



NEW BUSINESS



STAFF REPORT

To: SBWMA Board of Directors
From: Robert J. Lanzone, SBWMA Legal Counsel
Date: February 28, 2013
Subject: Expanded Board Executive Committee

Recommendation

This staff report is for discussion purposes only and no formal action is requested of the Board of Directors.

Analysis

The Executive Committee is an ad hoc committee informally established by the Chair of the Board to assist in Board agenda planning. Invitations to Board Members to participate are in the discretion of the Chair.

Background

After the Executive Director position was established the Chair of the SBWMA asked the then Vice-Chair to participate with the Chair, the Executive Director and the Legal Counsel in planning the Board's meeting agenda.

This practice has been carried on informally for several years.

The current Chair, John Doughty, has expressed a desire to invite a few Board Members (but less than a quorum) to participate in monthly agenda planning. He has been advised by our office that he has the power as Chair to simply invite Board Members to participate on an ad hoc basis.

There is no provision in the JPA Agreement for an "Executive Committee". As stated above, the Committee has loosely functioned in an ad hoc manner, including the Chair and Vice-Chair. It's only purpose and function has been to assist the Executive Director in agenda planning. There is no need for the Board to formalize the activity and form it into a standing committee approved by the Board. Any such standing committee would be required to post an agenda and hold a public meeting. The Chair has the ability within the inherent powers of the Chair to engage in agenda planning and ask other Board Members to participate.

Fiscal Impact

None.



STAFF REPORT

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: February 28, 2013 Board of Director's Meeting
Subject: Resolution Approving Mid-Year Budget Adjustments for FY 2013

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2013-02 attached hereto authorizing the following action:

Approval of the Mid-Year Budget Adjustments for FY2013

Attachment A contains budget worksheets providing line item detail for all projected revenues and expenditures. Capital spending is not addressed in the mid-year review.

Analysis

Staff has conducted a thorough analysis of year-to-date revenues and expenditures. As originally budgeted and based on the projections detailed below, staff is not expecting any required Board action for revenue transfers from reserves to meet bond covenant requirements.

Budget Variances

As detailed under "Fiscal Impact" we are projecting net income of \$1,400,291 which is \$396,291 above our adopted budget net income of \$1,004,000. This positive variance of \$396,291 is due primarily to the following factors:

- Higher franchised solid waste and organics tons generating an additional \$599,000 in tipping fee revenue.
- Higher franchised recyclables tons and higher than expected commodity fiber pricing generating additional net commodity revenue (gross commodity revenue – 28% revenue share due to SBR, the Shoreway facility operator) of \$552,300.
- Higher revenue offset partially by \$446,500 in higher SBR facility operating expenses which are based on volume increases and \$334,100 in higher disposal and processing expense from more franchised tons.

The SBWMA program budget, before collection operations, is projected at slightly below budget. Collection operations, which are pass through costs 100% offset by revenue (fees paid by Member Agencies), are higher by \$51,200 due to the rollout of the door-to-door HHW services in Burlingame on February 1, 2013 which is 100% paid by the City of Burlingame to the SBWMA. This results in the overall SBWMA program budget coming in \$50,509 higher than budget which requires Board approval. However, excluding the additional HHW cost for Burlingame, the total program budget is slightly below the original budget (\$700).

At the January 24th Board meeting, Foster City staff Laura Galli requested that the budget documents for the next Board meeting include an estimate for how much it would cost if SBWMA staff were to continue to coordinate additional shred/ewaste events that are in addition to the one free event that is part of the Recology Franchise Agreements. As per the efforts of SBWMA staff in prior years, Member Agencies can have additional Shred/E-Scrap events. The hourly cost for the Shred Event Vendor will be deducted from the revenue generated from the collected E-Scrap for the additional events.

Any remaining revenue will be sent to the Member Agencies or RethinkWaste will bill the Member Agency for any uncovered costs. The coordination of these events will be covered within our existing budget.

Background

On September 12, 2012 the South Bayside Waste Management Authority (SBWMA) Board of Directors adopted the FY 2013 Operating Budget.

Fiscal Impact

The tables on the following pages represent FY 2013 budgeted revenues and expenditures, and year-end projections through June 30, 2013.

FY 2013 NET INCOME			
<u>Revenues</u>	<u>FY 2013 Adopted Budget</u>	<u>FY 2013 Year End Projections</u>	<u>Variance</u>
Total Revenues	\$39,242,600	\$40,336,500	\$1,093,900
Total Expenditures	\$38,238,600	\$38,936,209	(\$697,609)
Net Gain/(Loss):	\$1,004,000	\$1,400,291	\$396,291

FY 2013 REVENUES			
<u>Revenues</u>	<u>FY 2013 Adopted Budget</u>	<u>FY 2013 Year End Projections</u>	<u>Variance</u>
Tip Fee Revenues	\$30,479,200	\$31,097,900	\$618,700
Net Commodity Sales Revenues*	\$7,979,400	\$8,531,700	\$552,300
Interest Income	\$181,600	\$79,800	(\$101,800)
HHW and Other Revenue	\$602,400	\$626,500	\$24,100
Total Revenues:	\$39,242,600	\$40,336,500	\$1,093,900
*Gross commodity sales – 28% revenue share with SBR.			

FY 2013 EXPENDITURES			
<u>Expenditures</u>	<u>FY 2013 Adopted Budget*</u>	<u>FY 2013 Year End Projections</u>	<u>Variance</u>
Administrative Expenses	\$1,599,200	\$1,631,009	(\$31,809)
Contract Compliance & Support	\$342,000	\$362,000	(\$20,000)
Recycling & AB 939 Compliance	\$780,500	\$728,000	\$52,500
Collection Operations	\$442,400	\$493,600	(\$51,200)
Total SBWMA Expenses:	\$3,164,100	\$3,214,609	(\$50,509)
Shoreway Operations:	\$35,074,500	\$35,721,600	(\$647,100)
Total Expenses:	\$38,238,600	\$38,936,209	(\$697,609)

FY 2013 EXPENDITURE DETAIL FOR SHOREWAY OPERATIONS

<u>Expenditures</u>	<u>FY 2013 Adopted Budget</u>	<u>FY 2013 Year End Projections</u>	<u>Variance</u>
Allied Operating Contract*	\$320,500	\$160,300	(\$160,200)
SBR Compensation	\$15,401,800	\$15,848,300	\$446,500
Disposal and Processing	\$13,762,000	\$14,096,100	\$334,100
Buyback Payments	\$563,500	\$583,800	\$20,300
Insurance Shoreway	\$197,300	\$193,100	(\$4,200)
Education Center	\$60,000	\$60,000	0
Debt Service Bond Interest	\$3,150,500	\$3,150,500	0
Other Operating Expenses	\$185,000	\$125,000	(\$60,000)
Taxes (Sewer)	\$27,700	\$23,600	(\$4,100)
Franchise Fee (San Carlos)	\$1,406,200	\$1,480,900	\$74,700
Total Shoreway Operations:	\$35,074,500	\$35,721,600	\$647,100

Attachments:

Attachment A – FY 2013 Mid-Year Projections

RESOLUTION NO. 2013-02

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING MID YEAR BUDGET ADJUSTMENTS FOR FISCAL YEAR 2012/2013

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 2012/2013 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 28th day of February, 2013, by the following vote:

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

I HEREBY CERTIFY that the foregoing Resolution No. 2013-02 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on February 28, 2013.

ATTEST:

John Doughty, Chairperson of SBWMA

Cyndi Urman, Board Secretary

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
REVENUE SUMMARY**

FY 2013 PROPOSED BUDGET

			revised 8/29/12	1/17/13		
REVENUE SUMMARY	APPROVED BUDGET FY 2011-2012	ACTUAL FY 2011-2012	APPROVED BUDGET FY 2012-2013	YTD SPENT Dec 17, 2012	MID-YEAR PROJECTION FY 2012-2013	Variance
ADMINISTRATIVE REVENUES						
409100 INVESTMENT INCOME	114,200	200,323	181,600	27,905	79,800	(101,800)
409101 INVESTMENT (GASB 31) MARKET VALUE ADJ		1,595				-
409200 INTEREST INCOME		7,586		632	600	600
TOTAL ADMINISTRATIVE	114,200	209,504	181,600	28,538	80,400	(101,200)
OPERATIONS						
480026 TIPPING FEES - Non Franchised	4,109,000	4,467,606	4,789,900	2,145,244	4,809,600	19,700
480027 TIPPING FEES - Franchised	24,863,200	24,772,600	25,689,300	10,735,333	26,288,300	599,000
480028 COMMODITY SALES	11,796,200	11,124,160	9,068,600	3,335,064	9,988,900	920,300
480029 COMMODITY REVENUE SHARE	(1,228,600)	(1,040,025)	(1,089,200)	(693,556)	(1,457,200)	(368,000)
480024 OX MOUNTAIN						-
480025 E-RECYCLING REVENUE	70,000	95,764	70,000	21,830	65,500	(4,500)
480033 MRF Host Fee - NEW		57,125	65,000	9,267	55,900	(9,100)
480031 HHW DOOR TO DOOR COLLECTION SERVICE	408,600	407,866	442,400	22,384	493,600	51,200
480032 PERFORMANCE INCENTIVE / DISINCENTIVE	-	25,790	25,000	1,191	11,200	(13,800)
480008 MISCELLANEOUS REVENUE		9,278		278	300	300
TOTAL OPERATIONS	40,018,400	39,920,165	39,061,000	15,577,033	40,256,100	1,195,100
TOTAL REVENUE	40,132,600	40,129,669	39,242,600	15,605,570	40,336,500	1,093,900
NET OPERATING INCOME / <LOSS>	3,641,950	3,707,052	1,004,000	2,361,981	1,400,291	396,291
% OF REVENUE						0.99%

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REVENUES

FY2013
REVENUES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
EXPENSE DETAIL BY PROGRAM

FY 2013 PROPOSED BUDGET

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY							
EXPENDITURE SUMMARY	APPROVED BUDGET FY 2011-2012	ACTUAL FY 2011-2012	APPROVED BUDGET FY 2012-2013	YTD SPENT Dec 17, 2012	MID-YEAR PROJECTION FY 2012-2013	Variance	Notes
ADMINISTRATIVE EXPENSES							Variance highlighted in yellow.
520305 ADMINISTRATIVE STAFF	491,600	499,532	501,000		492,000	(9,000)	
520306 AB 939 PROGRAM STAFF	684,100	670,724	662,200	90,367	671,800	9,600	Reflects adjustments denoted in staffing plan
520328 EMPLOYEE RECRUITMENT / HR SUPPORT	5,000	1,796	5,000	-	5,000	-	
520337 PEO COST (HR & PR FEES)	21,600	18,846	16,500	3,000	19,300	2,800	
520312 BOARD COUNSEL	40,000	27,262	50,000	62,484	85,000	35,000	Legal counsel, outside investigator and trade
520300 BOARD MEETINGS & RECORDINGS	5,000	4,911	6,000	2,160	6,000	-	
520310 ACCOUNTING SERVICES (City of San Carlos)	105,000	115,766	125,000	31,259	125,000	-	
520334 INFORMATION SYSTEMS	29,500	33,380	32,000	6,259	32,000	-	
520338 WEBSITE	10,100	10,454	10,100	2,872	10,100	-	
520301 ANNUAL FINANCIAL AUDIT	8,500	4,640	9,100	4,176	9,100	-	FY & Calendar year audit
520701 D&O INSURANCE	35,000	22,798	31,500	24,792	24,800	(6,700)	
520202 BANK FEES	5,000	7,475	6,800	5,709	7,109	309	BNY Fees not included
520203 RENT	48,000	48,475	50,100	24,995	50,100	-	\$4068.28/mo. for Jan-June
520204 PRINTING AND POSTAGE	200	77	150	-	150	-	
520107 UTILITIES & PHONE	17,000	12,112	15,000	7,236	15,000	-	Phone \$520/mo. & janitorial is approx. \$2000
520905 OFFICE/TENANT IMPROVEMENTS	3,000	2,040	1,500	557	1,500	-	
520201 OFFICE SUPPLIES	17,000	18,766	15,000	8,425	15,000	-	
520215 OFFICE EQUIPMENT COSTS	18,500	25,262	25,500	11,633	25,500	-	Copier \$17360/yr., postage machine \$1527/y
520504 PUBLICATIONS & PUBLIC NOTICES	2,000	2,685	1,000	-	1,000	-	
520501 PROFESSIONAL DUES & MEMBERSHIPS	2,000	1,263	1,500	1,090	1,800	300	
520801 VEHICLE MILEAGE & TOLLS	350	312	250	-	250	-	
520105 CELL PHONES	5,500	5,280	4,000	1,950	4,000	-	
520503 CONFERENCE & MEETINGS	10,000	12,720	8,000	4,077	8,000	-	
520502 TRAINING	4,000	9,511	8,000	788	7,500	(500)	
520511 SPONSORSHIPS & DONATIONS	9,500	7,500	6,000	2,500	6,000	-	Acterra, SSMC, CAW
522706 COMPUTER PURCHASE	6,500	14,018	8,000	4,685	8,000	-	Critical hardware upgrades
TOTAL ADMINISTRATIVE	\$ 1,583,950	\$ 1,577,607	\$ 1,599,200	\$ 301,014	\$ 1,631,009	\$ 31,809	
CONTRACT COMPLIANCE AND SUPPORT RATES							
520307 RATE REVIEW	30,000	52,817	50,000	18,920	70,000	20,000	Acctg. temp. rate support, mods. to rate repo
TOTAL RATE REVIEW	30,000	52,817	50,000	18,920	70,000	20,000	
CONTRACTOR							
520308 FACILITY IMPROVEMENT OVERSIGHT	30,000		20,000	-	10,000	(10,000)	Project support at Shoreway
520309 BUSINESS CONSULTANT/HF&H	-			-		-	
520309 HCM01 CONTRACT MANAGEMENT SUPPORT	-		60,000	600	60,000	-	Financial systems review for RSMC & SBR
520309 HCN01 CONTRACT NEGOTIATIONS/LEGAL REVIEW	30,000		15,000	-	15,000	-	Outside legal support for franchise agreement
520309 HCS02 COLLECTION SERVICES FRANCHISE ADMIN.	165,000	164,437	120,000	-	130,000	10,000	Includes \$10k additional for annual systems
520309 HCS03 PUBLIC EDUCATION FOR COLLECTION SVCS ROLLOUT	-	2,032				-	
520309 HCS1B FACILITY RFP & IMPLEMENTATION	-					-	
520309 HSHOR SHOREWAY REMEDIATION LEGAL & TECHNICAL	-	(8,409)				-	Remediation cost charged to Remediation Re
520329 ANNUAL RSMC PERFORMANCE HEARING	-					-	
520336 QUARTERLY LOAD CONTAMINATION MONITORING	120,000	95,176	77,000	24,915	77,000	-	Two quarters vs. four quarters plus QGIP auc
TOTAL CONTRACTOR	345,000	253,235	292,000	25,515	292,000	-	
TOTAL CONTRACT COMPLIANCE & SUPPORT	\$ 375,000	\$ 306,052	\$ 342,000	\$ 44,435	\$ 362,000	\$ 20,000	

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
EXPENSE DETAIL BY PROGRAM

FY 2013 PROPOSED BUDGET

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY								
EXPENDITURE SUMMARY	APPROVED BUDGET FY 2011-2012	ACTUAL 2011-2012	FY	APPROVED BUDGET FY 2012-2013	YTD SPENT Dec 17, 2012	MID-YEAR PROJECTION FY 2012-2013	Variance	Notes
RECYCLING - AB939 COMPLIANCE								
RECYCLING ADMINISTRATION								
520311 CIWMB ANNUAL REPORTS	25,000	10,250		25,000	25,000	25,000	-	
520341 SBWMA ANNUAL REPORT	5,000	0		5,000	2,976	5,000	-	
520309 HDV01 DIVERSION PROGRAM SUPPORT	20,000			30,000	-	30,000	-	Consultant staff support on outreach projects
520604 EVENT GIVEAWAYS	7,500	11,863		1,500	-	1,500	-	
TOTAL RECYCLING ADMINISTRATION	57,500	22,113		61,500	27,976	61,500	-	
LONG RANGE PLAN/DIVERSION PROGRAMS								
520340 LONG RANGE PLAN ALTERNATIVES	50,000	17,410		50,000	19,415	50,000	-	Technology analysis, disposal and program cost f
520340 OPRFP ORGANICS PROCESSING RFP	-						-	
520340 MPOTR MASTER PLAN OUTREACH	20,000	29,762			207		-	
520344 SOLAR SYSTEM ENGINEERING AND EVALUATION	-	5,075					-	
TOTAL LONG RANGE PLAN/DIVERSION PROGRAMS	70,000	52,247		50,000	19,621	50,000	-	
COMMERCIAL PROGRAMS								
520331 LARGE EVENT/VENUE CONSULTING	0	515		10,000	2,100	5,000	(5,000)	Update brochure, program tracking
520342 LARGE EVENT/VENUE RECYCLING SERVICES	25,000	3,023			-		-	No events participated in
520608 CLIMATE CHANGE REPORTING & POLICY OPTIONS	15,000	9,441		15,000	4,141	15,000	-	Added expense of facility operations and rep
520604 COE01 COMMERCIAL RECYCLING TECHNICAL ASSIST	300,000	142,850		190,000	11,943	170,000	(20,000)	
520604 CDRCY C&D RECYCLING PROGRAM	35,000	7,036		25,000	-	12,500	(12,500)	Industry wide template nearing completion
520604 GREEN GREEN BUSINESS PROGRAM	5,000	1,209		0	-		-	
520604 MF001 MULTI-FAMILY OUTREACH	40,000	26,493		85,000	334	85,000	-	
TOTAL COMMERCIAL PROGRAMS	420,000	190,567		325,000	18,518	287,500	(37,500)	
RESIDENTIAL PROGRAMS								
520604 QLN01 QUARTERLY NEWLESTTER DESIGN/SETUP	20,000	375		10,000	225	10,000	-	
520604 QNLPM QUARTERLY NEWLETTER PRINTING/MAILING	230,000	106,183		110,000	108,421	110,000	-	Assumes three newsletters per year vs. four.
520604 RES01 RESIDENTIAL OUTREACH PROGRAMS	166,000	88,490		140,000	13,746	130,000	(10,000)	
520604 COMPS COMPOST GIVEAWAY	6,000	2,408		3,000	779	3,000	-	
520604 HHWUW HHW DOOR TO DOOR COLLECTION OUTREACH	85,000	8,579		75,000	-	70,000	(5,000)	Ongoing outreach to increase participation in existing nir
520335 CURBSIDE HOUSEHOLD BATTERY OUTREACH	8,000	0		5,000	-	5,000	-	
520604 ECE01 ELECTRONIC COLLECTIONS EVENTS	4,000	0		1,000	-	1,000	-	
TOTAL RESIDENTIAL PROGRAMS	519,000	206,035		344,000	123,170	329,000	(15,000)	
TOTAL RECYCLING - AB939 COMPLIANCE	\$ 1,066,500	\$ 470,962		\$ 780,500	\$ 189,286	\$ 728,000	\$ (52,500)	
SUBTOTAL SBWMA PROGRAM BUDGET	\$ 3,025,450	\$ 2,354,621		\$ 2,721,700	\$ 534,735	\$ 2,721,009	\$ (691)	
COLLECTION OPERATIONS								
522710 HHW DOOR TO DOOR COLLECTION SERVICES	408,600	374,298		442,400	148,204	493,600	51,200	added Burlingame starting 2/1/13
522711 CURBSIDE HOUSEHOLD BATTERY RECYCLING SERVICES	60,000	0					-	Included in disposal and processing line item
TOTAL COLLECTION OPERATIONS	468,600	374,298		442,400	148,204	493,600	51,200	
TOTAL SBWMA PROGRAM BUDGET	\$ 3,494,050	\$ 2,728,920		\$ 3,164,100	\$ 682,938	\$ 3,214,609	\$ 50,509	

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
EXPENSE DETAIL BY PROGRAM

FY 2013 PROPOSED BUDGET

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY							
EXPENDITURE SUMMARY	APPROVED BUDGET FY 2011-2012	ACTUAL FY 2011-2012	APPROVED BUDGET FY 2012-2013	YTD SPENT Dec 17, 2012	MID-YEAR PROJECTION FY 2012-2013	Variance	Notes
SHOREWAY OPERATIONS							
522701	1,109,500	1,154,189	320,500	160,257	160,300	(160,200)	Only one payment in FY13, assumed two.
522712 OPERATOR COMPENSATION - SBR	13,569,200	13,971,093	15,401,800	5,189,126	15,848,300	446,500	Payments to SBR for TS, MRF, and Transpor
522713 DISPOSAL & PROCESSING COSTS	12,083,300	13,355,474	13,762,000	5,789,985	14,096,100	334,100	Tip fees paid by SBWMA to third parties
522717 BUYBACK PAYMENTS	1,099,100	583,297	563,500	206,925	583,800	20,300	Payments to public for CRV materials
522718 EDUCATION CENTER OPERATIONS	80,000	44,578	60,000	18,269	60,000	-	Supplies and materials, \$30k for busing, outreach
522716 MAINTENANCE - OX MTN TIPPER	40,000	-	25,000	20,941	25,000	-	
522708 INTERIM OFFSITE MRF OPERATIONS	-	-	-	-	-	-	
520710 INSURANCE SHOREWAY	281,500	140,083	197,300	119,390	193,100	(4,200)	
522714 SHOREWAY FACILITY COST	90,000	(20,887)	160,000	28,043	100,000	(60,000)	Facility maintenance expenses for truck shop, TS, MRF.
520901 SHOREWAY MRF EQUIPMENT MAINTENANCE > \$10k	40,000	-	-	-	-	-	
521104 DEBT SERVICE BOND INTEREST	3,177,900	3,027,863	3,150,500	529,644	3,150,500	-	
521116 2009 DEBT SERVICE BOND INTEREST	-	-	-	-	-	-	
521117 AMORTIZATION OF BOND ISSUANCE	-	22,222	-	-	-	-	
521118 Revenue Bond Arbitrage	-	-	-	-	-	-	
520320 BOND REFINANCING	-	-	-	-	-	-	
520324 TAXES (SEWER)	46,400	26,977	27,700	11,783	23,600	(4,100)	
522702 FRANCHISE FEE	1,379,700	1,388,809	1,406,200	486,288	1,480,900	74,700	5% of gate fees paid to San Carlos
520327 ARBITRAGE FEES	-	-	-	-	-	-	
520602 PUBLIC NOTICE	-	-	-	-	-	-	
520901 EQUIPMENT MAINTENANCE	-	-	-	-	-	-	
520901 SF014 EQUIPMENT MAINTENANCE	-	-	-	-	-	-	
TOTAL SHOREWAY OPERATIONS	\$ 32,996,600	\$ 33,693,697	\$ 35,074,500	\$ 12,560,651	\$ 35,721,600	\$ 647,100	
TOTAL OPERATING EXPENSES	\$ 36,490,650	\$ 36,422,617	\$ 38,238,600	\$ 13,243,590	\$ 38,936,209	\$ 697,609	



STAFF UPDATE

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: February 28, 2013 Board of Directors Meeting
Subject: Resolution Approving Schedule for 2013/2014 Solid Waste Rate Setting Process

Recommendation

Staff recommends the Board approve the attached Resolution No. 2013-03, approving the schedule outlined in **Table 1** for the 2013/2014 Rate Setting Process.

Analysis

In an effort to improve the rate setting process, Staff and Recology have been discussing ways to improve the company's Annual Compensation Application. A Staff report was presented at the January 24, 2013 Board meeting which shared a list of improvements to Recology's Annual Compensation Application and also included the proposed schedule outlined in **Table 1** below.

The Franchise Agreement(s) with the Member Agencies prescribe a schedule that is tied to calendar days irrespective of when these days fall relative to business days or the Labor Day holiday. In 2012, the result was the Member Agencies only had a five business day window to review the SBWMA's compensation application report. Modifying the schedule will provide the Member Agencies more time for their review. In addition, modifying the schedule will result in Recology issuing its Application earlier, thus allowing for a longer overall review period.

The Franchise Agreement(s) provide the SBWMA, with Recology's cooperation, the flexibility to modify how the compensation application submittal and review process is conducted without a need for amending the contract(s). Specifically, the following language is included in section 1 of Attachment K – Contractor's Compensation and Rate Setting Process:

"SBWMA and Contractor may agree to modifications in the procedures and schedules in this Attachment in order to adapt them to changed circumstances or to improve their efficiency and timeliness. Such modifications shall not change the methodology for allocation of costs among Member Agencies. Before implementing any such modifications, SBWMA will provide at least thirty (30) days prior written notice to Agency and all other Member Agencies. The notice will include an explanation of the reason(s) for the proposed modification(s) and the section(s) of this Attachment that would be affected by the proposed modification(s)."

Therefore, it is Staff's position that the SBWMA has the latitude to modify the schedule and Staff is requesting approval from the Board to modify the schedule in accordance with **Table 1**. Staff has worked with Recology and both parties believe the schedule provided in **Table 1** is feasible and will significantly improve the process for 2013.

Table 1
Proposed 2013/2014 Rate Setting Process Schedule

<u>Date</u>	<u>Milestone</u>
April 15 to May 12, 2013 <i>(Current Schedule: April 29 – May 26, 2013)</i>	Recology Will Conduct its Annual Route Assessment to Compile Operational Metrics/Statistics
June 14, 2013 <i>(Current Schedule: July 1, 2013)</i>	Recology Compensation Application Released to Member Agencies and SBWMA
June 17 – July 8	Member Agency and SBWMA Questions; Recology Answers and Revisions to Application
June 24 – July 8, 2013	SBWMA and Recology Meet with Member Agencies as Requested
July 30, 2013	Recology Revised Compensation Application Released to Member Agencies and SBWMA
August 16, 2013 <i>(Current Schedule: September 1, 2013)</i>	SBWMA Draft Rate Report Released to Member Agencies and Recology
August 30, 2013 <i>(Current Schedule: September 10, 2013)</i>	Member Agencies Comments Due to SBWMA
Sept. 19, 2013	SBWMA Draft Final Report Released in Board packet
Sept. 26, 2013	SBWMA Board Meeting – Consideration of SBWMA Report

This schedule will provide the Member Agencies a full ten business day window to review the SBWMA Report on review of the 2014 Recology Compensation Application. Recology has conveyed this schedule is feasible with adjustments to the schedule for submitting its May 2013 Monthly Report and 2nd Quarter 2013 Report.

This revised schedule had to take into consideration several factors including: trying to minimize the change in the time period in which the operational statistics are collected, not changing the time period in which year over year comparisons are made in the U.S. Dept. of Labor indices, and the timing in which regular monthly and quarterly reports are submitted. Any significant change in the above factors could unduly impact the rate calculations and allocations.

Staff is also expecting, with the support of Recology, to present a revised Recology Compensation Application Report format to the Board for discussion and review at the April 25, 2013 BOD meeting.

Background

Commencing with the November 17, 2011 Board meeting, staff has provided the Board with monthly updates 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 2013 Rate Year (i.e., establishing rates for January 1-December 31, 2013). Staff's goal has been 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. A revised monthly staff update will be shared starting in March 2013.

Fiscal Impact

There is no fiscal impact associated with the recommendation.

RESOLUTION NO. 2013-03

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING THE 2013/2014 RATE SETTING PROCESS SCHEDULE

WHEREAS, the twelve Member Agencies of the South Bayside Waste Management Authority (SBWMA) have each executed a Franchise Agreement for Recyclable Materials, Organic Materials, and Solid Waste Collection Services with Recology San Mateo County (Recology);

WHEREAS, the SBWMA is responsible for review of Recology's annual application to determine contractor's compensation per Article 11, Section 11.04 of the Franchise Agreement(s);

WHEREAS, the SBWMA is authorized to make modifications to the procedures and schedules concerning review of Recology's annual compensation application with the cooperation of Recology, per Attachment K, Section 1 of the Franchise Agreement(s);

NOW, THEREFORE, BE IT RESOLVED by the SBWMA Board of Directors hereby approves the 2013/2014 rate setting process schedule outlined in **Table 1**, as follows:

Table 1
2013/2014 Rate Setting Process Schedule

<u>Date</u>	<u>Milestone</u>
April 15 to May 12, 2013	Recology will Conduct its Annual Route Assessment to Compile Operational Metrics/Statistics
June 14, 2013	Recology Compensation Application Released to Member Agencies and SBWMA
June 17 – July 8	Member Agency and SBWMA Questions; Recology Answers and Revisions to Application
June 24 – July 8, 2013	SBWMA and Recology Meet with Member Agencies as Requested
July 30, 2013	Recology Revised Compensation Application Released
August 16, 2013	SBWMA Draft Rate Report Released to Member Agencies
August 30, 2013	Member Agencies Comments Due to SBWMA
Sept. 19, 2013	SBWMA Draft Final Report Released in Board packet
Sept. 26, 2013	SBWMA Board Meeting – Consideration of SBWMA Report

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 28th day of February, 2013, by the following vote:

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

I HEREBY CERTIFY that the foregoing Resolution No. 2013-03 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on February 28, 2013.

ATTEST:

John Doughty, Chairperson of SBWMA

Cyndi Urman, Board Secretary



STAFF REPORT

To: SBWMA Board Members
From: Monica Devincenzi, Recycling Outreach and Sustainability Manager
Date: February 28, 2013 Board of Director's Meeting
Subject: Resolution Approving Annual Public Education Plan for Franchised Collection Services

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2013-04 attached hereto authorizing the following action:

Approval of the Annual Public Education Plan for Franchised Collection Services for calendar year 2013.

Analysis

As part of the discussions between Staff and Recology San Mateo County management on potential changes to the Franchise Agreement for Collection Services, we have already begun implementing the changes to the public education components in close cooperation with Recology. This includes the elimination of Recology's Public Education Manager position, which was responsible for developing, submitting and managing the Annual Public Education Plan as specified in Section 7.03B of the Franchise Agreement.

With the elimination of this position, the SBWMA will instead be submitting the plan to the SBWMA Board and managing Recology's Franchise Agreement public education requirements going forward. In addition, the SBWMA's Recycling Outreach and Sustainability Manager will be the point of contact for all outreach and education efforts. Recology will continue to be responsible for costs associated with producing and distributing the Franchise Agreement specified public education materials.

The 2013 Annual Public Education Plan (**Attachment A**) details only Recology's requirements, and not other public education and outreach efforts initiated by the SBWMA per the Board approved Fiscal Year 2013 budget. Recology's public education requirements primarily include bill inserts and a service notice, as well as the distribution of outreach material developed by the SBWMA.

Staff held a meeting with Recology and the Public Education Subcommittee on January 29, 2013 to discuss the transition and review the 2013 plan components. Per Section 7.03E 16 and 17 of the Franchise Agreement, Recology is required to insert up to twelve solid waste bill inserts, of which nine are specified. The intent behind these nine inserts was to develop uniform pieces applicable to all Member Agencies on program specifics, such as the On-Call Collection Service, Holiday Tree Recycling, etc. The remaining three inserts were left unspecified to allow Member Agencies the flexibility to develop their own pieces to include as an insert.

Background

Recology initiated residential and commercial collection services for garbage, recycling and organics on January 1, 2011 per the provisions of twelve separate Franchise Agreements with the SBWMA Member Agencies. These agreements were developed and negotiated based on a franchise agreements template referred to as the Uniform Franchise Agreement for Collection Services. Each Agreement was tailored somewhat to reflect specific Member Agency needs and each Agreement was reviewed and separately adopted by each Member Agency.

Staff and Recology management have held meetings since July 2012 to discuss potential changes to the Franchise Agreements that would reduce Recology collection costs and/or SBWMA program costs, and

streamline or eliminate any contractual provisions that are not needed or provide little or no value. It was during these discussions that Recology offered to eliminate the Public Education Manager position.

Per the Franchise Agreement, the Annual Public Education Plan is to be submitted on or before September 1 of each rate year, with review and finalization by November 1st of the same rate year. Since the Franchise Agreement changes were under discussion during this time and the public education component was under transition, Recology was relieved of submitting a plan for 2013. The 2013 plan is meant to serve as a transition plan. The 2014 plan will be developed by Staff in collaboration with Recology and the Public Education Subcommittee, and will reflect a comprehensive plan that encompasses both Franchise Agreement requirements and SBWMA outreach efforts.

Fiscal Impact

There are no fiscal impacts associated with the implementation of the 2013 Annual Public Education Plan as Recology remains responsible for costs associated with producing and distributing the Franchise Agreement specified public education materials. .

Attachments:

Resolution 2013-04

Attachment A – 2013 Annual Public Education Plan



RESOLUTION NO. 2013-04

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

WHEREAS, the twelve Member Agencies of the South Bayside Waste Management Authority (SBWMA) have each executed a Franchise Agreement for Recyclable Materials, Organic Materials, and Solid Waste Collection Services with Recology San Mateo County (Recology);

WHEREAS, the SBWMA and Recology management have been in discussions on potential changes to the Franchise Agreements(s);

WHEREAS, the SBWMA and Recology have already begun implementing changes to the public education component, including the elimination of Recology's Public Education Manager position, which was responsible for developing, submitting and managing the Annual Public Education Plan per section 7.03B of the Franchise Agreement;

WHEREAS, with the elimination of this position, the SBWMA will instead be submitting the plan to the SBWMA Board and managing Recology's Franchise Agreement public education requirements going forward;

WHEREAS, it is recommended that the SBWMA Board approve the Annual Public Education Plan for Franchised Collection Services for calendar year 2013;

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves the Annual Public Education Plan.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 28th day of February, 2013, by the following vote:

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

I HEREBY CERTIFY that the foregoing Resolution No. 2013-04 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on February 28, 2013.

ATTEST:

John Doughty, Chairperson of SBWMA

Cyndi Urman, Board Secretary



**2013 ANNUAL PUBLIC EDUCATION PLAN FOR THE
MEMBER AGENCIES FRANCHISE AGREEMENTS
WITH RECOLOGY SAN MATEO COUNTY**

February 28, 2013

Introduction

Education and public awareness are critical and essential elements of any effort to achieve diversion and the success of the many programs and services prescribed in the Franchise Agreement(s) with Recology San Mateo County's (Recology).

This Annual Public Education Plan is required per Section 7.03B of the Franchise Agreement(s) and outlines the details of Recology's public education and outreach requirements for calendar year 2013. This Plan is designed to ensure that residential and commercial customers are kept apprised of the programs available to them through the CartSMART and BizSMART collection services; the benefits of source reduction, reuse, recycling and compost and related program opportunities; and the proper handling of household hazardous waste, among others.

Commencing with 2013, RethinkWaste will be responsible for developing and implementing the components of this Plan in collaboration with Recology. Recology will continue to be responsible for costs associated with producing and distributing the materials prescribed in the Franchise Agreement(s). The public education materials will emphasize the use of visuals and graphic images to be as clear as possible regarding program parameters.

This Plan serves as a transition plan, with a narrow focus solely on public education requirements that were previously the responsibility of Recology to administer. RethinkWaste, in collaboration with Recology, will be submitting a comprehensive plan in the fall of 2013 for calendar year 2014 that will encompass both the Franchise Agreement requirements and RethinkWaste's broader outreach efforts. Recology's general public education requirements primarily include bill inserts, an annual service notice, and distribution of outreach material developed by RethinkWaste. This Plan details these requirements and includes information on community events. This Plan does not address the Commercial Recycling Promotion Program related public education activities required by Recology pursuant to Section 7.04 of the Franchise Agreement(s).

Bill Inserts – Section 7.03E17

The Franchise Agreement allows for the insertion of up to twelve solid waste bill inserts each rate year, of which the contents for nine are specified. The intent behind these nine inserts is to develop uniform pieces applicable to all Member Agencies on program specifics, such as the Bulky Items On-Call Collection Service, Holiday Tree Recycling, etc. The remaining three inserts were left unspecified to allow Member Agencies the flexibility to develop their own pieces to include as inserts. Member Agencies may develop additional customized inserts in those instances where not all nine prescribed inserts are utilized, or when some are combined.

Bill inserts require a six-week lead time to ensure production, printing and insertion can be completed for the desired billing cycling. **Table 1** below provides the Member Agencies residential billing cycle with Recology. All commercial customers are billed one month in arrears.

Table 1

Member Agency	Billed Dec. 31 (for service in)	Billed March 31 (for service in)	Billed June 30 (for service in)	Billed Sept. 30 (for service in)
San Mateo	Jan.-March	April-June	July-Sept.	Oct.-Dec.
Menlo Park	Jan.-March	April-June	July-Sept.	Oct.-Dec.
Redwood City	Jan.-March	April-June	July-Sept.	Oct.-Dec.
West Bay Sanitary District	Jan.-March	April-June	July-Sept.	Oct.-Dec.
	Billed Jan. 31 (for service in)	Billed April 30 (for service in)	Billed July 31 (for service in)	Billed Oct. 31 (for service in)
Atherton	Feb.-April	May-July	Aug.-Oct.	Nov.-Jan.
Burlingame	Feb.-April	May-July	Aug.-Oct.	Nov.-Jan.
San Carlos	Feb.-April	May-July	Aug.-Oct.	Nov.-Jan.
	Feb.-April	May-July	Aug.-Oct.	Nov.-Jan.
	Billed Feb. 28 (for service in)	Billed May 31 (for service in)	Billed Aug. 31 (for service in)	Billed Nov. 30 (for service in)
Belmont	March-May	June-Aug.	Sept.-Nov.	Dec.-Feb.
San Mateo County – Franchised Area	March-May	June-Aug.	Sept.-Nov.	Dec.-Feb.
East Palo Alto	March-May	June-Aug.	Sept.-Nov.	Dec.-Feb.
Foster City	March-May	June-Aug.	Sept.-Nov.	Dec.-Feb.
Hillsborough	March-May	June-Aug.	Sept.-Nov.	Dec.-Feb.
North Fair Oaks	March-May	June-Aug.	Sept.-Nov.	Dec.-Feb.

- Annual Bulky Items On-Call Collection Notice:** Provides information on the twice-annual Bulky Item Collection Program and is sent to single-family residents once per year.
Insertion Date: April-June 2013
- Annual Holiday Tree Recycling Notice:** Provides information on the Holiday Tree Recycling program and is sent to both single-family and multi-family residents once per year. This insert will be combined with the Annual “Reduce Holiday Packaging” Notice and will also include holiday collection schedule changes.
Insertion Date: Sept.-Nov. 2013
- Annual “Reduce Holiday Packaging” Notice:** Provides information on reducing waste during the holidays and is sent to both single-family and multi-family residents once per year. This

insert will be combined with the Annual “Holiday Tree Recycling” Notice and will also include any holiday collection schedule changes.

Insertion Date: Sept.-Nov. 2013

- **Twice Annual Compost Giveaway Notice:** Promotes the Compost Giveaway program and is sent to both single-family and multi-family residents twice per year. These inserts can be customized to include Member Agency specific event date(s) or used to promote Shred/E-Scrap events.

Insertion Date: TBD based upon events

- **Twice Annual Commercial Recycling Notice:** Provides information on mandatory commercial recycling under Assembly Bill 341 and anti-scavenging strategies and is sent to commercial customers (including multi-family) twice per year.

Insertion Date: March and August 2013

- **Annual Commercial Recycling Awards Notice:** Provides information on the BizSMART@Work Awards program and solicits nominations and is sent to commercial customers (including multi-family) once per year.

Insertion Date: April 2013

- **Non-Collection Notice:** Provides general customer service information and is sent to single-family customers once per year.

Insertion Date: March-May 2013

Service Notice – Section 7.03(J)

This Annual Program Brochure will provide a summary of the scope of services available to all Residential, Commercial, Multi-Family and Agency Facility customers. This annual notice will highlight program guidelines and participation requirements and other basic information. This has not been previously distributed.

Distribution Date: Summer 2013

Distribution of Materials – Section 7.03E

Recology will continue to distribute outreach pieces and other items provided by RethinkWaste, including the Multi-Family Toolkit and Buddy Bags, and deskside and other interior containers for recycling and organic materials, among others.

Community Events

- **Confidential Document Destruction Service Event – Section 5.07:** Starting with the 2013 events, RethinkWaste will be coordinating all of the Shred/E-Scrap Community Events for Member Agencies, including the one Confidential Document Destruction Service Event previously provided by Recology for no additional cost. Per the Franchise Agreements,

Member Agencies are entitled to receive one Shred Event at no additional cost, which can be combined with E-Scrap collection.

As per the efforts of SBWMA staff in prior years, Member Agencies can have additional Shred/E-Scrap events as well. The hourly cost for the Shred Event Vendor will be deducted from the revenue generated from the collected E-Scrap for the additional events. Any remaining revenue will be sent to the Member Agencies or RethinkWaste will bill the Member Agency for any uncovered costs.

RethinkWaste will continue to also promote events as in prior years per budgetary constraints, including through press releases, website and social media postings, posters and electronic flyers for Member Agencies' websites. Member Agencies will be receiving a separate request form to reserve their event(s).

- **Coats for Kids Program – Section 5.10:** Recology will implement its annual Coats for Kids Program November 4-15, 2013 for Member Agencies interested in participating. The program entails drivers collecting children's coats from residential customers over a two-weeks. In addition, collection receptacles for coats will be provided at city halls and community centers during the same two weeks, upon request for each Agency. Recology and RethinkWaste will jointly promote the program. These promotional efforts will include: press releases, website and social media postings, print advertisements, posters and electronic flyers. Member Agencies will be receiving a separate request form to participate in the program.
- **Compost Giveaway – Section 5.11:** Starting with the 2013 events, Recology will be coordinating all of the Compost Giveaway events for Member Agencies. This will include Recology's Bring Your Own Bucket (BYOB) events and the RethinkWaste events.

The first Recology scheduled compost BYOB event (per each Member Agency request) will be provided at no addition cost. Additional Compost Giveaway events can be requested by Member Agencies at either the costs prescribed in Attachment Q of the Franchise Agreement for a Recology delivery, or per the backhaul delivery rate charged by South Bay Recycling.

RethinkWaste will continue to also promote events as in prior years, including press releases, website and social media postings, posters and electronic flyers for Member Agencies' websites. Member Agencies will be receiving a separate request form to reserve their event(s).

As stated earlier, this Plan serves as a transition to a more comprehensive 2014 Annual Education Plan to be submitted later this Fall. RethinkWaste will continue to work in collaboration with

Recology and Board Public Education Subcommittee to develop outreach and education efforts designed to engage customers, promote program success and achieve Member Agencies goals.