



A Public Agency

NEW BUSINESS



STAFF UPDATE

To: SBWMA Board Members
From: Kevin McCarthy, Executive Director and Senior Staff
Date: July 24, 2014 Board of Directors Meeting
Subject: Discussion on Guiding Principles for Development of the Long Range Plan

Recommendation

This staff report is for discussion purposes only and no formal action is requested of the Board of Directors. Staff is seeking feedback from the Board on the draft Long Range Plan policy goals/guiding principles outlined on pages 2-3 of this staff report. Based on Board feedback, a final set of policy goals/guiding principles will be brought back to the September 25, 2014 Board meeting for consideration for approval.

Analysis

This staff report represents Phase One of the SBWMA's process to develop a new Long Range Plan ("Plan") as detailed in the Long Range Plan workplan (**Attachment A**) included in the budget documents for the April, May and June Board of Director's packets. (Most recently included as Attachment 4 to agenda item 5A in the June 26, 2014 Board packet.) Phase One is intended to establish the policy goals/guiding principles that will be used to evaluate programs and service alternatives, new or updated policies, and facility infrastructure improvements as part of Phases Two and Three of the Long Range Plan project.

The policy goals/guiding principles included in this report for the Board's consideration were developed with an underlying assumption that the joint power authority's (JPA) overall diversion goal is to mirror the State's 75% recycling goal by 2020.

Key Outcomes

Key outcomes (objectives) for development of the Plan are as follows:

- Establish a roadmap on how to achieve the State's 75% recycling goal.
- Develop a portfolio of diversion programs to mitigate future rate impacts resulting from the expiration of the Ox Mountain Disposal Agreement with Republic Services (formerly Allied Waste).
- Initiate the process to develop the future scopes of work for the Collection Services Franchise Agreements and the Shoreway Operations Agreement with a continued emphasis on cost effective and convenient programs for all customers.

In summary, the Plan will serve as a roadmap to how to achieve the above objectives. It is important to note that the scope of the Plan does not assume any changes or analysis of the existing JPA structure.

Review of Other Agencies Long Range Plans

As part of the process to develop the SBWMA's policy goals/guiding principles, staff researched the following agencies who have adopted Long Range Plans or similar policy oriented plans:

- City of San Jose
- City of Boulder
- StopWaste (Alameda County's waste reduction and recycling JPA)
- City of Portland

These agencies are all recognized leaders in developing successful waste reduction, recycling and related environmental programs. While the approaches, politics and values reflected in the adopted Long Range Plans of these agencies vary, they all share common policy goals and guiding principles in their Plans as summarized below:

- Waste Reduction and Recycling (Diversion) Goals
 - Look for opportunities to go beyond 75%
 - Utilize incentives to maximize participation
 - Focus on waste prevention
 - Consideration of new policy to change behavior
- Customer Service and Community Education
 - Convenient and user-friendly programs
 - Education to promote participation and sustainable behavior
 - Coordination of delivery of services
 - Government lead by example
- Cost Effective and Efficient Services
 - Partnerships
 - Rate equity and rate stability
 - Minimize cost impact to city(ies)
 - Minimize contract administration and enforcement cost
 - Address long term impacts
- Other Environmental and Regulatory Issues
 - Greenhouse gas emissions
 - Support product stewardship efforts
 - Worker safety
 - Aesthetics and litter issues
 - Public and environmental health
- Green Jobs and Economic Development
 - Invest in infrastructure
 - Long term economic impact to communities
 - Local business and job development
 - Market development with focus on implications of overseas markets and processing

SBWMA Policy Goals/Guiding Principles for Long Range Plan

Taking into consideration the common elements from the researched plans and past policy goals underlying major JPA initiatives (i.e., franchise services procurement, Shorerway facility procurement, and Shoreway masterplan), staff would like the Board to review and provide feedback on the following three draft policy goals in developing the Long Range Plan:

- **Maintain and Support an Economically Sustainable Solid Waste System**
 - Leverage existing infrastructure
 - Provide cost-effective and efficient programs
 - Maintain rate stability and predictability

- Incorporate economic incentives through:
 - Commodity revenue sharing
 - Rate structure improvements
 - Performance standards
- Promote economic development where feasible
- Ensure the highest and best use of recoverable materials and implications for end markets
- Support product stewardship policies and initiatives

- **Enhance Environmental Benefits to the Community**
 - Increase and maximize participation in programs and services to reuse and reduce waste
 - Reduce and mitigate landfill and other facility impacts
 - Reduce collection fleet and transfer trailer fleet emissions
 - Develop and sustain strategic community partnerships
 - Support local, state and national mandates
 - Promote behavior change through public education
 - Invest in new, safe technologies and processes for infrastructure

- **Provide High Quality and Convenient Programs and Services**
 - Ensure that program initiatives are convenient, accessible and appropriate
 - Provide incentives to participate in programs where feasible
 - Enhance public education to maximize participation
 - JPA Member Agency facilities and the Shoreway facility to serve as models for high diversion facilities

Background

Staff presented a report at the April 24, 2014 Board meeting outlining the process for developing a Long Range Plan for the next ten years to assist the Board of Directors with future decision-making on enhancements to the existing solid waste, recycling and organics collection and processing system for the SBWMA service area. The JPA's last Long Range Plan was drafted in 2002, then updated in 2005 and became the starting point for the development of the franchised collection services programs rolled out in January 2011. This also included a masterplan for the Shoreway Environmental Center and was the basis for the \$46 million in capital improvements completed between the fall of 2009 and the spring of 2011.

A Long Range Plan is needed to help the JPA in its decision-making process as it addresses the following critical issues, among others:

- Decision by the Member Agencies in 2017 to extend the term of their existing collection Franchise Agreements or proceed with a competitive procurement
- Future decision by the JPA whether to extend the terms of the Shoreway Operations Agreement or proceed with a competitive procurement
- Future expiration of the Ox Mountain Disposal Agreement on December 31, 2019
- Future expiration of disposal and processing agreements for HHW, C&D processing and source-separated organics (for composting) processing
- The State's 75% recycling goal by 2020

Fiscal Impact

The SBWMA FY1415 budget approved by the Board on June 26, 2014 includes \$232,500 for the development of a Long Range Plan. \$187,500 is earmarked for the Plan development and \$45,000 for research associated with the organics recovery project with Silicon Valley Clean Water (formerly SBSA).

Attachments:

Attachment A – Long Range Plan - Workplan



Development of a Long Range Plan for the SBWMA

BACKGROUND

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

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

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

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

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

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



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

JPA'S CORE VALUES AND STRATEGIC PRIORITIES

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

SBWMA Core Values

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

Our Strategic Priorities

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

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



PROPOSED PROJECT APPROACH

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

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

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

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

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



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

Collection Services

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

Processing Services

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

Public Education and Outreach

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

Policies, Contracts, and Governance

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



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

Facilities and Infrastructure

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



EVALUATION FRAMEWORK

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

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

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

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

City of San Jose Zero Waste Plan (November 2008)

- Excerpts directly from Plan

Evaluating Zero Waste

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

Increase Environmental Benefits to the Community

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

Improve Quality of Service

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

Support Local, State and National Mandates

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

Address Fiscal Impacts

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



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

- Excerpts directly from Plan

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

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

Potential waste reduction programs were evaluated using the following criteria:

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



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

- Excerpts directly from Plan

Overall Goals

This plan sets forth the following general goals:

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

General Policies

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

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

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

- Excerpts directly from Plan

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

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

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

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

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

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

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

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