



A Public Agency

CONSENT CALENDAR



DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 MEETING OF THE BOARD OF DIRECTORS
 January 23, 2014 – 2:00 p.m.
 RethinkWaste Board Room at the Shoreway Environmental Center

Call To Order: 2:09 PM

1. Roll Call

Agency	Present	Absent	Agency	Present	Absent
Atherton	X		Menlo Park	X	
Belmont		X	Redwood City		X
Burlingame	X		San Carlos	X	
East Palo Alto		X	San Mateo		X
Foster City	X		County of San Mateo		X
Hillsborough	X		West Bay Sanitary District	X	

2. Public Comment

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

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

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

None

3. Approval of Consent Calendar:

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

- A. Adopt the November 21, 2013 BOD Meeting Minutes
- B. Resolution Accepting the FY1213 Annual Financial Statements
- C. Receipt of Recology and SBR Monthly Reports

Motion/Second: Brownrigg/Carlton

Voice Vote: All in favor

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

4. New Business:

A. Election of Board Officers for 2014

Member Brownrigg asked if the interim Chair and Vice Chair wanted to stay in their positions.

Both Chair Widmer and Vice Chair Dehn answered affirmatively.

Member Carlton made a motion to keep the interim Chair and Vice Chair as 2014 Executive Committee.

Member Brownrigg seconded the motion.

Voice Vote: All in favor.

B. Mid-Year Review of FY1314 Annual Operating Budget

Executive Director McCarthy gave a PowerPoint presentation on the mid-year budget results, and a high level overview of the budget process.

Member Carlton asked what percentage of the operating budget is fixed.

Executive Director McCarthy answered that north of 90% is fixed, noting that once you go through the prescribed process of contractor compensation those numbers are set. He added that 3-4% is discretionary.

Member Brownrigg asked what the Board's policy for deciding how to designate unreserved cash.

Executive Director McCarthy noted that the cash reserve policy recommends that if it's one time funds, the money goes to one time purposes.

Member Brownrigg asked what the process would be for designating those funds.

Executive Director McCarthy stated that the expectation would be that staff would come to the Board as part of the FY15 budget process with recommendations.

Chair Widmer asked if there are any off balance sheet liabilities that should be considered.

Executive Director McCarthy mentioned the only outstanding project is the underground storage tank project mentioned at the November Board meeting, and staff will be coming back with estimated costs and issues with replacing the underground storage tank fueling system as part of the next budget.

Chair Widmer wondered about the possibility of paying off bonds.

Executive Director McCarthy committed to bring back a list of options for the unreserved balance. He also noted that the call period for the bonds is 10 years (i.e., on or after September 1, 2019), so it is another 5 to 6 years before paying off bonds early is an option.

Member Olbert requested a discussion separate from the budget on reserve policy, noting that reserve balances seem high.

Executive Director McCarthy noted that the previous Board just reduced reserve levels last year, but that this Board could also review.

Member Benton added that policy discussion should happen prior to budget discussions, and recommendations for use of the unreserved balance should be part of the FY15 budget and not a separate discussion.

Executive Director McCarthy noted that that was staff's assumption as well.

Member Olbert asked if performance was tracked on a margin analysis basis.

Executive Director McCarthy answered yes when developing tipping fee assumption there is a margin analysis. He noted that Shoreway public rates have a significant margin which helps offset the cost of franchise fees.

Member Olbert requested that a margin summary be included in the future.

Member Benton asked for clarification on what is the driving factor between revenue going up and the bottom line going down, noting that the cost for SBR seems to be going up faster than the revenue.

Staff Moran answered that there are two parts to the equation, one is volume which passes equally to the revenue and cost side, but the second is rates, rates have to be estimated on the revenue side and the cost side. He noted that the SBR 2014 final rates were unknown when the budget was approved in June 2013. He added that SBR's rates were underestimated in the FY14 budget especially on the transportation side. He concluded that the difference in rates is the biggest reason why expenses are going up higher than revenue.

Member Benton asked for clarification if that rate was approved by the Board at some point in the process.

Staff Moran answered yes, in September 2013 the Board approved the 2014 rates, but the budget is done with estimates in June 2013.

Executive Director McCarthy added that rates are formulaic based on formulas in the contract, and noted that this particular variance is related to the transportation of C and D materials to Zanker Road facility in San Jose. He pointed Board Members to the staff report noting a dispute with Zanker Road and associated legal expenses. Zanker Road changed the specifications for what is acceptable material, and that change is driving up Shoreway operating expenses.

Chair Widmer questioned how the rate stabilization fund was used.

Executive Director McCarthy answered that typically the rate stabilization fund has been tapped into in very severe situations like the collapse of commodity prices in 2008, when a several million dollar transfer was made in order to meet bond covenant requirements.

Chair Widmer suggested looking at the rate stabilization fund differently to help offset this kind of fluctuation in estimates being off.

Executive Director McCarthy noted that typically estimates are very accurate, but a contract dispute couldn't be predicted.

Vice Chair Dehn asked if HHW program costs are completely pass through.

Executive Director McCarthy answered yes, completely pass through.

Vice Chair Dehn noted the under budget total in the programs budget, but asked for clarification on programs that are carried over from year to year, questioning if spending was to the level budgeted.

Executive Director McCarthy pointed Board Members to page 5 of the staff report, and noted that all program budget items are revisited each year and built from zero. He noted that if there isn't any money spent in a particular line item it's because the expense hasn't hit yet, or the invoice hasn't been paid yet.

Member Benton asked about the commodity prices, and what some of the different materials in table 5b were, and if it was possible to increase the volume of higher priced commodities we receive.

Executive Director McCarthy answered that aluminum is often pulled out for school drives, or by scavengers before it reaches our facility, but also added that the state subsidizes CRV items aluminum and PET, so the price you see in that table are not true market prices.

Member Benton noted that commodity revenues looked like they were all about the paper and cardboard.

Executive Director McCarthy answered that as packaging changes it affects commodity revenue noting that in the last 10 years there has been an economic shift to online shopping which has increased the amount of cardboard in the commodity market, and the mix keeps changing.

Chair Widmer requested that percentage of time staff spends in each of their work categories be included in next year's budget process.

Member Benton asked if public organic rates were set to cover the cost of processing those tons.

Executive Director McCarthy answered yes, the charge for public organic material is \$24/ton, and the cost to process is \$21.73.

C. Discussion on Cost Allocation Methodology in Member Agency Franchise Agreements with Recology San Mateo County

Member Olbert requested clarification on the source of interest in fixing allocation.

Chair Widmer noted that he supported looking into fixed allocation because he would like to see more rate stabilization and less variability. He added if fixed allocation isn't agreeable then perhaps changing the data collection period to be more spread out, rather than just the once per year 4 week period.

Member Benton noted that long term Hillsborough would likely not support a change.

Staff Moran and Staff Feldman gave an overview presentation on the Recology Cost Allocation process.

Member Carlton asked where the formula for compensation comes from.

Staff Moran answered that it is a very detailed and explicit formula in each Agency's Franchise Agreement.

Executive Director McCarthy added that it is a standard of practice in the industry to use indices based compensation, and that all of the companies that bid on the contract had a chance to review the formula.

Member Olbert asked for clarification on how the contract addresses growth in any particular Agency.

Staff Moran answered that the contract included two service level adjustments to address growth, one in 2011, and one in 2013 based on 2012 statistics. He noted that after that, there is no service level adjustment, and if there is growth it's a risk the contractor takes as their costs are going up but their compensation is fixed by the formula. He also added if businesses close and the economy shrinks, they could also benefit.

Staff Feldman continued with the presentation noting the potential benefits and pitfalls of fixing the allocation.

Chair Widmer noted that he disagreed that member agencies with higher than CPI growth would be subsidized by those with lower than CPI growth, noting that Atherton has had negative growth for many years and has fewer and fewer accounts, yet the rates are going up.

Member Kiesel asked if there was an excel document with detail of the process.

Staff Feldman answered that there are a series of excel spread sheets that make up Attachment N of the Franchise Agreement, which is what the Board approves each year.

Member Benton commented that he thought the critical element was how accurately the data is collected, noting that its complicated nature suggests a risk factor, and that the allocation system may be fine, but the accuracy of the data needs improvement.

Staff Feldman noted that there is an annual audit of reporting and financial data. He also added that in 2014 we will be adding a field data audit.

Chair Widmer noted that he thought the Board could make better decisions with fixed allocation because it takes away the jurisdictional thought process.

Member Olbert commented that all Agencies are benefited by and hurt by things outside of the Board's control.

Executive Director McCarthy noted that the staff report mentions a revenue side to the discussion that keeps costs and revenues in sync. Noting that if an Agency experiences high growth, they will see a higher percentage of allocation, but they will also see higher billed revenue.

Mario Puccinelli gave a Power Point presentation explaining issues affecting allocation, noting that he thought fixing cost allocation would eliminate volatility in the process.

Member Olbert asked if the GPS software on the trucks keeps track of what agency a truck is in.

Mario Puccinelli answered that it keeps track of the address in the Recology customer service data base that it is servicing.

Member Brownrigg asked if all the data was collected all the time.

Mario Puccinelli answered yes.

Member Olbert noted that it seems there is a big data feed, but the numbers aren't crunched.

Mario Puccinelli answered yes, noting that it would require increased time on the part of the managers to do additional number crunching.

Chair Widmer asked if was possible to automate running totals.

Member Olbert suggested that staff work with Recology on what would be involved in using an increased data collection time period and come back to the Board with a proposal. He also noted that factoring in increased time could result in amending the contract to take that into account.

Executive Director McCarthy commented that staff would work with Recology, but Recology would have to do the work, and they would have to come back with the proposal. He noted that Mario raised a lot of good points about factors that influence allocation, and added that maybe some of those influencers could be flattened out by using a larger data pool. He also added that the annual route assessment data is going to be critical in 2017, when the Board decides whether to extend the contract or not. He recommended hiring an outside firm when that time comes to benchmark Recology's costs, so the information about what it will cost to extend the contract will be available, noting that if the allocation does get fixed, it is still critical to collect the data.

Member Brownrigg asked if the data is proprietary.

Mario Pucinelli answered that it is part of public record when it's put into the annual report.

Member Brownrigg commented the Burlingame shares Atherton's concern about bouncing rates, and noted that he was in favor of a balance of fixing cost allocation but then trueing up actual data every two to three years. He also asked how much it would cost to automate analyzing the data.

Member Benton asked how is the data collected from the truck.

Mario Puccinelli answered that it's based on GPS but also the account address. When a driver collects an address a button is pushed and the event is recorded, and when a driver crosses from one jurisdiction into another based on GPS the software records the time.

Member Brownrigg asked if this recording happens every day, or just during the four week period.

Mario Puccinelli answered every day.

Member Benton asked about the 3 minutes per day difference example and asked if what caused the 3 minute variance over last year could be explained.

Mario Puccinelli answered no, it's not possible to analyze.

Member Benton noted that April could be a peak month for green waste, and green waste is a big cost component in Hillsborough, and reiterated that the desire not to be dependent on such a narrow time period.

Member Olbert suggested getting a more robust data set to average out things like trucks breaking down, and would like to look at how much it would cost to use the data collected daily to allocate the cost.

Vice Chair Dehn agreed, would like to look at the cost associated with using the data that is already collected daily.

Chair Widmer commented that he thought it would be helpful for the Board to understand how the on board computer system works, and the data that is collected. Noting that once there is an understanding of what data is collected the Board can assess whether or not it would be appropriate to request a larger data set.

Executive Director McCarthy pointed out that the Recology annual route assessment is 3 months away, so work on any change would need to be done fairly quickly but Recology also needs to be prepared to do the same thing they've done, so that that rate setting process isn't affected.

Member Dehn asked what Recology does differently during that 4 week period in terms on data collection.

Mario Puccinelli answered nothing; it's just the crunching of the data that happens with those 4 weeks of numbers.

Executive Director McCarthy asked if it was possible go back in time to look at the data, wondering if there was any way to compare the data from last year's 4 weeks to a period of 8 or 10 weeks last year, as a beta test.

Mario Puccinelli wasn't sure, but would check.

Executive Director McCarthy noted that he thought the timing of this conversation was good, noting that Recology wouldn't be prepared to share what they shared during the first couple years of the contract. He also noted that no matter what the Board decides the rates will be much more stable than they were

the first couple years of the contract, because there were many issues outside of Recology's compensation that all of the agencies had to deal with.

Member Benton asked what weeks in the spring the annual route assessment happens.

Staff Feldman answered it's the last two weeks of April and the first two weeks of May.

Member Brownrigg asked for a commitment ahead of time about how long the Board meetings were going to run.

Member Brownrigg now absent, there is no longer a quorum.

5. Staff Updates – For informational purposes only.

a) Update on Labor Issues

Dwight Herring reported that SBR has had 5 meetings with Local 350 and made significant progress, and the next meeting is scheduled for 2/3.

Mario Puccinelli reported that Recology has also had 5 meetings, the last one with a Federal Mediator. He added that they have tentatively agreed on several items and the next meeting is 1/28.

b) Potential Future Board Agenda Items

Executive Director McCarthy noted that this is a standing item in the Board packet, noting that Board members could use this item as a tool particularly in the budget process.

Member Olbert suggested adding discussion of duplication of efforts between Agency Staff and SBWMA staff, to minimize duplication of effort. He would also like to see a discussion on increasing commercial diversion; cash reserve policies, and a discussion on what the Board packets look like, to reduce the size.

Chair Widmer noted that he had spoken to Executive Director McCarthy regarding the packets, and that once the Board has more experience some of these items start to go away, and more items can be added to the consent calendar. He also added that he would like to see a JPA change to have a 2 year commitment from Board Members.

Member Olbert suggested that all Board members allocate time to sit down with the Executive Director to take the time to become more educated.

Member Carlton noted that she likes getting the background and the detail in the numbers, and understanding where it comes from.

Vice Chair Dehn added that she would like to have a better understanding of the TAC and making sure there is no redundant process.

c) Results of 2013 4th Quarter Recology Franchise Agreement Contamination Measurements for Loads of Recyclable Materials, Organic Materials, and Plant Materials

d) Update on 2014/15 Franchise Rate Setting Process

Executive Director McCarthy noted that this is also a standing staff report starting in January and going through the rate setting season. He added that it will give Board members a detailed description of when they can expect to see rate related documents.

- e) Recycling and Outreach Programs Update
- f) Shoreway Operations and Master Plan Update

6. Board Member Comments

7. Adjourn 4:26PM



STAFF REPORT

To: SBWMA Board Members
From: Marshall Moran, Finance Manager
Date: February 27, 2014 Board of Directors Meeting
Subject: Approval of Quarterly Investment Report for the Quarter Ended December 31, 2013

Recommendation

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

Analysis

The primary objective of the Investment Policy for the SBWMA is safety of principal, while meeting the cash flow needs of the Authority, through prudent investment of unexpended cash. As of December 31, 2013, the investment portfolio was in compliance with the Investment Policy. The portfolio contains enough liquidity to meet the next six months of expected expenditures by the Authority as well as by other third parties.

Fiscal Impact

The attached Investment Portfolio Summary indicates that as of December 31, 2013, funds in the amount of \$19,551,763 were invested producing a weighted average yield of 0.26%.

Below is a summary of the changes in the portfolio.

	Qtr Ended 12/31/13	Qtr Ended 9/30/13	Increase (Decrease)
Total Portfolio	\$ 19,551,763	\$ 17,806,004	\$ 1,745,759
Weighted Average Yield	0.26%	0.28%	-0.02%
Interest Earnings	\$ 15,974	\$ 11,505	\$ 4,469
Lehman Recovery Payment	\$ -	\$ 95,560	\$ (95,560)

The overall portfolio balance increased by \$1.7 million. The increase is primarily due to a \$1 million increase in the bond account for the monthly debt service transfers from operating funds made in this quarter. This transfer is required by the bond documents for the semi-annual payment of debt service. Additional transfers of excess operating cash into the investment portfolio also contributed to the increase.

The County Treasurer informed us that a distribution from the Lehman Officers and Directors settlement has been received and the County Investment Pool participants would be paid their respective share of the distribution in January 2014. On January 21, 2014, SBWMA received its share in the amount of \$10,034 that will be included in the next quarterly report.

A table comparison of the portfolio components is provided below:

	12/31/2013 Balance	% of Total	9/30/2013 Balance	% of Total	Change over prior qtr
SM County Pool	\$ 2,269,668	12%	\$ 2,265,903	13%	\$ 3,765
LAIF	11,628,111	59%	10,921,027	61%	707,084
Bond Account	5,653,984	29%	4,619,074	26%	1,034,910
Total Portfolio	\$ 19,551,763	100%	\$ 17,806,004	100%	\$ 1,745,759

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

The average yield of the portfolio in the quarter excluding the bond proceeds was 0.32%. The Local Agency Investment Fund (LAIF) is used as a benchmark and the average LAIF yield for the quarter ending December 31, 2013, was 0.26%. The San Mateo County Pool average yield for the quarter was 0.60%.

Due to arbitrage restrictions, bond investments are not included in our LAIF rate comparison. As of December 31, 2013, the bond reserve and payment accounts of approximately \$5.7 million were invested with the trustee in short-term investments.

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

Attachments:

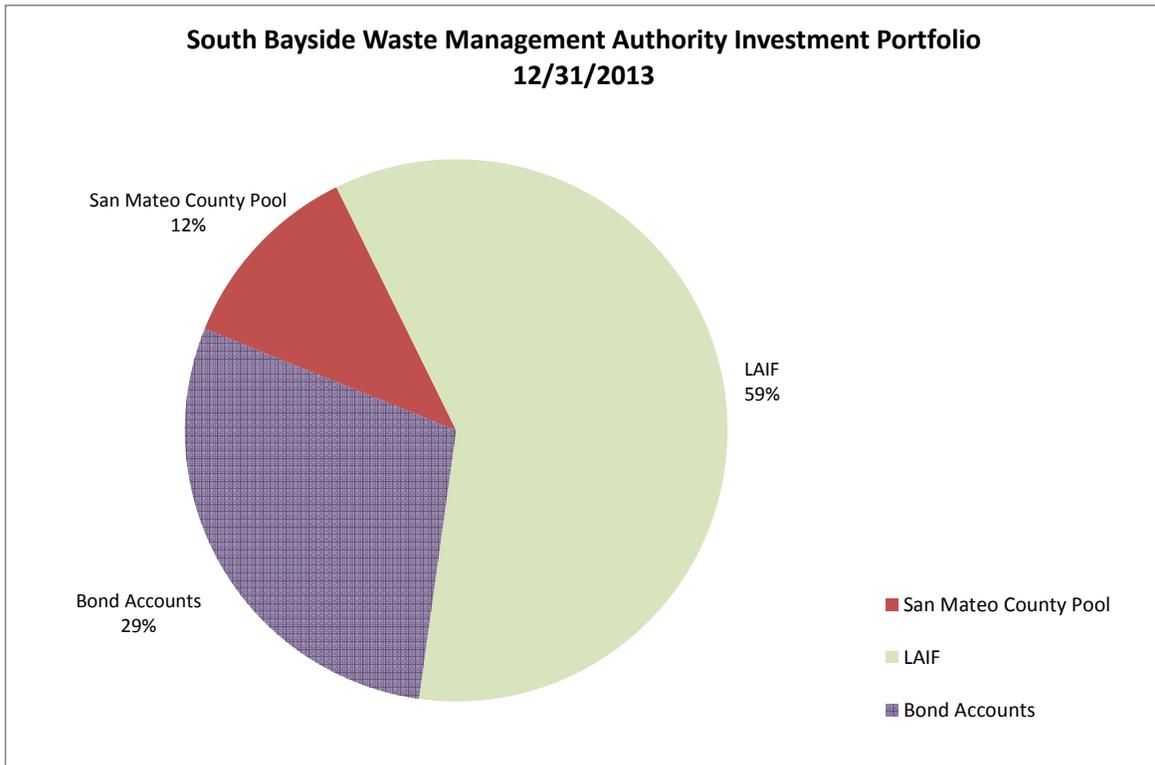
- A - Summary of All Investments for Quarter Ending December 31, 2013
- B - Investment Portfolio 12/31/2013 - Chart
- C - Historical Summary of Investment Portfolio

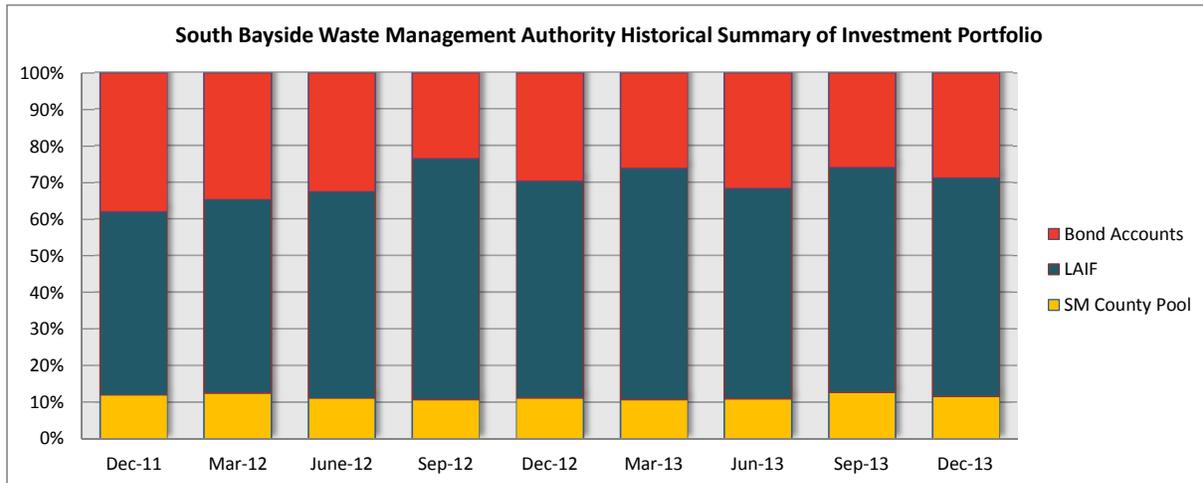
SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

SUMMARY OF ALL INVESTMENTS
For Quarter Ending December 31, 2013

Category	Weighted Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value	Interest Earned
Liquid Investments:				
San Mateo County Investment Pool (COPOOL)	0.60%	2,269,668	2,269,668	4,498
Local Agency Investment Fund (LAIF)	0.26%	11,628,111	11,631,456	6,865
Total - Investments	0.32%	13,897,779	13,901,124	11,363
Bond Proceeds Accounts - Cash with Fiscal Agents				
BNY Western Trust - Certificates of Deposit 2009A Reserve Fund Account	0.31%	-	-	4,611 *
BNY Western Trust - Dreyfus Cash Mgmt 670 Inv 2009A Reserve Fund Account	0.00%	4,248,626	4,248,626	
BNY Western Trust - Dreyfus Cash Mgmt 670 Inv 2009A Payment Fund Account	0.00%	1,405,358	1,405,358	-
BNY Western Trust - Cash Balance 2009B Payment Fund Account	0.00%	-	-	-
Total - Bond Accounts	0.000%	5,653,984	5,653,984	4,611
GRAND TOTAL OF PORTFOLIO	0.26%	19,551,763	19,555,107	15,974
Total Interest Earned This Quarter			15,974	
Total Interest Earned Fiscal Year-to-Date			27,479	

* Interest earned from Certificates of Deposit that matured in this quarter.





South Bayside Waste Management Authority Portfolio

	Dec-11	Mar-12	June-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
SM County Pool	2,083,418	2,088,589	2,116,407	2,121,172	2,139,883	2,144,381	2,167,040	2,265,903	2,269,668
LAIF	8,714,239	8,722,866	10,730,281	12,938,094	11,197,175	12,505,898	11,313,693	10,921,027	11,628,111
Bond Accounts	6,611,970	5,733,099	6,193,483	4,615,267	5,645,978	5,190,986	6,223,842	4,619,074	5,653,984
Grand Total	\$ 17,409,627	\$ 16,544,554	\$ 19,040,171	\$ 19,674,533	\$ 18,983,036	\$ 19,841,265	\$ 19,704,575	\$ 17,806,004	\$ 19,551,763



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Date: February 27, 2014 Board of Director's Meeting
Subject: Resolution Approving Office Lease Agreement at San Carlos Library

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2014-02 attached hereto authorizing the following action:

Authorize the Executive Director to execute the fifth amendment to the office lease with the City of San Carlos as detailed in **Exhibit A**.

Analysis

The proposed fifth amendment to the office lease agreement at the San Carlos library will extend our current lease for one year, which expires on June 30, 2014, and includes an annual CPI adjustment (i.e., Consumers Price Index for Urban Wage Earners and Clerical Workers, San Francisco Bay Area, All Items (1982-84=100). There's an option for one additional year on the same terms and conditions subject to providing the City of San Carlos notice by January 1, 2015.

The Executive Committee reviewed the current lease and recommends only a short-term extension so staff can research other office space to determine if staying in the leased office space in the San Carlos library is the best long-term option or not. There currently is insufficient office space at the Shoreway Environmental Center for SBWMA staff; new space would require new construction at the Shoreway facility.

Background

In 2003 the SBWMA first entered into a lease agreement with the City of San Carlos for approximately 300 square feet in the upstairs office area of the San Carlos library. The lease has subsequently been amended and extended four times for space now totaling approximately 2,429 square feet with a current annual lease amount of \$51,090.72 (\$4,257.56 per month). Utilities and janitorial services are paid separately with the SBWMA paying its prorata share based on the square footage leased. The Board last approved an amended lease on November 17, 2011 with a lease extension through June 30, 2014.

Fiscal Impact

Approval of the fifth amendment to the lease would increase our monthly lease amount by approximately 2.2% effective July 1, 2014. This would result in annual office lease costs in FY15 of \$52,199.39 compared to our current amount of \$51,090.72. The FY15 budget will reflect the new office lease amount.

Attachments:

Resolution 2014-02

Exhibit A – Fifth Amendment to Lease



RESOLUTION NO. 2014-02

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

WHEREAS, On November 17, 2011 the SBWMA Board approved the fourth amendment to the lease agreement with the City of San Carlos for a lease period through June 30, 2014 with an annual CPI adjustment in the lease rate; and

WHEREAS, the SBWMA and the City of San Carlos staff have proposed to amend and extend the lease (see **Exhibit A**) for a one-year period through June 30, 2015 with an annual CPI adjustment in the lease rate.

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

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

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on this 27th day of February, 2014, 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. 2014-02 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on February 27, 2014.

ATTEST:

Bill Widmer, Chairperson of SBWMA

Cyndi Urman, Board Secretary

EXHIBIT A

FIFTH AMENDMENT TO LEASE

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

RECITALS

- A. SBWMA and City entered into a Lease on October 14, 2003 for the premises at 610 Elm Street, Suite 202 (the Library Building), of approximately 300 square feet. The Lease originally had an expiration date of October 13, 2006.
- B. The SBWMA assumed the Lease space of World Learning group effective October 13, 2005 and assumed the Lease space of Neal Martin and Associates on or about June 1, 2006.
- C. On February 14, 2007, the SBWMA and City agreed to extend the Lease through June 30, 2008, with an option to extend to June 30, 2010. SBWMA timely extended the Lease before June 30, 2008 and the Lease now terminates on June 30, 2010.
- D. On June 22, 2009 the parties agreed to amend the Lease to add additional space formerly known as the City computer lab. This space includes an additional 384 square feet, bringing the total size of the SBWMA Office to 2,429 square feet with all space leased at the same rate and under the provisions of the Lease.
- E. On July 12, 2010 the parties agreed to amend the Lease to extend the Lease for a period of one year through June 30, 2011. During that one year period, the rental rate will remain at \$3,953.63 per month through June 30, 2011.
- F. Effective July 1, 2011, the lease was further extended three years through to June 30, 2014 with an initial rent increase to \$4,068.28 and a CPI increase each year thereafter.

THEREFORE, the City and SBWMA agree as follows:

AGREEMENT

1. The Lease is modified as follows: The Lease as amended is extended one year from July 1, 2014 to June 30, 2015 with an option for one additional year extension. The SBMWA shall notify the City in writing by January 1, 2015 if it wishes to exercise the additional year extension.
2. The rental rate shall increase by the amount of increase in the Consumers Price Index for Urban Wage Earners and Clerical Workers, San Francisco Bay Area, All Items (1982-84=100), hereinafter referred to as the "Index". Such cost of living increases shall be computed based on the change in the index for the period of April to April each year.
3. In all other respects the terms and conditions of the Lease are reaffirmed.

DATED: _____

CITY:

CITY OF SAN CARLOS, a municipal corporation

By _____
Jeff Maltbie, City Manager

DATED: _____

LESSEE:

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY, a California Joint Powers Authority

By _____
Kevin McCarthy, Executive Director