



**A Public Agency**

NEW BUSINESS





## STAFF REPORT

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To: SBWMA Board Members  
From: Hilary Gans, Operations Contracts Manager  
Kevin McCarthy, Executive Director  
Date: April 24, 2014 Board of Director's Meeting  
Subject: Memorandum of Understanding with Silicon Valley Clean Water Regarding an Organic Waste Conversion Project

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### Recommendation

Staff recommends that the Board approve Resolution 2014-08 attached hereto authorizing the following action:

- Approval of a Memorandum of Understanding (see **Exhibit A**) with Silicon Valley Clean Water Regarding an Organic Waste Conversion Project. .

### Analysis

The SBWMA and Silicon Valley Clean Water (SVCW) (formerly named the South Bayside System Authority (SBSA) are considering entering into a Memorandum of Understanding (MOU) demonstrating each agency's commitment to further developing a project to sort food waste from the garbage at the Shoreway Environmental Center transfer station and process this into a feedstock for digestion and energy production at the SVCW waste water treatment facility. On April 10, 2014 the SVCW Commission unanimously adopted the MOU and affirmed its interest in the project concept that would ultimately benefit both agencies. The MOU does not commit either the SBWMA or the SVCW to any capital expenditures in the current or next fiscal Year (FY1415). It does imply a commitment of staff's time at both agencies and for the SBWMA some consulting support to continue to develop the project concept and prepare a preliminary project feasibility study that will include a preliminary cost/benefit analysis.

Should both agencies agree to move forward with a project, the SBWMA's area of responsibility would consist of processing garbage, extracting the food waste component from the waste stream and processing it into slurry, and transporting this slurry to the SVCW facility so that it can be pumped into their digesters for bio-methane gas production. Staff is currently working with several equipment vendors to develop a waste sorting system designed to process roughly 700 tons per day of residential and commercial waste at the transfer station. In addition to sorting out food waste, this system would recover target recyclable materials that are currently being disposed.

The SBWMA's primary goal for the project is to achieve high levels of diversion to meet the State's 75% recycling goal and to do so at or below the cost of landfill disposal. Staff believes that through the partnership approach that is described in the MOU, the agencies can leverage existing infrastructure at the Shoreway facility and at the SVCW plant to keep project capital expense lower. Additionally, it is expected that each agency can realize value from the sale of recyclable materials, from avoided landfill disposal cost, and from avoided energy purchase that will partially offset the operational expenses of the project.

### Background

The Silicon Valley Clean Water (formally known as South Bayside System Authority) is a four-member joint powers authority that provides waste water treatment services for the mid-peninsula region that includes the cities

of Redwood City, San Carlos, and Belmont, and the West Bay Sanitary District. The SVCW's plant is located at the end of Redwood Shores Parkway about three miles from the Shoreway Environmental Center.

Since 2009, SBWMA's and SVCW's staffs have been exploring a potential partnership opportunity to divert SBWMA's organic materials into SVCW's digesters for increased biogas production. Variations of this practice have entered the mainstream in Western Europe since the late 1990s, and with recent technological advancements and new regulatory drivers, the practice is gaining increasing popularity in the United States. Technical hurdles related to food waste separation and contaminant removal initially stalled discussion between the agencies on the project, however, through a new high-pressure extraction technology offered by Anaergia, Inc., this problem now seems surmountable. In addition, Anaergia is one of the first companies in the U.S. with a proven track record of successfully facilitating partnerships between solid waste and wastewater treatment agencies in this area of food waste digestion and they have helped facilitate technological discussions between the two agencies. Recently, there was a workshop between SBWMA, SVCW, and Anaergia in January 2014, where numerous benefits of a food waste-to-energy project were identified, including:

- Potential to divert from the landfill and into energy production, 25% of the SBWMA's waste stream (171 tons of 685 tons per day of garbage).
- Substantial increases to SVCW's biogas production and on-site energy generation, reducing SVCW's reliance on PG&E for purchased energy and associated price fluctuation vulnerabilities.
- Substantial reductions in overall disposal and transportation cost incurred by SBWMA that would be shared with the SVCW to offset SVCW's increased O&M and biosolids handling costs.
- Several promising outside grant funding opportunities (from PG&E, Cal Recycle, California Energy Commission and other State entities) that may be applicable to this project.

### **Fiscal Impact**

There is no long-term capital expenditure commitment on the part of the SBWMA from signing the MOU. Short term, the SBWMA projects some expenditures in FY1415 for Shoreway facility operational costs, laboratory analysis fees, and consulting expense in the range of \$35,000 to 50,000 to evaluate the technical and financial feasibility an organics-to-energy project. It is anticipated that by the end of next fiscal year, a project feasibility study will be presented to the Board that will provide a preliminary long-term financial cost/benefit forecast along with other financial support information needed to consider the next steps for the project. The draft FY1415 budget for review at the May 22, 2014 Board meeting will include projected project expenditures for this project in the \$35,000 to \$50,000 range.

### **Attachments:**

Resolution 2014-08

*Exhibit A* - Memorandum of Understanding with Silicon Valley Clean Water Regarding an Organic Waste Conversion Project



## RESOLUTION NO. 2014-08

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING A MEMORANDUM OF UNDERSTANDING WITH SILICON VALLEY CLEAN WATER REGARDING AN ORGANIC WASTE CONVERSION PROJECT

**WHEREAS**, the SBWMA is interested in increasing diversion of waste from landfill; and

**WHEREAS**, the SBWMA is interested in pursuing cost effective materials recovery programs to meet the State of California recycling goal of 75%; and

**WHEREAS**, the Silicon Valley Clean Water (SVCW) is interested in using its excess plant capacity to digest organic materials to create energy to offset their electricity purchase; and

**WHEREAS**, the parties are currently developing a project concept where the two agencies would work jointly to develop a organics conversion project and wish to formalize this relationship through a memorandum of understanding (MOU) detailed in **Exhibit A**.

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby authorizes the Executive Director to enter into a memorandum of understanding with SVCW.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24<sup>th</sup> day of April, 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. 2014-08 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on April 24, 2014.

ATTEST:

\_\_\_\_\_  
Bill Widmer, Chairperson of SBWMA

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

Exhibit A

Memorandum of Understanding with Silicon Valley Clean Water Regarding an Organic Waste Conversion Project

## MEMORANDUM OF UNDERSTANDING

**This Memorandum of Understanding** (“MOU”) is entered into as of \_\_\_\_\_, 20\_\_ by and between **the South Bayside Waste Management Authority** (“SBWMA”) and **Silicon Valley Clean Water** (“SVCW”), joint exercise of powers authorities established pursuant to the provisions of California Government Code Section 6500 et seq. (hereinafter, also “Party” or “Parties”):

### RECITALS

A. SBWMA is a joint exercise of powers authority comprised of twelve (12) member public agencies located in San Mateo County, California which owns and operates solid waste reduction and recycling facilities and programs.

B. SVCW is a joint exercise of powers authority comprised of four (4) member public agencies also located in San Mateo County, California which owns and operates wastewater transmission, pumping, treatment and disposal facilities within the service areas of its member agencies.

C. This MOU is entered into to facilitate the Parties' desire to explore the possibility of establishing a joint venture to implement an organic waste-to-energy project.

**1. Interpretation and Effect.** This MOU commits neither party to enter into a legally binding agreement or other legally enforceable commitment. The Parties agree to consult upon the Action Items described in paragraph 2 below regarding development of a potential agreement pertaining to an organic waste-to-energy project (“Project”).

**2. Overview of Key Discussion Points.** The following is a non-exclusive tentative list of items that shall be discussed and reviewed by the Parties for development of a draft agreement providing for the construction, operation, maintenance, repair and replacement of the Project:

<b><u>Action</u></b>	<b><u>Tentative Responsible Party and Action</u></b>
Capital Contribution Requirements and Other Capital Sources	To be determined
Distribution of Project Benefits, Gas Production, Tipping Fees, Grant Funds, etc.	To be determined
Management of Project	SBWMA and SVCW each shall be responsible the design, construction, and operation of the improvements related to the Project that may be constructed on their respective properties

<p>General Role and Responsibility of SBWMA</p>	<p>Provide space for and facilitate the design and construction of an organics processing line at its Shoreway facility.</p> <p>Generate approximately 20-30 tons per hour of waste for pre-processing at SBWMA's facility for the Project; the wet fraction of which from the pre-processing stream would be dedicated to a polishing [<i>query, definition of "polishing"?</i>] and digestion facility at SVCW</p> <p>Dispose of the dry fraction (remaining waste products) generated at its pre-processing facility</p> <p>Transport the wet fraction of the organic waste to SVCW based on an agreed-upon daily maximum number of trucks and operating hours</p>
<p>General Role and Responsibility of SVCW</p>	<p>Accept the wet organic waste fraction generated by pre-processing at SBWMA</p> <p>Provide space for and facilitate the design, construction, and operation of equipment required to accept, process and digest organic waste at its treatment facility</p>
<p>Operation of Project</p>	<p>The Parties anticipate that operation, maintenance, repair and replacement of the Project facilities located on their respective properties will be managed by them corresponding to their ownership, with possible outside contractual support</p>
<p>Intellectual Property</p>	<p>Patents, copyrights, trade names and trademarks created or established by either of the Parties in conjunction with the facilities located on their respective properties shall be owned exclusively by the Party creating or establishing them; intellectual property owned by others necessary or convenient for the operation and use of the Project facilities shall be subject to such licensing or other agreements that may be entered into by one or both of the Parties with the owners of such intellectual property</p>

**3. Costs, Expenses.** Costs and expenses incurred pursuant to this MOU by each Party through the performance of their respective officers, employees or consultants shall be borne by the Party incurring such expenses. In the event the Parties agree that third-party consultant or other contractual services are necessary or appropriate to accomplish the objectives of this MOU,

the cost of such services shall be borne equally by the Parties unless they otherwise provide by written memorandum signed by both Parties and attached hereto. Such third party services may be provided by contract with either one of the Parties or jointly as they shall agree.

**4. Term and Termination.** The term of this MOU shall be one year ("Initial Term") commencing upon the date hereof; provided, that the Initial Term shall be renewed automatically for an additional year ("Renewal Term") upon the expiration of the Initial Term, unless earlier terminated as herein below provided. The parties anticipate that unique technology provided by others may be required for the Project. Therefore, if the Parties determine on or before the expiration of the Renewal Term that insufficient progress has been made for development and use of such technology, this MOU shall terminate upon written acknowledgment of such determination signed by both Parties. Notwithstanding the foregoing, and at any time during the Initial or Renewal Term, either Party may terminate this MOU by giving not less than thirty (30) days' prior written notice to the other Party.

**5. Notices.** Notices required by or convenient to the performance of the Parties hereunder shall be written and deposited with the U. S. Postal Service, first class mail, postage prepaid, or by e-mail or by facsimile addressed as follows:

Notice to SVCW:                    General Manager, Silicon Valley Clean Water  
   1400 Radio Rd.  
   Redwood City, CA 94065  
   e-mail: dchild@svcw.org  
   facsimile: 1-650-591-7122

Notices to SBWMA:                    \_\_\_\_\_  
   \_\_\_\_\_  
   \_\_\_\_\_  
   \_\_\_\_\_  
   e-mail: \_\_\_\_\_  
   facsimile: \_\_\_\_\_

**5. Counterparts.** This MOU shall be executed in duplicate counterparts and so executed shall constitute one MOU effective upon the date above set forth.

**[SIGNATURES APPEAR ON NEXT PAGE]**

**IN WITNESS WHEREOF**, the Parties have signed this Memorandum of Understanding.

**South Bayside Waste Management Authority (“SBWMA”)**

\_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Silicon Valley Clean Water (“SVCW”)**

\_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Kevin McCarthy, Executive Director  
**Date:** April 24, 2014 Board of Director's Meeting  
**Subject:** Discussion on FY1415 Budget Priorities

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### Recommendation

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

### Analysis

Staff is seeking Board feedback on proposed budget priorities (i.e., major projects and work activities) for the next fiscal year through a two-step process of first conducting a programmatic review at the April 24<sup>th</sup> Board meeting and then a financial review at the May and June Board meetings. A powerpoint presentation will be made at the April Board meeting to highlight the details found in the attachments to this staff report, including noting major accomplishments in the current fiscal year (FY1314).

**Attachment A** provides a summary of FY1415 proposed key projects and activities in each of the five main areas of our budget (i.e., Administration, Contract Compliance and Support, Recycling - AB 939 and AB 341 Compliance, Collection Operations, and Shoreway Operations). **Attachment A** also shows the current FY1314 adopted and mid-year budget figures by budget area and by line item. Again, FY1415 budget figures will be provided at the May Board meeting. Staff has also charted out the FY1415 proposed major projects and work activities in a timeline format as shown in **Attachment B**.

The first four areas of our budget are referred to as our SBWMA program budget, exclusive of Shoreway Operations, and can be summarized as follows:

- *Administration* – includes all staff wages and benefits, office overhead and related administrative expenses. It is important to note, that all staff wage and benefit expenses are shown in the Administrative area of our budget (i.e., Administrative staff and AB 939 Program staff line items) and not allocated to other budget areas (e.g., Contract Compliance and Support, Recycling Outreach and Programs, Shoreway Operations, etc.)
- *Contract Compliance and Support* – consultant costs associated with Franchise Agreements and Operations Agreement administration; and rate review, analysis and projections.
- *Recycling (Outreach and Programs)* – *AB 939 and AB 341 Compliance* – consultant costs for outreach material development and recycling program research and development, outreach material printing and mailing costs, recycling program costs, and purchase of recycling containers (for interior use at businesses and multi-family dwellings) for use by Recology as part of the Commercial Outreach Program. Development of the Long Range Plan will fall in this budget area.
- *Collection Operations* – disposal and processing costs (pass-thru) associated with the door-to-door household hazardous waste collection program. The SBWMA pays the vendor that operates this program a negotiated fee per household (included in the garbage bills for ten of our Member Agencies) and in turn the SBWMA bills the ten participating Member Agencies; the revenue received from the Member Agencies is booked as revenue in our budget and 100% offsets the vendor costs shown in the Collection Operations portion of our budget.

The Shoreway Operations portion of our budget includes all contractor (SBR) related expense, disposal and processing expense and all other direct expenses (e.g., debt service, franchise fees paid to City of San Carlos, facility insurance, facility maintenance, and the tour program) related to the SBWMA's responsibilities and obligations as the owner of the facility; these are largely non-discretionary expenses associated with management of the Shoreway Environmental Center.

**Attachment A** also shows an allocation of staff resources (i.e., full time equivalents) by budget area as requested by the Board. It's estimated that our staff time allocation by budget area is as follows:

Administration	22%
Contract Compliance and Support	17%
Recycling Outreach and Programs*	19%
Shoreway Operations	42%

\*Includes Collection Operations

As previously noted, though, staff wages and benefits are all shown in the Administrative area of our budget (i.e., Administrative staff and AB 939 Program staff line items) and not allocated to specific program areas. **Attachment C** is a current RethinkWaste organization chart to further assist the Board with understanding staff roles and responsibilities.

While many of the proposed FY1415 projects and work activities are reflective of the JPA's ongoing Franchise Agreements, Operations Agreement and JPA requirements and obligations, there is flexibility in the level and type of ongoing staff and consultant activity. Staff reviews each budget line item each year to ascertain the appropriate level of effort and corresponding expense.

#### ***Proposed New Projects and Activities in FY1415***

**Attachment A** denotes the proposed new projects and work activities. Proposed new projects and work activities by budget area that will require significant staff resources and/or consultant support include:

##### Administration

- Ongoing benchmarking of all aspects of the operation to identify opportunities to reduce costs, improve service and eliminate any duplication of effort at the SBWMA, Member Agencies and our contractors. It should be noted that staff has already completed some preliminary benchmarking work that will be presented at the May Board meeting. Additional benchmarking will be completed as part of the Long Range Plan. See also note below regarding previous work completed in concert with Recology to eliminate duplication of effort. **This proposed work activity is associated with a current Board approved performance goal for the Executive Director.**

Note: SBWMA, Member Agency staff and Recology completed a top to bottom review of the Franchise Agreements in 2012/2013 resulting in a series of recommended administrative changes to the Agreements to accomplish two critical goals: reduce costs which could be 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 to the affected parties (e.g., the customer, Member Agencies, etc.). These recommendations were approved by all Member Agencies in 2013 and resulted in the elimination of one public outreach position at the SBWMA and three positions (public education manager and two waste diversion auditors) at Recology with total annual savings of \$325,000.

### Contract Compliance and Support

- Preparing for future Member Agency decisions regarding the scope of work in their Franchise Agreements, and whether or not to extend their current Franchise Agreements with Recology or to pursue a competitive procurement process for a service provider. The first step in this process is to select and negotiate a final scope of work for technical consultant(s) to review Recology's operations to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Consultant(s) will be selected through a competitive procurement process and contracts executed in FY1415; however, the operational analysis work and preparation of the final project report will be completed in FY1516. **Completing the competitive procurement process and selection of consultant(s) in FY1415 was specifically requested by the Executive Committee.**
- Preparing for a future SBWMA and Member Agency decision regarding the scope of work for the Shoreway facility operator and whether or not to extend the current Operations Agreement with SBR or to pursue a competitive procurement process for a service provider. The first step in this process is to select and negotiate a final scope of work for technical consultant(s) to review SBR's operations to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Consultant(s) will be selected through a competitive procurement process. The actual operational analysis work will be completed in FY1516. **Completing the competitive procurement process and selection of consultant(s) in FY1415 was specifically requested by the Executive Committee.**

### Recycling Outreach and Programs

- Analyze the survey of residential customers regarding preferences for how they receive public education materials and implement pertinent findings. As the survey results are due back in the next few weeks, staff has not yet altered any of our existing residential outreach strategies. At the May Board meeting staff will make a presentation on the survey results and our May budget documents may reflect changes in proposed outreach projects and work activities.
- Implement recommendations from the Public Space feasibility report. **This proposed work activity is associated with recommendations still pending from a review of current public space (e.g., community parks and recreational areas, downtown areas, etc.) recycling and composting service levels and performance results.**
- Implement an SBWMA-wide ordinance and outreach strategy to register and receive quarterly diversion tonnage information from commercial recycling haulers. Such data is for future program planning purposes and not for AB 939 compliance. This ordinance will be pursued if adequate data cannot be obtained voluntarily from commercial recycling haulers.
- Develop a long-term strategic plan (i.e., 10-year scope to include all major elements of the operation, including collection and processing, and related elements of compliance, contracts/contract renewal strategies, public education, finance, capital improvement program (CIP), technologies, etc.) to address solutions for cost effective waste reduction and recycling programs and services and facility infrastructure.

A proposed work plan (background information, proposed project approach and evaluation framework) for the Long Range Plan is included in **Attachment D** for Board review and consideration. **This proposed work activity is associated with a current Board approved performance goal for the Executive Director.**

### Collection Operations

- Negotiate a potential contract extension with WM Curbside LLC as the current contract expires on December 31, 2014 for the Door-to-Door HHW Collection program.

## Shoreway Operations

- Completion of conceptual designs for a Transfer Station processing system to recover organic materials and other recyclables. **This proposed work activity is associated with a proposed MOU with Silicon Valley Clean Water (formerly called SBSA) to jointly develop an organic waste recovery project. This project likely represents the single largest future waste diversion opportunity for the SBWMA.**
- Manage our two existing organics processing contracts, which both expire on 12/31/14, for residential and commercial organics to meet operational, financial and environmental requirements. The two contracts will either be extended and/or a competitive review process will be completed.
- Manage a capital project at Shoreway to expand the covered tipping (unloading) area for recyclables delivered by franchised collection vehicles and third party sources. This capital project is contingent upon Board approval of a revised MOU between the SBWMA and SBR for the processing of additional third party tons.
- Analysis of upgrade options and cost for the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection and transfer fleet fuel needs. **This proposed work activity was previously reviewed with the Board in November 2013 as part of a discussion on the Shoreway remediation project and future related risks associated with existing fueling operations.**
- Complete a sign plan identifying recommended improvements onsite to enhance customer service, safety and operational results.
- Complete a Disaster and Emergency Management Plan for the Shoreway operations. **While an emergency response plan is currently in place for our contractors at Shoreway, no comprehensive plan exists to address disaster (e.g., flood, earthquake, etc.) related scenarios that could have significant impacts on Shoreway operations.**

### *Summary of Major Accomplishments in FY1314*

Attachment E provides a summary of major accomplishments in the current fiscal year (FY1314) within each of the five main areas of our operating budget. This summary provides details of both projects completed and those still in progress. A few key accomplishments have been highlighted below.

- Strong financial results including:
  - Significantly higher than expected ending cash reserve fund balances for FY1213 and projected balances for FY1314
  - Projected program budget and capital spending below adopted budget for FY1314
  - Met and exceeded bond covenant debt coverage tests
  - Adopted lower Shoreway tipping fee increases than budgeted
- Completed final rate reports providing a review of the Recology and SBR compensation applications for the 2014 rate year per the Member Agency's franchise agreements and Operations Agreement, respectively. Final rate documents approved at September 2013 Board meeting. Recology and SBR's compensation adjustments for 2014 were 0.2% and 3.4%, respectively.
- Supported Member Agencies with negotiating and implementing administrative changes to their franchise agreements with Recology. Staff initiated negotiations with the company on behalf of our Member Agencies in an effort to eliminate areas of redundancy between SBWMA and Recology, improve the efficiency of service delivery and provide cost savings to the Member Agencies. All Member Agencies have executed the contractual changes which have streamlined various aspects of the services and programs provided by both Recology and SBWMA.
- Continue to support Recology with making changes or improvements to their Annual Compensation Application Report. SBWMA substantially revised the Recology Compensation Application Report template in spring 2013 which was then used as the basis for Recology's June 2013 rate application submittal and Board review in

summer/early fall 2013.

- Launched updated RethinkWaste website in August 2013, providing greater convenience and access to information for customers, Board and Member Agencies.
- Designed and rolled out focused public outreach campaigns that significantly increased participation in the bulky item collection program, Door-to-Door HHW Collection program, and curbside battery and cell phone collection program.
- Managed the Agency's efforts towards completing the ground water remediation project at Shoreway which is expected to be closed by San Mateo County in 2014. As noted in a presentation at the November 2013 Board meeting, staff is projecting to only spend approximately \$300,000 of the \$1.5 settlement fund for this project.
- Management of the Shoreway School and Public Tours program and the hosting of several public events (e.g., Earth Day, Trash-to-Art, 2-Million Tons, and Night-at-Shoreway). In only its second year of operations and with one full-time and one part-time staff person, the program has provided tours to over 6,000 visitors (1,000 more than prior year).

### **Background**

On June 27, 2013 the SBWMA Board of Directors adopted the FY1314 Operating Budget, inclusive of the SBWMA program budget and Shoreway Operations, with revenue totaling \$41,579,200 and expenditures of \$38,723,050. This produces net income of \$2,856,150 or an operating margin of 6.9%.

On January 23, 2014 the Board conducted a mid-year budget review of the FY1314 budget. No action was requested of the Board as budget projections were at or below adopted budget levels. The budget projections showed slightly lower net income of \$2,706,571 or an operating margin of 6.4%. It should be noted that non-operating obligations (i.e., bond principal payment and capital expenditures) are not included in the operating income but would be paid out of operating income to arrive at net cash flow. These obligations include: bond principal payment (\$1,150,000) and capital expenditures (\$465,000). Net cash flow after deducting these items for FY1314 is \$1,091,571.

### **Fiscal Impact**

There is no fiscal impact associated with this staff report as no recommendations are presented with specific budget levels. Staff will present a draft FY1415 operating budget complete with revenue, expenditures, capital spending, and estimated cash reserve balances at the May 22, 2014 Board meeting.

### **Attachments:**

Attachment A – FY1415 Budget Worksheets

Attachment B – Timeline for Proposed Major Projects and Work Activities

Attachment C – RethinkWaste Organization Chart

Attachment D – Long Range Plan – Work plan

Attachment E – FY1314 Accomplishments

# RethinkWaste FY1415 Proposed Program Budget

## ADMINISTRATION

**FY1314 Budget:** \$1,639,850.

**FY1415 Budget:** TBD (Figures to be provided at May 22, 2014 Board meeting)

**SBWMA Staff Resources:** Kevin McCarthy, Executive Director; Marshall Moran, Finance Manager; and Cyndi Urman, Board Secretary/Office Manager.

**Approximate FTEs (reflects estimated allocation of staff resources to this program area):** 1.7 FTEs = 0.90 (Office Manager/Board Secretary), 0.45 (Finance Manager), and 0.35 (Executive Director).

**Description:** Provides for overall administrative operations of the agency, including: personnel administration, budget development, financial projections, expense payment processing, fiscal management, Board of Directors administration, customer service, risk management, records retention, and information technology. Budget for these functions is captured under “Administrative Expenses.”

### **FY1415 Key Projects/Activities**

#### ***Budget and Financial Analysis***

- Review the FY1415 budget to identify budget variances and plan for a mid-year adjustment if needed.
- Prepare the FY1516 budget for Board review and approval.
- Prepare two calendar year financial projections to support Shoreway tip fee assumptions and to “test” bond covenant requirements.
- Review existing tipping fees and develop recommended 2015 tipping fee adjustments if needed.
- Develop a recommendation for Board consideration on how to use unspent Shoreway remediation project Settlement funds.

#### ***NEW PROJECT***

- Benchmark all aspects of the operation (i.e., programs and services under the direct control of the SBWMA such as items in the adopted budget), identifying opportunities to reduce costs, improve service, and eliminate potential duplication of service at both the SBWMA and member agency levels. ***NEW PROJECT***

#### ***Accounting and Fiscal Management***

- Complete FY1314 financial audit and 2014 calendar year financial statements for bond reporting.
- Maximize use of competitive bidding for technical consulting services particularly for scopes of work exceeding \$50,000.
- Meet bond covenants and reporting requirements as specified in the Indenture to ensure compliance including the two debt coverage ratios.
- Monitor South Bay Recycling (SBR) monthly reporting (per Operations Agreement) of tonnage and review their monthly invoice for accuracy and tie all payments to source data.
- Manage monthly cash transfers to/from SBR (per Operations Agreement) for commodity revenue, public revenue, and payments for operations. Review and verify SBR’s detailed monthly calculation of commodity revenue.
- Manage monthly billing to and payment from Recology for disposal at Shoreway as prescribed in the Member Agency franchise agreements.
- Ensure all procedures are followed and receipts and payments to vendors are supported by proper documentation and made on timely basis such that cash flow is optimized.

## RethinkWaste FY1415 Proposed Program Budget

### Administration Continued

- Review the Quarterly Investment Report to the Board prepared by the City of San Carlos.
- Renew general insurance policies (property, general liability, EIL, D&O, etc.) and ensure proper coverage is maintained.

#### ***Human Resources***

- Manage the payroll and benefits administration, including managing the annual renewal of employee benefit plans to ensure cost effective and competitive plans.
- Make timely payments to vendors for payroll, retirement plan, and HSA plan.
- Monitor payroll process and ensure timely and accurate payment to employees.

#### ***Board of Directors Administration***

- Maintain the Board of Directors webpage to ensure accurate and up to date information is available.
- Update as needed the website's Board Member portal feature to house information of interest.
- Maintain accurate and up-to-date records for the SBWMA, including Board meeting minutes, resolutions, ordinances and contracts.
- Update as necessary the Board of Directors JPA and Contracts Resources Binder.
- Deliver Board Packets to the Board of Directors accurately and on time.
- Manage to compliance with record retention and other Board adopted policies.
- Meet with Board Members, particularly any new Board Members, to address questions and concerns and any unique Member Agency needs.
- Respond to Board Members, and Member Agency staff communications in a timely, professional and accurate manner.

#### ***Customer Service***

- Provide high quality customer service to members of the public that contact the SBWMA, including providing helpful, accurate and timely information.

## RethinkWaste FY1415 Proposed Program Budget

### CONTRACT COMPLIANCE AND SUPPORT

**FY1314 Budget:** \$300,600

**FY1415 Budget:** TBD (Figures to be provided at May 22, 2014 Board meeting)

**SBWMA Staff Resources:** Cliff Feldman, Recycling Programs Manager; Marshall Moran, Finance Manager; Monica Devincenzi, Recycling Outreach and Sustainability Manager; and Hilary Gans, Facility Operations and Contracts Manager.

**Approximate FTEs (reflects estimated allocation of staff resources to this program area):** 1.32 FTEs = 0.60 (Recycling Programs Manager), 0.30 (Finance Manager), 0.30 (Executive Director), 0.10 (Recycling Outreach and Sustainability Manager), and .02 (Office Manager/Board Secretary).

**Description:** Staff services provided in this area includes:

- Continued oversight and contract administration support for the twelve collection services franchise agreements with Recology , including follow-up work on audit findings and financial auditing.
- Continued oversight of SBR's operations per the Shoreway Operations Agreement (see "**Shoreway Operations**" budget worksheet).
- Management of the annual Member Agency rate review process, including review of the 2015 Recology and SBR compensation applications, and completion of the SBWMA final reports reviewing the Recology and SBR compensation applications and consolidated rate report for 2015. Initiate audit work and review of operational data included in the 2015 compensation applications.

#### **FY1415 Key Projects/Activities**

##### ***Contract Administration***

- Review 2014 Annual Report from Recology required per the Member Agency franchise agreements.
- Hire contractor to conduct 2014 rate (calendar) year audit of collection services and facility operations reports, tonnage data and customer service systems. This project is conducted annually due to the fiscal impact associated of self-reported information contained in the company's annual reports and compliance with related performance standards. Implement 2013 rate year audit findings as appropriate.
- Hire contractor to conduct 2014 rate year audit of financial systems (includes Recology's revenue reconciliation) of both contractors to verify financial risks to SBWMA and its Member Agencies. This project is conducted annually due to the fiscal impact of data included in reports submitted by the companies and since significant ongoing financial transactions are conducted between the companies.
- Implement 2013 audit findings as appropriate and follow up with Recology to ensure progress on implementing audit recommendations.
- Prepare 2015 Annual Public Education Plan for franchised collection services and related outreach support, including management of all collateral development and support for tailoring collateral for Member Agencies as appropriate per the franchise agreements. The Plan will be presented to the Board for review and approval at October 2014 Board meeting.
- Complete two semi-annual load contamination monitoring events as required in the Member Agency's franchise agreements with Recology. Per the Member Agency's franchise agreements and because the SBWMA manages the Shoreway facility, the SBWMA is tasked with overseeing various aspects of ensuring that recycle and compost materials contamination is kept low and therefore commodity revenue is maximized.

## RethinkWaste FY1415 Proposed Program Budget

### Contract Compliance and Support Continued

- Hire a contractor to conduct Recology customer service call center monitoring and evaluation of compliance per the Member Agency's franchise agreements. This project is conducted annually due to the fiscal impact associated with compliance of performance standards related to the operation of the customer service call center.
- Select and negotiate a final scope of work for technical consultant(s) to review Recology's collection services operations to identify their actual costs of operations and make recommendations as appropriate for future operational and program improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational review work will be completed in FY1516.

#### *NEW PROJECT*

- Select and negotiate a final scope of work for technical consultant(s) to review SBR's operations and management of Shoreway to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational review work will be completed in FY1516. *NEW PROJECT*
- Provide prompt responses to questions/issues/complaints that are raised by the public and Member Agencies regarding their franchise agreements and the services provided by Recology. The RethinkWaste phone number is publicized and staff frequently responds to requests from the public.
- Provide prompt responses to questions/issues/complaints that are raised by the public and Member Agencies regarding their experiences using the Shoreway facility and the services provided by SBR.
- Develop a Member Agency snapshot report for 2014 and make presentations to Member Agency governing bodies upon request. This snapshot report has been well received by the Member Agencies in prior years and staff shall continue to consolidate the key operational and programmatic metrics of the services provided and be available to present this information in public meetings upon request.

#### **Rate Review, Analysis and Projections**

- Complete SBWMA final rate reports providing a review of the Recology and SBR compensation applications for the 2015 rate year per the Member Agency's franchise agreements and Operations Agreement, respectively. Per the franchise agreements with Recology and the Operations Agreement with SBR, the SBWMA is tasked with consolidating the pertinent data required to project the revenue requirement needed for the subsequent rate year which directly relates to the rates that need to be charged by each Member Agency.
- Continue to provide direction and support Recology with making changes or improvements to their Annual Compensation Application Report. Staff will make efforts to continuously improve this key application report submitted by Recology each year.
- Analyze the very detailed cost adjustments in the Compensation Applications from Recology and SBR. Verify the companies follow the prescribed contractual requirements and approved compensation methodology per the franchise agreements and Operations Agreement, respectively. Conduct a detailed review of any Recology special issues if needed.
- Prepare financial analysis for projected revenue and total collection costs, residual cost impact from prior year, and include pass-through costs (disposal and agency fees) to determine total rate adjustment for each Member Agency per the franchise agreement(s).
- Prepare a variance analysis of 2015 total collection cost vs. 2014 cost by detailed cost categories by Member Agency to aid in understanding collection cost changes. Per feedback from our Member Agencies, this useful variance analysis is prepared annually to assist decision makers with analyzing and recommending rate increases.

## RethinkWaste FY1415 Proposed Program Budget

### Contract Compliance and Support Continued

- Provide ongoing rate analysis support and projections of 2015 rate impacts associated with changes to any assumptions.
- Update 5-year collection cost projection by agency for collection cost components: Recology cost, disposal expense and agency fees.
- Support Member Agencies with analysis of rate issues and attend rate hearings or rate related meetings as requested.
- Review Recology's Revenue Reconciliation Report; develop outside audit of financial risks including SBR's payments to SBWMA. The financial information provided in the Recology Revenue Reconciliation Report is self-reported and is a key component in determining the subsequent revenue requirement needed to establish rates for Recology's annual compensation increase.

*NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.*

<u>Budget Expense Category</u>	<u>Description of Program</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-</u>	<u>FY1415 Proposed</u>
<b>Contract Compliance and Support – Consultant Support</b>		<b>\$300,600</b>	<b>\$248,600</b>	
Rate Review and Support	<ul style="list-style-type: none"> <li>• Rate analysis and support for Member Agencies, including outside support for accounting temporary worker.</li> </ul>	\$53,000	\$30,000	
Facility Improvement Oversight	<ul style="list-style-type: none"> <li>• The current two organics processing contracts expire at the end of 2014 so funds are budgeted to review options, including the potential management of a RFP process (\$___).</li> <li>• Analysis of options and costs to upgrade the Shoreway fuel storage and distribution system (\$_____).</li> <li>• Preparation of a preliminary Disaster Management Plan related to the Shoreway facility operations. (\$_____). The SBWMA does not currently have a Disaster Management Plan.</li> </ul>	\$30,000	\$30,000	
Contract Management Support	<ul style="list-style-type: none"> <li>• Conduct annual Financial Audit of Recology. This audit reviews the distribution of franchise and other fees to Member Agencies, annual revenue reconciliation and other aspects of financial related reporting and franchise agreement compliance.</li> </ul>	\$67,600	\$68,600	

## RethinkWaste FY1415 Proposed Program Budget

Collection Services Franchise Administration	<ul style="list-style-type: none"> <li>• SBWMA is required per the franchise agreements to support Member Agencies with contract compliance issues, including monitoring and auditing the companies reporting, systems and customer service functions and ensuring compliance with any previous audit findings and recommendations (\$_____); and, conducting customer service call center monitoring to test customer service data self-reported by the company which pertains to calculation of performance incentives/disincentives and liquidated damages (\$_____).</li> <li>• Complete a competitive procurement process to select a consultant(s) and negotiate a final scope of work for an operational and cost assessment of Recology’s collection services operations.</li> <li>• Complete a competitive procurement process to select a consultant(s) and negotiate a final scope of work for an operational assessment of SBR’s Shoreway operations.</li> </ul>	\$100,000	\$95,000	
Bi-Annual Contamination Monitoring	<ul style="list-style-type: none"> <li>• Twice per year contamination monitoring per Article 6.02 of the franchise agreements to determine the contamination level of various material categories (e.g., single family targeted recyclable materials, etc.)</li> </ul>	\$50,000	\$25,000	
Contract Negotiations/Legal Review	TBD	\$0	\$0	

## RethinkWaste FY1415 Proposed Program Budget

### RECYCLING OUTREACH AND PROGRAMS – AB 939 AND AB 341 COMPLIANCE

**FY1314 Budget:** \$858,500

**FY1415 Budget:** TBD (Figures to be provided at May 22, 2014 Board meeting)

**SBWMA Staff Resources:** Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach and Sustainability Manager.

**Approximate FTEs (reflects estimated allocation of staff resources to this program area):** 1.22 FTEs = 0.8 (Recycling Outreach and Sustainability Manager), 0.25 (Recycling Program Manager), 0.15 (Executive Director), and 0.02 (Office Manager/Board Secretary).

**Description:** Staff services provided in this area to ensure compliance with state-mandated waste reduction, recycling and reporting requirements per the California Integrated Waste Management Act of 1989 (Assembly Bill (AB) 939) and the more recent legislation pertaining to mandatory commercial recycling (AB 341) include:

- Development and implementation of public education and outreach strategies to promote residential and commercial waste reduction and recycling collection programs and services.
- Oversight of any Recology San Mateo County (Recology) services under the 12 collection services franchise agreements with the Member Agencies.
- Prepare and submit the State mandated CalRecycle Annual Reports required per AB 939 on behalf of ten participating Member Agencies.

#### **FY1415 Key Projects/Activities**

##### **Public Education and Outreach**

- Develop, implement and manage ongoing AB 341 outreach activities, including producing and disseminating brochures, inserts and letters of non-compliance for Member Agency and Recology use. The State's AB 341 requires all public agencies to implement public education efforts to encourage businesses to comply with this mandatory commercial recycling law and the SBWMA can most effectively manage this effort on behalf of all Member Agencies.
- Develop, submit and manage the 2015 Annual Public Education Plan (per the Member Agency's franchise agreements) in coordination with Recology and the Ad Hoc Public Education Subcommittee, including an evaluation of the most cost-effective ongoing outreach activities and tools. Recology was originally tasked with developing this plan in the Member Agencies franchise agreements; however, per the negotiated contractual improvements the Recology Public Education Manager position was eliminated resulting in significant cost savings and responsibility for development and preparation of this critical Plan was transferred to the SBWMA.
- Investigate public funding (e.g., grants, and public-private or public-public partnerships, as applicable) opportunities for outreach programs and activities. **NEW PROJECT**
- Promote residential collection services (per the franchise agreements) through three *rethinker* newsletters, five bill inserts and presentations at community groups, organizations and events in collaboration with Recology.
- Continue to develop and implement outreach strategies to increase participation and customer knowledge of CartSMART and BizSMART franchised collection services, including tailoring programs to meet specific community needs.
- Continue to develop and implement outreach strategies to increase participation and customer knowledge of the Door-to-Door HHW Collection program for participating agencies. This very popular program provides an easy and convenient means for residents to have

## RethinkWaste FY1415 Proposed Program Budget

### Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued

HHW and Universal Waste collected directly from their homes without the need to transport it themselves.

- Measure the effectiveness of ongoing outreach tools and determine if modifications or improvements are needed or if different tools are required. *NEW PROJECT*
- Expand residential home diversion calculator program to increase residential diversion and participation. This program allows residents to more intuitively understand the results of their recycling efforts and is conducive for further fostering critical behavior change regarding waste diversion. *NEW PROJECT*
- Continue to promote and expand use of the “my waste” mobile app by residents to request services, get additional program information and other related items. This mobile app provides a convenient tool for our customers to interface with their service provider and enables for seamless and convenient information gathering and requests for service.
- Conduct the annual BizSMART@Work Awards program to recognize businesses and multi-family complexes for their 2014 diversion efforts.
- Provide outreach and other support to Member Agencies for compost giveaways and shred/e-scrap recycling events per the franchise agreements with Recology.

#### ***Recycling (Diversification Programs)***

- Implement the SBWMA-wide commercial recycling haulers Reporting System ordinance and outreach strategy to begin collecting diversion data in 2015 that is currently unavailable. Significant commercial recycling activity is carried out by the private sector; however, the SBWMA does not have data on these activities. The only commercial recycling data available is provided by Recology per the franchise agreements. In order to plan for future potential expanded diversion efforts as required by State mandate, the SBWMA needs to develop a true picture of commercial recycling activities conducted by both independent recycling haulers and Recology. Such data is needed for future program planning purposes and not for AB 939 compliance. This ordinance will be pursued if adequate data cannot be obtained voluntarily from commercial recycling haulers.
- Evaluate a pilot code enforcement effort to support Member Agency’s with enforcement of their anti-scavenging ordinances. Scavenging of recyclable materials from both the commercial and residential sectors has various societal and economic impacts and staff’s focus in assisting with implementing anti-scavenging efforts is to increase the revenue generated from the sale of recyclables collected by Recology and processed by SBR at Shoreway. *NEW PROJECT*
- Implement recommendations from the Public Space Recycling project feasibility report. This project is focused on increasing the opportunity for the public to conveniently and cost effectively recycle in public spaces (e.g., parks). *NEW PROJECT*
- Evaluate best management practices identified at the April 2014 Commercial Recycling Workshop and implement as applicable. *NEW PROJECT*
- Continue to develop and implement cost-effective, ongoing outreach strategies and additional multi-family outreach materials in coordination with Recology and the Adhoc Public Education Subcommittee.
- Manage the Audit of Recology’s 2014 Annual Report regarding the company’s performance and compliance. The data in this report is self-reported by Recology and it impacts various fiscal implications and the measurement of performance standards associated with

## RethinkWaste FY1415 Proposed Program Budget

### Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued

fiscal impacts, thus annually auditing this report is part of the due diligence of effective contract administration.

#### **Long Range Plan**

- Develop a long-term strategic plan (i.e., 10-year scope to include all major elements of the operation, including collection and processing, and related elements of compliance, contracts/contract renewal strategies, public education, finance, capital improvement (CIP), technologies, etc.) to address solutions for cost effective waste reduction and recycling programs and services and facility infrastructure. **NEW PROJECT**
- Completion of conceptual designs for a Shoreway transfer station processing system to recover organics materials and other recyclables. **NEW PROJECT**
- Analysis of options and costs to upgrade the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection services and transfer fleet fuel needs. **NEW PROJECT**

*NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.*

<u>Budget Expense Category</u>	<u>Description of Program</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-</u>	<u>FY1415 Proposed</u>
<b>Recycling Outreach and Programs – AB 939 and AB 341 Compliance</b>		<b>\$858,500</b>	<b>\$815,500</b>	
CIWMB (CalRecycle) Annual Report	<ul style="list-style-type: none"> <li>• SBWMA annually provides the necessary research and data compilation to draft and submit the State mandated Electronic Annual Reports for ten Member Agencies to comply with the requirements of AB 939 (\$_____).</li> </ul>	\$25,000	\$25,000	
SBWMA Annual Report	<ul style="list-style-type: none"> <li>• This annual report provides a snapshot of the key metrics and milestones for the prior year. This budget expense covers design and production costs of this report (\$_____).</li> </ul>	\$5,000	\$5,000	
Diversion Program Support	<ul style="list-style-type: none"> <li>• Provide consultant(s) support to Staff as needed with developing, designing and producing various outreach materials for diversion programs (\$_____).</li> <li>• Develop model Anti-Scavenging Program enforcement effort through creation of a pilot code enforcement program per prior direction from the Board (\$_____).</li> <li>• Implementing recommendations from the public spaces recycling program feasibility project to ensure the public is provided an opportunity to recycle at parks and other public spaces (\$_____).</li> </ul>	\$60,000	\$55,000	

### RethinkWaste FY1415 Proposed Program Budget

Event Giveaways	<ul style="list-style-type: none"> <li>Promote the various programs and services at Member Agency community events, primarily held in the spring and summer and include educational and promotional items as giveaways.</li> </ul>	\$1,500	\$1,500	
Long Range Plan Alternatives	<ul style="list-style-type: none"> <li>Staff is undertaking development of a Long Range Plan to assist the Member Agencies with exploring and scoping policies and programs to enhance our existing collection and processing system in a cost effective manner. The Plan will also evaluate any needed Shoreway facility infrastructure improvements.</li> </ul>	\$80,000	\$80,000	
Large Event/Venue Consulting	<ul style="list-style-type: none"> <li>Due to event organizers preferring carts for events in lieu of ClearStream Containers, the two RethinkWastes' venue and events trailers are rarely used. Staff is in the process of repurposing one trailer for collection of niche/reusable items at events. Staff is also considering repurposing the second trailer as a mobile education trailer to be used at community events. Will be exploring grant funding opportunities.</li> </ul>	\$5,000	\$5,000	
Large Event/Venue Recycling Services	<ul style="list-style-type: none"> <li>Use of trailers limited compared to prior years – expense not anticipated (\$0).</li> </ul>	\$0	\$0	
Climate Change Reporting and Policy Options	<ul style="list-style-type: none"> <li>Staff reports GHG emissions for the SBWMA office and Shoreway Environmental Center, and is assisting with SBR's annual reporting framework, both through The Climate Registry (\$____).</li> </ul>	\$15,000		

**RethinkWaste FY1415 Proposed Program Budget**

<p>Commercial Recycling Technical Assistance</p>	<ul style="list-style-type: none"> <li>• Develop and implement a Reporting System for Recycling Haulers, which will include stakeholder engagement and public outreach component to stakeholders, including chambers, grocery stores, recycler companies, and the Member Agencies (\$_____).</li> <li>• To comply with the AB 341 mandatory commercial recycling mandate, staff is charged with outreach and education to the commercial/MFD sector and directly making presentations and hosting workshops at Multi-Family Dwelling HOA's and Chambers of Commerce (\$_____).</li> <li>• Conduct the annual Business Awards Program recognizing businesses for their 2014 diversion efforts (\$_____).</li> <li>• Develop and implement strategies and tools identified at the 2014 Commercial Recycling Workshop as applicable (\$_____).</li> <li>• Develop a commercial Toolkit in collaboration with Recology that includes sector specific outreach materials (e.g., messaging specific for restaurants, offices, etc.) (\$_____). Prior to rollout of Toolkit, Staff to collaborate with Recology on developing plan to assess its effectiveness.</li> </ul>	<p align="center">\$140,000</p>		
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## RethinkWaste FY1415 Proposed Program Budget

<u>Budget Expense Category</u>	<u>Description of Program</u>	<u>FY1314 Adopted</u>	<u>FY1314 Mid-Year</u>	<u>FY1415 Proposed</u>
Purchase Commercial/MFD Containers for Recology	<ul style="list-style-type: none"> <li>• SBWMA is required per the Franchise Agreements with Recology to purchase various products to facilitate diversion at commercial and multi-family dwelling customers. Specifically, this expense will cover the annual purchase of Slim Jims, desk-side recycling containers and Buddy Bags that the company will distribute to businesses and multi-family customers throughout the SBWMA service area. Staff has provided budget options for consideration based on the number of containers to be purchased, based on prior feedback from Recology that additional containers are needed annually due to customer demand:               <ul style="list-style-type: none"> <li>• Option A, discontinue purchase of requested items until Recology provides information showing the measured effect of distributing these items.</li> <li>• Option B, purchase one-half quantity as in FY1314 (2,500 buddy bags, 200 blue slim jims, 200 green slim jims, 200 blue desksides, 1,250 cardboard desksides (\$20,000) and require Recology to measure the effectiveness of distributing these items.</li> <li>• Option C, purchase same quantity as FY1314 (5,000 buddy bags, 400 blue slim jims, 400 green slim jims, 400 blue desksides, 2,500 cardboard desksides (\$40,000).</li> <li>• Option D, purchase additional quantities (7,500 buddy bags, 800 blue slim jims, 800 green slim jims, 800 blue desksides, 4,000 cardboard desksides (\$_____)).</li> </ul> </li> <li>• Implement a pilot program (only if the above options B, C or D are selected) to purchase lids for slim jims to be distributed to businesses upon request and monitor their effectiveness in increasing participation and diversion (\$_____).</li> </ul>	\$40,000	\$40,000	
C&D Recycling Program	<ul style="list-style-type: none"> <li>• Develop an SBWMA list of certified C&amp;D processors based on physical audits conducted by other jurisdictions and provide permit counter and related assistance to increase C&amp;D recycling to Member Agencies upon request.</li> </ul>	\$10,000	\$10,000	

### RethinkWaste FY1415 Proposed Program Budget

Green Business Program (thru RecycleWorks)	<ul style="list-style-type: none"> <li>Assist Member Agencies with certifications per Board direction (\$0).</li> </ul>	\$0	\$0	
Multi-Family Outreach	<ul style="list-style-type: none"> <li>SBWMA is required per the Franchise Agreements with Recology to provide outreach materials in the form of the toolkit. The toolkit includes posters, brochures and flyers on programs and service, move-in/move-out guides and a property manager guide. Staff will continue to update the existing toolkit materials and develop cost-effective strategies and additional materials as needed in collaboration with Recology (\$_____). Staff to collaborate with Recology on developing plan to assess the toolkit's effectiveness.</li> <li>Promote subscriptions to Recology MFD batteries/cell phones collection service through targeted outreach pieces and strategies (\$_____).</li> <li>Conduct the annual Multi-Family Awards Program recognizing multi-family complexes for their 2014 diversion efforts (\$_____)</li> </ul>	\$100,000	\$90,000	
Rethinker Newsletter Design/ Set-up	<ul style="list-style-type: none"> <li>SBWMA is required per the Franchise Agreements with Recology to develop the <i>rethinker</i> newsletter for SFD and MFD residents. Previously this was a quarterly newsletter, however, per the Board approved FY1314 budget, it is now published 3 times per year. Development of the newsletter content and layout (\$_____).</li> </ul>	\$10,000	\$10,000	
Rethinker Newsletter Printing/Mailing	<ul style="list-style-type: none"> <li>SBWMA is required per the Franchise Agreements with Recology to develop and issue the <i>rethinker</i> newsletter to single family and multi-family residents. Previously this was a quarterly newsletter, however, per the Board approved FY1314 budget, it is now published 3 times per year. This is for printing and mailing/insertion of the 3 issues (\$_____). Staff will continue to promote sign-ups for electronic version to reduce costs.</li> </ul>	\$110,000	\$110,000	

### RethinkWaste FY1415 Proposed Program Budget

Residential Outreach Programs	<ul style="list-style-type: none"> <li>• SBWMA is responsible for all outreach and education efforts, including ongoing outreach support/maintenance for existing programs through brochures, posters, flyers and new opportunities such as signs on Recology collection vehicles, and addressing niche issues including illegal dumping, storm water trash, anti-scavenging (\$_____).</li> <li>• Develop the annual residential Service Notice per the Franchise Agreements with Recology that will provide key program and services related information.</li> <li>• RethinkWaste website and social media (FB, Twitter, You Tube) outreach, includes maintenance and updates to keep current and relevant (\$_____).</li> <li>• Phase 2 of the Home Diversion Calculator to promote and recognize households with high diversion (\$_____ ) promotion, incentives, maintenance of calculator – 2 cart weighing events (\$_____).</li> <li>• Mobile Phone App annual fee for RethinkWaste and all Member Agencies, to continue making it more convenient for tech-savvy customers to have access to program information and make service requests/report issues (\$_____).</li> </ul>	\$165,000	\$160,000	
Compost Giveaway	<ul style="list-style-type: none"> <li>• SBWMA is responsible for assisting Member Agencies with promotion of compost giveaway events (\$_____).</li> </ul>	\$1,000	\$1,000	
HHW Door-to-Door Collection Outreach	<ul style="list-style-type: none"> <li>• Continue ongoing “rolling” public education/marketing campaign to further promote these services to participating Member Agencies. Promotional activities will include direct mail, outdoor and print advertising, social media, etc. (\$_____).</li> <li>• Additionally, staff is discussing with the company the possibility of providing the service to Member Agency facilities if the program can be negotiated in a cost effective manner staff will promote and manage this enhanced service (\$_____).</li> </ul>			

## RethinkWaste FY1415 Proposed Program Budget

<b>Budget Expense Category</b>	<b>Description of Program</b>	<b>FY1314 Adopted</b>	<b>FY1314 Mid-Year</b>	<b>FY1415 Proposed</b>
Curbside Household Battery Outreach	<ul style="list-style-type: none"> <li>Continue to promote the curbside recycling of household batteries and cell phones collection service provided by Recology as this is one of the programs requiring additional awareness per the results of the 2012 Customer Satisfaction Survey (\$_____).</li> </ul>	\$5,000	\$4,000	
Electronics Collection Events	<ul style="list-style-type: none"> <li>SBWMA is responsible for assisting Member Agencies with promotion of the E-scrap and shred events (\$_____).</li> </ul>	\$1,000	\$1,000	
<b>SBWMA Program Budget (exclusive of Administrative Expenses)</b>		\$1,159,100	\$1,064,100	

## RethinkWaste FY1415 Proposed Program Budget

### COLLECTION OPERATIONS (curbside cell phone/battery collection and door-to-door HHW program only)

**FY1314 Budget: \$497,000**

**FY1415 Budget: TBD (Figures to be provided at May 22, 2014 Board meeting)**

**SBWMA Staff Resources:** Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach Manager

**Approximate FTEs (reflects estimated allocation of staff resources to this program area):** 0.29 FTEs = 0.15 (Recycling Program Manager), 0.10 (Recycling Outreach and Sustainability Manager), and 0.04 (Office Manager/Board Secretary).

**Description:** Staff services provided in this area is to ensure compliance with state-mandated Universal Waste recycling and disposal regulations through administration of the Door-to-Door Household Hazardous Waste (HHW) collection services with WM Curbside LLC and oversight of the household batteries and cell phone collection services provided by Recology.

**FY1415 Key Projects/Activities (outreach projects listed below are included in the Recycling – AB 939 and AB 341 Compliance category of our SBWMA program budget)**

- Implement additional public education and outreach to the currently participating ten Member Agencies to increase collection of HHW through the Door-to-Door HHW collection program.
- Provide program roll-out public education and outreach to any Member Agency that begins participating in the program.
- Negotiate a potential contract extension with WM Curbside LLC as the current contract expires on December 31, 2014; however, the SBWMA has the option to extend this contract for two consecutive years. *NEW PROJECT*
- Continue discussions with management at WM Curbside LLC to expand the HHW collection services to Member Agency facilities such as corporation yards and begin managing this new service. *NEW PROJECT*
- Continue and expand public education and outreach to increase participation in Recology’s franchised recycling collection services with specific emphasis on increasing the collection of cell phones and batteries from the Multi-Family Dwelling sector which includes approximately 3,800 customers and 41,000 residential living units.
- Prepare an updated staff report to the Board on future HHW and Universal Waste recycling and disposal opportunities.

*NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.*

Budget Expense Category	Description of Program	FY1314 Adopted	FY1314 Mid-Year	FY1415 Proposed
<b>Collection Operations</b>		<b>\$497,000</b>	<b>\$497,000</b>	
HHW Door To Door Collection Services	<ul style="list-style-type: none"> <li>• Disposal and processing expenses paid by RethinkWaste to WM Curbside LLC for operating the Door-to-Door Collection Services for 10 Member Agencies (Redwood City and Atherton currently don’t participate).</li> </ul>	\$497,000	\$497,000	
Curbside Household Battery Recycling Services	<ul style="list-style-type: none"> <li>• Expense paid by Shoreway facility operator, SBR, and included in Shoreway Disposal and Processing Costs line item.</li> </ul>	\$0	\$0	

## RethinkWaste FY1415 Proposed Budget Items

### SHOREWAY OPERATIONS

**FY1314 Budget:** \$35,427,100

**FY1415 Budget:** TBD(Figures to be provided at May 22, 2014 Board meeting)

**SBWMA Staff Resources:** Hilary Gans, Facility Operations and Contracts Manager; Marshall Moran, Finance Manager; Faustina Mututa, Environmental Education Coordinator; and Heather Co, Environmental Education Associate.

**Approximate FTEs (reflects estimated allocation of staff resources to this program area):** 3.27 FTEs = 1.0 (Facility Manager), 1.8 (Environmental Education staff), 0.25 (Finance Manager), 0.20 (Executive Director) and 0.02 (Office Manager/Board Secretary).

**Description:** This includes SBWMA staff directed activities regarding Shoreway operations including: oversight of SBR operations per the Operations Agreement, including contract compliance and review and payment of SBR invoices; Shoreway facility capital repairs and maintenance; education center operations, exclusive of staff wages and benefits which are included in the Administration portion of the SBWMA program budget; management of disposal and processing contracts, including review and payment of invoices; facility insurance; and billing Recology for tons delivered to Shoreway.

#### FY1415 Key Projects/Activities

##### **Contract Administration**

- Continued operational oversight and contract compliance of Materials Recovery Facility (MRF), transfer station, and transportation operations performed by SBR to meet or exceed contractual standards and financial and environmental goals.
- Ongoing management of third party recycling and disposal contracts for solid waste, organics, and construction and demolition (C&D) debris.
- Manage organics processing contracts for residential and commercial organics to meet operational, financial and environmental requirements. This includes managing the extension of our two current agreements or managing a process for selection of new vendor(s).
- Continue to identify and pursue new third party tonnage opportunities to generate net income to help lower our Shoreway operating costs.
- Benchmark the costs of providing services through Shoreway and through offsite materials processors and identify opportunities to reduce cost. **NEW PROJECT**
- Select and negotiate a final scope of work for consultant(s) to review SBR's operations to identify their actual costs of operations and make recommendations as appropriate for future operational improvements. Contractor(s) will be selected through a competitive procurement process. The actual operational work will be completed in FY1516. **NEW PROJECT**

##### **Management of Facility Infrastructure and Improvements**

- Ongoing management of Shoreway Facility capital and maintenance projects at or below budget.
- Completion of conceptual designs for a Shoreway transfer station processing system to recover organics materials and other recyclables. **NEW PROJECT**
- Manage a capital project at Shoreway to expand the covered tipping (unloading) area for recyclables delivered by franchised collection vehicles and third party sources. This capital project is contingent upon Board approval of a revised MOU between the SBWMA and SBR for the processing of additional third party tons. **NEW PROJECT**
- Analysis of upgrade options and cost for the Shoreway underground fuel storage tanks and supply system, including recommendations for future decision-making on collection and transfer fleet fuel needs. **NEW PROJECT**

## Shoreway Operations Continued

- Complete a sign plan identifying recommended improvements onsite to enhance customer service, safety and operational results. *NEW PROJECT*
- Manage Shoreway’s ongoing ground water remediation and testing project (budget of \$1.5 M) toward the goal of receiving San Mateo County closure approval in 2014.
- Complete a Disaster and Emergency Management Plan for the Shoreway operations. *NEW PROJECT*
- Develop and implement a dust mitigation plan for the Shoreway MRF. *NEW PROJECT*

### **Tour Program**

- Conduct the Shoreway school and public tours program, including developing new partnership opportunities to support the program, and to meet goals for increased number of visitors. The goal is to increase total tour visitors by 10% over prior year totals.
- Introduce 2<sup>nd</sup> monthly public tour starting fall of 2014, and if feasible, a Saturday public tour. *NEW PROJECT*
- Conduct onsite events and activities that increase community awareness of the waste reduction, recycling and composting programs in the service area and also further the resource conservation message of our Environmental Education program. Events and activities include the following: “Night at Shoreway” two time per year; “Recycled Art” Contest, Tile-art project and installation of tiles at MRF, School compost donation program, Schools “Mini-Grants” program, “Earth Day” community event at Shoreway, “America Recycles Day” event at Shoreway, and “Fix-it Clinic” pilot event at Shoreway. Pilot activities for “Community Youth Environmental Activities” (CYEA) program if staffing is available.
- Investigate public funding (e.g., grants, and public-private or public-public partnerships, as applicable) opportunities as applicable for the tour program. *NEW PROJECT*
- Maintain the Shoreway environmental education area and manage the Installation of a new exhibit to highlight energy and green features of the Shoreway facility operations. *NEW PROJECT*

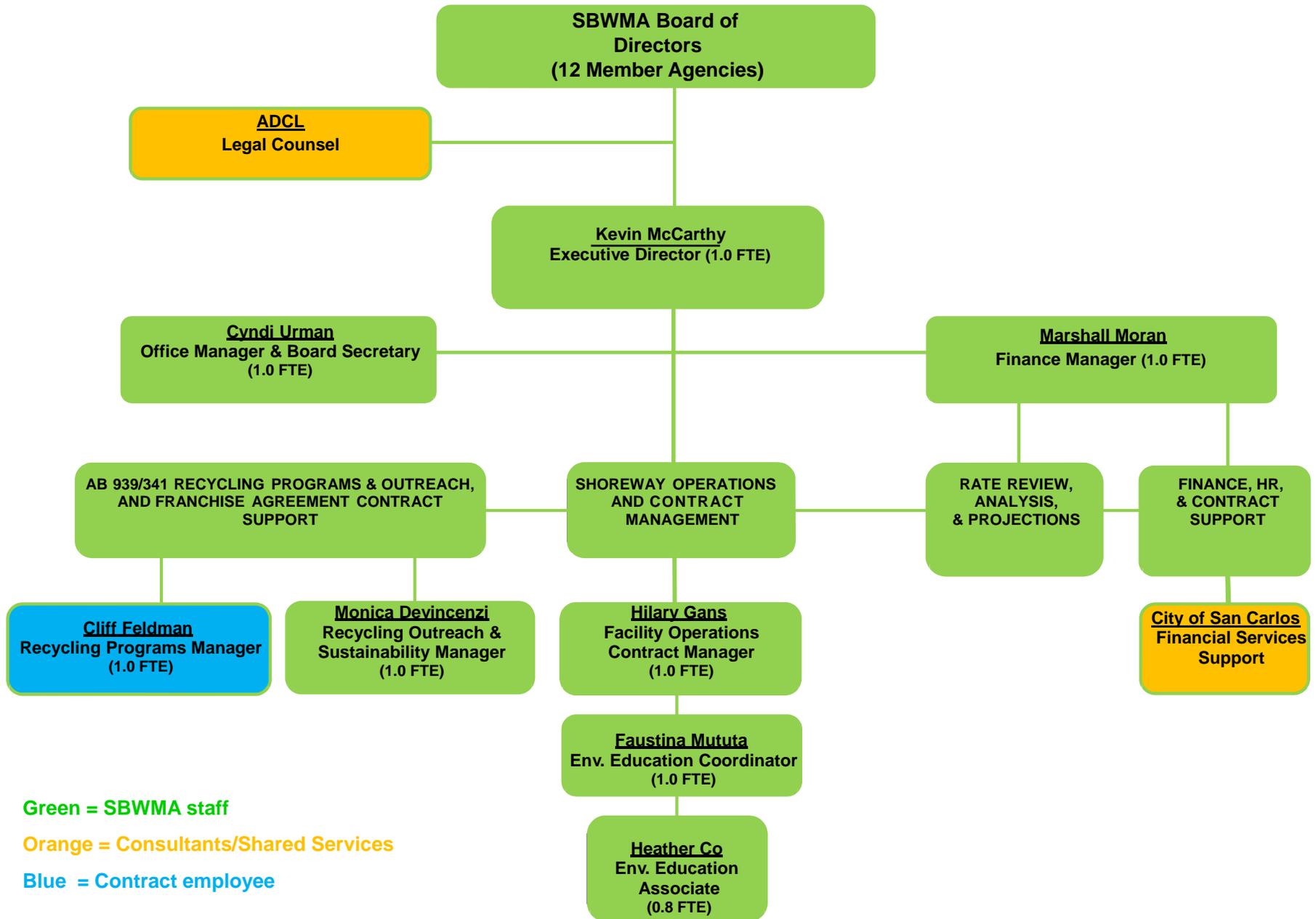
*NOTE: KEY PROJECT AND ACTIVITY DETAILS ARE LISTED IN ORDER BELOW BY BUDGET LINE ITEM; THEY ARE NOT LISTED IN THE ORDER SHOWN IN THE TEXT.*

Budget Expense	Description of Program	FY1314 Adopted	FY1314 Mid-Year	FY1415 Proposed
<b>Shoreway Operations</b>		<b>\$30,951,800</b>	<b>\$31,596,400</b>	
Operator Compensation	• Contractually required payments (per ton and/or per ton mile rates) by SBWMA to SBR to operate the MRF and Public Recycling Center, scale house and Transfer Station, and transport materials for disposal and processing.	\$16,274,400	\$16,810,800	
Disposal and Processing Costs	• Tipping fees paid by SBWMA to third party vendors (under contract w/ RethinkWaste) for disposal (Republic Services Ox Mountain landfill), and processing (Zanker Road for C&D, Recology Grover for composting, and Republic Services Newby Island for composting). All such contracts include per ton rates subject to annual CPI adjustments.	\$14,238,500	\$14,283,800	

Insurance Shoreway	<ul style="list-style-type: none"> <li>Annual insurance premiums paid by SBWMA for Shoreway property and liability insurance, excluding Director's and Officer's insurance which is shown in a line item under Administrative expense.</li> </ul>	\$204,200	\$208,100	
Shoreway Facility Cost	<ul style="list-style-type: none"> <li>Non capital related expenses to maintain the 16-acre Shoreway facility, including nearly 200,000 square feet of building space and \$20 million in equipment owned by SBWMA.</li> </ul>	\$100,000	\$160,000	
Allied Waste Balancing Account	<ul style="list-style-type: none"> <li>Payments owed to Allied Waste to close out compensation owed to them as the previous Shoreway facility operator.</li> </ul>	\$0	\$0	<b>N/A</b>
Education Center Operations	<ul style="list-style-type: none"> <li>Non labor related expenses to manage Shoreway facility school and public visitor tour program. Includes \$__ for busing assistance within our service area, funds for Trash to Art Contest, annual Earth Day event, compost donations to schools, safety equipment and supplies, and outreach materials.</li> </ul>	\$65,000	\$65,000	
Maintenance – Ox Mountain Tipper	<ul style="list-style-type: none"> <li>Non capital related expenses associated with maintaining a hydraulic tipper (used to unload transfer trailers at the landfill). The tipper is owned by SBWMA, but operated by Republic at their Ox Mountain landfill.</li> </ul>	\$45,000	\$35,000	
Taxes (sewer)	<ul style="list-style-type: none"> <li>Sewer fees paid to the City of San Carlos.</li> </ul>	\$24,700	\$33,700	
<b>Shoreway Other</b>		<b>\$4,475,300</b>	<b>\$4,497,500</b>	
Debt Service Bond Interest	<ul style="list-style-type: none"> <li>Annual interest payments on the 2009A Solid Waste Enterprise Revenue Bonds of \$53.5 million.</li> </ul>	\$2,944,400	\$2,944,400	
Franchise Fee	<ul style="list-style-type: none"> <li>5% franchise fee paid by SBWMA to City of San Carlos for the Shoreway facility. The fee is collected on gate (tipping) fees, but not on commodity revenues. There is no floor or cap on the fees paid to City of San Carlos.</li> </ul>	\$1,530,900	\$1,553,100	
<b>TOTAL SHOREWAY OPERATIONS EXPENSE</b>		<b>\$35,427,100</b>	<b>\$36,093,900</b>	



# SBWMA Organization Chart (April 2014)



Green = SBWMA staff

Orange = Consultants/Shared Services

Blue = Contract employee



## **Development of a Long Range Plan for the SBWMA**

### **BACKGROUND**

The South Bayside Waste Management Authority (SBWMA) is embarking on the development of a new Long Range Plan (“Plan”) for the next ten years to assist the Board of Director’s with future decision-making on enhancements to the existing solid waste, recycling, and organics collection and processing system for our service area of approximately 450,000 people in San Mateo County. The Joint Powers Authority’s (JPA) last Long Range Plan was drafted in 2002, then updated in 2005 and became the starting point for the development of the franchised collection programs and services rolled out in January 2011. A masterplan for the Shoreway Environmental Center was approved by the Board in April 2007 and was the basis for the \$46 million in capital improvements completed between the fall of 2009 and the spring of 2011.

With the rollout of new franchised collection services and completion of the Shoreway masterplan improvements in 2011, the SBWMA now has one of the highest regarded and most innovative collection and processing systems in place in the country. This system provides a solid foundation to build on to address any future diversion needs, changes in State laws and regulations, and new policy goals established by the Board of Directors.

Key features of the SBWMA existing collection and processing system include:

- A modern, flexible collection system for residents and businesses
- Highly efficient Materials Recovery Facility (MRF) processing infrastructure to support current and future processing needs
- Large transfer station with unused capacity for additional tons and space for new processing equipment
- Collection Services Franchise Agreements and Shoreway Operations Agreement with high performance standards, financial incentives and disincentives, an index-based compensation methodology to ensure cost stability, and shared requirements to minimize contamination levels in recycling and organics streams to maximize financial results
- Financial model with strong cost control features and incentives for maximizing commodity revenues
- A high performing, professional and accountable JPA organization with a lower cost overhead structure (i.e., the JPA is a non-PERS agency as compared to our Member Agencies) and highly experienced staff with strong working knowledge of the solid waste and recycling industry

When developing the Plan it is important to understand the critical factors that will influence or drive the JPA’s decision-making. For the SBWMA, some of these critical factors include:

- Decisions by Member Agencies in 2017 to extend or not the term of their existing Franchise Agreements with Recology, including determining the scope of work for the future collection services agreements
- Future decision by the JPA whether or not to extend the term of the Shoreway Operations Agreement with South Bay Recycling, including determining the scope of work for the future agreement
- Future expiration on December 31, 2019 of the Ox Mountain Disposal Agreement
- Future expiration of disposal and processing agreements for HHW, C&D processing and source separated organics (for composting) processing



- Assembly Bill (AB 341) with its 75% statewide recycling goal by 2020 and mandatory commercial recycling provisions
- Climate change laws and regulations that are influencing not only energy policy but solid waste policy
- Policy goal of greater rate stability and predictability

### **JPA’S CORE VALUES AND STRATEGIC PRIORITIES**

The Plan will reflect the JPA’s current core values and strategic priorities as adopted previously by the Board of Directors in March 2012, as detailed below.

#### ***SBWMA Core Values***

- Implementing waste reduction, recycling and environmental education programs is paramount to achieving a greater resource conservation ethic and sustainable communities.
- Delivering high quality, and cost-effective resources and services for our customers, and contractors (i.e., vendors and service providers).
- Providing sound environmental policies and practices for our member agency communities.
- Conducting long-term planning for waste reduction and recycling programs and facility infrastructure is fundamental to achieving our mission.
- Facilitating excellent communication, collaboration and cooperation among all our stakeholders produces the best long-term results.

#### ***Our Strategic Priorities***

- Provide day-to-day oversight, support, and management of service providers that collect, process, recycle and dispose of materials for the Member Agencies.
- Ensure contractors’ and RethinkWaste programs are cost effective for the ratepayers.
- Provide day-to-day oversight of the Shoreway Environmental Center to meet financial, operational, and environmental goals.
- Meet or exceed environmental policies and regulations governing the collection and processing of recyclables and organics.
- Anticipate trends and implement innovative long-term solutions for waste reduction and recycling programs, facility infrastructure and disposal capacity.
- Monitor and assess contractor performance to ensure customer satisfaction and service delivery that meets or exceeds contractual requirements.
- Support RethinkWaste programs and policies through focused community outreach, education and promotion of rate payer value received.
- Manage the annual contractor compensation process to set contractor compensation and recommend Member Agency solid waste rate adjustments.
- Develop, implement and manage enhanced waste reduction and recycling services for Member Agencies (i.e., curbside HHW/universal waste/e-scrap collection services; seasonal community events such as e-scrap collection and shred events, compost giveaways, etc.; state grants; and other programs approved by the Board of Directors).

The Plan will be modified to address any Board changes to the above core values and strategic priorities noting that one of current strategic priorities is to “anticipate trends and implement innovative long-term solutions for waste reduction and recycling programs, facility infrastructure and disposal capacity.”



### **PROPOSED PROJECT APPROACH**

Staff is recommending the following approach for completion of the Plan. This approach is characterized by implementation of five key distinct phases, as follows:

- **Phase One** – staff develops and presents for Board consideration and approval policy goals and guiding principles that will drive the development of the Long Range Plan. These will be presented at the *July 24, 2014* Board meeting.
- **Phase Two** – staff completes an inventory of existing collection programs, processing infrastructure, public education and outreach efforts and policies and contracts; and identifies performance results and whether program and service enhancements are needed. This work will be completed in **July through October 2014**. A staff report providing a progress report on this work will be presented at the *November 20, 2014* Board meeting. Staff, with consultant support, will further research and expand upon the benchmarking data gathered as part of the FY1415 budget process and analysis of the current programs and services.

This phase will also include a one-day visioning workshop hosted by the SBWMA which will entail highlighting panels of speakers whose presentations will address the state of the state in waste reduction and recycling policies, programs, and facility infrastructure and technology. This workshop is tentatively scheduled for **late October or early November 2014**. Limited consultant support will be needed for workshop coordination.

- **Phase Three** – staff development of recommendations on potential programs and service alternatives, new or updated policies, and facility infrastructure with associated implementation timelines, preliminary cost estimates and estimated diversion goals as applicable. This work will be completed between **November 2014 and February 2015**. Extensive consultant support is needed for evaluating program and service alternatives, including helping validate cost and waste diversion estimates and the feasibility of pursuing various local policy options.
- **Phase Four** – completion of the Final Report detailing the Long Range Plan for review by the Board at the *March 2015* Board meeting. Preparing the Final Report, the Long Range Plan, the associated work plans and cost details for inclusion in the FY1516 budget for review by the Board will require consultant support.
- **Phase Five** – Board review and consideration of the Long Range Plan and approval of specific recommendations which will include detailed project work plans, including a public stakeholder engagement plan, and budget details to be included in the FY1516 Budget. This work will be completed between **April and June 2015**.

Staff updates will be provided to the Board during Phase Three and as noted in Phases Four and Five. Staff anticipates bringing proposed consultant contracts for Board consideration in October/November 2014.



Below is a listing of the proposed tasks associated with Phases Two, Three and Four of the Plan.

### ***Collection Services***

1. Review current collection programs and services.
  - Prepare a description of all franchised and non-franchised collection services provided and identify the service providers.
    - e.g., Recology, WM Curbside, eRecycling, Member Agencies, etc.
  - Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if program changes are needed. Programs to be evaluated using criteria previously identified with a primary emphasis on cost effectiveness, diversion potential and rate impact.
2. Develop final recommendations on program and service alternatives. Recommendations to be prioritized based on their cost effectiveness, level of waste diversion, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

### ***Processing Services***

3. Review current materials processing options.
  - Prepare a description of all existing material processing infrastructure (e.g., Shoreway Environmental Center, 3<sup>rd</sup> party disposal and processing facilities currently utilized, etc.)
  - Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if processing infrastructure changes are needed. This evaluation to include reviewing alternative technologies that are commercially viable and have the potential to significantly improve on existing performance results.
4. Develop final recommendations on material processing alternatives. Recommendations to be prioritized based on their cost effectiveness, how mission critical is the proposed infrastructure improvement, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

### ***Public Education and Outreach***

5. Review current public education and outreach programs and services.
  - Prepare a description of each existing program or service, including target audience and demographic, service sector and to what extent the program or service is an ongoing effort or a focused campaign.
  - Identify performance results (e.g., diversion, participation rates, etc.) and evaluate if program changes or enhancements are required. This evaluation to include whether or not more cost effective strategies are available, and to the extent to which the program or service results can be readily measured.
6. Develop final recommendations on public outreach program and service alternatives. Recommendations to be prioritized based on their cost effectiveness, level of waste diversion, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.

### ***Policies, Contracts, and Governance***

7. Identify state regulatory framework driving programs and services. How will existing and potential future state laws and regulation effect our collection and processing system?
  - AB939, AB32/AB341, AB1076, HHW/Universal Waste Laws and Regulations



8. Identify any local policies that may affect our collection and processing system.
9. Identify and evaluate all existing contracts (e.g., Franchise Agreements with Recology, Shoreway Operations Agreement with SBR, Ox Mountain Disposal Agreement with Republic Services, etc.) When will they expire? What changes may be needed in the current contracts or future related contracts? What is the most effective manner for the JPA to facilitate a review of the existing franchise agreements and future decisions whether to extend the term or not or make other changes?
10. Evaluate policy tools for enhancing existing diversion efforts (e.g., material disposal bans, Zero Waste Policy framework, etc.)
11. Evaluate the JPA model relative to whether any changes are needed to support future programmatic or policy goals.

***Facilities and Infrastructure***

12. Conduct an inventory of existing facilities and infrastructure.
  - o Shoreway Environmental Center
    - Collection fleet parking and maintenance facilities
    - Transfer truck fleet parking and maintenance facilities
    - Fuel storage and distribution system
    - Administrative offices
    - Visitor parking
    - Education center
  - o Other
    - Staff offices
13. Evaluate the extent to which any facility and infrastructure improvements are needed. Develop final recommendations on alternatives. Recommendations to be prioritized based on their cost effectiveness, how mission critical is the proposed infrastructure improvement, and implementation requirements. Cost estimates and implementation timelines to be provided for each alternative.



**EVALUATION FRAMEWORK**

Staff believes a critical first step in development of the Plan is for the Board to adopt specific policy guidance to drive the Plan, including guiding principles or criteria for evaluating programs and service alternatives, new or updated policies, and facility infrastructure. As previously noted, this will be discussed at the *July 24, 2014* Board meeting. In order the help facilitate this future discussion, staff has included in **Attachment A** some policy goals, guiding principles and/or evaluation criteria used by other public agencies in development of their Long Range Plans (called by others sometimes as a Zero Waste Plan, Master Plan, Recycling Plan, etc.)

Long Range Plans or Strategic Plans typically have a common feature of setting a diversion goal or target. The table below includes information on some of the communities that have adopted such targets. The SBWMA currently does not have a specific policy goal of achieving a stated diversion target. However, it should be noted that the State’s current goal is to reach 75% diversion throughout California by 2020. Staff recommends that the Board consider adopting a goal to mirror the State’s 75% diversion by 2020 in order to help focus the end goals of the Long Range Plan.

<u>Jurisdiction</u>	<u>Date Adopted</u>	<u>1<sup>st</sup> Target</u>	<u>2<sup>nd</sup> Target</u>
<b>San Francisco</b>	2002	75% by 2010	100% by 2020
<b>Palo Alto</b>	2005	73% by 2011	Zero Waste by 2021*
<b>Oakland</b>	2006	75% by 2010	90% by 2020
<b>Livermore</b>	2007	N/A	75% by 2015
<b>Los Angeles</b>	2007	75% by 2013	Zero Waste by 2030*
<b>Seattle, WA</b>	2007	60% by 2012	75% by 2025
<b>Burbank</b>	2008	N/A	Zero Waste by 2040*
<b>San Jose</b>	2008	75% by 2013	100% by 2022
<b>StopWaste.org</b>	2010	N/A	Less than 10% recyclables or compostables sent to landfill by 2020
<b>Sunnyvale</b>	2013	75% by 2020	90% by 2030

*\*Most have adopted the principal of equating zero waste to diverting at least 90% of materials from landfills or incinerators.*

**City of San Jose Zero Waste Plan (November 2008)**

- Excerpts directly from Plan

**Evaluating Zero Waste**

1. Increase Environmental Benefits to the Community
2. Improve Quality of Service
3. Support Local, State, and National Mandates
4. Address Fiscal Impacts

**Increase Environmental Benefits to the Community**

- Reduce vehicle emissions to support Urban Environmental Accords Action 14
- Support San José's Climate Action Plan
- Reduce and mitigate landfill and other facility impacts
- Invest in new, safe technologies and processes for infrastructure
- Consider environmental benefits and impacts in siting and permitting of new facilities
- Protect public health and the environment
- Analyze markets for recoverable materials to consider the highest and best use of materials and the implications of reliance on domestic and overseas markets

**Improve Quality of Service**

- Improve customer convenience such as offering a broader range of collection programs and container options; improving the recycling program for residents; improving call center responsiveness; and enhanced and targeted customer outreach
- Improve aesthetics - control of graffiti, litter and illegal dumping; specification of container types, quality, and placement
- Provide incentives to participate in, and maximize the effectiveness of, program initiatives
- Ensure that program initiatives are convenient, accessible and appropriate
- Ensure equity for all customers
- Create City operations that serve as a model for zero waste

**Support Local, State and National Mandates**

- Increase diversion to support the zero waste goal from the City's Green Vision Goal 5, the City's 2007 Zero Waste Resolution, and the Urban Environmental Accords Action 4(zero waste goal)
- Reduce the use of a disposable, toxic, or non-renewable product category by at least 50 percent in seven years to achieve Urban Environmental Accords Action 5
- Implement user-friendly recycling and composting programs pursuant to Urban Environmental Accords Action 6
- Support the City Sustainable Energy Policy and Action Plan
- Support the "Reduce, Reuse, Recycle hierarchy

**Address Fiscal Impacts**

- Minimize impact on customer rates and provide rate equity
- Minimize impact on City's revenue streams
- Minimize contract management and enforcement costs for programs
- Invest in infrastructure
- Invest in green jobs and economic development
- Address long-term fiscal planning and assess full economic impact
- Understand the potential impact on system fees (hauling, tipping, franchise)



### **City of Boulder Master Plan for Waste Reduction (February 2006)**

- Excerpts directly from Plan

#### WHAT ARE THE GUIDING PRINCIPLES OF THIS MASTER PLAN FOR WASTE REDUCTION?

- Identify service voids.
- Create effective partnerships with for-profit and non-profit organizations to expand services with minimal city investment.
- Support programs that are convenient.
- Utilize economic incentives to alter habitual behavior.
- Help build infrastructure and then require its use once it's convenient and economical.

Potential waste reduction programs were evaluated using the following criteria:

- Cost
- Timing
- Political will
- Visibility
- Diversion potential
- Interagency/government cooperation
- Infrastructure requirements
- Toxicity reduction
- Environmental impacts
- Market value of recyclables
- Program precedent
- Viability
- Measurability



**Alameda County Source Reduction and Recycling Plan: Vision 2010: 75% and Beyond (adopted January 2003 and Updated in 2006 and 2007)**

- Excerpts directly from Plan

**Overall Goals**

This plan sets forth the following general goals:

- Achieve a 75% waste diversion rate by 2010, with 20% of this coming from waste prevention.
- Establish the groundwork for moving beyond a 75% diversion rate after 2010.
- Increase and maximize participation in resource conservation and recycling to reduce waste.
- Maintain priority on waste prevention and broaden programs to incorporate sustainability concepts.
- Assist in the development of markets to support diversion efforts. Close the recycling loop by identifying and supporting end uses for targeted materials.
- Educate residents and businesses about the environmental, economic and health merits of sustainable practices.
- Expand partnerships with key stakeholders, including member agencies, haulers, processors, recyclers, other public agencies, businesses, schools, utilities and public policy makers at every level of government.
- Promote best resource stewardship practices in businesses, member agencies and schools.
- Maximize impact of Agency programs by coordinating delivery of services.

**General Policies**

The following policies derive from the Agency's mission and vision. They define the Agency's basic philosophy as reflected in the Recycling Plan.

1. Promote maximum resource conservation.
2. Promote waste prevention as the top priority.
3. Provide specific goals and measurements.
4. Focus on regional approaches.
5. Promote sustainable economic development.
6. Promote the social benefits of reduction, recycling and composting.
7. Address the fundamental need to change public attitudes and values regarding use of resources.
8. Place Alameda County in a leadership position in the field of resource conservation.
9. Recognize that private industry and institutions can and should play a major role in providing solutions.
10. Focus on methods that encourage voluntary action by industry and the public.
11. Focus on a few programs that are "done well."
12. Focus on public information and education.
13. Identify cost-effectiveness as one key criterion for Agency programs.
14. Take into account significant economic trends.
15. Visualize change.

## **City of Portland, Office of Sustainable Development: Portland Recycles! Plan (August 2007)**

- Excerpts directly from Plan

*In a resolution adopted in June 2006, Portland City Council directed the Office of Sustainable Development to conduct a public process and develop a plan that would achieve the following solid waste management goals over the next 10 years:*

- *Promote sustainability of the solid waste and recycling system that includes maximum efficiency, equity and economic vitality, improved worker safety and reduced environmental and human health impacts over the entire life cycle of the materials.*
- *Minimize the impact of harmful wastes by targeting toxicity and reducing greenhouse gas emissions.*
- *Reduce per capita waste generation below 2005 levels by the year 2015.*
- *Increase recovery of all waste with a target of 75 percent by the year 2015 and promote highest value use of the recovered materials.*

The following strategies are critical to the success of the Plan::

**Promote behavior change and education** — Effective education programs and commitment strategies support the development of new daily habits and personal motivation that will lead to an increase in waste prevention and recycling activities.

**Require participation** — New requirements are necessary to compel businesses in particular to optimize waste prevention and recycling activity. Residential strategies focus on voluntary participation throughout most of the plan period; if the plan's goals are not met, participation requirements may be applied to residents in the later phases.

**Lead by example in government** — Guided by the Sustainable City Principles, City policy for waste prevention and recycling encourages innovation and behavior change from within to serve as a model for the broader community.

**Support regional and state policy and legislation** — A coordinated approach within all levels of government is necessary. Authority for certain policies or actions may reside with regional or state agencies.

**Implement local legislation** — City legislation may be necessary to establish new policy and implement recommendations in the Plan.

## RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

### ADMINISTRATION

**FY1314 Budget: \$1,639,850.**

**SBWMA Staff Resources:** Kevin McCarthy, Executive Director; Marshall Moran, Finance Manager; and Cyndi Urman, Board Secretary/Office Manager.

**Description:** Provides for overall administrative operations of the agency, including: personnel administration, budget development, financial projections, expense payment processing, fiscal management, Board of Directors administration, customer service, risk management, records retention, and information technology. Budget for these functions is captured under “Administrative Expenses.”

#### **FY1314 Accomplishments**

##### ***Budget Development***

- Preparing the FY1415 budget for Board review and approval. ***Project in-progress.***
- Reviewed the FY1314 budget to identify budget variances and submitted to Board for mid-year approval. Completed mid-year budget review in January 2014 and no Board action required as projected under budget.
- Recommended 2014 tipping fee adjustments. Approved tipping fees at November 2013 Board meeting at levels lower than assumed in budget.

##### ***Accounting and Fiscal Management***

- Develop a recommendation for Board consideration on how to use unspent Shoreway remediation project Settlement funds. Provided a staff update at the November 2013 Board meeting on the status of the Shoreway remediation project and noted the availability of unspent funds. Pending staff recommendation on uses for these one-time funds. ***Project in-progress.***
- Completed FY1213 audit and 2013 calendar year financial statements for bond reporting. Board approved the FY1213 audit at the January 2014 Board meeting and the calendar year audit approved at the March 2014 Board meeting. Audits show higher than expected cash reserve balances.
- Submitted explanation of cash reserve policy for Board consideration at the March 2014 Board meeting. No Board suggestions for changes at this time.
- Maximize use of competitive bidding for technical consulting services for scopes of work exceeding \$50,000. Completed two RFQs, one for public outreach services and the other for recycling program support, covering technical scopes of work for FY1314.
- Met bond covenants and reporting requirements as specified in the Indenture to ensure compliance including the two debt coverage ratios. Bond covenant requires a calendar year break event test (1.0) and a 1.4 debt coverage ratio. The Board approved calendar year audit documented that we met requirements through a 1.06 break even and a 1.94 debt coverage result.
- Monitored SBR’s monthly reporting of tonnage and reviewed their monthly invoice for accuracy and tied all payments to source data.
- Managed monthly cash transfers from SBR for commodity revenue, public revenue, and payments to SBR for operations.
- Managed monthly billing to and payment from Recology for disposal at Shoreway as prescribed in the agreements.
- Ensured all procedures are followed and receipts and payments are supported by proper documentation and made on timely basis such that cash flow is optimized.
- Reviewed the Quarterly Investment Report to the Board prepared by the City of San Carlos.

**RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area**  
**Administration Continued**

***Board of Directors Administration***

- Delivered Board Packets to the Board of Directors accurately and on time.
- Maintained the Board of Directors webpage to ensure accurate and up to date information is readily available.
- Launched an updated website with a Board Member portal feature to house information of interest.
- Maintained accurate and up-to-date records for the SBWMA, including Board meeting minutes, resolutions, ordinances and contracts.
- Updated as necessary the Board of Directors JPA and Contracts Resources Binder.

***Customer Service***

- Provided high quality customer service to members of the public that call the SBWMA, Board Member inquiries and staff needs.

***Risk Management and Other Functions***

- Renewed general liability insurance policy; property policy pending renewal on July 1.
- Managed compliance with record retention and other Board adopted policies.

## RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

### CONTRACT COMPLIANCE AND SUPPORT

**FY1314 Budget: \$300,600**

**SBWMA Staff Resources:** Cliff Feldman, Recycling Programs Manager; Marshall Moran, Finance Manager; Monica Devincenzi, Recycling Outreach and Sustainability Manager; and Hilary Gans, Facility Operations and Contracts Manager.

**Description:** Staff services provided in this area includes:

- Continued oversight and contract administration support for the twelve collection services franchise agreements with Recology, including follow-up work on audit findings and financial auditing.
- Continued oversight of SBR operations per the Shoreway Operations Agreement (see “**Shoreway Operations” budget worksheet**).
- Management of the annual Member Agency rate review process, including review of the 2014 Recology and SBR compensation applications, and completion of the SBWMA final reports reviewing the Recology and SBR compensation applications and consolidated rate report for 2014. Initiate audit work and review of operational data for 2014 compensation applications.

### **FY1314 Accomplishments**

#### **Contract Administration**

- Supported Member Agencies with negotiating and implementing administrative changes to their franchise agreements with Recology. Staff initiated negotiations with the company on behalf of our Member Agencies in an effort to eliminate areas of redundancy between SBWMA and Recology, improve the efficiency of service delivery and provide cost savings to the Member Agencies. All Member Agencies have executed the contractual changes which have streamlined various aspects of the services and programs provided by both Recology and SBWMA.
- Hired contractor to conduct audit of collection services and facility operations 2013 annual reports, tonnage data and customer service systems. This project is conducted annually due to the fiscal impact associated of self-reported information contained in the company’s annual reports and compliance with related performance standards. **Project in-progress with reports expected at the June 2014 Board meeting.** Implement 2012 audit findings as appropriate. Followed up with Recology to ensure progress on implementing audit recommendations.
- Hired contractor to conduct audit of financial systems of both Recology and SBR to verify financial risks to SBWMA. This project is conducted annually due to the fiscal impact of data included in reports submitted by the companies and since significant ongoing financial transactions are conducted between the companies. Implemented 2012 audit findings as appropriate. **Project in-progress with report expected at the June 2014 Board meeting.**
- Prepared 2014 Annual Public Education Plan for franchised collection services and related outreach support, including management of all collateral development and support for tailoring collateral for Member Agencies as appropriate. Board approved at October 2013 Board meeting. Recology was originally tasked with developing this plan in the Member Agencies franchise agreements; however, per the negotiated contractual improvements the Recology Public Education Manager position was eliminated resulting in significant cost savings and responsibility for development and preparation of this critical Plan was transferred to the SBWMA.
- Completed two semi-annual load contamination monitoring events. Events completed in December 2013 (January 2014 report to Board) and March 2014 (April 2014 Report to Board). Per the Member Agency’s franchise agreements and because the SBWMA manages the Shoreway facility, the SBWMA is tasked with overseeing various aspects of ensuring that recycle and compost materials contamination is kept low and

**RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area**  
**Contract Compliance and Support Continued**

therefore commodity revenue is maximized.

- Hired a contractor to conduct Recology customer service call center monitoring and evaluation of compliance per the Member Agency's franchise agreements. This project is conducted annually due to the fiscal impact associated with compliance of performance standards related to the operation of the customer service call center.
- Provided prompt response to questions/issues/complaints that are raised by Member Agencies regarding their franchise agreements. The RethinkWaste phone number is publicized and staff frequently responds to requests from the public.
- Developed a Member Agency snapshot report for 2013 (provided at March 2014 Board meeting and sent electronically) and provided the availability of staff to make presentations to Member Agency governing bodies upon request. This snapshot report was well received by the Member Agencies in prior years and staff shall continue to consolidate the key operational and programmatic metrics of the services provided and be available to present this information in public meetings upon request.

***Rate Review, Analysis and Projections***

- Completed SBWMA final rate reports providing a review of the Recology and SBR compensation applications for the 2014 rate year per the Member Agency's franchise agreements and Operations Agreement, respectively. Final rate documents approved at September 2013 Board meeting. Also, held special Board meeting in September 2013 to review the contractor compensation adjustment methodology. Per the franchise agreements with Recology and the Operations Agreement with SBR, the SBWMA is tasked with consolidating the pertinent data required to project the revenue requirement needed for the subsequent rate year which directly relates to the rates that need to be charged by each Member Agency.
- Continue to support Recology with making changes or improvements to their Annual Compensation Application Report. SBWMA substantially revised the Recology Compensation Application Report template in spring 2013 which was then used as the basis for Recology's June 2013 rate application submittal and Board review in summer/early fall 2013.
- Analyzed the detailed cost adjustments in the 2014 Compensation Applications from Recology and SBR. Verified they followed prescribed compensation methodology.
- Conducted a detailed review of Recology special issues in their 2014 Compensation Application and provided an explanation of the associated fiscal impacts in the SBWMA report reviewing the Recology compensation application and SBWMA consolidated rate report.
- Prepared financial analysis for projected 2014 revenue and total collection costs, residual cost impact from prior years, and included pass-through costs (disposal and agency fees) to determine 2014 total rate adjustment for each Member Agency as documented in the final rate documents approved at September 2013 Board meeting. Also, held special Board meeting in September 2013 to review the contractor compensation adjustment methodology.
- Prepared a variance analysis of 2014 total collection cost vs. 2013 cost by detailed cost categories by agency to aid in understanding collection cost changes. This information was included in final rate documents approved at September 2013 Board meeting. Per feedback from our Member Agencies, this useful variance analysis is prepared annually to assist decision makers with analyzing and recommending rate increases.

## RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

### Contract Compliance and Support Continued

- Provided ongoing rate analysis support and projections of 2014 rate impacts associated with changes to any assumptions. Actively responded to and supported nearly all of the Member Agencies with understand their respective revenue requirement and any questions.
- Completed multi-year rate projections for Atherton, East Palo Alto, San Mateo, Redwood City, and San Carlos.
- Reviewed Recology's 2013 Revenue Reconciliation Report and conducted a third party audit of financial risks including SBR's payments to SBWMA. **2013 project in-progress with report expected at the June 2014 Board meeting.** 2012 audit completed and results incorporated into 2014 rate reports adopted by the Board at its September 2013 Board meeting. The financial information provided in the Recology Revenue Reconciliation Report is self-reported and is a key component in determining the subsequent revenue requirement needed to establish rates for Recology's annual compensation increase.
- Evaluated a proposal from Recology to fix cost allocations for future rate years to simplify the compensation adjustment process; made presentations to the Board at the January and March 2014 Board meetings. Information is still pending from Recology on a proposal and costs to automate the compilation and analysis of their annual route assessment data. **Project in-progress.**

**RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area**  
**RECYCLING OUTREACH AND PROGRAMS – AB 939 AND AB 341 COMPLIANCE**

**FY1314 Budget: \$858,500**

**SBWMA Staff Resources:** Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach and Sustainability Manager.

**Description:** Staff services provided in this area to ensure compliance with state-mandated waste reduction, recycling and reporting requirements per the California Integrated Waste Management Act of 1989 (Assembly Bill (AB) 939) and the more recent legislation pertaining to mandatory commercial recycling (AB 341) including:

- Development and implementation of public education and outreach strategies to promote residential and commercial waste reduction and recycling collection programs and services.
- Oversight of any Recology San Mateo County (Recology) services under the 12 collection services franchise agreements with the Member Agencies.
- Prepare and submit the State mandated CalRecycle Annual Reports required per AB 939 on behalf of ten participating Member Agencies.

**FY1314 Accomplishments**

***Public Education and Outreach***

- Developed, implemented and managed ongoing AB 341 outreach activities, including brochures, inserts and letters of non-compliance for Member Agency and Recology use; and presentations. Bill inserts were sent to all customers in June 2013 and presentations were conducted in March through May 2013. The State's AB 341 requires all public agencies to implement public education efforts to encourage businesses to comply with this mandatory commercial recycling law and the SBWMA can most effectively manage this effort on behalf of all Member Agencies.
- Developed, submitted and continuing to manage the 2014 Annual Public Education Plan in coordination with Recology and the Ad Hoc Public Education Subcommittee. The plan was reviewed and approved at the October 2013 Board meeting. Recology was originally tasked with developing this plan in the Member Agencies franchise agreements; however, per the negotiated contractual improvements the Recology Public Education Manager position was eliminated resulting in significant cost savings and responsibility for development and preparation of this critical Plan was transferred to the SBWMA.
- Promoted residential collection services through three *rethinker* newsletters, five bill inserts and 10 presentations at community groups, organizations and events in collaboration with Recology. The franchise agreements with Recology prescribe that various public education activities, including sending a residential newsletter, are undertaken annually by the SBWMA and Member Agencies since diversion performance incentives and disincentives are directly tied to the results Recology delivers each year. One key area of focus included promoting the twice annual Bulky Item Collection Program which resulted in 11% more appointments scheduled in FY1314 through March 2014 in comparison to the same period in FY1213.
- Continued to develop and implement outreach strategies to increase participation and customer knowledge of the Door-to-Door HHW Collection program for participating agencies. This is an ongoing effort that included direct mail postcards sent June-August 2013, outdoor and

## RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

### Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued

print advertising September through November, and promotion in bill inserts in April-June 2014, among others. This effort resulted in a 16.6% increase in the number of appointments scheduled for FY1314 through March 2014 in comparison to the same period in FY1213, resulting in having 23.4% additional pounds of material collected. This very popular program provides an easy and convenient means for residents to have HHW and Universal Waste collected directly from their homes without the need to transport it themselves.

- Launched the home diversion calculator program through the RethinkWaste website in August 2013. Expanding residential home diversion calculator program to increase residential diversion and participation is in progress and will include a recognition program to be launched in FY1415. Continued to perform direct research of residential customers carts set-out curbside to provide data needed for home diversion calculator project. The last primary research was conducted in October 2013 and the data shall be collected again in June 2014. This program allows residents to more intuitively understand the results of their recycling efforts and is conducive for further fostering critical behavior change regarding waste diversion.
- Implemented convenient Agency-wide mobile app in November 2013 for residential customer use to request services, get additional program information and other related items. A presentation was made to the Board on the mobile app at the September 2013 Board meeting. This mobile app provides a convenient tool for our customers to interface with their service provider and enables for seamless and convenient information gathering and requests for service.
- Hold third annual BizSMART@Work Awards. This annual program has been well received by the business community as it recognizes businesses and multi-family complexes for their diversion efforts through the BizSMART services. The 2014 award program will run late April 2014 through May with a recognition event planned for June. **Project in-progress.**
- Provided outreach and other support to Member Agencies for compost giveaways and shred/e-scrap recycling events. A total of 12 shred/e-scrap events will have been held through June 2014. Eight compost giveaways are anticipated to be held through June 2014, not including the monthly giveaways in Menlo Park and the weekly giveaways in San Mateo.
- Launched updated RethinkWaste website in August 2013, providing greater convenience and access to information for customers, Board and Member Agencies. This effort was undertaken after extensive feedback from our Member Agencies and the public.
- Continued to work in coordination with Recology in updating the existing multi-family outreach Toolkit and developing additional materials. Updating existing and adding additional outreach materials is an ongoing process with pieces to be finalized in May 2014. The multi-family dwelling sector diversion rate in the SBWMA service area for 2013 was 19.8% and per waste composition work performed by SBWMA there is still a significant portion of the multi-family waste that can feasibly be recycled. Thus efforts such as this are intended to increase diversion and recycling related revenue from materials delivered to Shoreway and processed/sold by SBR. **Project in-progress.**
- Issued 13 press releases to date, promoting residential programs and service, and Board and SBWMA milestones and activities. All press releases were picked up by local and/or trade publications and media outlets, often in multiple publications, including The Daily Post, The Daily Journal, The Daily News/San Mateo Times, Patch.com, SF Examiner, The Chronicle, The Almanac Online, KTVU, Recycling Today and MSW Management.

**RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area**  
**Recycling Outreach and Programs – AB 939 and AB 341 Compliance Continued**

***Recycling (Diversion Programs)***

- Developed an SBWMA-wide commercial recycling haulers Reporting System ordinance and outreach strategy to begin collecting diversion data that is currently unavailable. Prepared a draft ordinance that was extensively reviewed by the TAC and Board, most recently at the March 2014 Board meeting. Project currently on hold pending further research and contacts with commercial recycling haulers to see if adequate data can be collected on a voluntary basis (without an ordinance in place). Significant commercial recycling activity is carried out by the private sector; however, the SBWMA does not have data on these activities. The only commercial recycling data available is provided by Recology per the franchise agreements. In order to plan for future potential expanded diversion efforts as required by State mandate, the SBWMA needs to develop a true picture of commercial recycling activities conducted by both independent recycling haulers and Recology. ***Project in-progress.***
- Evaluate the feasibility of undertaking a pilot code enforcement effort to support Member Agency's with enforcement of their anti-scavenging ordinances. Scavenging of recyclable materials from both the commercial and residential sectors has various societal and economic impacts and staff's focus in assisting with implementing anti-scavenging efforts is to increase the revenue generated from the sale of recyclables collected by Recology and processed by SBR at Shoreway. ***Project not completed and to be proposed for completion in FY1415.***
- Evaluate the feasibility of increasing diversion for parks and other public spaces (e.g., downtown areas) per the Public Space Recycling project feasibility report. This project is focused on increasing the opportunity for the public to conveniently and cost effectively recycle in public spaces. ***Project in-progress.***
- Organize a Commercial Recycling Workshop for the Board to highlight commercial recycling best practices in the SBWMA service area and elsewhere. The Commercial Recycling Workshop is scheduled for April 24, 2014. ***Project in-progress.***
- During the fall of 2013 the SBWMA conducted a targeted waste characterization analysis of multi-family dwelling accounts to ascertain the composition of materials discarded.
- Developed timely updates to the State mandated CalRecycle Annual Reports on behalf of ten Member Agencies and managed submittal of the 2012 Annual Reports. These updated reports are required to be submitted annually per AB 939 and the SBWMA ensures these reports are prepared for review by each Member Agency and timely submitted in compliance with State mandate.
- Manage the Audit of Recology's 2013 Annual Report regarding the company's performance and compliance. The data in this report is self-reported by Recology and it impacts various fiscal implications and the measurement of performance standards associated with fiscal impacts, thus annually auditing this report is part of the due diligence of effective contract administration. ***Project in-progress with reports expected at the June 2014 Board meeting.***

***Long Range Plan***

- Commencing development of a long-term strategic plan (i.e., 5-year scope to include all major elements of the operation, including collection and processing, and related elements of compliance, contracts/contract renewal strategies, public education, finance, capital improvement (CIP), technologies, etc.) to address solutions for cost effective waste reduction and recycling programs and services and facility infrastructure. ***Project in-progress.***

## RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

### COLLECTION OPERATIONS

**FY1314 Budget: \$497,000**

**SBWMA Staff Resources:** Cliff Feldman, Recycling Programs Manager; and Monica Devincenzi, Recycling Outreach and Sustainability Manager

**Description:** Staff services provided in this area is to ensure compliance with state-mandated Universal Waste recycling and disposal regulations through administration of the Door-to-Door Household Hazardous Waste (HHW) collection services with WM Curbside Inc. and oversight of the household batteries and cell phone collection services provided by Recology.

**FY1314 Accomplishments** (outreach projects listed below are included in the Recycling – AB 939 and AB 341 Compliance category of our SBWMA program budget)

- Implemented additional public education and outreach to the currently participating ten Member Agencies to increase collection of HHW through the Door-to-Door HHW collection program. This is an ongoing effort that included direct mail postcards sent June-August 2013, outdoor and print advertising September through November, and promotion in bill inserts in April-June 2014, among others. This effort resulted in a 16.6% increase in the number of appointments scheduled for FY1314 through March 2014 in comparison to the same period in FY1213, resulting in having 23.4% additional pounds of material collected. Participation in this popular program ebbs and flows depending on the amount of public education that is pursued, thus the SBWMA is continually incented to conduct ongoing and effective public education to drive up participation.
- Commence discussions with management at WM Curbside LLC to expand the HHW collection services to Member Agency facilities such as corporation yards in response to feedback from our Member Agencies. Pricing has been obtained from the company and staff is working with legal counsel on proposed contract language. *Project in-progress.*
- Conduct a pilot project with South Bay Recycling at Shoreway to begin segregating select battery chemistries (from batteries collected through Recology's curbside recycling program) in an effort to sell rechargeable batteries and reduce recycling/disposal expense. *Pilot project still under evaluation.*
- Continued and expanded public education and outreach to increase participation in Recology's recycling collection services with specific emphasis on increasing the collection of cell phones and batteries from the multi-family dwelling sector which includes approximately 3,800 customers and 41,000 residential living units. Promotion included bill inserts sent to customer in June 2013. A designated brochure is currently in development and expected to be completed in May 2014.

## RethinkWaste Adopted FY1314 Budget – Accomplishments by Program Area

### SHOREWAY OPERATIONS

**FY1314 Budget: \$35,427,100**

**SBWMA Staff Resources:** Hilary Gans, Facility Operations and Contracts Manager; Marshall Moran, Finance Manager; Faustina Mututa, Environmental Education Coordinator; and Heather Co, Environmental Education Associate.

**Description:** This includes SBWMA staff directed activities regarding Shoreway operations including: oversight of SBR operations, including contract compliance and review and payment of SBR invoices; Shoreway facility capital repairs and maintenance; education center operations, exclusive of staff wages and benefits which are included in the Administration portion of the SBWMA program budget; management of disposal and processing contracts, including review and payment of invoices; facility insurance; and billing Recology for tons delivered to Shoreway.

#### **FY1314 Accomplishments**

- Continued operational oversight and contract compliance of materials recovery facility (MRF), transfer station, and transportation operations performed by SBR.
- Monitored the condition of the Shoreway facility buildings, equipment and site and managing capital and maintenance projects to correct deficiencies (e.g., transfer station floor repair, fire system improvements, tipper maintenance, conference room improvements, sorting equipment enhancements, building repairs).
- Management of the Shoreway School and Public Tours program and the hosting of several public events (e.g., Earth Day, Trash-to-Art, 2-Million Tons, and Night-at-Shoreway). In only its second year of operations and with one full-time and one part-time staff person, the program has provided tours to over 6,000 visitors (1,000 more than prior year). Education center visitors tour the MRF and transfer station and learn the value of participating in the curbside recycling programs.
- Ongoing management of third-party recycling and disposal contracts for solid waste (700 tons per day), organics (compost materials)(380 tons per day), and construction and demolition (C&D) debris (100 tons per day).
- The two contracts for composting all of the Agency's organic materials are expiring at the end of 2014. Staff has been monitoring market conditions and is working to determine the best options for future organic materials processing.
- Managed the Agency's efforts towards completing the ground water remediation project at Shoreway which is expected to be closed by San Mateo County in 2014. This project has been ongoing for over ten years and has a dedicated budget line of \$1.5 M. Provided a staff update at the November 2013 Board meeting on the status of the Shoreway remediation project and noted the availability of unspent funds.
- Completion of the outside environmental education area in front of the transfer station – this project was designed and managed as an in-house project. Upon completion of this project in 2014 budget year, the master plan project will be closed.
- Staff designed and managed the installation of a "Call-to-Action" exhibit (located in the MRF lobby) that highlights the community's resource conservation activities.
- Staff has continued to research new technologies for a solid waste processing system to recover organics materials and other recyclables from the garbage is an effort to meet California's recycling goal of 75%. Staff has been working in partnership with the SVCW wastewater treatment plant in Redwood Shores and is developing an MOU to develop a project feasibility study for generating energy from the SBWMA's food waste.

### **Shoreway Operations Continued**

- Staff has worked with SBR to recruit additional single stream recyclable materials (third-party tons) with the goal of generating additional income for the SBWMA. Through agreements with Recology operations in San Bruno and in the South Bay, third-party tonnage has increased to over 100 tons per day in 2013/4 generating a potential income stream to the Agency of \$260K per year from host fee payments.
- The Shoreway underground fuel storage system is composed of single-wall underground storage tanks that poses a leak risk. Staff has been researching options for replacing the fuel supply system as well as the potential to convert the collection and transfer fleets to cleaner fuels.
- Staff worked with SBR to prepare a labor strike impact contingency plan to prevent interruptions in materials handling at Shoreway.
- Staff has resolved through mediation a contract interpretation dispute with Zanker Road, the company that processes all of the Agency's construction debris (C&D).