops and businesses. In addition, five businesses will be selected and rewarded with a lunch and tour of the Shoreway Environmental Center for their employees during the contest period based on the pledges. One business will be selected every two weeks from pictures that have been uploaded to RethinkWaste's Facebook page or by random selection. The selected businesses will also receive a visit from Recology's Zero Waste Specialists to encourage further recycling and diversion.

The campaign will run through April 20, 2012 and will be open to anyone working in the RethinkWaste service area. Rethink@Work will be actively being promoted through the RethinkWaste and Recology websites, Facebook and Twitter pages. Pledges can be made online through dedicated pages on RethinkWaste's website and Facebook page. In the coming weeks, tips on how to recycle more and reduce their waste will be emailed to participants in the campaign. This campaign was originally scheduled for a launch at the end of January, but was pushed back due to some additional time being required for designing and programming of the website and Facebook page.

Business Awards Program

RethinkWaste, in partnership with Recology, is in the process of developing a Business Awards program to recognize businesses and multi-family complexes for their efforts to reduce waste in 2011 through the BizSMART collection services. The awards program will be promoted through bill inserts, local chambers of commerce, websites, advertising and email blasts. It is anticipated that the program will be launched in February with the recognition event occurring sometime in late spring.

Community Outreach Events

Staff has begun coordination with Member Agencies for their Community Outreach Events, such as Compost Giveaway, E-Scrap/Shredding events, Recology's Bring Your Own Bucket giveaway of compost to residents and the Confidential Document Destruction Service Event. Outreach materials are currently in design and will be available for Member Agency use upon request.

Approved Operating Agreement Amendments or Recommended Recology Franchise Agreement Administrative Changes

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

<u>Agreement</u>	<u>Board Approval</u>	<u>Staff Recommendation</u>	<u>Description</u>
Operations Agreement	October 28, 2010	N/A	Amendment No. 1. Is now effective as eight Member Agencies have approved the Amendments. Approved by: Belmont, Foster City, Menlo Park, Redwood City, San Carlos, City of San Mateo, San Mateo County, and West Bay Sanitary District.
Franchise Agreement(s)	N/A	Via email on October 20, 2010	Requested Member Agencies send letter accepting interest waiver offer from Recology on potential 2011 revenue requirement shortfall if rates approved after January 1 but before March 1, 2011. Approved by: Atherton, Foster City, Redwood City, City of San Mateo, San Mateo County, and West Bay Sanitary District.
Franchise Agreement(s)	N/A	Via email on December 9, 2010	Overage "bags" change to "tags"; SBWMA relief from purchasing battery/cell-phone bags; On-call bulky item collection temporary schedule for January 2011. Approved by: Foster City.
Franchise Agreement(s)	N/A	Via email on December 13, 2010	Member Agency self haul remittance of payments to SBWMA by Recology. Approved by: Burlingame, Foster City, and Redwood City.
Franchise Agreement(s)	N/A	Via email on June 3, 2011	Six Member Agencies (i.e., Belmont, Burlingame, Foster City, Menlo Park, Redwood City, San Carlos and City of San Mateo) are requested to allow Recology to continue using used collection vehicles through September 30, 2011. Approved by Foster City.
Franchise Agreements	N/A	Via email on December 2, 2011	All Member Agencies were requested by Recology to modify the Bulky Item Collection service schedule. While customers can sign up for this service anytime, this change provides the company relief from providing the service from January 1-22, 2012 in lieu of December 1, 2011-January 2, 2012. The company has assured staff that all customers on the wait list will receive the service within the contractually specified two weeks commencing on January 23, 2012. Approved by Foster City, Menlo Park, City of San Mateo, San Mateo County, and West Bay Sanitary District.



STAFF UPDATE

To: SBWMA Board Members
From: Hilary Gans, Facility Operations Contracts Manager
Date: February 23, 2012 Board of Director's Meeting
Subject: Shoreway Construction Update

Construction Update

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

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

Financial Update

On July 23, 2009 the Board approved the sale of Bonds for the Shoreway Master Plan Project in a total dollar amount of \$56.5 million of which \$46.97 million was dedicated to actual physical improvements. Through the end of December 2011, \$45,068,300 has been spent, leaving a fund balance of \$1,903,600 (see SEC Master Plan Budget table on page 3 of this report for detail).

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

Issues of Note

City of San Carlos Building Department Occupancy Permit – during the inspection of the roof mounted solar panels, the city of San Carlos Building Department raised a safety concern over the roof top skylights on the MRF and Transfer Station. With the intention of letting in ambient light to conserve energy, over 100 skylights were installed during the master plan construction. During the final rounds of building inspections, the fall hazard of the skylights was raised as an area of concern by the San Carlos Building Department. Remedial actions being considered include caution striping and placement of wire mesh over all of the skylights. The cost impact of required safety measures are estimated at \$40-50,000. **This is an unbudgeted master plan expense.**

Construction and Other Project Activities

The following construction activities occurred since the last update report:

MRF and Transfer Station Buildings

- Frontage sign lighting
- Water installation to TS roof
- Electrical and water installation at TS shop area
- Pushwall reinforcements for residue stockpiling

- Installation of tunnel scale readouts

Site, Other Buildings and Projects

- Landscape plantings at front of Administration building
- Concrete curb repairs at back of TS
- Hatcher Press lot landscape clean up
- Shoreway Road weed abatement
- Electrical supply to SBR truck maintenance area
- Administration building floor repair

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

MRF and Transfer Station Buildings

- Landscape timer and controls
- Installation of MRF residue shuttle conveyor inside TS
- Carpet replacement at Recology first floor
- Floor treatments to MRF lobby
- Installation of recycled art at MRF lobby
- Reconfiguring windows at public recycling center

Site, Other Buildings and Projects

- Reconditioning all rollup doors at facilities
- Installation of truck barrier walls in public areas

Project Expenditures Summary

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

The construction contract with SJ Amoroso was closed out in December and the City building Department has inspected and approved work completed by the SJ Amoroso. Cumulative progress payments made to Amoroso through the end of December 2011 total \$16,209,000 on a total contract amount of \$16,209,000. All outstanding balances and retainages have been paid to SJ Amoroso.

▪ **Construction Management Budget (Covello)**

Covello's construction oversight and onsite staff was completed in December 2011. The company continues to a low level of support related to permit approval, construction documentation preparation, and the electrical connection required by the solar installation.

▪ **Design Support Services (JRMA)**

The Master Plan design support services contract with JRMA is closed except for the project LEED commissioning. The LEED Commissioning is a standalone scope of work with in JRMA's design support services contract. Before the final LEED application can be made to the USGBC, the solar installation must be completed and operational. JRMA is now in the process of finalizing the LEED application with the goal of submitting it in February. The Project Commissioning with JRMA was budgeted at \$30,000 and it is anticipated that this work will be completed within this budget amount.

▪ **MRF Processing Equipment and Installation (BHS)**

The MRF equipment contract with BHS was closed out in December. All performance testing has been completed, identified equipment and installation deficiencies have been corrected by the company, and the SBWMA as formally accepted the equipment. Total payments made to BHS through the end of December

2011 total \$14,338,000 on a total contract amount of \$14,354,000. All outstanding balances and retainages have been paid to BHS.

▪ **Other Master Plan Project Expenditures**

There were no payments to contractors in the month of January. Total anticipated cost for remaining master plan projects total \$701,000 and will be drawn from the Soft Costs and CM & Other budget lines which have a balance remaining balance of \$734,800.

SHOREWAY ENVIRONMENTAL CENTER MASTER PLAN BUDGET						
THROUGH DECEMBER 2012		(000's)				
	Vendor	Original Project Budget Amount	Allocated Contingency	Revised Project Total	Spent Amount	Remaining Amount
PROJECT COST SUMMARY						
Preliminary Costs						
Planning, Design & Engineering	Various	2,404.0	28.5	2,432.5	(2,427.0)	5.5
Bond Issuance Costs		90.5	(7.4)	83.1	(83.1)	0.0
Phase I						
Construction	Rodan	2,405.0	31.3	2,436.3	(2,436.3)	0.0
Construction Management	Covello	444.3	15.9	460.2	(460.2)	0.0
Phase II						
Construction	Amoroso	16,209.0	-	16,209.0	(16,209.0)	0.0
Construction Contingency (10%)	Amoroso		3,053.9	3,053.9	(3,015.7)	38.2
Permit, CM, & Design Support Services	Covello/JRMA	2,259.0	714.0	2,973.0	(2,690.7)	282.3
Construction Soft Costs	Various	786.7	6.0	792.7	(340.2)	452.5
Phase III						
Equipment Installation	BHS	2,432.4	30.0	2,462.4	(2,462.4)	0.0
Contingency (10%)	BHS		246.2	246.2	(126.0)	120.2
Camera System, elec.		85.0	-	85.0	(85.0)	-
Supplemental Fire Suppression		75.0	-	75.0	(75.0)	-
Equipment	BHS	14,273.2	81.2	14,354.4	(14,338.2)	16.2
Contingency	BHS		492.8	492.8	(307.5)	185.3
Construction Management	Various	95.0	-	95.0	(12.0)	83.0
Project Total		41,559.1	4,692.4	46,251.5	(45,068.3)	1,183.2
Other Project Dollars						
Unallocated Contingency (Balance of Funds)		4,684.8		4,684.8	(4,479.4)	205.4
Transfer Station Public Area (SJA Bid Deduction)		728.0		728.0	(213.0)	515.0
Project Subtotal		46,971.9				1,903.6



STAFF UPDATE

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: February 23, 2012 Board of Directors Meeting
Subject: Update on 2012/2013 Franchise Rate Setting Process

Recommendation

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

Analysis

This staff report will be provided monthly to the Board commencing with the November 17, 2011 Board meeting. The purpose of this staff update report is to keep the Board informed on the timing, schedule of events and issues affecting Member Agencies during the 2013 Compensation Application review (performed in 2012) and the Recommended Rate Adjustment process for the upcoming 2013 Rate Year (i.e., establishing rates for January 1-December 31, 2013). The goal is to provide and update pertinent information for Member Agencies to effectively plan for and manage communications regarding the next year's compensation application and rate setting process.

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

New Issues Affecting 2013 Compensation Adjustment include:

- Service Level Adjustments. Per the Member Agency Franchise Agreements with Recology, the company will include in its 2013 Compensation Application the second and **final** service level adjustment to account for changes in accounts for residential service, lifts for commercial service, and pulls for roll-off service that have occurred since the first adjustment that was made in 2010 to the company's cost proposal submitted in 2008. It is important to note that the 2008 cost proposal which was used as the basis for establishing 2011 rates relied on customer service level data provided by Allied Waste/Republic Services.
- Recology Annual Revenue Reconciliation for 2011. Recology will submit a Revenue Reconciliation Application to the SBWMA by March 31, 2012 which will compare the approved compensation owed to Recology for 2011 with the actual net compensation retained by Recology after paying for Pass-Through costs for disposal at Shoreway and Agency fees (e.g., Franchise Fees) paid to each Member Agency. Each Agency will have a surplus or shortfall which will be added to or subtracted from the 2013 Revenue Requirement; this surplus or shortfall can not be carried forward to 2014 rates.

- Service to Agency Facilities for 2011. The allocation of the cost to provide service to this distinct Service Sector to each Member Agency will be adjusted retroactively for 2011 based on final statistics from Recology. The initial allocation for 2011 was based on projections in lieu of the actual operating statistics. The SBWMA staff recommended and the Board approved using a temporary allocation until the company returned with actual statistics to be provided with the March 31, 2012 Revenue Reconciliation Application.
- Performance Incentive/Disincentive Payments. The Franchise Agreement(s) with Recology prescribe that payments related to performance incentives/disincentives will be calculated in the company's Annual Report submitted in mid-February and then included in their Compensation Application due on July 1 each year (with the exception of Contamination related disincentive payments which are calculated quarterly and paid directly to SBWMA). Therefore, both incentive payments due to Recology and disincentive payments (with the exception of Contamination related disincentives) due to Member Agencies shall be included in the Annual Compensation Application. Staffing is currently reviewing the annual report submitted by Recology on February 14, 2012 for its accuracy and compliance with Member Agency franchise agreement requirements.

Schedule of Rate Review Activities

Jan/Feb 2012

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

March 2012

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

April 2012

- Special Board Workshop for Board Members, to discuss rate setting process; this could also be added to the regularly scheduled April Board meeting if time allows.

May 2012

- SBWMA to send out letter to Board requesting feedback from all agencies on issues affecting 2012 rate adjustments (e.g., changes to Agency fees, revenue and tonnage projections). Response requested by July 1.
- SBWMA to issue a report on projected 2012 revenue (based on four months of actual) compared to the base revenue projection in the 2012 rate projections.
- Agencies with a projected revenue shortfall are encouraged to review their residential rate structure for deficiencies (i.e., rates don't cover costs) – especially in the small cart (20 and 32-gallon) rates.
- Elected official briefing on rate setting process, rate issues and results of customer satisfaction survey.

May/June 2012

- SBWMA to issue report summary on the Recology 2011 Revenue Reconciliation Application.

July 2012

- July 1 - Compensation Applications due from Recology and SBR for 2013 compensation adjustment.
- July 1 - Response from Member Agencies to SBWMA on issues affecting 2013 rate adjustments (e.g., changes in agency fees, revenue and tonnage projections).

- July 1-15 – SBWMA to provide Recology Compensation Application to all Member Agencies and commence a process to include Member Agency feedback. The Member Agency feedback will be needed by August 1.
- July 21 – BOD Staff report on estimated residential revenue changes due to cart migration by Member Agency with an update on cart migration since July 2011; to be discussed at July 26th Board meeting

August 2012

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

September 2012

- September 1 - Preliminary report issued by SBWMA on Recology's Rate Application for 2013 compensation adjustment.
- September 1 - Preliminary report issued by SBWMA on SBR's Rate Application for 2013 compensation adjustment.
- September 11 - Comments due back from Member Agencies on preliminary Rate Reports for Recology and SBR.
- September 20 - Final Rate Report issued for Recology's Rate Application for 2013 compensation adjustment (for consideration at September 27, 2012 Board meeting)
- September 20 - Final Rate Report issued for SBR's Rate Application for 2013 compensation adjustment (for consideration at September 27, 2012 Board meeting)
- September 20 - Consolidated Rate Report issued with recommended total collection rate adjustments for 2013 (including Recology compensation, disposal expense at Shoreway, agency fees, and agency directed cart migration impact for 2013).
- September 27 – Board consideration and approval of SBR 2013 Compensation Application.
- September 27 – Board consideration and approval of Recology 2013 Compensation Application.
- September 27 – Board consideration and approval of SBWMA Consolidated Rate Report.

September 27 – December 31, 2012

- Member Agencies notice and approve final 2013 solid waste rates

November 2012

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

Attachment:

Attachment A – Draft 2013 Rate Approval Schedule

Attachment B – 2012 Member Agency Rates



DRAFT
2013 Rate Approval Schedule

Member Agency Rate Setting Process

The 2013 Recology Compensation Application is due to the SBWMA on July 1, 2012 per the deadline prescribed in the Member Agency Franchise Agreement(s). On September 1, 2012 (also per the Franchise Agreements), the SBWMA will issue its Report on Recology's Compensation Application. The Member Agencies then have 10 days to provide comments on the SBWMA's Report. The comments received will be incorporated in the 2013 SBWMA Consolidated Rate Report that will become binding upon the Board's approval at the September Board meeting. The overarching implications of this are that the rate increases put forth in the SBWMA Rate Report will be the minimum rate increases each Member Agency is obligated to adopt or face interest penalties for amounts owed to Recology.

September 27, 2012 BOD Meeting

- Recology and SBR Compensation Applications Approved
- Consolidated Rate Report Approved

Member Agency Residential Billing Schedule

**Group A: October-November-December
(Billed September 30, 2012; December 31, 2012)**

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

**Group B: November-December-January
(Billed October 31, 2012; January 31, 2013)**

- Atherton
- Burlingame
- San Carlos

**Group C: December-January-February
(Billed November 30, 2012; February 28, 2013)**

- East Palo Alto (Not applicable to Residential.)

SBWMA 2013 Rate Approval Schedule

DRAFT



- Foster City
- Hillsborough
- County of San Mateo

Prop 218 Public Notice Implications

Prop 218 requires an agency to provide 45 days public notice directly to all account holders prior to authorizing a rate increase. If more than 50% of all account holders file a protest letter within the 45 day public comment period, the agency cannot adopt the proposed rate increase.

Bill Insert Considerations

Recology typically requires that a bill insert is prepared and ready for insertion with the bills a minimum of two weeks prior to the scheduled bill issuance date. However, the company may reduce this deadline to 5 business days for special circumstances, such as a Prop 218 Notice. The company has detailed guidelines regarding the specifications for bill inserts and will share these upon request. Agencies issuing a Prop 218 Notice via Recology’s bills will need to **pay directly for the costs** associated with production and printing but will save on mailing expenses since Recology can include the insert with its bills at no additional cost.

Direct Mail Considerations

Member Agencies sending the Prop 218 Notice via direct mail will need to **pay directly for the costs** associated with production, printing and mailing. Agencies sending a direct mail piece typically include these costs in their rates. Sending the Prop 218 Notice via direct mail provides the Agency with total control and flexibility regarding production and mailing of the notice.

Bill Insert vs. Direct Mail:

Group A

These agencies may be able to prepare and print a bill insert in time for inclusion with the September 30, 2012 mailing. Therefore these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process and adopt rates prior to January 1, 2013.

Proposed Schedule:

September 27, 2012..... SBWMA BOD Approves Recology and SBR Compensation.
 October 1-15 Governing body or agency staff approves issuance of the Prop 218 notice.
 October 16-31 Prop 218 Notice printed and issued via direct mail

SBWMA 2013 Rate Approval Schedule

DRAFT



November 1-15Governing body closes the Prop 218 public notice period and adopts 2012 rates effective January 1, 2013.
December 31.....First Recology bill issued with new 2013 rates.



Group B

These agencies will likely be able to prepare and print a bill insert in time for inclusion with the October 31, 2012 mailing. However, since the Prop 218 process will not close for 45 days after issuance of the Prop 218 rate increase notice, these agencies will have to bring the results of the Prop 218 notice before their governing body between December 16 and 31, 2012. Otherwise, these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2013.

Proposed Schedule:

- September 27, 2012..... SBWMA BOD Approves Recology and SBR Compensation
- October 1 – October 15..... Governing body or agency staff approves issuance of the Prop 218 notice.
- October 31 Prop 218 Notice included with Recology bills
- December 15-31 Governing body closes the Prop 218 public notice period and adopts 2013 rates.
- January 31, 2013 First Recology bill issued with new 2013 rates including a retroactive rate adjustment for January.

Group C

While these agencies will have ample time to prepare and print a bill insert in time for inclusion with the November 30, 2012 mailing, this is moot since the 45 day Prop 218 notification period will not close until after January 1, 2013 (i.e., on January 14, 2013). Therefore these agencies will be required to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2013.

Proposed Schedule:

- September 27, 2012..... SBWMA BOD Approves Recology and SBR Compensation
- October 1-15 Governing body or agency staff approves issuance of the Prop 218 notice.
- October 16-31 Prop 218 Notice printed and issued via direct mail
- December 1-15 Governing body closes the Prop 218 public notice period and adopts 2013 rates.
- February 28, 2013 First Recology bill issued with new 2013 rates including a retroactive rate adjustment for January and February.

Attachment B - Franchise Rate Setting Process (Staff Report 6 d)

SBWMA Member Agency 2012 Residential Rates					
<u>Member Agency</u>	<u>2012 Percentage Increase Over 2011 Rates</u>	<u>2012 Residential Rates</u>			
		<u>20g cart</u>	<u>32g cart</u>	<u>64g cart</u>	<u>96g cart</u>
Atherton	35.0%, 25.0%, 9.0%, 0.0%	\$ 27.00	\$ 55.00	\$ 110.00	\$ 164.00
Belmont	12.00%	\$ 16.93	\$ 28.03	\$ 61.77	\$ 99.86
Burlingame	25.0%	\$ 12.90	\$ 23.85	\$ 47.71	\$ 70.80
East Palo Alto	20.0%	N/A	N/A	N/A	\$ 39.81
Foster City	6.0%	\$ 11.82	\$ 18.92	\$ 37.84	\$ 56.76
Hillsborough	85.0%, 43.0%, 13.0%, 7.0%	\$ 42.40	\$ 52.50	\$ 82.40	\$ 117.40
Hillsborough*	-24.0%, -25.0%, -22.0%, -16.0%	\$ 17.40	\$ 27.50	\$ 57.40	\$ 92.40
Menlo Park	8.0%	\$ 13.99	\$ 23.40	\$ 55.99	\$ 83.72
Redwood City	7.2%	\$ 11.04	\$ 26.51	\$ 53.02	\$ 79.52
San Carlos	10.0%	\$ 18.03	\$ 28.84	\$ 60.00	\$ 91.80
City of San Mateo	9.9%	\$ 12.00	\$ 19.19	\$ 42.22	\$ 65.24
County of San Mateo (NFO)	5.0%	\$ 24.70	\$ 24.70	\$ 24.70	\$ 49.40
County of San Mateo (other)	15.0%	\$ 25.80	\$ 30.66	\$ 54.34	\$ 77.19
West Bay Sanitary District	22.3%, 23.7%, 21.9%, 22.6%	\$ 21.00	\$ 34.00	\$ 67.00	\$ 101.00

source: Recology billing records Feb. 2012



MARCH – APRIL 2012 BOARD AGENDA ITEMS (SUBJECT TO CHANGE)

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

February 29, 2012

- Board and Staff Retreat on Strategic Planning

March 22, 2012

- Findings from Collection Services and Facility Operations Contractor Data, Records, Systems and Reports Auditing Project
- Strategic Plan Update
- Resolution Approving Release of Bid Documents for Transfer Station Floor Repair and Authorizing Executive Director to Accept Bids and Enter into a Contract
- Approval of Contract for Financial Systems Audit of RSMC & SBR (depending on \$ size?).
- Approval of Contract for Conducting a Residential Customer Satisfaction Survey

April 26, 2012

- Refresher on Rate Setting Process and Rate Projections