



A Public Agency

# COLLECTION AND RECYCLING PROGRAM SUPPORT AND COMPLIANCE

## STAFF REPORT

---

To: SBWMA Board Members  
From: Hilary Gans, Sr. Contracts and Operations Manager  
Date: March 22, 2018 Board of Directors Meeting  
Subject: Resolution Approving a Change to the Collection Franchise Agreement's Contamination Survey and Disincentive Program

---

### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2018-13 attached hereto authorizing the following action: **Resolution Approving A Change to the Collection Franchise Agreement's Contamination Survey and Disincentive Program.**

### Summary

During the Franchise Agreement extension process, Staff heard from TAC and Board members that the cost and effort of contact oversight should be reduced where possible. In the Extended Franchise Agreement, the frequency of the Contamination Monitoring has been changed from bi-annually to an as-needed basis. Staff is seeking Board approval to adjust the frequency of contamination monitoring in the current Franchise Agreement term from bi-annually to an as-needed basis for the remaining years of the Agreement (through December 31, 2020).

### Analysis

Give the consistency of the recyclable materials collected by Recology over the past several years, Staff feels that there is no justifiable reason to pay a consultant to continue with bi-annual contamination monitoring services, but rather sampling should be switched to an as-needed basis. Furthermore, the associated incentive/disincentive program should be suspended until and unless there is degradation in the quality of the recyclable or compostable materials collected. If approved, this change will essentially allow the market to determine the acceptable quality levels for these materials. If there's a contamination problem flagged, Staff will engage appropriate monitoring measures to properly remedy the issue. If there is a continuation of the current scenario in which there's been an absence of contamination findings, then the Agency does not expend unwarranted funds in this regard. The rationale for this change includes:

- Reduce the cost of contamination sampling from a current cost of ~\$100K per year.
- Reduce the contract administrative burden for agency staff and Recology.
- Consistency with the terms of the new Franchise Agreement Extension.

### Background

The Quarterly Contamination Monitoring program in the Franchise Agreement and associated Incentive/Disincentive program was developed to ensure that the Collection Contractor put forth sufficient effort to ensure that the different recycling streams (residential/commercial and recycling/organics) were free of excessive contamination. Since Recology is on the front-line, deals directly with customers, and has staff and budget dedicated to recycling program maintenance; it was felt that the company should be financially incentivized to

maintaining customer compliance with the guidelines of the recycling programs (i.e., through direct customer communications and “non-collection” notices). Specifically, the incentive/disincentive program is tied to a specific contamination levels – if the contamination for a specific quarter of the year is above the allowable threshold, there is a financial penalty to Recology and there is a corresponding incentive paid to Recology by the SBWMA if contamination is below the threshold level. Over the past several years there has been small amounts of incentive/disincentive payments exchanged between the SBWMA and Recology (e.g., the disincentive payment to the SBWMA by Recology totaled \$5,546 in 2016 and \$0 in 2015).

In the past the SBWMA has spent between \$100K - \$200K per year (\$50K per quarterly sampling) on consulting services to sample the contamination levels in the recycling and organics streams. In 2015 the Board decided that the cost of contamination monitoring was not warranted and elected to reduce the frequency of sampling from quarterly to bi-annually.

### **Fiscal Impact**

The Contamination survey cost the Agency \$50K per survey event and is conducted two times per year. Assuming that contamination levels do not change and that the survey is not needed, the agency will save \$100K per year.

#### **Attachments:**

Resolution 2018-13



# RESOLUTION NO. 2018-13

## RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS RESOLUTION APPROVING A CHANGE TO THE COLLECTION FRANCHISE AGREEMENT'S CONTAMINATION SURVEY AND DISINCENTIVE PROGRAM

**WHEREAS**, the Franchise Agreement stipulates that the contamination monitoring occur on a quarterly basis, and was subsequently reduced to bi-annual basis by Board action,

**WHEREAS**, there is an interest in saving costs and streamlining contract administration,

**WHEREAS**, now in the eighth year of the collection programs, there is little change in contamination levels and the contamination monitoring can be changed to an as-needed basis.

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves a Resolution Approving Contamination Survey and Disincentive Program.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 22<sup>nd</sup> day of March, 2018, by the following vote:

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

I HEREBY CERTIFY that the foregoing Resolution No. 2018-13 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on March 22, 2018.

ATTEST:

\_\_\_\_\_  
Charlie Bronitsky, Chairperson of SBWMA

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