

Bill Widmer – Council Report – April 15, 2015

SBWMA activities

Met several times with the executive committee as well as chaired the March Board meeting. This was a very important meeting as it was the first pass at the authority's new strategic plan. The plan will be refined over the next few months. The executive summary of the plan (attached to the email) will be distributed for your review. Should a more detailed examination of all the potential plan activities, the current and pending state and local regulations as well as other supporting documentation, then you should feel free to download the March document (216 pages) or the subsequent plan revisions from the SBWMA website. The March version is at <http://www.rethinkwaste.org/about/board-of-directors/board-meetings> and the document is the March agenda item 5A.

Of note is that the Atherton diversion far exceeds the 2020 State goals of 75%. Our current diversion is 84.1%, primarily due to the amount of organics being collected here (green carts). Overall residential diversion from the total SBWMA service areas is ~66.5%. Commercial (including Multi-family dwellings) diversion is only 31% providing a combined level of just under 50%. To assist in meeting our State goals, a new voluntary commercial reporting system has been put in place and that should aid in improving the visibility of what is actually being diverted. Additionally, the plan includes a 10.3M mixed waste processing facility, which is expected to increase diversion by 30% in the commercial areas.

Other significant projects supported by the CM and myself include the conversion of the truck fleet to CNG which will not only help the environment but is projected to save almost \$1M. Also a lighting change out should have similar impacts. Additional projects of note are facility improvements to process material from outside our area which help defray our overhead costs as well as continued funding of a project with Silicon Valley Water to process our organics into energy.

Projects which the Board is considering, but may not have the full support include introduction of split trucks (trucks which will pick up two different carts) as well as a change to pick up black carts only every other week. Both the CM and I do not support investing in these two areas for the following reasons. First split trucks, while eliminating one route per week on our streets, will actually increase costs as the trucks will have to return to the processing facility with a part of the truck in a less than full bin. These extra trips are what already have increased our costs here in Atherton with the large organics load we generate.

We similarly do not feel changing our pick up of black bins to every other week will benefit our jurisdiction. It will not save much if any costs as we initially explored this at the beginning of the contract and the potential savings were about 3% of our \$3M bill. Additionally this could result in many of our residents to migrate to larger carts which would actually raise their rates. While the reasons behind this would be to get more residents to recycle more is admirable, as one can see from the diversion figures above, the focus on improving our diversion is commercial side where the mixed use facility and new reporting should aid greatly.

Other projects note are facility improvements to process material from outside our area which help defray our overhead costs as well as continued funding of a project with Silicon Valley Water to process our organics into energy.

Should you have any comment or questions on this plan please let me know.

I also met with several residents on various topics, mostly park related. I also had a meeting with President Moran at Menlo College and met with the Lindenwood Home Owners Association, along with staff and Councilmember Lempres to discuss the encroachment policy change. There was a reasonable understanding of the need for this but the discussion was a bit spirited at times.



SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY 2015 DRAFT LONG RANGE PLAN



April 23, 2015

A. Executive Summary

Purpose and Use for the Long Range Plan

This draft Long Range Plan is the key deliverable for phase four of a five-phase effort to complete the JPA's first comprehensive long range plan since 2002. The last phase is the Board's approval of a final Plan. The Plan is really a blueprint 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 our service area of approximately 450,000 people in San Mateo County with a primary focus on the next five-year period.

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 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 and efficient collection and processing systems 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 SBWMA Board of Directors.

The Plan addresses policy, programmatic and infrastructure needs to meet the requirements of Assembly Bill (AB) 341 with its 75% statewide recycling goal by 2020 and more recent legislation such as AB 1826 and its mandatory commercial organics recycling provisions. The Plan also includes recommendations for operational improvements affecting collection and Shoreway operations with a goal of improved efficiency, cost savings and environmental improvements.

The Plan in and of itself is not a decision-making tool for future decisions by Member Agencies in 2017 to extend or not the term of their existing Franchise Agreements with Recology San Mateo County and other critical contractual decisions such as:

- Future decision by the JPA whether or not to extend the term of the Shoreway Operations Agreement with South Bay Recycling (SBR)
- Future expiration after 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

There are recommendations in this draft Plan that do affect the future scope of work for the Franchise Agreements and Shoreway Operations Agreement but staff will outline separate processes in the coming months for how the JPA and Member Agencies can successfully prepare for and execute on the critical contractual decisions related to the Franchise Agreements.

The Plan provides final recommendations with decision-making timelines and estimated costs, both one-time and ongoing, and capital requirements. Preliminary collection cost impacts are noted as appropriate, but more detailed analysis will be required in the future.

In assessing and evaluating potential enhancements to the existing recycling and solid waste collection and processing system the key guiding principles applied were:

- Meeting the State's 75% recycling goal by 2020
- Leveraging existing infrastructure and investments
- Programs that address any existing service voids or deficiencies
- Cost-effective and efficient programs

More specific to the existing Shoreway Environmental Center infrastructure not only was there a focus on achieving cost effective waste diversion but also identifying enhancements that would improve the efficiency of facility operations, and customer and worker experience and safety.

There were also specific enhancements developed through collaboration with Recology including two operational improvements: conversion of the existing collection fleet from using 5% biodiesel to a future fleet that runs on compressed natural gas (CNG), and potential use of split-body (two-compartment) collection vehicles to service residential customers.

Staff also worked closely with Recology to develop future measured diversion forecasts associated with existing commercial recycling and organics outreach efforts, notably to address the mandatory commercial organics requirements of Assembly Bill (AB) 1826 which take effect in April 2016.

Collection Programs and Policies

In order to identify opportunities for enhancing existing programs and services, specific program metrics were reviewed such as sector (e.g., residential, commercial, etc.) specific diversion rates, customer participation rates, and an analysis of the types of materials (i.e., waste composition) that are being disposed. Staff's review of the program metrics resulted in the following findings:

- While we have a relatively high residential diversion rate of 66.5%, there remains opportunity to further increase participation and setout rates to divert more materials in a cost effective manner.
- The continued drought has contributed to an annual reduction in residential compost set-out participation levels.
- The overall diversion rate has remained stable and while still below 50%, it will likely increase once the data obtained through implementing the commercial recycling reporting Ordinance is included.
- Multi-family continues as a unique challenge and opportunity for diversion improvement especially due to this sector's high rate of disposal of both recycling and compost materials.
- The commercial sector contributes the largest percentage by sector of garbage and approximately half of the recycling and compost materials targeted for recycling are recovered through the BizSMART program. Therefore, while the extent of improvement in recycling and compost collection services remains unknown until more non-franchise recycling data is obtained from this sector, there appears to be considerable room for improvement in existing recycling and compost collection services.
- Public education and outreach is critically connected to the success of all the programs and affects participation and diversion rates.
- Public education and outreach spending has declined to an ongoing maintenance level and new, targeted outreach spending is needed to address both the residential and commercial sectors.

Shoreway Processing and Transfer Infrastructure

Staff's review of waste diversion options at Shoreway was focused primarily on a review of waste composition data at the Transfer Station to determine the potential for additional materials recovery. Such waste composition data was projected into future years as part of our measured diversion forecast to identify actual disposed tons available for "back-end" (i.e., after source separation collection programs at homes and businesses) recovery at the Transfer Station. Significant quantities of organics and to a lesser extent recyclable materials were identified for recovery. Such a "back-end" recovery effort has the benefit of not impacting or requiring changes to the existing collection system; the existing source separation collection programs for solid waste, recycling and organics will remain in place.

Significant effort also went into identifying specific infrastructure enhancements that would be needed to support potential collection program enhancements such as the future use of CNG collection vehicles. A new CNG facility may be required to be built at Shoreway along with closeout of the existing diesel fuel storage and dispensing system. Staff will continue to evaluate other potential sources of CNG fuel to supplement or replace the need for an onsite CNG system. The Shoreway facility remains the most logical place for a future CNG fueling facility as this is where the collection fleet is based; having to fuel somewhere offsite will add collection expense as some vehicles will have to go "off route" to fuel.

Due to the JPA's interest in having office and public meeting space at Shoreway, several options were explored as part of this Plan. Such options to some extent are impacted by other Shoreway enhancements (i.e., Transfer Station building improvements) identified, though potentially there is a very cost effective solution in terms of creating office space (not meeting space) through remodeling the 2nd floor of the Recology administrative building.

Recommendations and Next Steps

Table 1.1 on the next page summarizes all of the recommendations for Board consideration. The recommendations are broken out into collection related operational improvements, programs/services enhancements; policy initiatives; and Shoreway infrastructure improvements. Cost estimates associated with the recommendations are current year estimates and preliminary collection cost impacts are provided namely for the CNG project and mixed waste processing in the Transfer Station; additional collection rate analysis will be required in the future.

Finally, it is critical to understand that the Long Range Plan is really a “blueprint” for future Board actions related to increasing measured diversion, and driving operational improvements. As outlined on the following pages there are a number of decisions that flow from the recommendations in **Table 1.1**.

As shown in **Table 1.1**, implementing the recommendations will increase measured diversion from our forecasted baseline of **54.35% in 2020 to an estimated 67.73% in 2020**. These figures do not include any diversion data as a result of the implementation of the Commercial Recycling Reporting Ordinance as the first required reports per the Ordinance are not due until May 1, 2015. When this data becomes available and is reviewed by staff an updated diversion forecast will be prepared which will likely put us even closer to the State’s 75% diversion goal by 2020.

Table 1.1: Summary of Recommendations for Policies, Program and Shoreway Infrastructure Enhancements

Name/Title	Recommendation	Project Benefits
Collection Operational Improvement:		
CNG Fleet Conversion Project	The franchised service provider collection fleet to run on CNG effective 1/1/21 (assumed start of new Franchise Agreements). Recology to include this assumption in their proposal for an extension of their existing Franchise Agreements in 2017.	<ul style="list-style-type: none"> • Net collection ops. cost savings of \$992,960/year starting in 2021 • Approximately 20%-23% reduction in greenhouse gas emissions • Estimated collection rate reduction of 1.0%
SFD Split-Body Collection Vehicle Pilot Project	Conduct pilot project in FY1516 to study routing efficiencies using split-body (two- compartment) collection vehicles over two four-week pilot periods between September and November 2015. Recology proposes to conduct first pilot in Menlo Park and the other in Burlingame and adjoining County pockets. Approximately 8,000 homes per week (two routes) effected during each pilot period.	<ul style="list-style-type: none"> • Pilot project to assess potential routing efficiencies to determine if this type of collection vehicle can be cost effectively deployed in the future in our service area
Collection Program/Service Enhancement:		
SFD Every Other Week Garbage Collection Pilot Project	<p>Conduct a pilot project in FY1516 to study the cost effectiveness of collecting garbage every other week. Pilot details not final but assumes would cover approximately 8,000 homes (two routes) over a three month period.</p> <p>Pilot would have to be approved by the County LEA which enforces State solid waste and related laws and regulations.</p>	<ul style="list-style-type: none"> • Potentially significant increase in diversion • Potential cost savings from reduced collection routes • Potential reduction in greenhouse gas and other harmful vehicle emissions <p>Note: Pilot project results to be evaluated to determine if this change in residential service levels and routing are to be included in the future Franchise Agreements. A solid waste rate study would need to be completed to assess this option and others for future consideration in the Franchise Agreements.</p>
Commercial Recycling Outreach Program Project	Modify Recology's current reporting requirements to implement a Commercial Subscription and Participation Compliance Status Report for use in setting outreach priorities and tracking progress to diversion goals. Couple this change with enhanced commercial public education and outreach efforts. Project to be implemented in FY1516.	<ul style="list-style-type: none"> • Supports Recology's efforts to achieve the forecasted commercial diversion shown in Table 2.1 and Table 2.2A • Establish clear diversion targets for collection services contractor • Increase return on investment in franchised commercial outreach program
Public Spaces Recycling Pilot Program	Implement model public spaces recycling collection in a downtown area and a park setting. Goal is to develop a more uniform approach across the Member Agencies that complements the existing residential and commercial recycling and organics collection services. Project to be implemented in FY1415 and FY1516.	<ul style="list-style-type: none"> • Increased diversion from the commercial sector (public spaces) • Reduce litter • Expand opportunities to engage public in recycling and reinforce messaging

<u>Name/Title</u>	<u>Recommendation</u>	<u>Project Benefits</u>
<p>Enhanced Residential Public Education and Outreach Pilot Program</p>	<p>Conduct a pilot program focusing on cost-effective, measurable dedicated campaigns service-area wide and for specific Member Agencies with lower diversion rates. Pilot to be conducted in FY1617.</p>	<ul style="list-style-type: none"> • Increase in residential recycling and organic materials: 2.5% in 2018, 5% in 2019, and 2% in 2020 resulting in 2,490 tons of new diversion • Forecasted increase in residential diversion from 66.59% in 2015 to 68.22% in 2020 per Table 2.2A • New diverted tons in 2018-2020 produce avoided disposal cost savings of \$156,300 • Low cost per divided ton of approximately \$28/ton
Policy Initiative:		
<p>EPR Policy Framework</p>	<p>Establish a framework for Board consideration to facilitate supporting EPR legislation and policy. Implement in FY1516.</p>	<ul style="list-style-type: none"> • Provides SBWMA the opportunity to become engaged in State-wide efforts to enact EPR related policy • Requires product manufacturers to take financial responsibility for collection, recycling and disposal of their products • Provides incentive for manufacturers to design products for recyclability and with reduced toxicity • Reduces cost to ratepayers for proper handling, recycling and disposal of various product types
Shoreway Infrastructure Enhancement:		
<p>Mixed Waste Processing in Transfer Station</p>	<p>Installation of a mixed waste processing system located in an expanded footprint in the existing Transfer Station. System to recover recyclables and organics from residential and commercial waste delivered to the Transfer Station by Recology collection vehicles. Recyclables to be processed further at existing onsite MRF. Organics to be transferred to SVCW for digestion and energy production. System can also process, at a projected expense less than existing organics processing, source separated organics from Recology franchised collection programs. System operational in 2018.</p>	<ul style="list-style-type: none"> • Significant diversion potential of 49,591 tons/year starting in 2018 • Increases overall measured diversion from 51.94% in 2017 to 67.73% in 2020 per Table 2.2B • Estimate collection rate increase of 1.9% for base case scenario; drops to 1.5% if assume 20% increase in landfill disposal costs in 2020 • Low cost per diverted ton at \$38.42/ton for base-case scenario (small TS expansion with fiber recovery) • Leverages existing infrastructure at SVCW to reduce the project capital costs • Reduction of greenhouse gasses through recovery of green energy from waste and reduced landfilling • Viable project for State grant funding

Name/Title	Recommendation	Project Benefits
<p>Shoreway Transfer Station Building Improvements</p>	<p>Expand Transfer Station footprint to accommodate a mixed waste processing system. Two Transfer Station expansion scenarios: small expansion of 4,400 sq. ft. or large expansion of 12,000 sq. ft. Small expansion would not provide for new office and public meeting space. Large expansion would require demolition of Recology Administration building and construction of new Administration building. Large expansion would allow for new office and public meeting space as described further below.</p>	<ul style="list-style-type: none"> • See Mixed Waste Processing in Transfer Station project benefits on previous page
<p>SBWMA Administrative Offices and Public Meeting Space</p>	<p>Pursue one of three options to provide for onsite (at Shoreway) SBWMA office space and new public meeting space (e.g., for Board meetings, seasonal workshops and other public needs). There are three options for SBWMA office space with two of the options also providing public meeting space.</p> <p>Option 1 would be to remodel 3,000 sq. ft. of space on the second floor of Recology Administration Building; this option does not provide for public meeting space. Option 1 is possible if do small Transfer Station expansion. Option 2 would consist of constructing a new two-story building in the existing visitor parking lot. The first floor would be a parking garage and the second floor will be split between office space and public meeting space totaling 5,614 sq. ft. Option 3 would be associated with the large Transfer Station expansion scenario. Office space and public meeting space would be housed in a two-story building adjacent to the Transfer Station. Both floors would be approx. 3,000 sq. ft.</p> <p><u>Staff recommends that no decision be made on these improvements until a final decision is made on the mixed waste processing project and related Transfer Station building improvements.</u></p>	<ul style="list-style-type: none"> • All options would provide for SBWMA office space and thus save approx. \$60,000 per year in office lease costs; these annual cost savings would exceed the new depreciation expense for the required building improvements • Options 2 and 3 would provide for public meeting space for Board meetings and other public meetings and onsite public events
<p>MRF Single Stream Processing Equipment Replacement</p>	<p>No recommended change to existing Board policy or direction. Staff to include a forecast for MRF equipment replacement in the FY1516 budget; the budget will include a rolling five-year capital budget. Existing cash reserves include an equipment replacement reserve fund to pay for such equipment replacement.</p>	<p>N/A</p>

Name/Title	Recommendation	Project Benefits
MRF Building Tipping Area Expansion	This is existing identified and budgeted project to construct MRF canopy to expand tipping area for collection vehicles to unload recyclables. Project required to for 3 rd party tonnage into MRF. FY1415 budget of \$450,000. Current project construction estimate of \$438,741.	N/A
CNG Fueling System at Shoreway	Installation of a CNG fueling system at Shoreway in 2020 to support future fuel needs for collection fleet. Would also involve the closeout of the existing UST system. Would add one new AST for diesel for SBR transfer trailers.	<ul style="list-style-type: none"> • Supports conversion of the collection fleet to CNG with significant operational cost savings • Eliminates future potential groundwater contamination at Shoreway from fueling operations • Assumes onsite fueling station capitalized by a 3rd party
Other Shoreway Infrastructure Improvements	<p>Site Paving No recommended change to existing Board policy or direction. Staff to include a forecast for site paving costs in capital spending portion of FY1516 budget.</p> <p>New LED Lighting LED lighting retrofit in the MRF, Transfer Station and Recology maintenance shops.</p>	<ul style="list-style-type: none"> • Extend life of pavement in the corp. yard area used by Recology. • Estimated collection rate impact of 0.2% • Power cost savings after 1.3 year payback period • Improved interior lighting for safer environment • Estimated collection rate savings of 0.2%
Environmental Education Center and Tour Program Enhancements	Conduct a stakeholder engagement process in FY1516 to determine what additional components can be added to our existing environmental educational efforts with a focus on increasing recycling and composting efforts at schools in our service area. RethinkWaste is only minimally engaged in school or community based environmental education outside of the existing tour program.	<ul style="list-style-type: none"> • Complements existing RethinkWaste recycling outreach efforts to residents and businesses • Engages local educators to identify synergies to maximize effectiveness of new programs • Enhances return on investment in broader outreach campaigns

Timeline and Cost Projections Associated with Future Decisions by SBWMA Board and/or Member Agencies

In order to implement the recommendations outlined in **Table 1.1**, the following decisions by year will be requested of the SBWMA Board and/or Member Agencies.

Timeline

2015

- **SFD Split-body Collection Vehicle Pilot Project** – SBWMA Board decides whether to include one-time expenses of \$16,391 in FY1516 budget. Board also provides direction to Recology as to whether to include one-time expenses of \$55,422 in their 2016 Compensation application submitted in June.
- **SFD Every Other Week Garbage Collection Pilot Project** – SBWMA Board decides whether to include one-time expenses of \$119,200 in FY1516 budget. No impact on 2015 or 2016 Recology compensation.
- **Commercial Recycling Outreach Program Project** – SBWMA Board decides whether to include one-time expenses of \$50,000 - \$60,000 in FY1516 budget. No impact on 2015 or 2016 Recology compensation.
- **Public Spaces Recycling Pilot Program** – SBWMA Board decides whether to include one-time expenses of \$11,000 in FY1516 budget. No impact on 2015 or 2016 Recology compensation.
- **EPR Policy Framework** – SBWMA Board decides whether to adopt an EPR Policy Framework.
- **Mixed Waste Processing in the Transfer Station** – SBWMA Board decides whether to include one-time project development expenses of \$183,000 in FY1516 budget. No impact on 2015 or 2016 contractor compensation.
- **SBWMA Administrative Offices and Public Meeting Space** – SBWMA Board decides whether to include \$25,000 in one-time costs in FY1516 budget to further refine building cost estimates. Board could also decide to move forward on Option 1 (\$275,000) to remodel the upstairs portion of the Recology Administration building or Option 2 (\$3.33 million) to build a new two-story building in the visitors parking lot. Staff recommends that no decision be made on these improvements until a final decision is made on the mixed waste processing project and related Transfer Station building improvements.
- **MRF Single Stream Processing Equipment Replacement** – SBWMA Board will adopt annual budget with five-year capital spending plan (plan updated each year for a rolling five-year period). Sufficient cash reserves already in place for forecasted equipment replacement needs.
- **MRF Building Tipping Area Expansion** – SBWMA Board considers approval of construction contract award in April or May 2015. Capital line item already included in adopted FY1415 budget.
- **Site Paving** – SBWMA Board approval of FY1516 budget with five-year capital spending plan to include site paving needs.
- **New LED Lighting** – SBWMA Board will decide whether to approve or not inclusion of the estimated \$274,000 in the FY1516 capital budget.
- **Environmental Education Center and Tour Program Enhancements** – SBWMA Board decides whether to include \$25,000 in one-time costs in FY1516 budget to complete stakeholder engagement process.

2016

- **CNG Fleet Conversion Project** - SBWMA and Member Agencies decide if CNG fleet to be included in future scope of work for Franchise Agreements (2017 decision by Member Agencies whether to extend or not current Recology Franchise Agreements beyond 12/31/20).
- **SFD Split-body Collection Vehicle Pilot Project** – Based on pilot project results, SBWMA and Member Agencies decide if split-body vehicles to be included in future scope of work for Franchise Agreements.

- **SFD Every Other Week (EOW) Garbage Collection Pilot Project** – Based on pilot project results, SBWMA and Member Agencies decide if EOW solid waste collection to be included in future scope of work for Franchise Agreements.
- **Commercial Recycling Outreach Program Project** – Based on outreach pilot project results, SBWMA Board decides if expanded commercial outreach should be continued.
- **Public Spaces Recycling Pilot Program** – Based on pilot project results, SBWMA and Member Agencies decide if there is to be a full scale rollout across service area; could impact SBWMA FY1617 budget and Recology 2017 compensation.
- **Enhanced Residential Public Education and Outreach Pilot Program** – SBWMA Board decides whether to include one-time expenses of \$175,000 in FY1617 budget and \$25,000 in FY1718 and FY1819 budgets. No impact on 2016 or 2017 Recology compensation.
- **Mixed Waste Processing in the Transfer Station** – SBWMA Board makes decision on project based on updated project financial proforma. If decision is to implement, then would initiate project design and permitting in 2016 and develop plan of finance. Capital costs in FY1617- FY1718 budgets. Would also negotiate updated MOU with SVCW for Board consideration.

The above decision would also relate to the associated Transfer Station building improvements required to accommodate the new mixed waste processing system.

- **SBWMA Administrative Offices and Public Meeting Space** – The above decisions may effect which option, if any, the Board chooses for new SBWMA office space and public meeting space at the Shoreway Environmental Center.
- **Environmental Education Center and Tour Program Enhancements** - When staff completes the stakeholder engagement process then recommendations will come back to the Board for consideration for FY1617 budget.

2017

- **Enhanced Residential Public Education and Outreach Pilot Program** – Based on pilot project results, SBWMA Board decides if ongoing enhanced outreach effort is to be continued.
- **Mixed Waste Processing in the Transfer Station** – Board approval of construction contract award for building improvements and purchase of processing equipment. Negotiate Operations Agreement amendment for SBR compensation to operate new processing system; such amendments require approval of the SBWMA Board and separate approval by two-thirds (at least 8 of the 12) of the Member Agencies.

The above decision would also relate to the associated Transfer Station building improvements required to accommodate the new mixed waste processing system.

If issuance of new debt is needed to finance the project then this will require SBWMA Board approval and separate approval by two-thirds (at least 8 of the 12) of the Member Agencies.

2018/2019

- **CNG Fueling System** – SBWMA Board approval of Shoreway project expenses for site improvements, including closeout of USTs, installation of new AST, and site improvements required for new CNG fueling system. Current estimate of \$1.375 million to \$1.8 million with \$1.24 million in Shoreway remediation funds available to help offset costs.

2021

- **Mandatory Residential and Commercial Recycling Ordinance** – Analyze programmatic efforts through 2020 to determine measured diversion rate and progress towards State goal of 75%. If still short of goal then the SBWMA Board may decide to approve new policy tools.
- **Organic Materials (Green Waste and Food Scraps) Disposal Ban** – Analyze programmatic efforts through 2020 to determine measured diversion rate and progress towards State goal of 75%. If still short of goal then the SBWMA Board may decide to approve new policy tools.

Cost Projections

Table 1.2 summarizes the preliminary collection rate impact analysis for a number of the projects with an overall collection rate impact of **0.9%** (in today’s dollars).

Table 1.2: Collection Rate Impact

LRP PROJECTS	Life (yrs.)	Annual Financial Impact - Positive / (Negative)	Collection Rate Impact	
CNG Collection Fleet Conversion	10	\$992,960	-1.0%	rate reduction
Mixed Waste Processing (\$13.5M)	10 - 30	(\$1,905,487)	1.9%	rate increase
SBWMA Admin. Offices Option #1 (\$275k)	10	\$32,500	0.0%	rate reduction
Shoreway - Paving (\$2M)	10	(\$200,000)	0.2%	rate increase
Shoreway - LED Lighting Improvements (\$274K)	10	\$181,600	-0.2%	rate reduction
TOTAL BASE CASE RATE IMPACT			0.9%	

Table 1.3 shows actual projected costs by fiscal year for the recommended projects. Existing cash is available to fund about \$4.24 million of the \$15.2-15.6 million in projected capital projects; \$3 million in existing cash could be used to fund the FY1718 capital needs (i.e., Recology admin. building remodel and Transfer Station building improvements) and the FY1920 capital (i.e., CNG fueling operation and USTs closeout) project with the unfunded needs of approximately \$11 million in FY1819 for the mixed waste processing equipment.

Table 1.3: Projected Costs by Fiscal Year

	FY1516	FY1617	FY1718	FY1819	FY1920
Operating Expense	\$439,591	\$175,000	\$25,000	\$25,000	
Other Expenses	\$55,422 ¹				
Capital Expenses ²	\$274,000		\$2,807,200	\$10,984,859	\$1,375,000 - \$1,800,000
Subtotal:	\$713,591	\$175,000	\$2,832,200	\$11,009,859	\$1,375,000 - \$1,800,000

¹ Recology collection expense

² Currently available cash to fund capital projects includes approximately \$3 million in undesignated cash reserves and \$1.24 million in Shoreway remediation fund monies.

In the upcoming fiscal year (FY1516) there are a number of recommendations for one-time expenditures to support implementation of pilot projects, and complete additional technical and financial analysis of the mixed waste processing system, including building improvements.

For FY1516, the projected spending from the operating expense budget totals \$439,591 with \$206,591 for collection related programs and outreach, and \$233,000 related to Shoreway operations. \$274,000 is also recommended as a capital expense to retrofit large lighting fixtures in the MRF, Transfer Station, and Recology maintenance shop with high efficiency LED lights. A \$55,422 adjustment is also recommended to Recology's 2016 compensation to cover costs associated with the split-body collection vehicle pilot project.

\$175,000 is recommended to be included in the FY1617 operating budget to complete a residential outreach pilot to measure potential enhancements to diversion levels. Future residential diversion increases are assumed starting in calendar year 2018 based on increased outreach spending, with additional spending estimate at \$25,000 in FY1718 and FY1819.

Based on the results of the various pilots conducted in 2015 and 2016, there will be follow-up SBWMA Board and/or Member Agency decisions in 2016, 2017 and 2018 regarding full-scale rollout of programs and services (e.g., enhanced public education and outreach, Public Spaces recycling, etc.) and future franchised collection service operations (e.g., use of split-body collection vehicles and EOW solid waste collection). Notably, any changes to collection service operations would need to be analyzed from a rate perspective along with any other changes proposed by Recology and/or recommended by the SBWMA Board and Member Agencies.

Major decisions on the Shoreway facility capital improvements are assumed to occur in 2016 for the mixed waste processing system and related Transfer Station building expansion. Currently, the assumed base-case project would involve spending \$13.51 million, with \$2.53 million for a small expansion of the Transfer Station and \$10.58 million for processing equipment. Project funding sources could include the use of current undesignated cash reserves estimated at \$3.9 million (FY1415 mid-year budget document), new incremental undesignated cash reserves resulting from tipping fee increases at Shoreway, State grant funding, and new debt (bank loan, bonds, etc.) An analysis of tipping fees and other aspects of the Shoreway operations budget would need to be completed as part of any Board decision-making process for this project.

The above decisions related to the mixed waste processing project will also effect potential options related to the development of SBWMA office space and public meeting space at Shoreway. The SBWMA currently spends approximately \$60,000 per year to lease office space, and the Board Chair and Vice Chair requested an analysis of alternatives be included in the Long Range Plan. Three options are presented with a cost range of \$275,000 (to remodel the upstairs portion of the Recology Administration building) to \$3.33 million (to build a new two-story building in the visitors parking lot). Another option at a cost of \$977,550 would be tied to the large expansion option for the Transfer Station. The lowest cost of \$275,000 provides for SBWMA office space, but no provision for public meeting space; if this option was pursued, however, an offsite location would need to be secured for Board meetings. The next lowest cost option at \$977,750 provides office and meeting space and is tied to a much more expensive (i.e., \$9.9 million higher) Transfer Station expansion scenario that is not the preferred option for the mixed waste processing project. The preferred alternative would be the \$3.3 million option that provides for both SBWMA office space and public meeting space on a long-term basis.

Finally, in 2019 the Board would face decisions around capital expenditures to support installation of a new CNG fueling system at Shoreway. Fortunately, the current estimated project costs of \$1.38 - \$1.8 million would largely be

covered by an existing source of funds; \$1.24 million is currently available in a Shoreway remediation fund. Further, the net project costs would be more than offset by the annual franchised collection services operational savings identified at approximately \$1 million per year starting in 2021.