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STAFF UPDATES



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Date: April 25, 2013 Board of Director's Meeting
Subject: Update on Recology Commercial Recycling Efforts

Recommendation

This is an informational report and no action is necessary.

Analysis

Based on a recent waste characterization study conducted by RethinkWaste and regular reporting by Recology San Mateo County (Recology), Multi-Family Dwellings (MFD) diversion throughout the RethinkWaste service area continues to be a service sector in need of more focus and effort by Recology and RethinkWaste. To address this challenge, RethinkWaste Staff proposed a Multi-Family Outreach Pilot project to determine the effectiveness of existing public education and outreach tools and to develop new tools. The Pilot is intended to measure the effectiveness of various public education and outreach tools and strategies, with the results used by Recology and the RethinkWaste to drive up MFD diversion levels.

This Pilot was discussed at length with Recology and the Board Ad Hoc Public Education Subcommittee, and was initially designed to target up to 60 Multi-Family complexes throughout the RethinkWaste service area that currently have low diversion levels. It's important to note that there are over 4,400 MFD accounts in the service area. Based on feedback from Recology and the Ad Hoc Subcommittee, staff is moving forward with the development of a menu of new outreach tools targeted for MFD accounts. A decision on the best way to proceed with use of the new tools will be discussed as part of the FY14 budget development and approval process.

On a related subject, staff's draft budget priorities for FY14 will include a request to conduct targeted waste characterization analysis of MFD accounts per Section 7.06 of the Member Agency franchise agreements; this data will supplement our previous waste characterization work to determine the types and quantities of materials being disposed of by MFD accounts.

Background

The Franchise Agreement(s) with Recology fund a commercial recycling sales team consisting of eight commercial recycling sales representatives and one manager. This staff of nine is solely dedicated to the Commercial Recycling Outreach Program activities, of which a major goal is to increase diversion from the Multi-Family sector. Per the Franchise Agreement(s), RethinkWaste is responsible for developing outreach materials and strategies for the company's use in targeting the Multi-Family sector. While anecdotal feedback has been provided from Recology regarding the effectiveness of the existing public outreach materials and strategies, the effectiveness of the various tools and strategies in use have not been systematically and thoroughly measured for effectiveness.

Fiscal Impact

The FY12/13 approved budget includes \$85,000 for Multi-Family Outreach, which includes funding for the Pilot, development of educational tools and strategies, and other related activities. Actual FY1213 spending for the pilot will be limited to development of the new outreach tool templates exclusive of actual production and distribution of such tools.



STAFF UPDATE

To: SBWMA Board Members
From: Recycling Staff
Date: April 25, 2013 Board of Director's Meeting
Subject: Recycling and Outreach Programs Update

Recommendation

This is an informational report and no action is necessary.

WM Curbside Door-to-Door HHW Collection Program

The following ten Member Agencies are participating in the program: Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, San Carlos, San Mateo, San Mateo County, and West Bay Sanitary District, with Burlingame starting in February. Interest in the program has been strong and the company has made approximately 11,291 collections since the program started in mid-May 2010 through March 2013. Approximately 387,048 pounds of HHW material, 382,193 pounds of Universal Waste and 181,828 pounds of E-Scrap has been collected since the start of the program. We encourage the remaining two Member Agencies to offer the program as it provides a more convenient and cost-effective option to properly recycle and dispose of a wide variety of materials (such as common HHW) than is currently available through the County's drop-off program at Tower Road.

Per the adopted FY12/13 budget, additional outreach to highlight this service is currently in development, including direct mail, outdoor and print advertising and community events starting in late April and running through the summer. The program has already been promoted through the *rethinker* newsletter, holiday ads and social media.

Household Battery and Cell Phone Curbside Recycling Collection Program

The annual total of batteries and cell phones collected through the curbside recycling program has been: 2009 - 57,000 pounds, 2010 - 53,000 pounds, 2011 - 47,000 pounds, and 2012 - 58,000 pounds. The total amount of batteries and cell phones collected in March 2013 was 4,900 pounds. Per the adopted FY12/13 budget, additional outreach will be provided to highlight this service.

Shoreway Education Center School Groups and Public Tours Update

School Group and Public tours continue to be popular as the spots are quickly filling up. In addition to the school groups, staff schedules tours for various community groups such as businesses, Cub Scouts, Garden Clubs and College students, just to mention a few. Outreach efforts in jurisdictions that have low participation continue and staff encourages Member Agencies to promote the tour program within their community. Tours will continue to be scheduled on a first-come first-served policy.

The Tour program continues to receive very positive feedback, as it gives the community an opportunity to learn firsthand what happens to their recyclables, yard waste, food scraps and garbage at a working materials recovery facility (MRF) and transfer station. In addition, students and the community are given an opportunity to learn and practice the 4Rs (reduce, reuse, recycle, and rot/composting) and resource conservation, and be empowered to conserve resources in their lives, at school and residences.

At the end of each tour, teachers, chaperones, and adult participants are asked to fill out a survey about their experience, and what they think about the tour program as a whole. The responses received thus far continue to be very positive. On the following page are a few of the many recent comments that tour participants shared at the end of their tour experience:

"Well run & organized! Really fits well into the science content." (Teacher)

"It was a great use of our time – very valuable!" (Teacher)

"Great sequence & movement to keep kids engaged." (Teacher)

"Awesome! Reinforced what kids were learning in the classroom, in a visual, real way." (Parent)

"Amazing, educational and informative. Hands on. Really enjoyed this." (Parent)

The table below shows the tours that have been conducted and those scheduled for April 2013.

<u>Date</u>	<u>School/Group</u>	<u>Jurisdiction</u>	<u>Grade/Group</u>	<u>Total # of Participants</u>
April 2	Home Community Group	Belmont	5	27
April 4	Parkside Rascals	San Mateo	3	31
April 5	German International	Menlo Park	3	46
April 9	Mid-Peninsula Auto Club	Redwood City	Adults	25
April 10	Charles Armstrong	Belmont	5	21
April 10	Charles Armstrong	Belmont	5	32
April 11	Bayside STEM Academy	San Mateo	7	37
April 12	Park Elementary	San Mateo	4	37
April 15	Park Elementary	San Mateo	4	31
April 16	Baywood Elementary	San Mateo	2	31
April 16	Park Elementary	San Mateo	4	34
April 17	Baywood Elementary	San Mateo	2	31
April 18*	Public Open House	Various	Adults	50
April 19	Special Education	San Mateo	11	20
April 20*	Earth Day	Various	Various	100
April 22	Serendipity	Belmont	5	24
April 24	Fox Elementary	Belmont	5	31
April 24	Charles Armstrong	Belmont	8	42
April 25	Baywood Elementary	San Mateo	2	31
April 26	Fiesta Gardens	San Mateo	3	30
April 29	Fiesta Gardens	San Mateo	3	30
April 30	Ormondale School	Portola Valley	2	32
April 30	Fiesta Gardens	San Mateo	3	30
Total Participants				803**

* Thursday, April 18th, is the Monthly Public Open House Day. Saturday April 20th is our Earth Day Event. The number of participants is based on only those that have made a reservation for the tour on the Public Open House Day and the anticipated Earth Day Tour Participants. **Includes estimated numbers for those scheduled tours that have not been conducted by the date this report is issued.

Tour logistics continue to be conveyed to teachers and all participants via email, phone or on-line, which has worked well. Staff continues to promote the Tour Program, via various channels, (emails, press release, flyers, website, social media, environmental education platforms, etc.)

Photos of tour participants at Shoreway Environmental Center



Pictured above are fifth graders from Charles Armstrong School in Belmont (photo on left) and Mid-Peninsula Auto Club in Redwood City (photo on right).

Tour Availability

Tours are offered Monday at 12:30pm – 2:30pm, Tuesday-Wednesday from 9:30am – 11:30am, 12:30pm – 2:30pm, Thursday and Friday 9:30am – 11:30am. Every third Thursday of the month is a designated Public Open House Day for the general public, and tours are given in the time slots from 9:30am – 10:30am and 11:30am – 12:30pm.

Free School Compost Giveaway Program

The free Compost Giveaway Program is for both public and private schools within our service area. Through the program, schools can receive up to five 50-pound bags of compost for a garden project, or up to 20 cubic yards of the material for landscaping projects per school year. The compost is made from the yard trimmings and food scraps set out by residents and businesses for collection in the green CartSMART and BizSMART containers. The Compost Giveaway Program is meant to serve as a resource for schools in alignment with the California Department of Education’s Garden in Every School initiative. According to the state, students who participate in school garden projects discover fresh food, make healthier food choices, and are physically active. Using compost in gardens and landscaping projects helps improve soil quality, conserve water and control erosion, among others.

The table below shows the schools that have requested compost this spring.

<u>Date</u>	<u>School</u>	<u>Jurisdiction</u>	<u>Quantity of Compost</u>	<u>*Total # of Participants</u>
February 25	Baywood Elementary	San Mateo	3 bags	20
February 26	Roosevelt School	Redwood City	5 bags	40
March 7	Charter Learning Center	San Carlos	12 yards	300
March 19	St Matthew’s Episcopal Day	San Mateo	5 bags	74
March 24	Washington Elementary	Burlingame	1 yard	78
Total Participants				512

** Estimated number of students and adults involved in the gardening/landscaping project*

Interested schools simply need to complete a request form to receive the compost. Schools need to arrange for the pick-up of the bags of compost at the Shoreway Environmental Center in San Carlos. Staff will arrange for the

delivery of the larger quantity of loose compost through Recology San Mateo County at no additional cost to the schools; Recology's delivery costs will be covered in the SBWMA budget. Staff encourages Member Agencies to promote this new service and program within their community.

Trash to Art Contest Winners

Winners will be recognized by San Carlos Mayor Bob Grassilli at RethinkWaste's second annual Earth Day@Shoreway event on Saturday, April 20th, from 10 am to 2 pm at the Shoreway Environmental Center in San Carlos.

First Place will be awarded to the fifth grade classes of teachers Sandra Sperow and Dawn Tesarowski's from Audubon School in Foster City for their "The U.S.A. Just Got Recycled" map with each state represented by what makes it famous. Students used such materials as fabric, cardboard and cartons to create the three-dimensional piece. The class will receive \$500, a special recognition event and a private tour of Shoreway.

Teacher Shelley Jones' fourth grade class from Fiesta Gardens International School in San Mateo will receive Second Place for their "Young Shadows: Homage to Louise Nevelson," inspired by the work of a twentieth century American artist, Louise Nevelson, who reused and repurposed objects to create her gigantic sculptures. The piece was made from Girl Scout cookie boxes, paperboard tubes and beverage box inserts, among others. They will receive \$250 and a private tour of Shoreway.

Third Place goes to sixth graders in Kathie Strafaci's class who teaches at St. Charles School in San Carlos for their "Tiger" statue, representing their school mascot. The tiger is made from water bottles and caps, newspapers, old rope and fabric. The Third Place prize is \$150. Fourth Place also went to fifth grade class at Audubon School for their "Recycleston-A Colonial Town" made from cardboard boxes, old computer wires and milk cartons. They will receive \$100 for their class.

In addition to the winners' schools, submissions were received from Beechwood School (Menlo Park), Fox Elementary School (Belmont), Heather Elementary School (San Carlos), John Gill School (Redwood City), Our Lady of Mt. Carmel School (Redwood City), San Carlos Charter Learning Center (San Carlos), St. Catherine of Siena (Burlingame) and Wornick Jewish Day School (Foster City.) All pieces will be on display at Shoreway.

Earth Day

Join us for our 2nd Annual Earth Day on Saturday April 20, 2013 from 10:00am-2:00pm at the Shoreway Environmental Center in San Carlos. Staff is planning for lots of fun activities for the whole family. The event will include informational booths, music, arts and crafts, games, tours, free compost, and lots more. Bring your bottles and cans to redeem for money. Everyone who shows up automatically enters in a raffle. Trash to Art Contest winners will be recognized. Don't miss out on this fun-for-all event. Earth Day is every day at RethinkWaste. Staff encourages Member Agencies to promote the event within their community. More information can be found on our website at www.RethinkWaste.org.

2013 Public Education and Outreach Update

Single-family residents will be receiving their annual Bulky Item Collection program notice as an insert in the Recology invoices in the April, May and June cycles. Copies of the insert will be available for Member Agencies at the April 25th Board of Directors' meeting.

RethinkWaste 2012 Annual Report

The RethinkWaste 2012 Annual Report is currently in development and will be distributed in May. The report highlights RethinkWaste's accomplishments over the last year, shows residential and commercial solid waste and recycling data, and provides information on the Shoreway Environmental Center.

2012 Member Agency Snapshot Report

RethinkWaste has developed a Member Agency specific snapshot report for calendar year 2012 that highlights the following key information for you: recycling and composting collection program results, outreach efforts, community events and other recycling related programs; tonnage and other operational information for the Shoreway Environmental Center, including tour totals; and a summary of upcoming future projects and services in development. The reports are in the form of PowerPoint Presentations that will be provided to each Member Agency. Staff is also available to make the presentations before Member Agency governing bodies upon request. We encourage Member Agencies to share their report with key stakeholders in your community and make them available to the public.

BizSMART@Work 2013 Awards Program

RethinkWaste, in partnership with Recology, will be announcing the call for nominations for BizSMART@Work 2013 Awards program starting April 24th. The second annual program will recognize businesses and multi-family complexes in the RethinkWaste service area for their efforts in reducing waste in 2012 through the BizSMART Recycle, Compost and Garbage collection services. Award categories include Recycle, Compost, and a combined Recycle and Compost one. The public will also have a chance to weigh in on some of the nominees through the "Rethinkers' Choice" award category, which will be selected from the nominees for the Recycle and Compost category. The "Rethinkers' Choice" award will allow for the public to vote for their favorite nominees.

The awards program will be promoted through a bill insert, newspaper ads, press releases, email blasts, Recology's Zero Waste Specialists as they visit customers, local Chambers of Commerce, and the RethinkWaste and Recology websites, Facebook and Twitter pages, among others. Applications are due May 22, 2012 with a recognition event to be held in late June.

RethinkWaste Website and Social Media

The RethinkWaste website continues to be updated with information on the CartSMART residential collection and BizSMART commercial collection services, other program information and the Shoreway Environmental Center. The current site averaged approximately 592 visits per week since the last Board meeting, of which over 62% were new visits.

RethinkWaste Staff continues to work on the website revamp to make it more user-friendly and interactive based on feedback from customers, Board Member and the Public Education Subcommittee. Staff is working with the firm Gauger and Associates selected through a Request for Proposals process in the spring and summer of 2012. Staff will continue to work with the adhoc Public Education Subcommittee on the redesign and seek some additional feedback from the Board. Staff anticipates the new website going live in spring 2013.

RethinkWaste also continues to use its Facebook and Twitter pages to promote program information and new services. To date, the Facebook page has 299 "likes," and the Twitter page has 141 followers. Staff will continue to work on strategies to drive more people to the pages. Our Facebook page can be found at www.facebook.com/rethinkwaste, and the Twitter page is located at www.twitter.com/rethinkwaste.

rethinker Newsletter

The spring issue of the *rethinker* has been produced and is included in Recology's February through April 2013 invoices per the Board action on September 12, 2012 to adopt the FY13 budget. The issue focuses on Earth Day and spring cleaning tips. The *rethinker* is now published three times annually, instead of quarterly, also per the FY13 budget.

Community Outreach Events

Staff has been working with Recology to try and better coordinate the Community Outreach Events (Compost Giveaway, E-Scrap/Shredding Events, Recology's Bring Your Own Bucket Compost Giveaway, Confidential Document Destruction Service Event and Coats for Kids event) for this year to avoid any duplicative efforts. Recology is the point of contact for all Compost Giveaway Events and the Coats for Kids event. RethinkWaste is the point of contact for all E-Scrap/Shredding events. In addition, RethinkWaste continues to provide outreach and promotion for all community events. An email was sent to all Member Agencies on March 11th providing the details and costs for the events, and request forms.

The following events have been planned to date:

Shred/E-Scrap Recycling Events

- Belmont - April 20
- Redwood City - April 27 (shred only)
- San Mateo - April 28
- Menlo Park - May 4
- Foster City - May 11
- Burlingame - June 29
- Foster City - Aug. 17
- Menlo Park - Nov. 2

Compost Giveaways

- Menlo Park - Monthly event
- San Mateo - Monthly event
- Foster City - March 16
- Foster City - April 13
- Redwood City - April 20
- Belmont - April 20 & 21
- Foster City - September 14
- Foster City - October 12

Approved Operating Agreement Amendments or Recommended Recology Franchise Agreement Administrative Changes

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

<u>Agreement</u>	<u>Board Approval</u>	<u>Staff Recommendation</u>	<u>Description</u>
Operations Agreement	October 28, 2010	N/A	Amendment No. 1. Is now effective as eight Member Agencies have approved the Amendments. Approved by: Belmont, Foster City, Menlo Park, Redwood City, San Carlos, City of San Mateo, San Mateo County, and West Bay Sanitary District.
Franchise Agreement(s)	N/A	Via email on October 20, 2010	Requested Member Agencies send letter accepting interest waiver offer from Recology on potential 2011 revenue requirement shortfall if rates approved after January 1 but before March 1, 2011. Approved by: Atherton, Foster City, Redwood City, City of San Mateo, San Mateo County, and West Bay Sanitary District.
Franchise Agreement(s)	N/A	Via email on December 9, 2010	Overage "bags" change to "tags"; SBWMA relief from purchasing battery/cell-phone bags; On-call bulky item collection temporary schedule for January 2011. Approved by: Foster City.
Franchise Agreement(s)	N/A	Via email on December 13, 2010	Member Agency self haul remittance of payments to SBWMA by Recology. Approved by: Burlingame, Foster City, and Redwood City.
Franchise Agreement(s)	N/A	Via email on June 3, 2011	Six Member Agencies (i.e., Belmont, Burlingame, Foster City, Menlo Park, Redwood City, San Carlos and City of San Mateo) are requested to allow Recology to continue using used collection vehicles through September 30, 2011. Approved by Foster City.
Franchise Agreements	N/A	Via email on December 2, 2011 and November 15, 2012	All Member Agencies were requested by Recology to modify the Bulky Item Collection service schedule. While customers can sign up for this service anytime, the Franchise Agreement requires the company to provide this service from January 1 through December 1 each year (i.e., not during the month of December). Approval of this request authorizes the company to change when the service is provided to February 1 through December 31 (i.e., not during the month of January) in order to provide service to those customers that prefer to schedule this service at the end of the calendar year. (Recology has received complaints from customers that wanted to schedule their 2 nd collection in December since they are entitled to two each calendar year). Approved for 2012/2013 by Belmont, Burlingame, Foster City, Menlo Park, San Mateo County and West Bay Sanitary District.



STAFF UPDATE

To: SBWMA Board Members
 From: Hilary Gans, Operations Contracts Manager
 Date: April 25, 2013 Board of Director's Meeting
 Subject: Shoreway Facility Operations and Master Plan Update

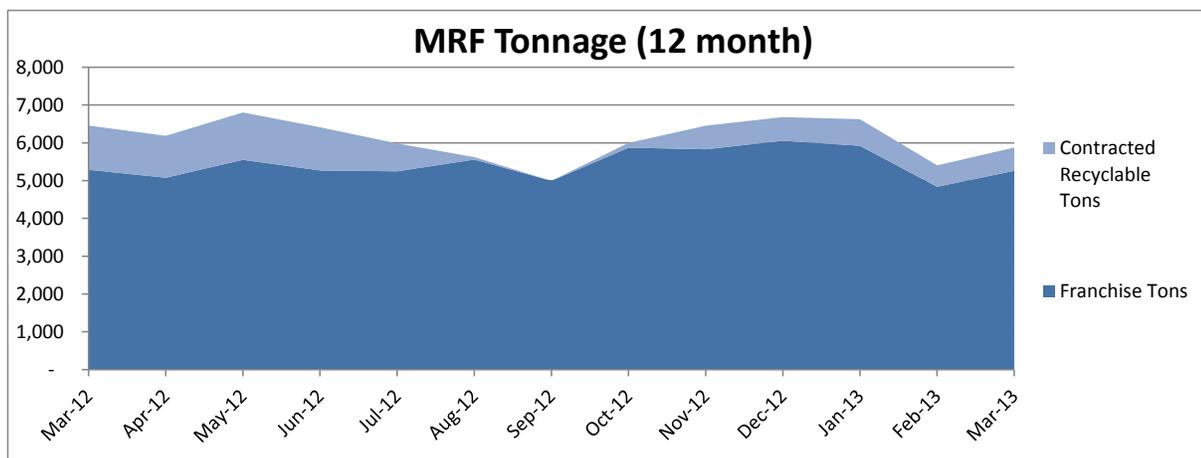
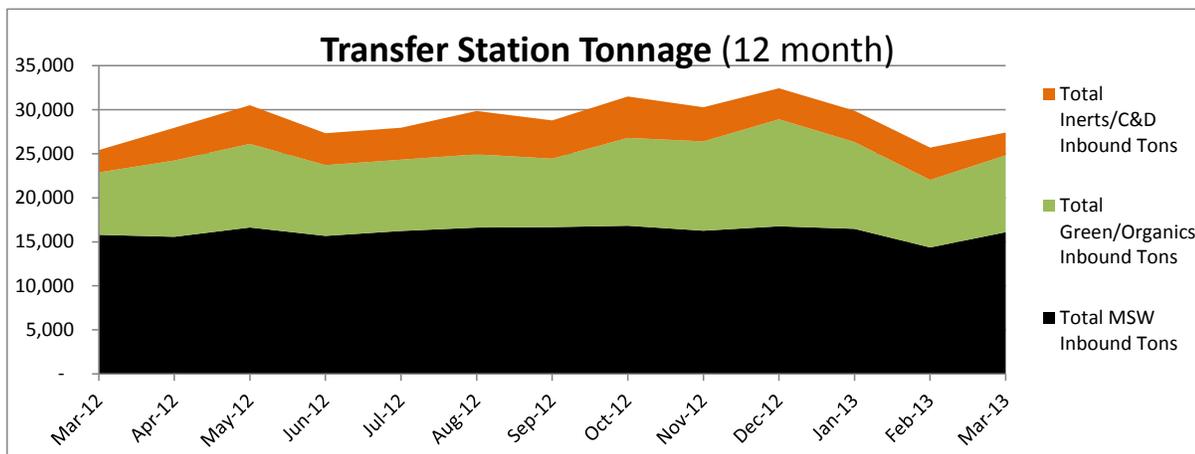
Recommendation

This is an informational report and no action is necessary.

I. OPERATIONS UPDATE

Facility Tonnage

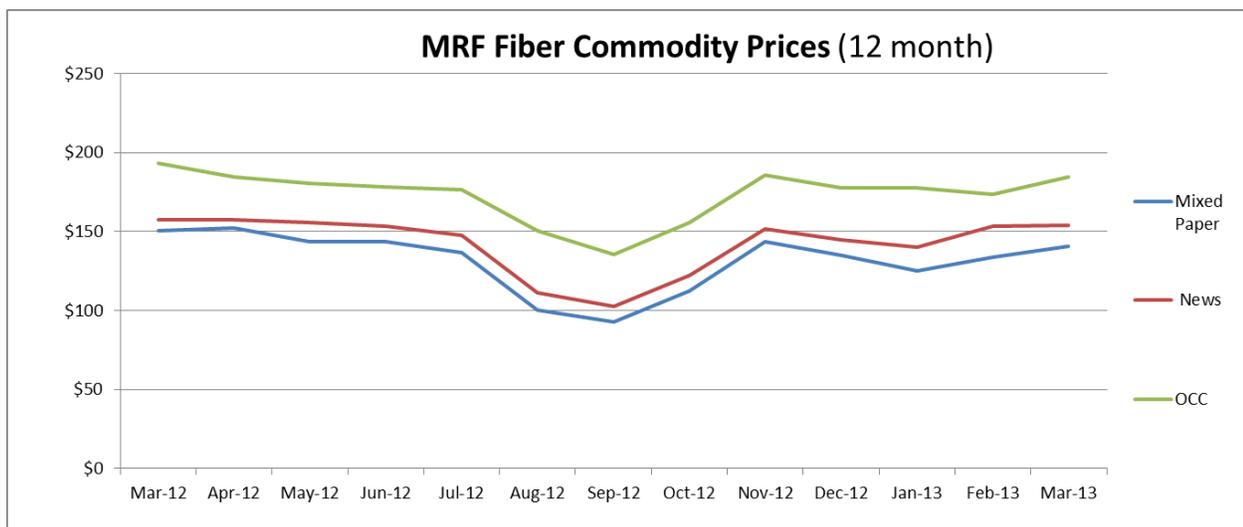
The charts below provide a summary of the monthly inbound tonnage at the Shoreway Environmental Center Transfer Station and MRF. The tonnage for both the MRF and the Transfer Station show an increase over February as expected and show a slight increase in all categories over March 2012.



Note: for a period of eight-months (December to August 2012) the Shoreway MRF was processing contracted recyclable tons from Allied Waste's Newby Island facility. In the month of September, the chart shows this volume dropping to zero as this material was reabsorbed by the Newby Island MRF. Starting in October, contract tons from Recology's San Bruno transfer station have been received for processing. The SBWMA is also closely following a pending RFP release from the City of Daly City that might provide a new opportunity for future MRF tons.

Commodity Revenues

This chart provides a price trend summary of fiber commodities marketed by SBR from the Shoreway MRF and is taken from a market index (OBM) that tracks the export price for recycled fiber. SBR's pricing to the SBWMA is contractually tied to this index through the Fiber Price Assurance Mechanism (see Attachment 11-B in Operations Agreement). Since fiber represents the largest volume of commodities marketed from the MRF, the price and MRF volume charts provides a strong indicator of trend in SBWMA commodity revenues. Fiber prices have recovered since the summer 2012 drop and now stabilized.



Operational Issues of Note

The export markets for mixed plastics (plastics marketed with the symbol 3-7 that mostly are composed of packaging and containers) have been upset by government imposed restrictions in China. The import restrictions on recyclable materials, collectively termed "the Green Fence," have been recently implemented to curb trash problems in China resulting from lower grade recyclable materials. Specifically, the regulations are targeting paper and plastics that are either: 1) not baled and/or 2) are composed of a mixture of material types. There is little official information about the duration of the enforcement but at this point it is expected to last for much of 2013. SBR has recalibrated their sorting equipment to target plastic 4 and 5 (polypropylene and non-foamed polystyrene) for which there is a market and which makes up the majority of the 3-7 stream. The remaining non-marketable grades will likely be disposed of as MRF residual at no cost to the Agency.

On April 4th and 5th there was a two-day sympathy strike at Ox Mountain Landfill that prevented waste from the Shoreway Center from being disposed of at the landfill. The teamsters strike was in solidarity for a labor dispute with Republic at a Youngstown Ohio landfill. SBR diverted some SBWMA waste to another Republic landfill and worked on Saturday to keep the waste from overstocking the transfer station. Because Republic was able to offer an alternative nearby landfill, the strike is not expected to have a financial impact to the Agency.

II. MASTER PLAN UPDATE

Construction Overview

This project update summarizes the status of the construction of the Shoreway Master Plan improvements which include the construction of new Materials Recovery Facility (MRF) building, modifications to the Transfer Station (TS), various site work, and the purchase and installation of the single stream processing equipment. At this point the major contracts associated with the Master Plan improvements (Phase I, Phase II, and Phase III contracts) have been closed. This report provides a discussion Construction Closeout Projects (both master plan and non-master plan related) and a summary of the Master Plan budget.

Update on Master Plan Projects

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

MRF and Transfer Station Buildings

- Continued installation of the outdoor education area landscape and features near the Transfer Station
- Signage installation
- Adjustments to transfer station conveyor (non-master plan)
- Installation of replacement doors at the Administrative building (non-master plan)

Installation of the new Rain Water Harvest Tank at the Shoreway Education Center



Master Plan Project Expenditures Summary

An amount of \$115,000 remains in the Master Plan budget to complete the projects associated with the Master Plan close out. All construction contracts related to the MRF and transfer station buildings have been closed-out (this includes contracts with JS Amoroso, JRMA, and Covello). Ongoing reports to the Board will include updates on close-out projects with and full Master Plan completion expected in 2013.



STAFF UPDATE

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director
Marshall Moran, Finance Manager
Date: April 25, 2013 Board of Directors Meeting
Subject: Update on 2013/2014 Franchise Rate Setting Process

Recommendation

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

Analysis

This staff report will be provided monthly to the Board commencing with the April 25, 2013 Board meeting. The purpose of this staff update report is to keep the Board informed on the timing, schedule of events and issues affecting Member Agencies during the 2014 Compensation Application review (performed in 2013) and the Recommended Rate Adjustment process for the upcoming 2014 Rate Year (i.e., establishing rates for January 1-December 31, 2014). The goal is to provide and update pertinent information for Member Agencies to effectively plan for and manage communications regarding the next year's compensation application and rate setting process.

Attached is the current 2013 (for calendar year 2014 rates) Rate Approval Schedule (**Attachment A**).

Issues Affecting 2014 Compensation Adjustment include:

- Recology Annual Revenue Reconciliation for 2012. Recology submitted a Revenue Reconciliation Report to the SBWMA and Member Agencies on March 29, 2013 which compares the approved compensation owed to Recology for 2012 with the actual net compensation retained by Recology after paying for Pass-Through costs for disposal at Shoreway and Agency fees (e.g., Franchise Fees) paid to each Member Agency. Each Agency will have a surplus or shortfall which will be added to or subtracted from the 2014 Revenue Requirement. The Report is currently under review by staff. The 2012 Revenue Reconciliation will also be reviewed as part of the Financial Audit conducted by Hilton, Farnkopf and Hobson (HF&H). The Audit Report will be reviewed by the Board at the June 27, 2013 Board meeting.
- Performance Incentive/Disincentive Payments. The Franchise Agreement(s) with Recology prescribe that payments related to performance incentives/disincentives will be calculated in the company's Annual Report submitted in mid-February and then included in the Compensation Application (due on June 14, 2013 for Rate Year 2014) each year (with the exception of Contamination related disincentive payments which are calculated quarterly and paid directly to SBWMA). Therefore, both incentive payments due to Recology and disincentive payments (with the exception of Contamination related disincentives) due to Member Agencies shall be included in the Annual Compensation Application. Staff is currently conducting an audit of the company's 2012 Annual Report which in part includes confirmation of the reported Performance Incentives and Disincentives.

Per the contract negotiations presented to the Board recently, there are two substantive changes to the calculation of Performance Incentives/Disincentives that will impact 2014 rate setting. The first change is to omit the calculation of Initial Missed Pick-Ups which will result in a savings of \$193,950 in incentive payments to Recology for Rate Year 2014. The second negotiated change is to modify the calculation of the 90 Second Hold Time standard which will result in a reduction in disincentive payments of \$22,255.

Schedule of Rate Review Activities

March 2013

- Recology submitted the 2012 Revenue Reconciliation Report to the SBWMA and Member Agencies.
- SBWMA awarded a contract to HFH to audit the financial data provided by SBR and Recology for 2012 to ensure this data (including the Revenue Reconciliation) is accurate.

April 2013

- Staff presentation at April 25th Board Meeting to discuss rate setting process including a review and discussion of a draft rewrite of the 2012 Recology Rate report to improve its understandability and ease of use for Board Members and Member Agency staff.

May 2013

- SBWMA to issue a letter to the Board requesting feedback from all agencies on 2014 Agency fees.
- Member Agencies to provide feedback (optional) to the SBWMA and Recology on the draft 2012 Recology Rate Report by May 9th to include any new changes in the Recology 2014 Rate Report due June 14.

June 2013

- BOD review of the 2012 Financial Audit of Recology and SBR conducted by HF&H including the 2012 Recology Revenue Reconciliation.
- June 14 – Recology to submit their 2014 Compensation Application.
- June 14 - Member Agencies response due to SBWMA on 2014 Agency fees.
- June 24 – SBWMA staff to issue comments to Recology on 2014 Compensation Application
- June 28 - SBWMA Board to issue comments (optional) to Recology on 2014 Compensation Application

July 2013

- July 1 – SBR to submit their 2014 Compensation Application.
- July 18 – SBWMA issues report to BOD to be discussed at July 25th Board meeting:
 - Estimated residential revenue changes due to cart migration by Member Agency with an update on cart migration since July 2012.
 - SBWMA issues a report on projected 2013 revenue (based on five months of actual) compared to the base revenue projection in the 2013 rate projections in September 2012.
 - Agencies are encouraged to review their residential rate structure for rate vs. cost deficiencies (i.e., rates don't cover costs) and rate subsidization of small carts by large carts.
 - SBWMA issues a report on projected 2013 tonnage (based on five months of actual) compared to the base tonnage projection in the 2013 rate projections in September 2012 and 2014 projected tonnage. These projections will be used to estimate disposal expense.
- July 30 – Recology revised Compensation Application due based on SBWMA staff and BOD comments.

August 2013

- August 16 – SBWMA to issue Draft Report on Recology's 2014 Compensation Application. Included in this Report is the recommended total collection rate adjustment for 2014.
- August 30 - Member Agencies comments due back on SBWMA Draft Report for Recology.

September 2013

- September 19 – SBWMA draft Final Report issued for Recology's 2014 Compensation Application (for consideration at September 26, 2013 Board meeting) based on Board feedback. Included in this Report is the recommended total collection rate adjustment for 2014.
- September 19 – SBWMA Final Report issued for SBR's 2014 Compensation Application (for consideration at September 27, 2012 Board meeting).
- September 26 – Board approves the SBR 2014 Compensation Application.
- September 26 – Board approves the Recology 2014 Compensation Application and total recommended rate adjustments for 2014.

September 27 – December 31, 2013

- Member Agencies notice and approve final 2014 solid waste rates.

November 2013

- Report to Board on recommended January 1, 2014 Shoreway tip fee adjustments including Bond proforma update for 2014 SBWMA financial projection with assumed tip fee and reserve balances.

January 2014

- Board discussion on improvements and changes to the rate setting process for 2014.

Attachment:

Attachment A – Draft 2014 Rate Approval Schedule



DRAFT
2014 Rate Approval Schedule

Member Agency Rate Setting Process

The 2014 Recology Compensation Application will be submitted to the SBWMA and Member Agencies on June 14, 2013 per the revised timeline approved by the Board of Directors on February 28, 2013. On August 16, 2013, the SBWMA will issue its Report on Recology's Compensation Application. The Member Agencies then have until August 30th, ten business days, to provide comments on the SBWMA's Report. The comments received will be incorporated in the 2014 SBWMA Consolidated Rate Report that will become binding upon the Board's approval at the September Board meeting. While the individual agencies actually set collection rates for their jurisdictions, any rate increases put forth by the agencies that are less than recommended in the SBWMA Rate Report and cause a shortfall in compensation to Recology will result in interest penalties for amounts owed to Recology.

September 26, 2013 BOD Meeting

- Recology and SBR Compensation Applications Approved
- Total Recommended Rate Adjustments Approved

Member Agency Residential Billing Schedule

**Group A: October-November-December
(Billed September 30, 2013; December 31, 2013)**

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

**Group B: November-December-January
(Billed October 31, 2013; January 31, 2014)**

- Atherton
- Burlingame
- San Carlos

**Group C: December-January-February
(Billed November 30, 2013; February 28, 2014)**

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- East Palo Alto (Not applicable to Residential.)
- Foster City
- Hillsborough
- County of San Mateo

Prop 218 Public Notice Implications

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

Bill Insert Considerations

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

Direct Mail Considerations

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

Bill Insert vs. Direct Mail:

Group A

These agencies may be able to prepare and print a bill insert in time for inclusion with the September 30, 2013 mailing. Therefore these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process and adopt rates prior to January 1, 2014.

Proposed Schedule:

September 26, 2013..... SBWMA BOD Approves Recology and SBR Compensation.
 October 1-15 Governing body or agency staff approves issuance of the Prop 218 notice.
 October 16-31 Prop 218 Notice printed and issued via direct mail

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November 1-15 Governing body closes the Prop 218 public notice period and adopts 2014 rates effective January 1, 2014.
 December 31..... First Recology bill issued with new 2014 rates.

Group B

These agencies will likely be able to prepare and print a bill insert in time for inclusion with the October 31, 2013 mailing. However, since the Prop 218 process will not close for 45 days after issuance of the Prop 218 rate increase notice, these agencies will have to bring the results of the Prop 218 notice before their governing body between December 16 and 31, 2013. Otherwise, these agencies will need to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2014.

Proposed Schedule:

September 26, 2013..... SBWMA BOD Approves Recology and SBR Compensation
 October 1 – October 15..... Governing body or agency staff approves issuance of the Prop 218 notice.
 October 31 Prop 218 Notice included with Recology bills
 December 15-31 Governing body closes the Prop 218 public notice period and adopts 2014 rates.
 January 31, 2014 First Recology bill issued with new 2014 rates including a retroactive rate adjustment for January.

Group C

While these agencies will have ample time to prepare and print a bill insert in time for inclusion with the November 30, 2013 mailing, this is moot since the 45 day Prop 218 notification period will not close until after January 1, 2014 (i.e., on January 14, 2014). Therefore these agencies will be required to produce a direct mail piece in order to close the Prop 218 public hearing process prior to January 1, 2014.

Proposed Schedule:

September 26, 2013..... SBWMA BOD Approves Recology and SBR Compensation
 October 1-15 Governing body or agency staff approves issuance of the Prop 218 notice.
 October 16-31 Prop 218 Notice printed and issued via direct mail
 December 1-15 Governing body closes the Prop 218 public notice period and adopts 2014 rates.
 February 28, 2014..... First Recology bill issued with new 2014 rates including a retroactive rate adjustment for January and February.

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MAY – JULY 2013 BOARD AGENDA ITEMS (SUBJECT TO CHANGE)

May 23, 2013

- Approval of Quarterly Investment Report as of 3/31/13
- Consideration of Modifications to Unrestricted Cash Reserve Policy
- Update on Strategic Plan: Research on Future Diversion Opportunities
- Review of Draft FY2014 Budget
- Report on Non-Exclusive Franchise Options for Commercial Recycling
- Staff Presentation on Home Diversion Calculator Project
- Closed Session: Executive Director Performance Evaluation
- Closed Session: Conference with Labor Negotiator: Unrepresented employees- (All employees)

June 27, 2013

- Approval of Vendor Contracts for FY2014
- Resolution Adopting FY2014 Budget
- Resolution Approving Findings from Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Audits
- Findings from Review of Collection Services and Financial and Accounting Systems Audits

July 25, 2013

- Review of Cart Migration Data for Member Agencies and Rates vs. Costs Analysis
- Update on 2014 Rate Applications and Rate Issues
- Discussion on Non-Exclusive Franchise Options for Commercial Recycling
- Presentation on Updated Website and Mobile Application Tool