



NEW BUSINESS



## STAFF REPORT

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To: SBWMA Board Members  
From: Monica Devincenzi, Outreach and Sustainability Manager  
Cliff Feldman, Recycling Programs Manager  
Date: May 24, 2012 Board of Director's Meeting  
Subject: Results of Residential Customer Satisfaction Survey

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### Recommendation

This is an informational report and no action is necessary.

### Analysis

Godbe Research has completed the Single-Family Residential Customer Satisfaction Telephone Survey commissioned by RethinkWaste in March 2012. A total of 2,450 interviews were conducted April 21 through May 6, 2012, representing single-family residents age 18 and older within the RethinkWaste service area. The average interview time was approximately 16 minutes, with an overall margin of error rate for the study of plus or minus 2.0%.

The survey was based on targeting 200 completed interviews for each Member Agency, as this provided for the lowest margin of error and the greatest number of interviews based on budget constraints. Godbe Research used voter registry, random digit dialing and Recology's database to conduct the telephone interviews. In addition, the survey was translated into Spanish and Spanish-language interviews were conducted based on statistical representation within the respective Member Agencies. The total number of interviews completed for each Member Agency is listed below:

- Atherton - 199
- Belmont - 207
- Burlingame - 201
- East Palo Alto - 200
- Foster City - 205
- Hillsborough - 203
- Menlo Park - 209
- Redwood City - 207
- San Carlos - 210
- San Mateo - 203
- County of San Mateo - 204
- West Bay Sanitary District - 203

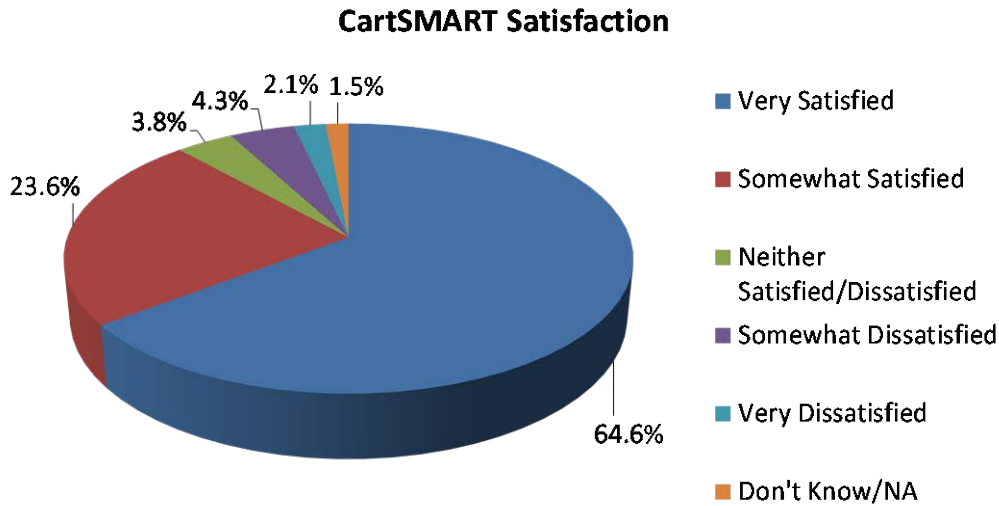
The intent of the survey was to better determine and measure resident sentiment and satisfaction with their CartSMART Recycle, Compost and Garbage collection services and service provider; awareness of the various entities related to their services and their respective roles; and other related programs and services. Staff has included a summary of the key survey results on pages 2-3 in this staff report. The results provided are based on the total responses received. A more detailed review of the findings can be found in **Attachment A** and will also be presented at the May 24<sup>th</sup> Board of Directors' meeting and the Elected Officials Briefing later that same day.

This survey will be used by RethinkWaste to establish baseline data for conducting similar surveys periodically throughout the ten-year term of Recology's contract. It will also be used to improve and better target outreach for

increased public participation in the services offered by Recology and RethinkWaste. Staff is also interested in having the capability to benchmark results with other similar programs and services to the extent possible.

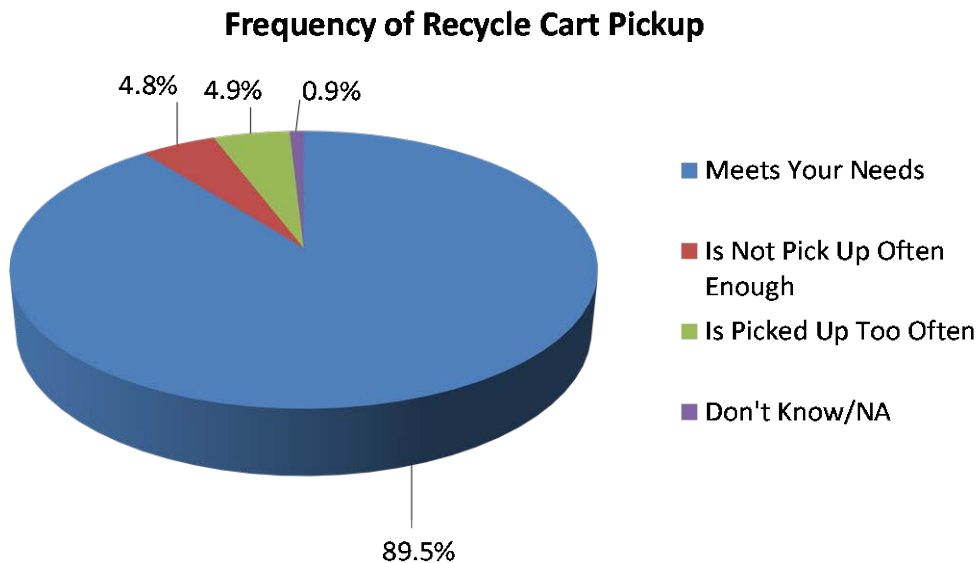
Key Survey Results

When residents asked whether they were satisfied or dissatisfied with the CartSMART program, the responses were as follows:



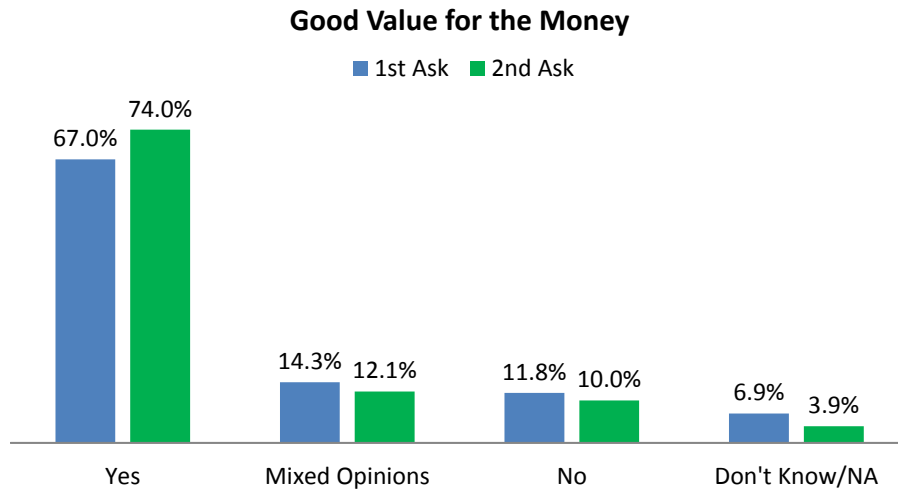
Nearly 65% stated they were very satisfied with the CartSMART program and a total of 88.2% were somewhat to very satisfied.

When asked about whether the frequency of their recycle cart pickup met their needs or not, the responses were as follows:



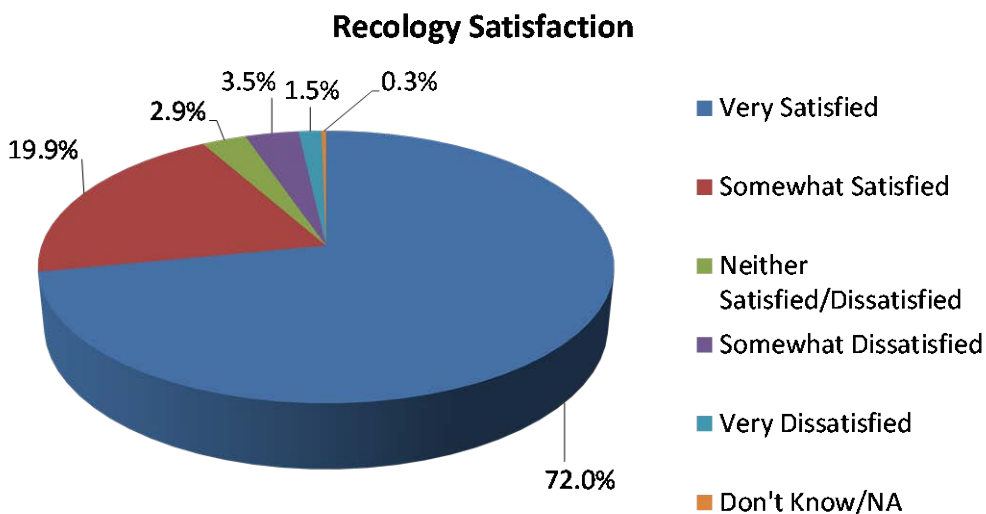
Nearly 90% stated that weekly recycling pickup met their needs with less than 5% stating such a frequency was too often.

Residents were also asked twice whether they thought the services were “a good value” for the cost. This question was posed once at the beginning of the survey and again near the end in an effort to gauge whether their opinion changed when they learned more about all the services available to them.



More than two-thirds of the residents felt their recycle, compost and garbage services are a good value for what they pay for the services with less than 12% stating it was not a good value. When asked this question a second time later on the survey the percentage stating it was a good value rose to 74%.

When residents were asked whether they were satisfied or dissatisfied with the overall quality of service from Recology, the responses were as follows:



Overall, 72% of residents surveyed were very satisfied with the quality of service provided by Recology and nearly 92% were somewhat to very satisfied. Less than 5% were somewhat to very dissatisfied.

## **Background**

Extensive outreach and education efforts were initiated by RethinkWaste and Recology prior to the start of the new "CartSMART" services for single-family residents in January 2011 and are on-going. However, given the magnitude of changes in service, the first ever competitive procurement process resulting in Recology becoming the service provider, as well as significant changes to the requirements and compensation language within each individual franchise agreement between Recology and the RethinkWaste Member Agencies, there continues to be some ongoing confusion, debate and discussion related to the services. In addition, no survey had been done previously to determine resident sentiment and satisfaction with the new CartSMART program, nor Recology's performance and related services. As a result, and based on feedback from the Board and Member Agencies, RethinkWaste commissioned a customer satisfaction telephone survey of single-family residents throughout the service area.

Staff issued a Request for Proposals (RFP) to conduct a Single-Family Residential Customer Satisfaction Telephone Survey for FY 2012 on February 13, 2012. Ultimately Godbe Research was the firm recommended by staff and the contract was approved by the Board at the March 22, 2012 Board meeting. The survey questionnaire was developed with input from the Board and some elected officials from their respective Member Agencies.

## **Fiscal Impact**

The RethinkWaste FY 2012 budget includes \$140,000 for Residential Outreach Programs. The contract with Godbe Research to conduct this research was for a not-to-exceed amount of \$80,000 and will be paid with these funds.

### **Attachments:**

Attachment A – Godbe Topline Report



**GODBE RESEARCH**  
Gain Insight

## **RETHINK WASTE**

2012 Residential Customer Satisfaction Survey

Topline Report  
n=2,450  
16-minutes  
Hybrid Sample

May 15, 2012

### **[www.godberesearch.com](http://www.godberesearch.com)**

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San Mateo, CA 94402

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Pacific Northwest  
601 108<sup>th</sup> Avenue NE, Suite 1900  
Bellevue, WA 98004

## SURVEY METHODOLOGY

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Godbe Research was commissioned by Rethink Waste to conduct a survey to assess awareness and customer satisfaction. The survey was also designed to: (a) gauge awareness and satisfaction with the CartSMART program, recycling, composting, and household hazardous waste collection services; and (b) assess the overall satisfaction with Rethink Waste's customer service.

### Survey Methodology

Godbe Research conducted a total of 2450 interviews representing approximately 296,277 adults age 18 and older within the Rethink Waste jurisdiction. Included in this sample was a subsample of approximately 183,640 voters. Additionally, in order to eliminate renters and condo owners whose building maintenance staff people are responsible for setting out the carts, respondents were screened to eliminate these groups. The error rate for the study is plus or minus 2.0%. Interviews were conducted from April 21 through May 6, 2012. The average interview time was approximately 16 minutes.

Once collected, the sample of voters was compared with the respective voter population within the selected RethinkWaste jurisdictions to examine possible differences between the demographics of the sample and the actual universe of voters. The data were weighted to correct these differences, and the results presented are representative of the population characteristics of the jurisdiction in terms of demographics.

### Questionnaire Methodology

To avoid the problem of systematic position bias, where the order in which a series of questions is asked systematically influences the answers, several questions in the survey were randomized such that the respondents were not consistently asked the questions in the same order. The series of items in Questions 13, 18 and 23 were randomized to avoid such position bias.

### Mean Scores and Rounding

In addition to the percentage breakdown of responses to each question, results for the questions relating to frequency of use for green cart (Q13) and overall satisfaction (Q23) include mean scores. For example, to derive the frequency of use of the green cart (Q13), a number value is first assigned to each response category (in this case, "All the Time/Regularly" = +3, "Sometimes" = +2, "Hardly Ever" = +1, and "Never" = 0. The number values that correspond to respondents' answers were then averaged to produce a final score that reflects the overall score for that issue. The resulting mean score makes the interpretation of the data considerably easier. Responses of "Don't Know" (DK/NA) were not included in the calculations of the mean scores for any question.

Conventional rounding rules are used in this report (.5 or above was rounded up, and .4 or below was rounded down). As a result, the percentages may not add up to 100 percent.

## OVERALL AWARENESS & SATISFACTION

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1. Do you know the name of the company that provides your recycle, compost and garbage services?

RethinkWaste	1.9%
Recology	75.1%
South Bayside Waste Management Authority or SBWMA	1.9%
Allied Waste	3.5%
BFI	3.9%
My city or town	1.5%
Green Waste	.1%
Other	.4%
DK/NA	11.9%

2. Do you think that your recycle, compost and garbage services are a good value for the money you pay?

Yes, good value	67.0%
Mixed opinions	14.3%
No, not a good value	11.8%
DK/NA	6.9%



## CartSMART AWARENESS & SATISFACTION

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3. As you may know, the new CartSMART program began in January 2011. This program includes a black garbage cart, a blue recycling cart, and a green compost cart. Generally speaking, are you satisfied or dissatisfied with the CartSMART program? Is that very or somewhat [satisfied/dissatisfied]?

Very satisfied	64.6%
Somewhat satisfied	23.6%
Neither satisfied nor dissatisfied	3.8%
Somewhat dissatisfied	4.3%
Very dissatisfied	2.1%
DK/NA	1.5%

4. [If Q3 = Somewhat dissatisfied or very dissatisfied, ask:] Why is that

Quality of program	15.9%
Cost of program	41.4%
Carts are too big	11.1%
Carts are too small	12.7%
Confused	5.0%
Smell	.5%
Other	12.9%
DK/NA	.5%

5. Generally speaking, how full is your garbage cart, that is the black cart, on the day it is picked up by Recology? Would you say it is:

Completely full	43.7%
Three quarters full	29.9%
Half full	18.4%
One quarter full	4.7%
Less than one-quarter full	1.3%
DK/NA	1.9%

## RECYCLING AWARENESS & SATISFACTION

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6. As you know, the new CartSMART program began in January 2011 and it includes a recycling cart. Generally speaking, are you satisfied or dissatisfied with the recycling program? Is that very or somewhat [satisfied/dissatisfied]?

Very satisfied	73.2%
Somewhat satisfied	19.3%
Neither satisfied nor dissatisfied	3.0%
Somewhat dissatisfied	2.5%
Very dissatisfied	1.3%
DK/NA	.7%

7. [If Q6 = Somewhat dissatisfied or very dissatisfied, ask:] Why is that?

Quality of program	7.9%
Cost of program	36.5%
Carts are too big	14.7%
Frequency of program	11.7%
Carts are too small	11.1%
Confused	2.9%
Other	14.6%
DK/NA	.7%

8. How frequently do you set out your recycling for pick up?

Weekly	84.9%
Every other week	11.6%
Monthly	2.6%
Don't recycle	.2%
Don't have recycling	.1%
DK/NA	.7%

9. Generally speaking, how full is your recycling cart, that is the blue cart, on the day it is picked up by Recology? Would you say it is:

Completely full	39.3%
Three quarters full	35.4%
Half full	20.1%
One quarter full	3.4%
Less than one-quarter full	.4%
DK/NA	1.4%

10. Would you say that the frequency of your recycling pick up meets your needs, is not picked up often enough, or is picked up too often?

Meets your needs	89.5%
Is not picked up often enough	4.8%
Is picked up too often	4.9%
DK/NA	.9%

## COMPOSTING AWARENESS & SATISFACTION

11. As you know the new CartSMART program began in January 2011. This service includes a compost cart and a kitchen pail. Generally speaking, are you satisfied or dissatisfied with the composting program? Is that very or somewhat [satisfied/dissatisfied]?

Very satisfied	61.8%
Somewhat satisfied	20.5%
Neither satisfied nor dissatisfied	7.9%
Somewhat dissatisfied	3.3%
Very dissatisfied	1.7%
DK/NA	4.9%

12. [If Q11 = Somewhat dissatisfied or very dissatisfied, ask:] Why is that

Quality of the service	12.5%
Cost of the service	20.4%
Carts are too big	10.4%
Too messy/dirty/when add food scraps/smell	31.4%
Carts are too small	9.1%
Confused	1.5%
Other	13.0%
DK/NA	1.6%

13. Now I'm going to read a list of compostable items that can go into the green cart. Here's the (first / next) one \_\_\_\_\_, do you put this kind of material in your in your green, compost cart all the time, sometimes, hardly ever, or never?

	Mean Score	All the Time/ Regularly	Sometimes	Hardly Ever	Never	DK/NA
A. Food and table scraps	2.08	54.0%	17.7%	4.7%	20.7%	3.0%
B. Pizza boxes	1.64	39.3%	15.3%	8.0%	32.9%	4.4%
C. Food and beverage soiled paper plates, cups, napkins and towels	1.95	45.7%	22.0%	7.0%	22.0%	3.3%
D. Yard clippings	2.50	70.7%	12.5%	3.1%	9.9%	3.8%

Computation of Mean Scores:

"All the Time/Regularly" = +3, "Sometimes" = +2, "Hardly Ever" = +1, and "Never" = 0.

14. [If Q13A TO D = Hardly ever or never, ask:] Why don't you put < items from Q13 > in your green compost cart?

A. Food and table scraps	
Didn't know I could	25.8%
Too messy	29.5%
Rodent problems	9.7%
Don't use them	5.0%
Do my own composting/garbage disposal	7.1%
Inconvenient	1.5%
Give it to Pets/Dogs	1.0%
Put in regular garbage	5.2%
Confused	.1%
Don't have green cart	5.6%
Other	2.5%
DK/NA	6.9%

B. Pizza boxes	
Didn't know I could	46.2%
Too messy	6.6%
Rodent problems	3.2%
Don't eat pizza/don't buy it	22.6%
Has own composting	.4%
Inconvenient	.1%
Recycle/blue cart	5.6%
Don't use it/not needed	2.3%
Put in regular garbage	.4%
Confused	.0%
Don't have green cart	3.1%
Other	2.1%
DK/NA	7.4%

C. Food and beverage soiled paper plates, cups, napkins and towels	
Didn't know I could	46.4%
Too messy	12.7%
Rodent problems	6.4%
Don't use them	11.1%
Put it in my own compost	.9%
Inconvenient	.8%
Put in recycle/blue cart	2.9%
Put in regular garbage	3.8%
Confused	.6%
Don't have green cart	4.3%
Other	1.6%
DK/NA	8.5%

D. Yard clippings	
Didn't know I could	23.3%
Too messy	7.8%
Rodent problems	1.9%
Don't have a yard/no need	25.8%
Have my own compost	5.3%
Gardner/HOA	5.4%
Confused	.0%
Don't have green cart	8.3%
Other	4.3%
DK/NA	17.9%

15. How frequently do you set out your compost cart for pick up?

Weekly	66.0%
Every other week	18.9%
Monthly	5.8%
Don't compost	3.7%
Don't have composting	2.6%
DK/NA	3.1%

16. Generally speaking, how full is your compost cart, that is the green cart, on the day it is picked up by Recology? Would you say it is:

Completely full	29.3%
Three quarters full	29.0%
Half full	23.8%
One quarter full	7.1%
Less than one-quarter full	1.8%
DK/NA	9.0%

17. Would you say that the frequency of your compost cart pick up meets your needs, is not picked up often enough, or is picked up too often?

Meets your needs	86.3%
Is not picked up often enough	2.2%
Is picked up too often	4.1%
DK/NA	7.4%

18. Now I'm going to read a list of additional services that are available to you at no additional cost. Here's the (first / next) one \_\_\_\_\_. Did you know you have this program as part of your CartSMART services?

	Yes, Aware	No, Not Aware	DK/NA
A. Twice a year bulky item pick-up	77.7%	21.4%	.9%
B. Curbside household battery and cell phone recycling	56.4%	42.9%	.7%
C. Curbside used motor oil and oil filter recycling	52.1%	46.3%	1.6%
D. Compost give away	34.4%	61.5%	4.0%
E. Document shredding events	27.0%	72.2%	.8%

19. Now that we have discussed the topic in more detail, do you think that your recycling, composting and garbage services are a good value for the money you pay?

Yes, good value	74.0%
Mixed opinions	12.1%
No, not a good value	10.0%
DK/NA	3.9%



## CUSTOMER SERVICE

20. Generally speaking, are you satisfied or dissatisfied with the overall quality of the service you receive from Recology? Is that very or somewhat [satisfied/dissatisfied]?

Very satisfied	72.0%
Somewhat satisfied	19.9%
Neither satisfied nor dissatisfied	2.9%
Somewhat dissatisfied	3.5%
Very dissatisfied	1.5%
DK/NA	.3%

21. In the last 12 months, have you contacted Recology for any reason?

Yes	29.9%
No	69.6%
DK/NA	.5%

22. [If Q21 = Yes, ask:] Why did you contact Recology?

Report missed or skipped pick up	22.1%
Obtain information about pick-up of large or bulky items/household appliances	17.3%
Get different sized cart	10.4%
Report a problem (non-specific)	8.1%
Report a billing problem	5.2%
Obtain information about disposing of toxics or disposing of household hazardous waste	4.1%
Obtain information about composting	3.8%
Carts not put back properly	3.2%
Obtain information about cart placement	3.0%
Obtain information about recycling	2.9%
Obtain information about recycling of electronics including: TV, computer monitors, computers, cell phones, and batteries disposal	2.9%
Need a special/extra pick up	2.7%
Start/cancel service due to moving/vacation	1.6%
Missing cart/container	1.6%

Report truck problem	1.0%
General questions/paying bills	.6%
Report a spill	.6%
Obtain information about disposing of used motor oil	.4%
Other	7.8%
DK/NA	1.0%

23. Overall, are you satisfied or dissatisfied with Recology in terms of \_\_\_\_\_?  
Would that be very <satisfied/dissatisfied> or somewhat <satisfied/dissatisfied>?

	Mean Score	Very Sat.	Smwt. Sat.	Neither Sat. nor Dissat.	Smwt. Dissat.	Very Dissat.	DK/NA
A. Getting your problem resolved or question answered	1.40	67.5%	18.3%	1.7%	6.0%	4.9%	1.6%
B. The customer service you received	1.53	70.8%	18.5%	1.9%	4.5%	2.6%	1.8%
C. The time you were on hold	1.41	60.3%	18.9%	8.3%	3.4%	2.4%	6.7%
D. The service you receive from the drivers who pick up from your home	1.39	65.2%	18.0%	5.7%	6.1%	2.9%	2.1%
E. How quickly your problem was resolved	1.36	67.4%	15.7%	2.2%	4.9%	6.9%	2.9%

Computation of Mean Scores:

"Very Satisfied" = +2, "Somewhat Satisfied" = +1, "Neither Satisfied nor Dissatisfied" = 0, "Somewhat Dissatisfied" = -1, and "Very Dissatisfied" = -2.

24. How far apart do you set your carts out for pick up?

About a half foot apart	13.1%
About one foot apart	30.8%
About two feet apart	37.8%
Right next to each other	13.6%
DK/NA	4.7%

25. How soon after your carts have been emptied do you put them away?

Immediately	20.2%
Same day	72.6%
Next day	3.9%
Always keep them out/don't put them away	1.7%
I have backyard service	.4%
DK/NA	1.3%

## HOUSEHOLD HAZARDOUS WASTE COLLECTION

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**[Asked only of Residents of Belmont, East Palo Alto, Foster City, Hillsborough, Menlo Park, San Carlos, City of San Mateo, West Bay Sanitary District]**

26. Before today, have you seen, heard or read anything about the Household Hazardous Waste Door-to-Door Collection program, and if so, have you used the program?

Yes, aware and used program	9.8%
Yes, aware, not used program	23.4%
No, not aware	65.9%
DK/NA	.9%

27. [If Q26 = Yes, aware and used program, ask:] Generally speaking, are you satisfied or dissatisfied with the Door-to-Door Household Hazardous Waste collection program? Is that very or somewhat [satisfied/dissatisfied]?

Very satisfied	76.5%
Somewhat satisfied	10.1%
Neither satisfied nor dissatisfied	6.2%
Somewhat dissatisfied	2.9%
Very dissatisfied	.3%
DK/NA	4.0%

**[Asked only of Residents of Atherton, Burlingame, Redwood City:]**

28. Would you be interested in a convenient door-to-door collection program for such items as paints, solvents, insecticides, electronics, sharps, and fluorescent bulbs if it cost just \$5.40 PER YEAR?

Yes, interested	35.7%
No, not interested	58.3%
DK/NA	6.0%

## DEMOGRAPHICS

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And now just a few questions for comparison purposes.

- A. To begin with, do you, or someone in your household, set out your recycle, compost or garbage carts each week, or is that done by the maintenance staff at your apartment or condominium?

Respondent or someone in your household sets out garbage	97.8%
My personal household staff/maid /gardener sets it out for for me	1.6%
I have backyard service	.6%

- B. Record Gender [Recorded from voice.]

Male	48.4%
Female	51.6%

- C. [If RDD sample] What city do you live in?

Atherton	1.8%
Belmont	6.9%
Burlingame	7.6%
East Palo Alto	6.5%
Foster City	8.0%
Hillsborough	2.7%
Menlo Park	8.2%
Redwood City	19.8%
San Carlos	7.3%
San Mateo	26.0%
County of San Mateo/unincorporated	.8%
West Bay Sanitary District	4.4%

D. Now I am going to read some age groups. Please stop me when I reach the group that best describes your age:

18 to 24	10.0%
25 to 29	7.8%
30 to 34	7.7%
35 to 39	12.1%
40 to 44	9.6%
45 to 49	10.8%
50 to 54	8.6%
55 to 59	8.2%
60 to 64	7.2%
65+ years	17.0%
Prefer not to say/NA	1.0%

E. Do you own or rent your place of residence?

Own	74.1%
Rent	23.6%
Other	2.0%
DK/NA	.3%

F. What is the primary language used in your household?

Arabic	.9%
Chinese - Cantonese	.9%
Chinese - Mandarin	1.8%
English	88.7%
Filipino/Tagalog	.3%
Japanese	.2%
Hindi	.5%
Russian	.1%
Spanish	4.4%
Vietnamese	.1%
Other	1.5%
DK/NA	.6%

## FROM VOTER FILE

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### G. Age

18 to 29	17.8%
30 to 39	19.8%
40 to 49	20.4%
50 to 64	24.0%
65 and over	17.0%
Not coded	1.0%

### H. Homeownership Status

Owner	50.3%
Renter	49.7%



## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Kevin McCarthy, Executive Director  
Marshall Moran, Finance Manager  
**Date:** May 24, 2012 Board of Director's Meeting  
**Subject:** Review of Draft FY 2013 Budget

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### Recommendation

This staff report is for discussion purposes only and no formal action is requested of the Board of Directors. Based on Board feedback a final budget will be brought back to the June 28th Board meeting for consideration and approval.

### Analysis

Attached you will find a Budget Message providing an overview of the proposed FY 2013 budget (including revenues, expenditures, staffing, and program priorities). The actual proposed FY 2013 budget is **Attachment A** to the Budget Message. The proposed 5-year capital budget is not included in this draft budget. The capital budget and cash reserve balances will be included in the final budget documents for the June 28<sup>th</sup> Board meeting.

Our financial results are expected to be stable and in line with our mid-year FY 2012 projections. Our revenues are projected to be slightly lower than our mid-year projections but operating expenses are also lower.

The proposed budget does not include any recommended changes to budget policy, or a net change in headcount, though there are proposed changes in staffing. We are proposing to eliminate one full-time salaried position, the Recycling Coordinator, but augment our environmental education staff; the net effect is no change to total headcount of 7.8. It is assumed these staffing changes would occur effective September 1, 2012.

We are also proposing some program cost savings related to our quarterly residential newsletter and quarterly contamination monitoring; changes to both programs would need to be captured at some point in amendments to the franchise agreement and potentially the Operations Agreement. We are proposing to eliminate one quarterly newsletter and also one quarterly contamination monitoring sampling.

**Attachment C** to the Budget Message provides a breakout on current staffing and budget assumptions related to salary and benefits. Salary expenses will be discussed in closed session at the June 28<sup>th</sup> Board meeting.

### Fiscal Impact

The FY 2013 proposed operating budget includes revenues of \$40,450,600 and operating expenses of \$37,309,650 resulting in an operating surplus of \$3,140,950. This compares to a projected net operating income in FY 2012 of \$3,044,790.

For additional financial overview information, please refer to the attached Budget Message and/or the various summary sections in the attached proposed budget document.

### Attachments:

Budget Message (includes attachments for the Proposed FY 2013 Budget, Strategic Plan, Personnel Summary, Outreach and Program Details, and Organization Chart).





May 24, 2012

SBWMA Board of Directors  
South Bayside Waste Management Authority

Dear Chair and Members of the Board:

I am pleased to present for your consideration the proposed fiscal year (FY) 2013 Operating Budget (see **Attachment A**) for the South Bayside Waste Management Authority (SBWMA). The operating budget includes revenues and expenditures, including the SBWMA program budget and the Shoreway operating budget. The proposed 5-year capital budget and cash reserve balances will be included in the final budget documents for consideration at the June 28th Board meeting.

This budget document addresses key agency priorities and reflects our vision as detailed in our new Strategic Plan 2013-2020 (see **Attachment B**) approved on March 22, 2012. This budget reflects the strong foundation now in place with the second year of new franchised collection services and Shoreway operations, and completion of all major Shoreway master planned capital improvements.

As in the past five budgets developed during my tenure, all budget line items have been built from the bottom up; we zero out each line item and rebuild the detail. This approach allows for a more thorough analysis of budget priorities and helps avoid any unnecessary cost inflationary pressures year over year. We also are able to modulate up or down the consultant support we need each year for major projects such as the rollout of new collection services, long range planning, etc.

**Attachment C** provides a breakout on current staffing, and budget assumptions related to salary and benefits.

### Key Priorities

The proposed budget funds the following key priorities:

- Continued oversight and contract administration support for the twelve collection services franchise agreements with Recology San Mateo County (RSMC), including follow-up work on audit findings and financial auditing.
- Continued oversight of the South Bay Recycling (SBR) Shoreway operations.
- Closeout of the Shoreway masterplan construction activities with key milestones including completion of the landscaping and signage, and public demonstration areas in front of the Transfer Station.
- Management of the annual rate recommendation process, including review of the 2013 RSMC and SBR rate applications, and completion of final rate reports (RSMC, SBR and consolidated report) for 2013.
- Support of existing recycling programs, notably ongoing residential public outreach; AB 341 commercial recycling outreach; expanded outreach to support multi-family recycling; research and develop permitting or non-exclusive franchise system for commercial recyclers; and oversight and expanded outreach for the HHW door to door collection services for nine Member Agencies.
- Management of the Shoreway Education Center tour program, including the school tours and public tours.
- Continuing the long range planning process including analyzing existing collection and processing systems, evaluating new processing technologies, analysis of existing and new rate structures, and investigating policy and outreach tools to support higher diversion levels in a cost effective manner.
- Management of all ongoing capital repairs at Shoreway.
- Oversight of Shoreway remediation activities.

## FY 2013 BUDGET HIGHLIGHTS (Revenues and Expenditures)

The table below summarizes key FY 2013 Budget highlights. A discussion on revenues and expenditures is provided later in this document.

### FY 2012 OPERATING BUDGET HIGHLIGHTS

#### **Overall Revenues Totaling \$40.45 million**

- ♻️ **\$29.1 million** from Shoreway tipping fees assumes tipping fee increases on Jan. 1<sup>st</sup> per the schedule shown on p. 4.
- ♻️ **\$10.55 million** from Shoreway net commodity revenues (**\$12.14 in gross revenue minus \$1.59 million in commodity revenue share with SBR**).
- ♻️ **\$0.62 million** in miscellaneous revenue sources (i.e., HHW program fees, e-recycling revenue, MRF host fees, etc.).
- ♻️ **\$0.18 million** in investment income.

#### **Shoreway Expenditures Totaling \$33.9 million**

- ♻️ Shoreway Operating Budget consisting of **\$14.9 million** for SBR compensation, **\$13.0 million** for disposal and processing costs, **\$3.15 million** for debt service bond interest, **\$1.39 million** for franchise fees to San Carlos, **\$0.56 million** for payments to buyback customers (previously included in Allied Waste pass through costs), **\$0.32 million** for Allied Waste balancing account payments, **\$0.28 million** for other operating expenses, and **\$0.31 million** for insurance

#### **SBWMA Expenditures (program budget) Totaling \$3.37 million**

- **Administrative Expenses (\$1.61 million, 48% of SBWMA program budget)**
  - ♻️ No change in net headcount. Eliminating one position and adding the equivalent of one new position.
  - ♻️ \$37,974 or 2.4% increase in expenses compared to FY 2012 mid-year projections.
- **Contract Compliance and Consultant Support (\$0.43 million, 13% of SBWMA program budget)**
  - ♻️ \$140,000 for supporting Member Agencies with contract compliance and enforcement of franchise, and follow-up work and limited auditing for customer service systems, billing, and reports.
  - ♻️ \$80,000 for ongoing financial auditing and follow-up work from 2012 auditing.
  - ♻️ \$99,000 for performing three quarterly load contamination monitoring per the franchise agreements and for ongoing quality glass incentive program audits.
- **Recycling (diversion) Programs and Long Range Planning (\$0.895 million, 27% of SBWMA program budget)**
  - ♻️ \$250,000 for commercial recycling technical assistance.
  - ♻️ \$160,000 for quarterly newsletter design, set-up and distribution; assumes three newsletters as opposed to four.
  - ♻️ \$170,000 for residential outreach programs.
  - ♻️ \$65,000 for multi-family outreach.
  - ♻️ \$60,000 for outreach to support current HHW door to door collection programs.
  - ♻️ \$50,000 for long range plan alternative analysis.
- **Collection Operations (\$0.44 million, 13% of SBWMA program budget)**
  - ♻️ \$442,400 for HHW door to door collection services fees for existing programs (see offsetting revenue account).

Attachment D provides further detail on outreach and program assumptions by budget line item.

## FY 2012 FINANCIAL PERFORMANCE

Based on the Board approved mid-year financial projections we expect our financial performance in FY 2012 to be as follows:

Revenues:	\$40,527,000
Expenditures:	<u>\$37,482,210</u>
Operating Surplus/ (Deficit)	\$3,044,790

## FISCAL YEAR 2013 BUDGET OVERVIEW

The FY 2013 operating budget includes revenues of \$40.45 million and operating expenses of \$37.31 million leaving a \$3.14 million surplus for FY 2013.

<b>SBWMA 2011 GENERAL OPERATING BUDGET (in millions of dollars)</b>			
	<u>FY2012 Adopted</u>	<u>FY2012 Mid Year</u>	<u>FY2013 Proposed Budget</u>
<b>Revenues</b>	<b>40.13</b>	<b>40.53</b>	<b>40.45</b>
<b>Expenditures</b>	<b>36.49</b>	<b>37.48</b>	<b>37.31</b>
Shoreway Operations*	33.0	34.16	33.94
Administration	1.58	1.57	1.61
Contract Compliance	0.38	0.37	0.43
Recycling Programs	1.07	0.89	0.89
Collection Operations	0.47	0.49	0.44
<b>Operating Surplus/(Deficit)</b>	<b>3.64</b>	<b>3.04</b>	<b>3.14</b>
* Debt service expense is included in Shoreway Operations expenditures.			

## REVENUES

Revenues for FY 2013 are expected to be in line with our mid-year FY 2012 budget projections. Tipping fee revenue is slightly lower due to reduced volumes, and the reduction of net commodity revenues due to a full year of commodity revenue sharing with SBR. Our assumed solid waste tipping fee increases do not assume any change in the County's AB 939 fee (disposal surcharge) at Ox Mountain Landfill.

Proposed tipping fee adjustments effective January 1, 2013 are shown in the table below.

<b>PROPOSED TIPPING FEES PER TON OR CUBIC YARD</b>			
<u>Transfer Station Tip Fee Increases</u>	<u>Current Rates</u>	<u>Proposed Rates (1/1/13)</u>	<u>Percent Increase</u>
SBWMA Solid Waste, <i>Franchise</i>	\$88.00 per ton	\$91.00 per ton	3.4%
SBWMA Residential Organics, <i>Franchise</i>	\$89.00 per ton	\$92.00 per ton	3.4%
SBWMA Commercial Food Waste, <i>Franchise</i>	\$101.00 per ton	\$104.00 per ton	3.0%
Non-SBWMA Weighed Tons <i>non-Franchise</i>	\$88.00 per ton	\$91.00 per ton	3.4%
Public Solid Waste Yards, <i>non-Franchise</i>	\$33.00 per yard	No change	0
Public Green Waste Yards, <i>non-Franchise</i>	\$22.00 per yard	No change	0
Construction and Demolition, <i>non-Franchise</i>	\$29.00 per yard	\$30.00 per yard	3.4%

Tip fee revenue is budgeted to decreased \$0.154 million or 0.5% over FY 2012 levels. Actual price increases will generate \$0.746 million in revenue but this is offset from lower tonnages which will decrease revenues by \$0.592 million.

Gross (before commodity revenue sharing) commodity revenues are projected to increase by \$549,900 from FY 2012 levels but will be substantially offset by \$492,700 increase in commodity revenue share with SBR. The higher revenue is based on slightly higher volume while the assumed commodity prices will be \$2.75 lower per ton. There has been a weakness in prices since October. The higher revenue share is due to Smurfit processing in Q1 2011 which reduced the revenue share to SBR in FY2011. The revenue share in FY2013 will be based on the full twelve months of SBR processing.

### *Tip Fees*

A major source of revenue for the SBWMA is the revenue collected from franchised solid waste and organics delivered to the Shoreway facility which are consolidated and then transferred to disposal or processing sites.

For the FY 2013 budget, tip fee revenue is projected to be approximately \$29.1 million.

The table below summarizes the projected source and contribution percentage of the tip fee revenue at the Shoreway facility for the FY2013.

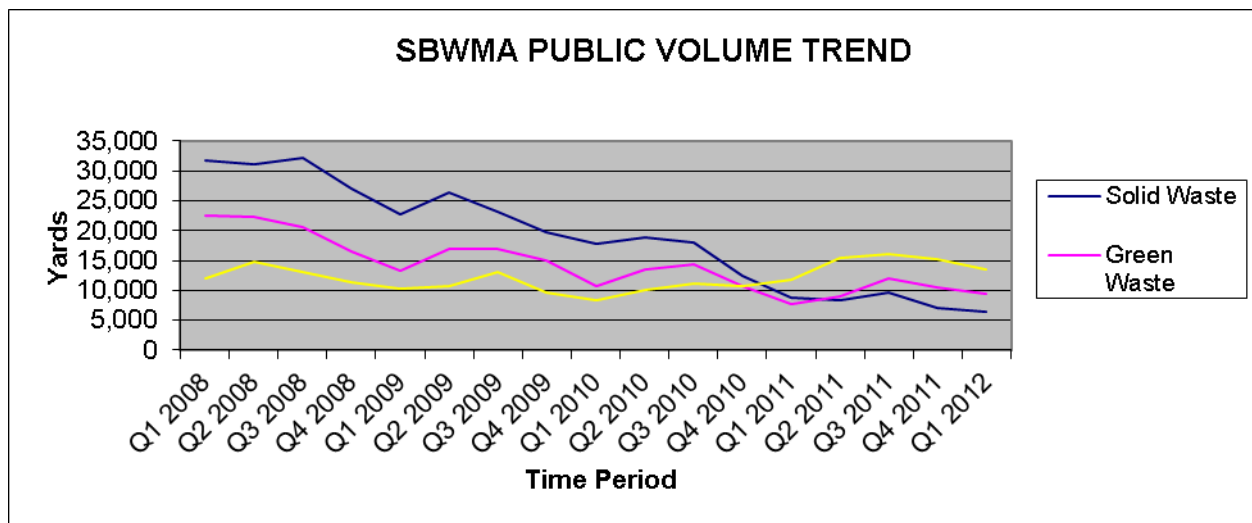
Revenue Source	Amount (in millions)	% of Total
SBWMA – Solid Waste, Franchise	\$15.80	54%
SBWMA – Organics, Franchise	\$8.80	30%
Miscellaneous Weighed Tons	\$0.60	2%
Public Solid Waste Yards	\$0.90	3%
Public Green Waste Yards	\$1.10	4%
Public – C&D, Other	\$1.90	7%
<b>Total</b>	<b>\$29.1</b>	<b>100.00%</b>

Compared to last fiscal year, we are seeing higher public green waste and C&D revenues.

It's important to note that public volumes for solid waste have continued a precipitous decline despite two tip fee decreases in the past 18 months. Public green waste has increased the past two quarters year over year so the historic decline in these volumes seems to have abated. C&D volumes continue to grow significantly the past 18 months. The table below shows the annual yardage for 2007-2011 and the first quarter 2012 volumes.

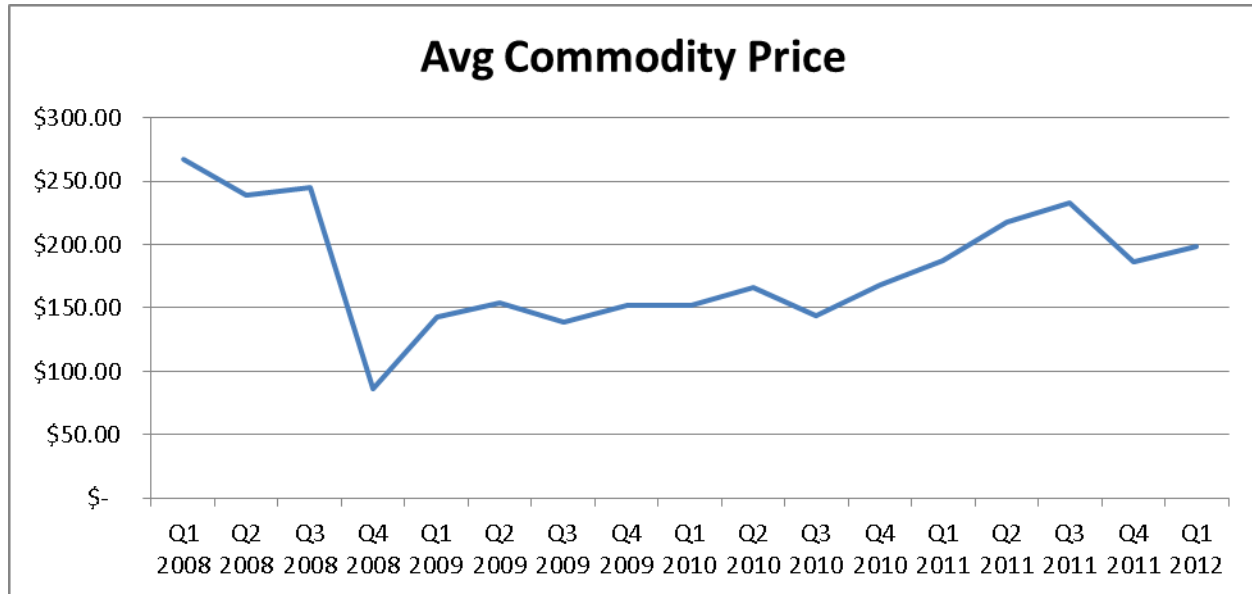
(Calendar year)	<b>Total 2007</b>	<b>Total 2008</b>	<b>Total 2009</b>	<b>Total 2010</b>	<b>Total 2011</b>	<b>1Q 2012</b>
<b>Total Public Yardage</b>						
Solid Waste	152,580	121,833	91,928	67,053	33,787	6,520
Green Waste	98,115	82,152	62,254	49,395	39,431	9,397
C&D	55,695	51,249	43,651	40,126	58,414	13,527

These trends are also captured in the chart below for the 2008 thru 1<sup>st</sup> quarter 2012 period.



## Commodity Revenues

Commodity revenue is projected to be approximately \$12.14 million. Commodity prices have rebounded significantly since the collapse in financial markets in fall 2008 with current average revenue for the 1<sup>st</sup> quarter 2012 per ton of approximately \$198.67/ton compared to \$99/ton in November 2008. Average revenue per ton peaked at \$278 in August 2008. An ongoing concern is the commercial recycling tonnage shortfall as compared to our bond proforma assumptions. This shortfall is being partially covered temporarily through third party MRF volumes from Allied Waste Daly City and Half Moon Bay.



## EXPENDITURES

Shoreway operating expenses comprise 91% of our total budget with the balance from the SBWMA program budget. Significant year over year differences in our expenses include:

- Lower Shoreway operating expenses due to pay-off of three-quarters of the Allied Waste balancing account with only \$320,500 remaining to be paid.
- Lower SBWMA program expenses compared to the FY 2012 adopted budget and only slightly higher as compared to the 2012 mid-year projections. This is due to no changes in headcount and proposed program savings related to the quarterly newsletter and quarterly contamination monitoring.

## STAFFING

Effective October 1, 2008 the SBWMA became the employer of record for all employees currently under contract with RGS. One employee, Cliff Feldman, remains on the LGS payroll to maintain his Calpers benefits. We will continue to contract out for HR/payroll administration. **Attachment C** provides a breakout on current staffing and budget assumptions related to salary and benefits. Please also see **Attachment E** for a current organization chart and the proposed organization chart effective September 2012.

The SBWMA continues to have a very sustainable and cost effective business model for how the Agency manages its employee costs with key points as follows:

- The SBWMA is a non-PERs agency. Our six current full-time employees are offered a self-directed 401(a) and 457(b) plans, very similar to private sector 401(k) plans. We have no employee pensions and thus no long term pension obligations. There are no post-retirement benefits.
- All employees are non-represented; we have no collective bargaining agreements with our employees.
- There are no automatic salary adjustments for employees such as a COLA adjustment. Employee performance is evaluated each year and merit increases are granted on a calendar year basis.

## SBWMA JURISDICTION COMPLIANCE WITH AB 939 AND WASTE DIVERSION STATUS

All of our twelve Member Agencies are in compliance with the state mandated AB 939 diversion requirements.

### CONCLUSION

In summary, the SBWMA has successfully moved through the rollout of new franchised collection services, change-over in Shoreway facility operators, and substantial completion of Shoreway master planned capital improvements under budget. Our financial results demonstrate a continued ability to generate projected positive cash flows resulting from lower Shoreway operating expenses compared to the old contract under Allied Waste, higher commodity revenues, and a constrained SBWMA program budget. We have also managed to retain all of our senior staff during these past four years of exceptional workload and stress on the organization.

We do face some short and long-term challenges including substantially reduced self-haul solid waste business and lower commercial recycling tonnages. We also need to continue to offer competitive salary and benefits for our salaried staff if we want to retain them long-term. Finally, we will likely face conflicting demands for potential use of any undesignated cash reserves given our City of Burlingame bond repayment of \$3 million comes due September 1, 2014.

The Board, staff and our customers should be pleased with our significant achievements and a bright future ahead.

Respectfully Submitted,

Kevin McCarthy, Executive Director

### Attachments

- A. Proposed FY 2013 Budget
- B. Strategic Plan 2013-2020
- C. Personnel Summary
- D. Outreach and Program Detail
- E. Organization Charts

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
REVENUE SUMMARY**

**FY 2013 PROPOSED BUDGET**

<b>REVENUE SUMMARY</b>	<b>ACTUAL FY 2010-2011</b>	<b>MID-YEAR PROJECTION FY 2011-2012</b>	<b>PROPOSED BUDGET FY 2012-2013</b>	<b>Variance</b>
<b>ADMINISTRATIVE REVENUES</b>				
409100 INVESTMENT INCOME	137,052	238,200	181,600	(56,600)
409101 INVESTMENT (GASB 31) MARKET VALUE ADJ				
409200 INTEREST INCOME				
<b>TOTAL ADMINISTRATIVE</b>	<b>137,052</b>	<b>238,200</b>	<b>181,600</b>	<b>(56,600)</b>
<b>OPERATIONS</b>				
480007 TIPPING FEES	28,660,638	29,257,100	29,103,100	(154,000)
480023 COMMODITY SALES	10,719,422	11,585,200	12,135,100	549,900
COMMODITY REVENUE SHARE - NEW		(1,096,900)	(1,589,600)	(492,700)
480024 OX MOUNTAIN				-
480025 E-RECYCLING REVENUE	146,077	70,000	73,000	3,000
480033 MRF Host Fee - NEW			65,000	65,000
480031 HHW DOOR TO DOOR COLLECTION SERVICE	358,594	428,400	442,400	14,000
480032 PERFORMANCE INCENTIVE / DISINCENTIVE - NEW	71,707	45,000	40,000	(5,000)
480008 MISCELLANEOUS REVENUE	56,983			-
<b>TOTAL OPERATIONS</b>	<b>40,013,421</b>	<b>40,288,800</b>	<b>40,269,000</b>	<b>(19,800)</b>
<b>TOTAL OPERATING REVENUES</b>	<b>40,150,473</b>	<b>40,527,000</b>	<b>40,450,600</b>	<b>(76,400)</b>
MISCELLANEOUS - EQPT AUCTION				
<b>TOTAL REVENUE</b>	<b>40,150,473</b>	<b>40,527,000</b>	<b>40,450,600</b>	<b>(76,400)</b>
<b>NET OPERATING INCOME / &lt;LOSS&gt;</b>	<b>3,772,169</b>	<b>3,044,790</b>	<b>3,140,950</b>	<b>96,160</b>
% OF REVENUE				0.24%

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY						
EXPENDITURE SUMMARY		ACTUAL FY 2010-2011	MID-YEAR PROJECTION FY 2011-2012	YTD SPENT FY 2011-2012	PROPOSED BUDGET FY 2012-2013	Variance
<b>ADMINISTRATIVE EXPENSES</b>						
520305	ADMINISTRATIVE STAFF	551,386	501,600	-	507,100	5,500
520306	AB 939 PROGRAM STAFF	584,949	667,800	161,738	672,600	4,800
520328	EMPLOYEE RECRUITMENT/HR SUPPORT	1,438	5,000	750	5,000	-
520337	PEO COST (HR & PR FEES)	20,733	21,600	6,000	16,500	(5,100)
520312	BOARD COUNSEL	26,114	30,000	22,567	30,000	-
520300	BOARD MEETINGS & RECORDINGS	15,514	6,000	4,079	6,000	-
520310	ACCOUNTING SERVICES (City of San Carlos)	107,004	102,000	76,500	125,000	23,000
520334	INFORMATION SYSTEMS	40,641	32,000	27,120	32,000	-
520338	WEBSITE	12,637	10,100	7,582	10,100	-
520301	ANNUAL FINANCIAL AUDIT	9,013	8,500	4,640	9,100	600
520701	D&O INSURANCE	19,237	23,000	22,798	31,500	8,500
520202	BANK FEES	7,879	7,800	6,463	6,800	(1,000)
520203	RENT	47,444	48,476	36,271	50,100	1,624
520204	PRINTING AND POSTAGE	207	150	77	150	-
520107	UTILITIES & PHONE	15,260	13,000	8,391	15,000	2,000
520905	OFFICE/TENANT IMPROVEMENTS	2,876	2,250	1,790	2,250	-
520201	OFFICE SUPPLIES	18,681	17,000	13,049	17,000	-
520215	OFFICE EQUIPMENT COSTS	18,743	25,000	19,890	25,500	500
520504	PUBLICATIONS & PUBLIC NOTICES	2,088	1,000	-	1,000	-
520501	PROFESSIONAL DUES & MEMBERSHIPS	1,006	1,500	1,236	1,500	-
520801	VEHICLE MILEAGE & TOLLS	158	100	21	250	150
520105	CELL PHONES	6,091	5,000	2,733	5,000	-
520503	CONFERENCE & MEETINGS	8,685	10,000	10,372	12,000	2,000
520502	TRAINING	3,362	4,000	7,691	8,000	4,000
520511	SPONSORSHIPS & DONATIONS	9,240	8,500	6,500	8,500	-
522706	COMPUTER PURCHASE	3,000	16,600	14,018	8,000	(8,600)
<b>TOTAL ADMINISTRATIVE</b>		<b>\$ 1,533,384</b>	<b>\$ 1,567,976</b>	<b>\$ 462,278</b>	<b>\$ 1,605,950</b>	<b>\$ 37,974</b>
<b>CONTRACT COMPLIANCE AND SUPPORT RATES</b>						
520307	RATE REVIEW	194,100	60,000	37,891	60,000	-
<b>TOTAL RATE REVIEW</b>		<b>194,100</b>	<b>60,000</b>	<b>37,891</b>	<b>60,000</b>	<b>-</b>
<b>CONTRACTOR</b>						
520308	FACILITY IMPROVEMENT OVERSIGHT	21,325	25,000	-	30,000	5,000
520309	BUSINESS CONSULTANT/HF&H	-	-	-	-	-
520309	HCM01 CONTRACT MANAGEMENT SUPPORT	3,000	1,200	900	80,000	78,800
520309	HCN01 CONTRACT NEGOTIATIONS/LEGAL REVIEW	-	10,000	-	20,000	10,000
520309	HCS02 COLLECTION SERVICES FRANCHISE ADMIN.	99,512	165,000	70,551	140,000	(25,000)
520309	HCS03 PUBLIC EDUCATION FOR COLLECTION SVCS ROLLOUT	590,302	2,032	2,032	-	(2,032)
520309	HCS1B FACILITY RFP & IMPLEMENTATION	21,624	-	-	-	-
520309	HSHOR SHOREWAY REMEDIATION LEGAL & TECHNICAL	48,997	-	(8,409)	-	-
520329	ANNUAL RSMC PERFORMANCE HEARING	-	-	-	-	-
520336	QUARTERLY LOAD CONTAMINATION MONITORING	37,849	110,000	64,385	99,000	(11,000)
<b>TOTAL CONTRACTOR</b>		<b>822,610</b>	<b>313,232</b>	<b>37,891</b>	<b>369,000</b>	<b>55,768</b>
<b>TOTAL CONTRACT COMPLIANCE &amp; SUPPORT</b>		<b>\$ 1,016,710</b>	<b>\$ 373,232</b>	<b>\$ 37,891</b>	<b>\$ 429,000</b>	<b>\$ 55,768</b>



<b>GENERAL OPERATING EXPENSES BY MAJOR CATEGORY</b>						
<b>EXPENDITURE SUMMARY</b>	<b>ACTUAL FY 2010-2011</b>	<b>MID-YEAR PROJECTION FY 2011-2012</b>	<b>YTD SPENT FY 2011-2012</b>	<b>PROPOSED BUDGET FY 2012-2013</b>	<b>Variance</b>	
<b>RECYCLING - AB939 COMPLIANCE</b>						
<b>RECYCLING ADMINISTRATION</b>						
520311 CIWMB ANNUAL REPORTS	34,750	25,000	10,250	35,000	10,000	
520341 SBWMA ANNUAL REPORT	3,288	5,000	0	5,000	-	
520309 HDV01 DIVERSION PROGRAM SUPPORT	-	10,000	0	30,000	20,000	
520604 EVENT GIVEAWAYS	14,500	5,000		5,000	-	
<b>TOTAL RECYCLING ADMINISTRATION</b>	<b>52,538</b>	<b>45,000</b>	<b>10,250</b>	<b>75,000</b>	<b>30,000</b>	
<b>LONG RANGE PLAN/DIVERSION PROGRAMS</b>						
520340 LONG RANGE PLAN ALTERNATIVES	5,545	45,000	9,603	50,000	5,000	
520340 OPRFP ORGANICS PROCESSING RFP	1,746	-	-		-	
520340 MPOTR MASTER PLAN OUTREACH	23,397	28,802	27,872		(28,802)	
520344 SOLAR SYSTEM ENGINEERING AND EVALUATION	5,682	7,500	5,075		(7,500)	
<b>TOTAL LONG RANGE PLAN/DIVERSION PROGRAMS</b>	<b>36,369</b>	<b>81,302</b>	<b>42,550</b>	<b>50,000</b>	<b>(31,302)</b>	
<b>COMMERCIAL PROGRAMS</b>						
520331 LARGE EVENT/VENUE CONSULTING	1,594			15,000	15,000	
520342 LARGE EVENT/VENUE RECYCLING SERVICES	11,522	15,000	3,023		(15,000)	
520608 CLIMATE CHANGE REPORTING & POLICY OPTIONS	4,803	5,000	3,982	15,000	10,000	
520604 COE01 COMMERCIAL RECYCLING TECHNICAL ASSIST	44,289	225,000	124,352	250,000	25,000	
520604 CDRCY C&D RECYCLING PROGRAM	-	28,000	4,653	25,000	(3,000)	
520604 GREEN GREEN BUSINESS PROGRAM	4,035	0	1,209	0	-	
520604 MF001 MULTI-FAMILY OUTREACH	12,741	65,000	18,143	65,000	-	
<b>TOTAL COMMERCIAL PROGRAMS</b>	<b>78,984</b>	<b>338,000</b>	<b>155,363</b>	<b>370,000</b>	<b>32,000</b>	
<b>RESIDENTIAL PROGRAMS</b>						
520604 QLN01 QUARTERLY NEWLESTTER DESIGN/SETUP	12,561	10,000	375	10,000	-	
520604 QNLPM QUARTERLY NEWLETTER PRINTING/MAILING	183,783	200,000	106,183	150,000	(50,000)	
520604 RES01 RESIDENTIAL OUTREACH PROGRAMS	3,211	140,000	38,721	170,000	30,000	
520604 COMPS COMPOST GIVEAWAY	1,023	4,000	0	5,000	1,000	
520604 HHWUW HHW DOOR TO DOOR COLLECTION OUTREACH	87,011	70,000	1,319	60,000	(10,000)	
520335 CURBSIDE HOUSEHOLD BATTERY OUTREACH	(10,287)	3,000	0	3,000	-	
520604 ECE01 ELECTRONIC COLLECTIONS EVENTS	711	2,000	0	2,000	-	
<b>TOTAL RESIDENTIAL PROGRAMS</b>	<b>278,014</b>	<b>429,000</b>	<b>146,597</b>	<b>400,000</b>	<b>(29,000)</b>	
<b>TOTAL RECYCLING - AB939 COMPLIANCE</b>	<b>\$ 445,905</b>	<b>\$ 893,302</b>	<b>\$ 354,760</b>	<b>\$ 895,000</b>	<b>\$ 1,698</b>	
<b>SUBTOTAL SBWMA PROGRAM BUDGET</b>	<b>\$ 2,995,999</b>	<b>\$ 2,834,510</b>	<b>\$ 854,930</b>	<b>\$ 2,929,950</b>	<b>\$ 95,440</b>	
<b>COLLECTION OPERATIONS</b>						
522710 HHW DOOR TO DOOR COLLECTION SERVICES	358,504	428,400	266,864	442,400	14,000	
522711 CURBSIDE HOUSEHOLD BATTERY RECYCLING SERVICES	15,285	60,000	0		(60,000)	
<b>TOTAL COLLECTION OPERATIONS</b>	<b>373,789</b>	<b>488,400</b>		<b>442,400</b>	<b>(46,000)</b>	
<b>TOTAL SBWMA PROGRAM BUDGET</b>	<b>\$ 3,369,788</b>	<b>\$ 3,322,910</b>	<b>\$ 854,930</b>	<b>\$ 3,372,350</b>	<b>\$ 49,440</b>	

GENERAL OPERATING EXPENSES BY MAJOR CATEGORY					
EXPENDITURE SUMMARY	ACTUAL FY 2010-2011	MID-YEAR PROJECTION FY 2011-2012	YTD SPENT FY 2011-2012	PROPOSED BUDGET FY 2012-2013	Variance
<b>SHOREWAY OPERATIONS</b>					
522701 OPERATING CONTRACT - ALLIED	13,901,342	1,330,800	993,932	320,500	(1,010,300)
522712 OPERATOR COMPENSATION - SBR	6,709,339	14,428,500	9,467,487	14,887,600	459,100
522713 DISPOSAL & PROCESSING COSTS	6,538,836	12,802,000	8,678,625	13,040,100	238,100
522717 BUYBACK PAYMENTS	-	597,000	386,226	563,500	(33,500)
522718 EDUCATION CENTER OPERATIONS -- NEW 7/1/11	-	70,000	16,437	60,000	(10,000)
522716 MAINTENANCE - OX MTN TIPPER	10,413	65,000	-	25,000	(40,000)
520710 INSURANCE SHOREWAY	121,848	248,500	140,083	306,500	58,000
522714 SHOREWAY FACILITY COST	1,028	-	(21,440)	170,000	170,000
520901 SHOREWAY MRF EQUIPMENT MAINTENANCE > \$10k	-	20,000	-	-	(20,000)
521104 DEBT SERVICE BOND INTEREST	-	3,177,900	2,043,575	3,150,500	(27,400)
520324 TAXES (SEWER)	38,893	26,400	26,977	27,700	1,300
522702 FRANCHISE FEE	1,385,900	1,393,200	910,842	1,385,900	(7,300)
<b>TOTAL SHOREWAY OPERATIONS</b>	<b>33,008,516</b>	<b>34,159,300</b>	<b>22,642,743</b>	<b>33,937,300</b>	<b>(222,000)</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 36,378,304</b>	<b>\$ 37,482,210</b>	<b>\$ 23,497,672</b>	<b>\$ 37,309,650</b>	<b>\$ (172,560)</b>



## **Strategic Plan 2013-2020**

RethinkWaste is a joint powers authority of twelve public agencies (Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, the County of San Mateo and the West Bay Sanitary District) in San Mateo County, California and is a leader in the delivery of innovative waste reduction and recycling programs. RethinkWaste owns and manages the Shoreway Environmental Center which receives all of the recyclables, organics, and garbage collected in its service area. RethinkWaste also provides strategic oversight, support and management of service providers that collect, process, recycle and dispose of materials for the 12 Member Agencies. RethinkWaste, also known as the South Bayside Waste Management Authority (SBWMA) was formed in 1982.

### **Our Mission**

To cost effectively design, implement and manage innovative waste reduction and recycling programs and facility infrastructure that fulfills our fiduciary responsibilities to our Member Agencies while achieving community environmental and economic goals.

### **Our Vision**

Rethink Waste is recognized for its innovative waste reduction and recycling programs and facility infrastructure which are dedicated to the preservation and enhancement of the quality of life and the environment for our member agency communities.

### **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).

## PERSONNEL AND BENEFIT ASSUMPTIONS FOR FY 2013

Proposed changes in staffing as follows:

	<u>FY 2012</u>	<u>Proposed FY 2013</u>
Executive Director	1.0	1.0
Facility Operations Contract Manager	1.0	1.0
Finance Manager	1.0	1.0
Recycling Outreach & Sustainability Manager	1.0	1.0
Recycling Programs Manager*	1.0	1.0
<b>Recycling Coordinator**</b>	1.0	<b>0.0</b>
Board Secretary/Office Manager	1.0	1.0
<b>Environmental Education Coordinator***</b>	0.8	<b>1.0</b>
<b>Environmental Education Associate****</b>	<u>Seasonal (temp.)</u>	<b><u>0.8</u></b>
	<b>7.8</b>	<b>7.8</b>

\* Contract employee employed by Local Government Services, a public joint powers agency, with PERs benefits.

\*\* Propose to eliminate the position effective September 1, 2012.

\*\*\* Propose to make the position full-time effective September 1, 2012.

\*\*\*\* Propose to convert this seasonal, non-benefitted 25 hour/week position into a part-time, benefitted position at 32 hours/week effective September 1, 2012.

### FY 2012 Proposed Position Changes

Eliminate Recycling Outreach Coordinator position effective September 1, 2012.

Upgrade Environmental Education Coordinator position from part-time salaried (32 hours/week) to full-time salaried position. .

Convert Environmental Education Associate hourly position from seasonal to part-time.

These changes have no net impact on headcount which remains at 7.8 FTE.

### Budget Assumptions for Salary and Wages

The average salary adjustment assumed for six of our seven non-represented employees (no contracts) and one contract employee is 2.5% on January 1, 2013.

### Salary Ranges

Existing and proposed salary ranges are shown below. One new salary range is shown for the Environmental Education Associate; it was set at 80% of the range for the Environmental Education Coordinator.

<u>Position</u>	<u>Salary Range/Yr</u>	<u>Max Salary/Mo</u>	<u>Current Salary</u>	<u>% of Top of Salary Range</u>	<u>% Difference</u>
Finance Manager	\$102,998 - \$128,748	\$10,729	\$128,640	99.9%	0.10%
Facility Operations Contract Manager	\$102,998 - \$128,748	\$10,729	\$127,789	99.3%	0.70%
Recycling Program Manager*	\$102,998 - \$128,748	\$10,729	\$127,501	99.0%	1.00%
Recycling Outreach & Sustainability Manager	\$92,698 - \$115,873	\$9,656	\$107,592	92.9%	7.10%
Recycling Coordinator	\$78,793 - \$98,492	\$8,208	\$86,724	88.1%	11.90%
Env. Education Coordinator	\$59,916 - \$74,892	\$6,241	\$61,500	89.8%	11.90%
Office Manager/Board Secretary	\$54,768 - \$68,460	\$5,705	\$58,488	85.4%	14.60%
Env. Education Associate*	\$23.04 - \$28.80		\$24.25/hour	84.2%	15.80%
* Proposed hourly, part-time position.					

Staff will be recommending adjustments to the salary ranges for the following positions pending results of a compensation survey:

Finance Manager  
Facility Operations Contract Manager  
Recycling Program Manager

All of the above positions are effectively at the upper limit of their salary range and thus would not be able to receive any merit increase unless the salary range is adjusted.

All other salary ranges remain unchanged.

No proposed changes in the employee benefit plans.

RethinkWaste Outreach and Recycling Programs Proposed FY 2013 Budget Items

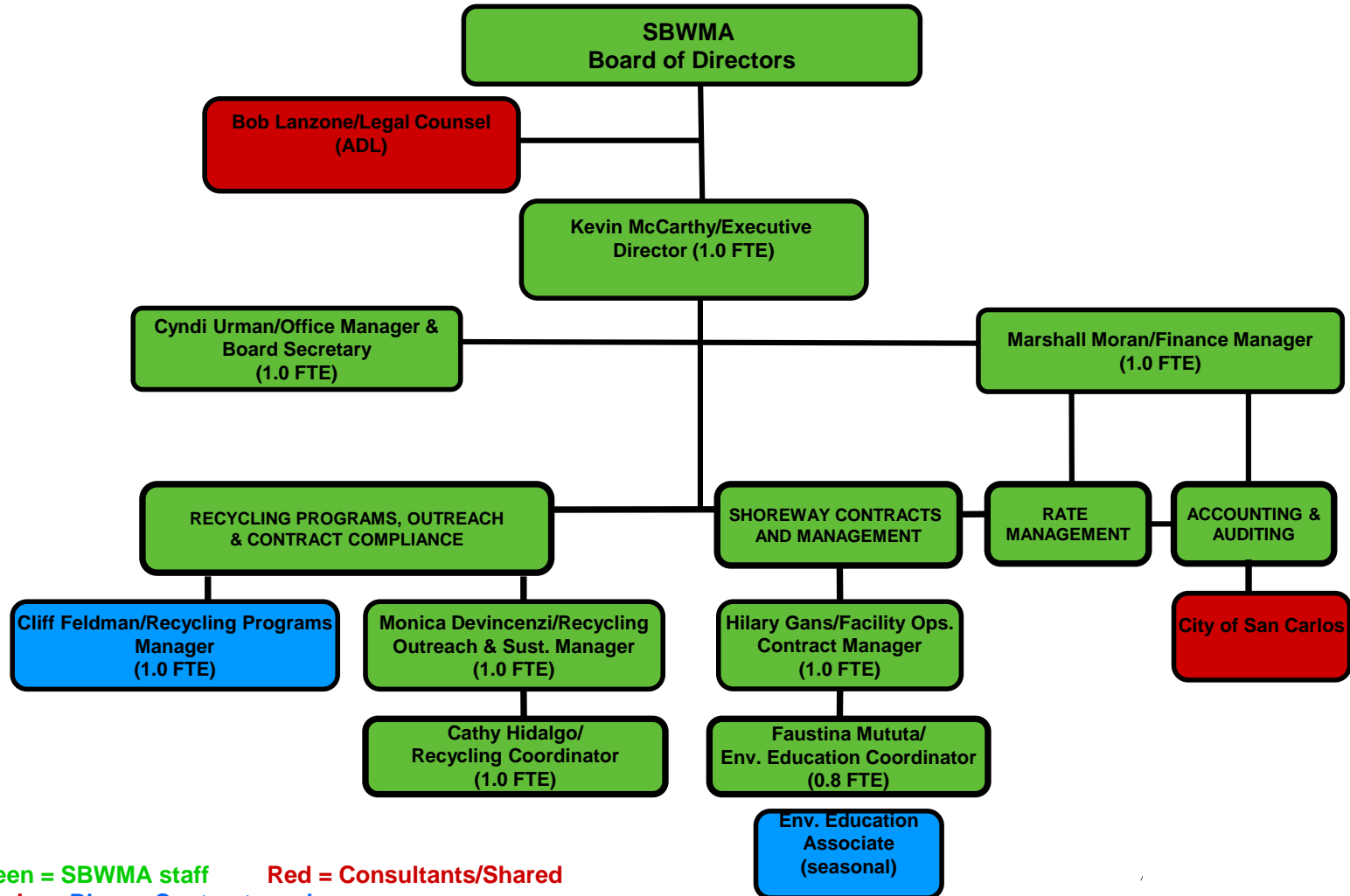
Budget Expense Category	Description of Program	FY 2012 Adopted	FY 2012 Mid-Year	FY 2013 Proposed	Variance
Collection Services Franchise Administration <ul style="list-style-type: none"> <li>Contract Compliance Monitoring</li> <li>Annual Systems Audit</li> </ul>	<ul style="list-style-type: none"> <li>SBWMA Required Per Franchise: contamination monitoring; use of non-collection notices; support MAs with protecting franchise</li> <li>Reports and Systems audit; ensure compliance with 2011 recommendations; perform limited audit for 2012</li> </ul>	\$165,000	\$165,000	\$140,000	(\$25,000)
Quarterly Contamination Monitoring	<ul style="list-style-type: none"> <li>Placeholder for Q3-2012, Q4-2012, Q1-2013 and Q2-2013 Recology Contamination Sampling</li> <li>Includes QGIP Auditing</li> </ul> <p>Alternative: Budget for 3 quarters of contamination sampling; will require amending the Franchise Agreements with Recology.</p>	\$120,000 ----- \$120,000	\$110,000 ----- \$110,000	\$126,000 ----- \$99,000	\$16,000 ----- (\$11,000)
CIWMB (CalRecycle) Annual Report	<ul style="list-style-type: none"> <li>Research, draft and submit Electronic Annual Reports for ten Agencies per requirements of AB 939. Variance due to expanded reporting requirements.</li> </ul>	\$25,000	\$25,000	\$35,000	\$10,000
SBWMA Annual Report	<ul style="list-style-type: none"> <li>Design and production of the SBWMA Annual Report for distribution to stakeholders.</li> </ul>	\$5,000	\$5,000	\$5,000	\$0
Diversion Program Support	<ul style="list-style-type: none"> <li>Provide staff assistance with diversion programs.</li> </ul>	\$20,000	\$10,000	\$30,000	\$20,000
Event Giveaways	<ul style="list-style-type: none"> <li>Production of educational and promotional items for distribution at community events.</li> </ul>	\$7,500	\$5,000	\$5,000	\$0
Large Event/Venue Consulting	<ul style="list-style-type: none"> <li>Repurposing of one Venue and Events trailer; update Venue and Events brochure; program tracking.</li> </ul>	\$0	\$15,000	\$15,000	\$0
Large Event/Venue Recycling Services	<ul style="list-style-type: none"> <li>Use of trailers limited as compared to prior years – expense not anticipated.</li> </ul>	\$25,000	\$15,000	\$0	(\$15,000)
Climate Change Reporting and Policy Options	<ul style="list-style-type: none"> <li>Annual Climate Registry expense; research and reporting on GHG impacts of facility operations; assistance with SBR reporting framework development.</li> </ul>	\$15,000	\$5,000	\$15,000	\$10,000

RethinkWaste Outreach and Recycling Programs Proposed FY 2013 Budget Items

Budget Expense Category	Description of Program	FY 2012 Adopted	FY 2012 Mid-Year	FY 2013 Proposed	Variance
Commercial Recycling Technical Assistance	<ul style="list-style-type: none"> <li>Research and develop permitting or non-exclusive franchise system for Mas; Recology contractual support – purchase of internal containers for distribution; Recology commercial accounts audit – develop baseline data; outreach and education including AB 341 compliance; support with CoC and MFD presentations/workshops; marketing SEC cardboard buy-back; Business Pledge and Business Awards Program</li> </ul>	\$300,000	\$225,000	\$250,000	\$25,000
C&D Recycling Program	<ul style="list-style-type: none"> <li>Develop criteria, process and audit C&amp;D recycling facilities.</li> </ul>	\$35,000	\$28,000	\$25,000	(\$3,000)
Green Business Program	<ul style="list-style-type: none"> <li>Assist Member Agencies with certifications - program discontinued.</li> </ul>	\$5,000	\$0	\$0	\$0
Multi-Family Outreach	<ul style="list-style-type: none"> <li>Required per Franchise Agreement: outreach; toolkit; buddy bags; case studies; MFD Awards Program</li> </ul>	\$40,000	\$65,000	\$65,000	\$0
Quarterly Newsletter Design/Set-up	<ul style="list-style-type: none"> <li>Newsletter content and layout</li> </ul>	\$20,000	\$10,000	\$10,000	\$0
Quarterly Newsletter Printing/Mailing	<ul style="list-style-type: none"> <li>Newsletter printing and mailing</li> </ul>	\$230,000	\$200,000	\$200,000	\$0
	<ul style="list-style-type: none"> <li>Alternative: Budget for 3 newsletters instead of 4; will require amending the Franchise Agreements with Recology.</li> </ul>	-----	-----	-----	-----
		\$230,000	\$200,000	\$150,000	(\$50,000)
Residential Outreach Programs	<ul style="list-style-type: none"> <li>Outreach development and production, website redesign, neighborhood campaign, cart design contest, Rethink@Home campaign</li> </ul>	\$166,000	\$140,000	\$170,000	\$30,000
Compost Giveaway	<ul style="list-style-type: none"> <li>Assist Member Agencies with promotion of Compost Giveaway events, compost giveaway bags at Shoreway, SBR hauling costs</li> </ul>	\$6,000	\$4,000	\$5,000	\$1,000
HHW Door-to-Door Collection Outreach	<ul style="list-style-type: none"> <li>Commence “rolling” public education/marketing campaign to promote the services to participating Member Agencies.</li> </ul>	\$85,000	\$70,000	\$60,000	(\$10,000)
Curbside Household Battery Outreach	<ul style="list-style-type: none"> <li>Specific holiday related promotion to encourage recycling of household batteries in December.</li> </ul>	\$8,000	\$3,000	\$3,000	\$0
Electronics Collection Events	<ul style="list-style-type: none"> <li>Assist Member Agencies with promotion of E-scrap events.</li> </ul>	\$4,000	\$2,000	\$2,000	\$0

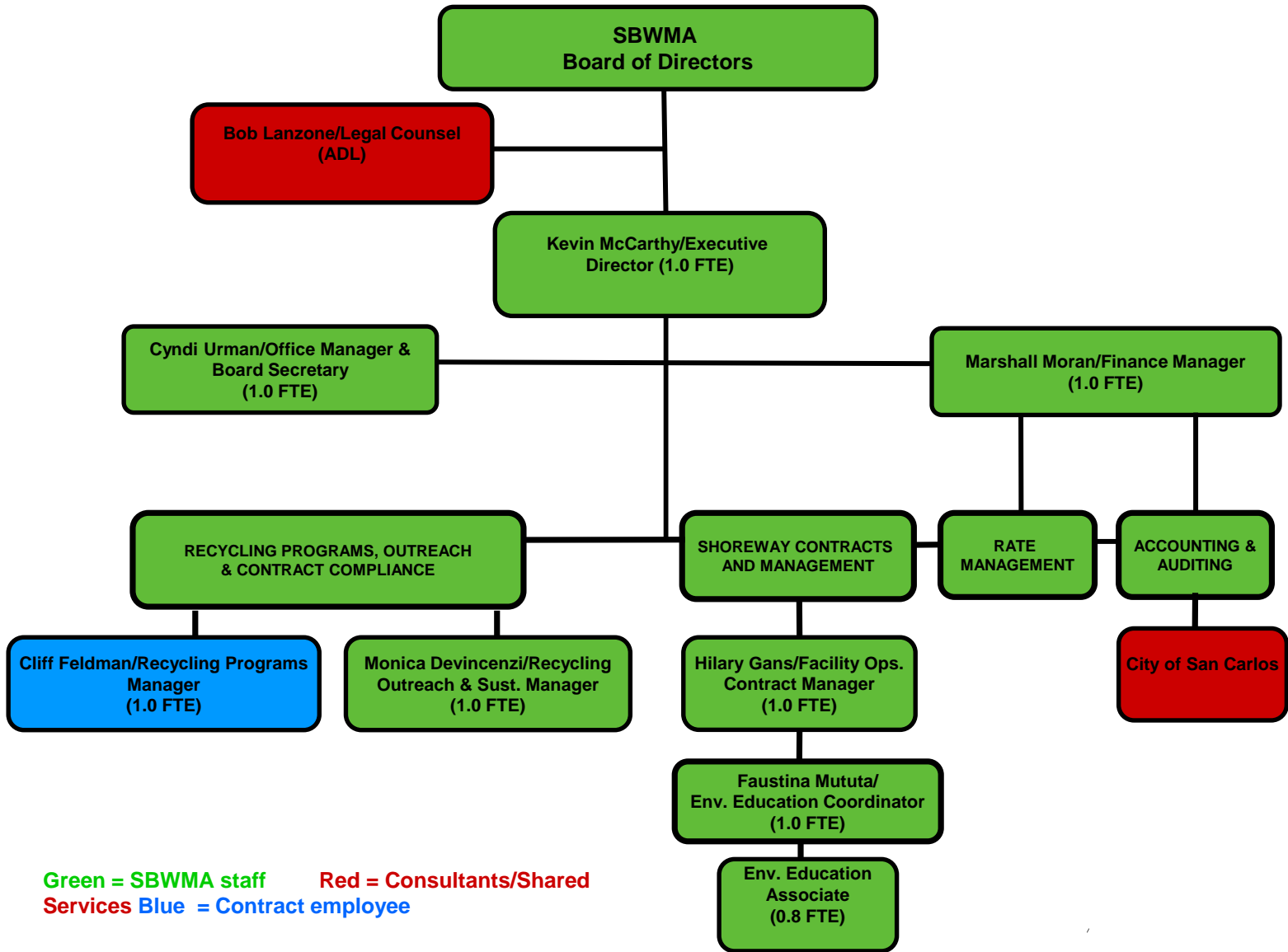


# SBWMA Organization Chart (May 2012)



Green = SBWMA staff    Red = Consultants/Shared Services  
 Blue = Contract employee

# SBWMA Organization Chart (September 2012)





## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Monica Devincenzi, Recycling Outreach and Sustainability Manager  
Cliff Feldman, Recycling Programs Manager  
**Date:** May 24, 2012 Board of Directors Meeting  
**Subject:** AB 341 Mandatory Commercial Recycling Update

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### Recommendation

This is an informational report and no action is necessary.

### Analysis

The March 29, 2012 Board workshop on commercial recycling provided an update on the current status of commercial recycling in the RethinkWaste service area. One of the items briefly addressed was the implications for the Member Agencies with regard to compliance with the mandatory commercial recycling component of Assembly Bill (AB 341) which commences on July 1, 2012. This bill was signed into law by Governor Jerry Brown on October 6, 2011.

Staff has closely followed development of the mandatory commercial recycling regulations over the past two years, first introduced as part of the Scoping Plan for the California Air Resources Board to ensure compliance with the greenhouse gas emissions goals prescribed in AB 341. In addition, staff attended workshops and webinars, and recently had discussions with the CalRecycle staff that are charged with assessing the status of the Member Agencies compliance with the new law which is codified in the Public Resource Code. Determining compliance with this new law is within the framework of the Electronic Annual Reports (EAR) that are required to be prepared and submitted to CalRecycle to report on compliance with the waste reduction/recycling mandates prescribed in AB 939 (the California Integrated Waste Management Act of 1989). Eleven of the twelve SBWMA Member Agencies are required to submit an EAR with the sole exception being West Bay Sanitary District since they are neither a city nor county jurisdiction.

AB 341 establishes a statewide goal to ensure that 75% of solid waste generated is source reduced, recycled or composted by January 1, 2020 and CalRecycle is responsible for ensuring this goal is met. With regard to the mandatory commercial recycling provisions (i.e., PRC Division 30, Part 3, Chapter 12.8, Section 42649) of the law, jurisdictions are required to implement a commercial recycling program that in essence requires eligible commercial waste generators to subscribe to recycling service or ensure that they are recycling through their own means. The law also allows jurisdictions to charge a fee to commercial waste generators to recover the costs associated with compliance with the mandatory commercial recycling. The commercial waste generators or businesses impacted include all those that generate four or more cubic yards of solid waste and recyclable materials per week and multi-family dwelling complexes with five or more units.

Through our discussions with CalRecycle staff, we are confident that their expectations to meet compliance can be accomplished within the required time frame and staff has included in the FY 2013 budget funds to ensure

compliance after July 1, 2012. CalRecycle staff plan to conduct conference calls and site visits with each Member Agency in the next month or so to determine the Agency's plans to ensure compliance with the mandatory recycling provisions and to get an update on all other programs and policies that will be reported on with submittal of the EAR for 2012. They plan to submit a report to the legislature in 2012 that explains their efforts to ensure that jurisdictions have the plans in place to comply with the new law. It is their goal to understand and be able to report on the strategies that all jurisdictions are pursuing statewide to comply with mandatory commercial recycling. With this in mind, CalRecycle staff will in essence be tacitly approving or making suggestions to jurisdictions throughout the State prior to the law becoming effective on July 1, 2012. The primary reason for this is to ensure jurisdictions are well positioned to comply with the mandatory recycling, since the timing of reviewing the EARs is not conducive to ensure these efforts are in place prior to July 1, 2012. Since the 2012 EARs aren't due until mid-2013 and there is a multi-year lag between submittal and review of the EARs, CalRecycle staff needs to know now where jurisdictions stand compliance wise since the law becomes effective on July 1, 2012.

### ***Member Agencies Compliance***

There are basically three areas of compliance: monitoring (ensuring impacted businesses are either recycling or being properly noticed about the law), education and outreach (promoting the law to all businesses at least annually) and reporting (explanation of compliance in the EAR). As reported by staff previously over the past two years, the Member Agencies are well positioned to meet all aspects of compliance.

### **Commercial Recycling Collection Service**

Through the franchised collection services provided by Recology, the company is required to provide recycling, compost and solid waste collection service to all businesses that subscribe. Reporting by the company on those businesses provided service should not be arduous; however, identifying and reporting on those businesses not in Recology's database is more challenging. Staff will work with each Member Agency and Recology to develop a comprehensive list of those businesses not in Recology's database to ensure they receive at least the annual notice of the law. Staff will provide a template form letter for Agencies to send directly to these businesses.

### **Education and Outreach**

RethinkWaste will be leading all education and outreach efforts in coordination with Recology and the Member Agencies. The efforts will utilize multiple platforms, including bill inserts and newsletters, websites and social media, electronic emails, presentations and others. The most notable are highlighted below.

A bill insert will be sent to all commercial accounts at the end of May notifying customers of the new state requirement. This bill insert will also be incorporated into a tool kit for Recology to use when they meet with customers. In addition, extra copies will be provided to Member Agencies for their use. Staff encourages Member Agencies to include the insert with their business license application information, annual renewal and permit counter. Staff will also develop a model letter to be sent to those commercial accounts that are deemed non-compliant with AB 341 based on reports generated by Recology.

Staff will be updating its RethinkWaste website to provide information on AB 341 in May as well. In a review of the various Member Agency websites, staff noted that many do not provide any information on commercial recycling or it is difficult to locate. To ensure compliance with the education and outreach components of AB 341 by Member Agencies, staff recommends that the information on AB 341 be consistent and easy to locate on Member Agency, RethinkWaste and Recology websites. As such, once the RethinkWaste website has been updated, staff will notify all Member Agencies and provide recommended direction, content and links.

In addition, staff will be making presentations at chambers of commerce, homeowner's associations and multi-family complexes this summer, to educate their members on AB 341. Recology will also be conducting

presentations, however, per CalRecycle, some of the presentations need to be conducted by the public agencies, not just the franchised hauler.

Reporting

The SBWMA prepares the EARs for ten of the eleven Agencies with the exception of San Mateo County who prepares and submits their own. As with the other waste reductions and recycling programs implemented by the Member Agencies, the compliance with the mandatory commercial recycling shall be addressed in these reports annually.

Background

On March 29, 2012 SBWMA staff held a workshop for the Board on commercial recycling. Staff provided an overview of commercial recycling activities in the SBWMA service area and information on the eleven-person Recology Commercial Recycling Outreach Program paid for through the Member Agencies Franchise Agreements.