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STAFF UPDATES



STAFF UPDATE

To: SBWMA Board Members
From: Cliff Feldman, Recycling Programs Manager
Date: June 27, 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

Multi-Family Dwelling (MFD) Outreach

As reported to the Board in April and May, Staff is moving forward with developing supplemental outreach tools for commercial recycling and an expanded toolkit for multi-family dwelling property managers. These tools will be developed this fiscal year and provided for Recology's use in FY14.

CalRecycle Electronic Annual Reports (AB 939 Diversion Compliance)

Staff is currently working with its consultant to draft the Electronic Annual Reports for 2012 for submittal to CalRecycle in compliance with AB 939. Several Member Agencies and Staff have participated in an annual visit from CalRecycle staff which is essentially a check-in to ask questions and get updates on various programs. In addition, as the first year of the State's Mandatory Commercial Recycling (AB341) requirements comes to a close on June 30, 2013, Staff was required to make a presentation to a chamber of commerce or homeowner's association. On May 14, Staff and Recology made a presentation to the Burlingame chamber of commerce.

RethinkWaste's role in ensuring the Member Agencies comply with the AB341 requirements is by and large prescribed in each affected Member Agency's Commercial Recycling Plan approved by each Agency and submitted to CalRecycle last summer. This required plan outlines the roles and responsibilities of the respective Member Agency and RethinkWaste with regard to compliance and also highlights Recology's role in assisting the Agencies to comply through administration of their Franchise Agreement(s) with the company.

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.



STAFF UPDATE

To: SBWMA Board Members
From: Recycling Staff
Date: June 27, 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 this past February. Interest in the program has been strong and the company has made approximately 11,857 collections since the program started in mid-May 2010 through May 2013. Approximately 399,502 pounds of HHW material, 407,967 pounds of Universal Waste and 190,349 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 FY13 budget, additional outreach to highlight this service is currently in development, including direct mail, outdoor and print advertising and community events starting in June and running through the summer. The direct mail postcard is being sent in a staggered schedule to the Member Agencies starting in mid-June. The program has already been promoted through the *rethinker* newsletter, holiday ads and social media. In addition, the program was recently featured on the Belmont Patch site and on air at KGO 810 radio.

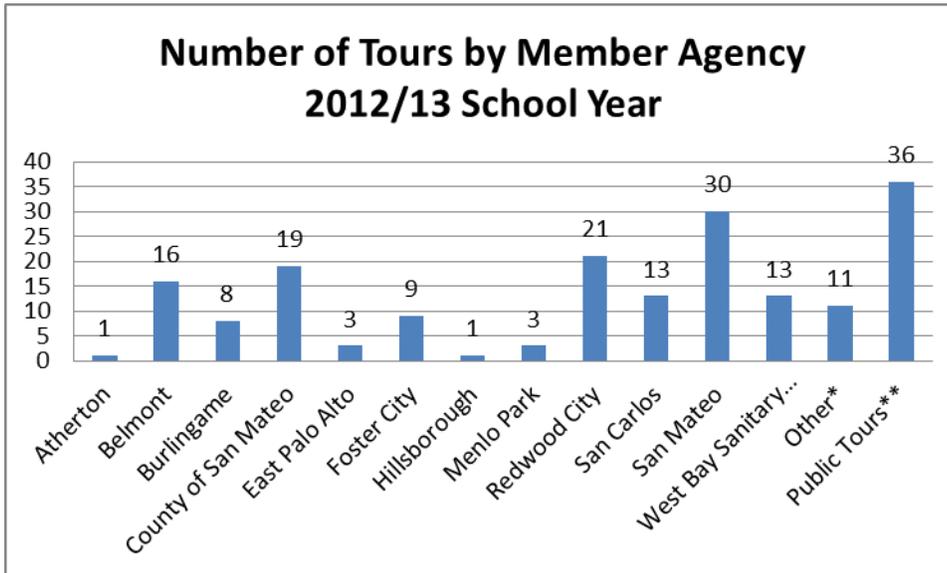
Household Battery and Cell Phone Curbside Recycling Collection Program

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 April 2013 was 4,900 pounds. (Recology received permission to submit the May monthly report 2 weeks later than required due to the early submittal of the company's Compensation Application. Therefore, the quantity collected in May will be reported to the Board in July.) Per the adopted FY13 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 very popular as the spots continue to fill up. As the school year is winding down, staff is scheduling tours for various community groups such as Girl and Boy Scouts, Summer Camps and Garden Clubs, just to mention a few. The program is so popular that public tours are booked solid a month ahead. Staff has already begun scheduling school group tours for next fall.

The 2012/13 school year has shown a steady increase in the participation of schools from jurisdictions that at the same time last year, had none or just a few schools participate. The chart on the next page shows school group tours by Member Agency for this school year.



Note: Other* is all the groups that participated in the Tour Program from all over the Bay Area e.g. San Francisco, Berkeley, San Jose etc. Public Tours** are all participants who come from both the RethinkWaste service area, and beyond.

Continued outreach efforts have resulted in increased participation and staff will continue to concentrate outreach efforts in jurisdictions that have low participation and encourage Member Agency staff 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. Below are a few of the many recent comments that tour participants shared at the end of their tour experience:

- "Excellent, amazing, everyone should go." (Teacher)*
- "Really good vocab builder and awareness. A+." (Teacher)*
- "That was the worst/best thing I ever saw in my life!" (5th grade student)*
- "Excellent education for the kids on recycling issues." (Parent)*
- "Amazing, especially since our students participate in composting/recycling at our school." (Parent)*
- "Great use of time. Well informed staff, great information," (Parent)*
- "Enjoyed the tour, good source of information on recycling." (Parent)*
- "An 11 out of 1-10!!!" (Parent)*

In addition to the positive comments, the survey has behavior change statements addressed to the tour participants. Next to each statement is the percentage of participants who said they would engage in the listed behaviors:

I will participate in my city's residential recycling program – 94 percent.

I will participate in my city's residential food scraps recycling program (green cart) – 87* percent.

I will encourage my family to find new ways to reduce, reuse, recycle and rot (compost) – 94 percent.

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

<u>Date</u>	<u>School/Group</u>	<u>Jurisdiction</u>	<u>Grade/Group</u>	<u>Total # of Participants</u>
June 3	Washington Elementary	Burlingame	4	31
June 4	Codexis	Redwood City	Adults	15
June 5	El Granada	El Granada	3 rd	31
June 6	Cipriani Elementary	Belmont	3	34
June 10	Nesbit Elementary	Belmont	5	37
June 11	Cipriani Elementary	Belmont	3	34
June 11	Assemblymember Mullin's Office	Various	Adults	4
June 12	Half Moon Bay High School	Half Moon Bay	9	15
June 13	Recology Staff	RSMC	Adults	3
June 14	Recology Staff	RSMC	Adults	5
June 18	Fiesta Gardens	San Mateo	4	43
June 18	Fiesta Gardens	San Mateo	4	43
June 19	Recology Staff	RSMC	Adults	5
June 20*	Public Open House Day	Various	All ages	55
June 21	Recology Staff	RSMC	Adults	5
June 25	Recology Staff	RSMC	Adults	5
June 27*	Public Open House Day	Various	All ages	40
June 28	BizSMART	Various	Adults	20
Total Participants				425**

* Thursday, June 20th & 27th are Public Open House Days. The number of participants is based on only those that have made a reservation for the tour on the Public Open House Day. **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 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 on the previous page are third graders from El Granada (photo on left) and Codexis staff from 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.

To accommodate more of the community to tour Shoreway Environmental Center during the summer, starting after June 20th until July (except July 4th), every Thursday 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. There will be no Public Open House Day in August, and the standard every third Thursday of the month schedule will continue in September going forth.

Business Tour Program

Staff is reaching out to businesses in the RethinkWaste service area to tour the Shoreway Environmental Center. The availability of tours for businesses is being promoted via Chambers of Commerce in all cities in the Rethinkwaste service area (which have a chamber), on our website, business tour flyer and through leveraging Recology's network of business leaders. Member Agencies are encouraged to promote this program to businesses in their community.

RethinkWaste Video Wins Award

RethinkWaste's educational video, "*Where Your Stuff Goes: From Curbside to Shoreway Environmental Center and Beyond*," is a 2013 Telly Award winner in the Internet/Online Commercial—Green/Eco-Friendly Category. The approximately six-minute video helps answer the question of what happens to the materials residents place in their carts once they are serviced on their collection day. The video was produced in May 2012 by Friday's Films and is part of Shoreway's Environmental Education Center's program, and is used for outreach in school and public tours. The video was made in collaboration with Recology San Mateo County, South Bay Recycling, Republic Services, Inc. and Recology Grover Environmental Products. The Telly Awards is the premier award honoring the finest film and video productions, groundbreaking web commercials, videos and films, and outstanding local, regional, and cable TV commercials and programs.

Contractor Coordination Meeting

The first RethinkWaste-Recology Contractor Coordination Meeting was held on May 7, 2013 at the Shoreway Environmental Center, and was attended by Member Agency representatives from Belmont, Redwood City, San Carlos, San Mateo and San Mateo County; and RethinkWaste and Recology staff members. Staff encourages Member Agency Board Members or staff to attend the meetings which are designed to discuss such areas as operations, customer service, and commercial recycling, in an effort to share information and address issues as they arise. The meetings will be held every other month, with the next one taking place in July.

2013 Public Education and Outreach Update

Single-family residents will continue to receive their annual Bulky Item Collection program notice as an insert in the Recology invoices in the April, May and June cycles. Commercial customers received an updated bill insert at the end of May/beginning of June on the mandatory commercial recycling component of Assembly Bill 341 (AB 341) to be in compliance with the public education and outreach requirements of the mandate. In addition, RethinkWaste Staff, in collaboration with Recology San Mateo County, made a presentation to the Burlingame Chamber of Commerce on May 14, 2013 on AB 341, and another presentation will also be made to a homeowners' association group in June, again as part of the public education requirements for mandatory commercial recycling. Commercial customers also received the BizSMART@Work 2013 Awards call for nominations insert with their invoices at the beginning of May.

RethinkWaste 2012 Annual Report

The RethinkWaste 2012 Annual Report is currently in development and will be distributed in late June. 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 developed and distributed a Member Agency specific snapshot report for calendar year 2012 in April that highlighted the following key information: 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. As a reminder, 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.

2013 BizSMART@Work Awards Program

RethinkWaste, in partnership with Recology, will be recognizing the winners of the 2013 BizSMART@Work Awards program at a luncheon on June 28, 2013 at the Shoreway Environmental Center. Winners of this year's awards are:

Recycling Category:

Bird in the Nest, San Carlos
Friends of San Carlos Library/San Carlos Library/City of San Carlos, San Carlos
Stalcar Apartments, Belmont

Composting Category:

Community Church, East Palo Alto
Manor/Nantucket Cove HOA, Foster City

Recycling and Composting Category:

Brookside Skilled Nursing, San Mateo
Codexis, Redwood City
Cowabunga Creamery, San Carlos
Embassy Suites Food & Beverage Department, Burlingame
Inflection, Redwood City
Kingfish Restaurant, San Mateo
Pacific Biosciences, Menlo Park
PalCare, Burlingame
Stacks Restaurant, Menlo Park

The second annual program recognizes businesses and multi-family complexes in the RethinkWaste service area for their efforts in reducing their waste in 2012 through the BizSMART Recycle, Compost and Garbage collection services. The public also weighed in on some of the nominees through online voting for the "Rethinker's Choice" award category, which were selected from the winners in the Recycle and Compost category. The winner of the Rethinker's Choice Award will be announced at the luncheon.

The awards program was promoted through a bill insert, newspaper ads, press releases, email blasts, Recology's Zero Waste Specialists as they visited customers, local Chambers of Commerce, and the RethinkWaste and Recology websites, Facebook and Twitter pages, among others. Applications were due May 22, 2013.

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 573 visits per week since the last Board meeting, of which over 61% 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 June 2013.

RethinkWaste also continues to use its Facebook and Twitter pages to promote program information and new services. To date, the Facebook page has 308 "likes," and the Twitter page has 150 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.

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 (shred only)
- Foster City - August 17
- San Carlos - September 14
- San Mateo - October 26
- 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
- San Carlos - October 5

- 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 Agreement(s)	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.
Franchise Agreement(s)	March 28, 2013	March 28, 2013	The Board approved Resolution No.2013-07 recommending that each Member Agency consider adopting a variety of administrative changes. To date, the governing bodies of three Member Agencies have adopted these contractual changes: Burlingame, Foster City and San Carlos.

<u>Agreement</u>	<u>Board Approval</u>	<u>Staff Recommendation</u>	<u>Description</u>
Franchise Agreements	March 28, 2013	March 28, 2013	The Board approved Resolution No.2013-08 recommending that each Member Agency consider adopting amendments to Attachment I (Performance Incentives and Disincentives) and include a new section as 8.08(D) (Administrative Changes to the Franchise Agreement). To date, the governing bodies of three Member Agencies have adopted these contractual changes: Burlingame, Foster City and San Carlos.



STAFF UPDATE

To: SBWMA Board Members
 From: Hilary Gans, Operations Contracts Manager
 Date: June 27, 2013 Board of Director's Meeting
 Subject: Shoreway Facility Operations and Master Plan Update

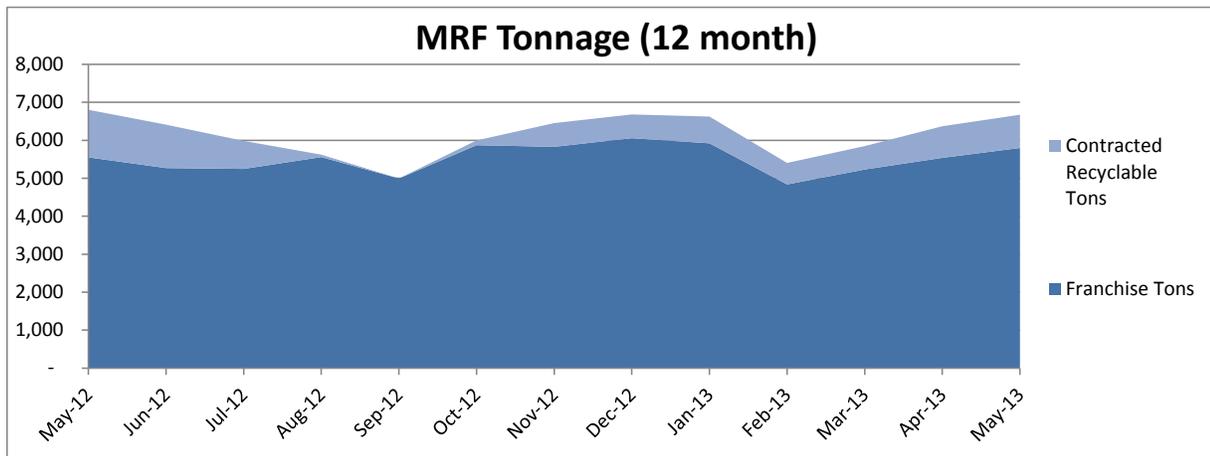
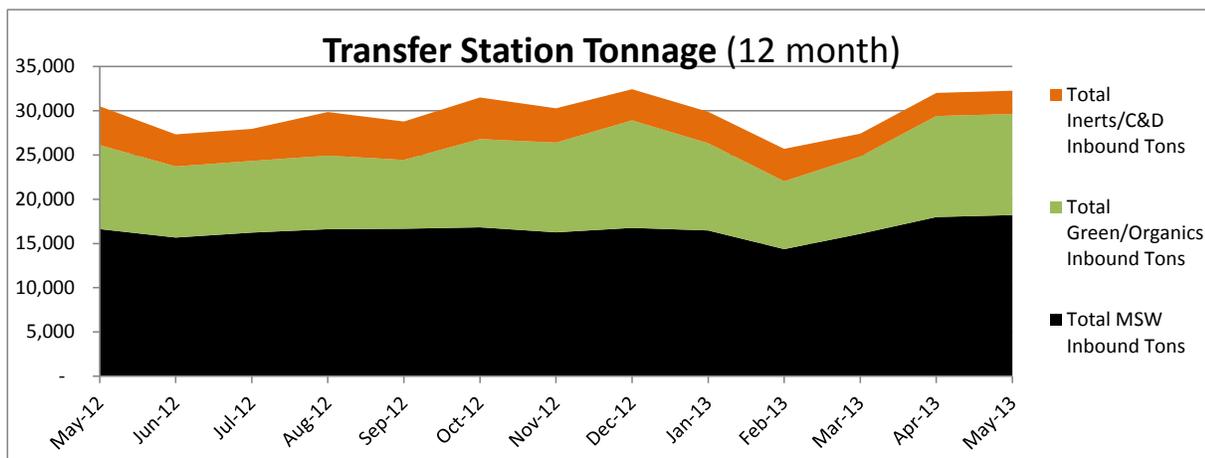
Recommendation

This is an informational report and no action is necessary.

I. OPERATIONS UPDATE

Facility Tonnage

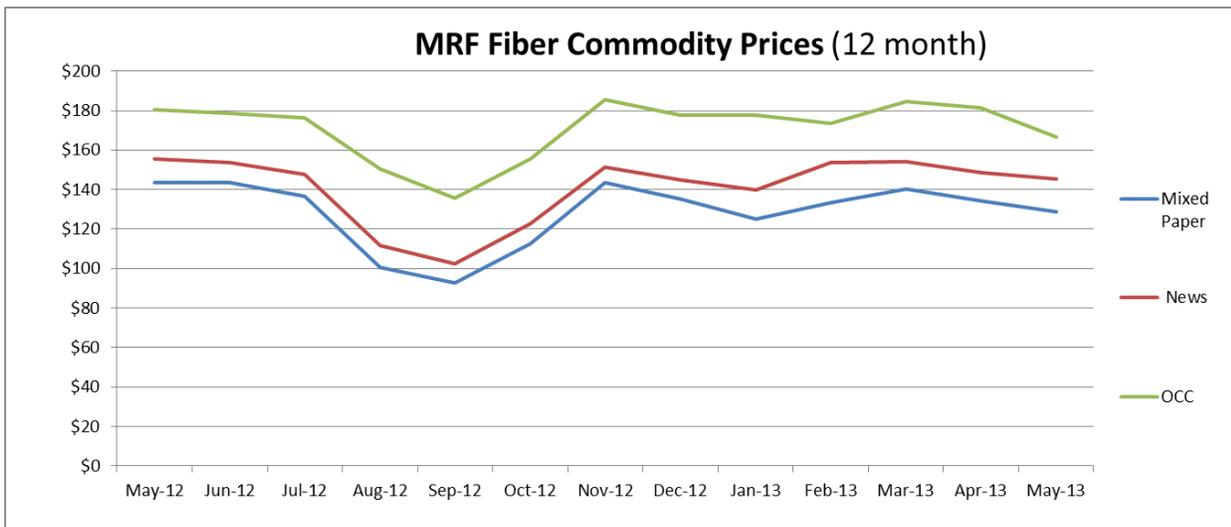
The charts below provide a summary of the monthly inbound tonnage at the Shoreway Environmental Center Transfer Station and MRF. The tonnage for both the MRF and the Transfer Station show an increase over the same month in the prior year (the transfer station tonnage is up in all categories of materials and in May total tonnage compares at 30,506 tons in 2012 vs. 32,263 tons in 2013).



Note: for a period of eight-months (December to August 2012) the Shoreway MRF was processing contracted recyclable tons from Republic Services 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.

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

Damage to the transfer station exit door: Upon exiting the self haul side of the transfer station, a customer's truck hit the exit doorframe of the building damaging the frame and rollup door. The company and driver left the facility without notifying SBWMA or SBR of the incident. Video camera archives were used to identify the perpetrator and the owner's insurance company has agreed to pay for the damage. The cost is estimated at \$27K and the repairs are underway.

Enhancements to the MRF processing equipment: SBWMA staff and SBR have worked together to identify and design processing enhancements to the MRF equipment that will result in 1) increased recovery of recyclable materials, and 2) better working conditions and less dust in the MRF building. The cost of these enhancements will be shared between BHS, SBR and SBWMA with the SBWMA's portion amounting to approximately \$30K. The return on investment for the SBWMA's share is approximately one year.

Green Waste shipments: In May, SBR started shipping self haul green waste to Waste Management's (WM) Tri-Cities location in Fremont for processing into biofuels. Staff negotiated a rate for processing the materials that provides a savings over the cost of processing under our current organics contracts with Newby Island or Grover. The materials being shipped to WM is limited to only organics without food scraps.

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 in various degrees of completion:

- Continued installation of outdoor education area landscape and features near the transfer station (MP)
- MRF Equipment enhancements (non-MP)
- Painting at transfer station and MRF (non-MP)
- Truck Shop building electrical work (non-MP)
- Repair of TS self haul roll up door (non-MP)
- Signage design and installation (non-MP)
- Flooring installation at the MRF lobby (non-MP)

Master Plan Project Expenditures Summary

An amount of \$97,610 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: June 27, 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 to the Board monthly during 2013 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 2012 Revenue Reconciliation Report has been reviewed by staff and shall be further reviewed as part of the Financial Audit conducted by Hilton, Farnkopf and Hobson (HF&H). The results of this Audit will be presented to the Board at the July 25, 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 (~~submitted~~ 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 ~~are~~ 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.

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 made a presentation at the April 25th Board Meeting to discuss the 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

- Member Agencies were requested 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; however, no comments were received.

June 2013

- SBWMA issued a letter to the Board requesting feedback from all agencies on 2014 Agency fees.
- June 14 – Recology ~~submitted its~~ to submit their 2014 Compensation Application.

July 2013

- July 1 – SBR to submit their 2014 Compensation Application.
- July 8 – SBWMA staff deadline to issue comments to Recology on 2014 Compensation Application.
- July 8 - SBWMA Board deadline to issue comments to Recology on 2014 Compensation Application.
- July 12 - Member Agencies response due to SBWMA on 2014 Agency fees.
- 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 25 - BOD consideration of approving the 2012 Financial Audit of Recology and SBR conducted by HF&H including the 2012 Recology Revenue Reconciliation.
- 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 26, 2013 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



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2014 Rate Approval Schedule

Member Agency Rate Setting Process

The 2014 Recology Compensation Application ~~was~~ ~~ill~~ ~~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 and the recommended Total Solid Waste Rate Adjustment for 2014. 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

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

- 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.

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- 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
- 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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JULY – SEPTEMBER 2013 BOARD AGENDA ITEMS (SUBJECT TO CHANGE)

July 25, 2013

- Review of Cart Migration Data for Member Agencies and Rates vs. Costs Analysis
- Update on 2014 Rate Applications and Rate Issues
- Resolution Approving Findings from Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Audits
- Resolution Approving Findings from Review of Collection Services and Financial and Accounting Systems Audits
- Resolution Approving Permit for Tracy HHW Processing Facility and Indemnity Agreement with WM Curbside
- Discussion on Non-Exclusive Franchise Options for Commercial Recycling
- Presentation on Updated Website and Mobile Application Tool
- Review of Executive Director's Goals for FY14
- Contractor Quarterly Updates

September 26, 2013

- Approval of Quarterly Investment Report as of 6/30/12
- Resolution Approving 2013 South Bay Recycling Compensation Application
- Resolution Approving 2013 Recology San Mateo County Compensation Application
- Approval of Non-Exclusive Franchise Option for Commercial Recycling