

City of Burlingame Presentation

February 2, 2009



RethinkWaste

South Bayside Waste Management Authority

Presentation Overview

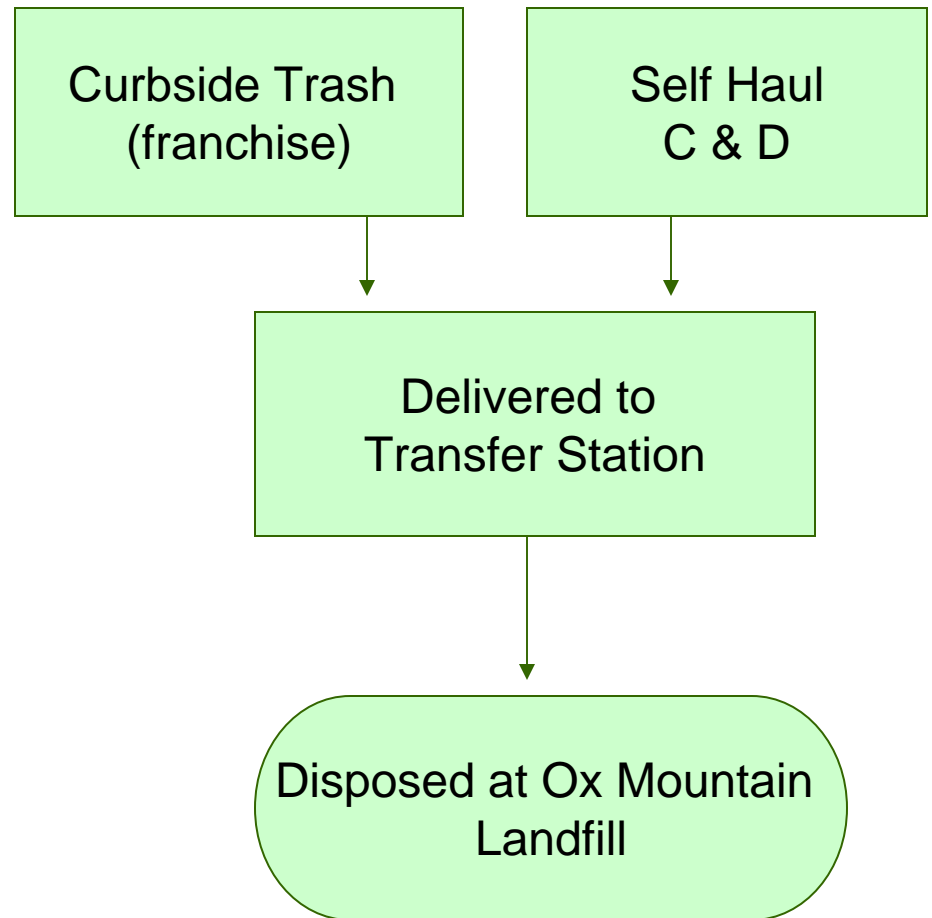
- History and purpose of SBWMA
- Agency staffing and programs
- RFP processes
- Overarching issues

Brief History of SBWMA

- South Bayside Transfer Station Authority (SBTSA) founded in 1982.
- Organized to support Browning Ferris Industries (BFI) building San Carlos Transfer Station.
 - Facility opened 1984.
 - 20-year contract included 17% operating ratio (profit) for BFI. Option to later purchase facility.
 - Jointly administer 12 uniform franchise agreements.

Why Did We Need a Transfer Station

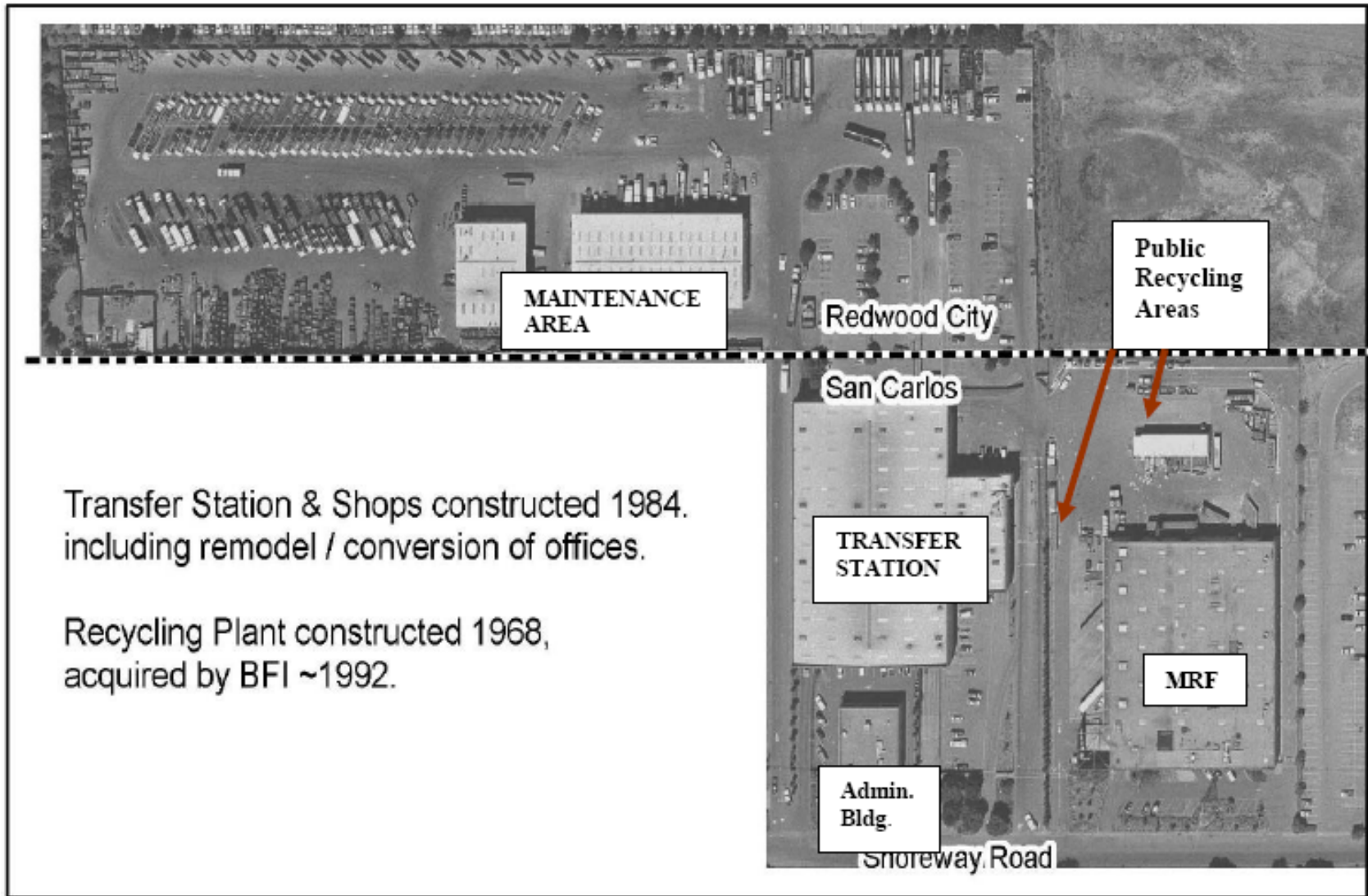
- Reduce travel time
 - Reduces costs (labor/trucks)
 - Provides benefit to local contractors
 - Reduces emissions
- Ensure local facility available into future
 - Ox Mountain Landfill Closure



AB939 (1989)

- Recycling law requires diversion of waste from the landfill
 - Requires every California jurisdiction to divert 25% by 1995 and 50% by 2000
 - SBWMA begins work with BFI to develop curbside recycling programs

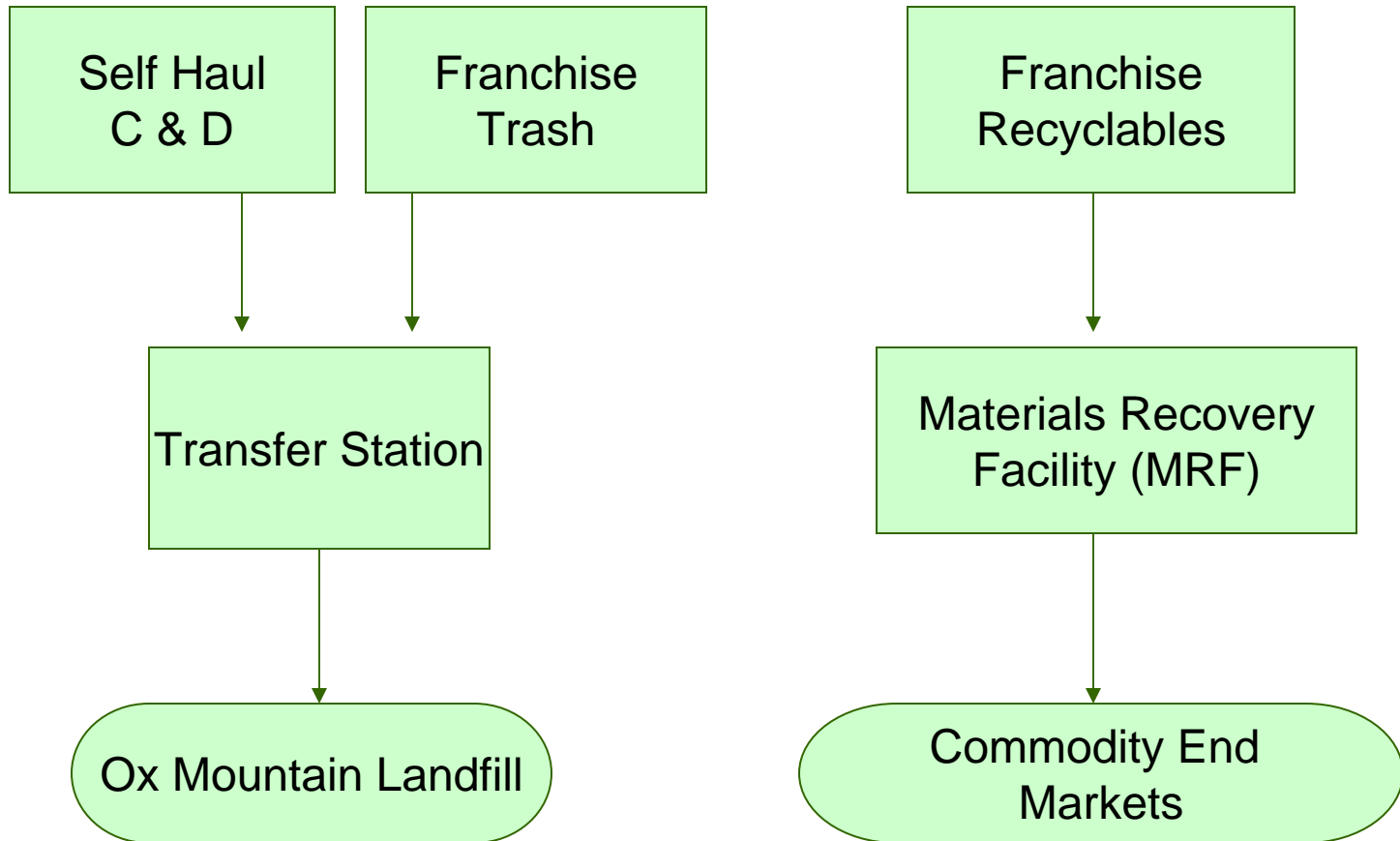
1992 MRF Acquired (by BFI)



Transfer Station & Shops constructed 1984,
including remodel / conversion of offices.

Recycling Plant constructed 1968,
acquired by BFI ~1992.

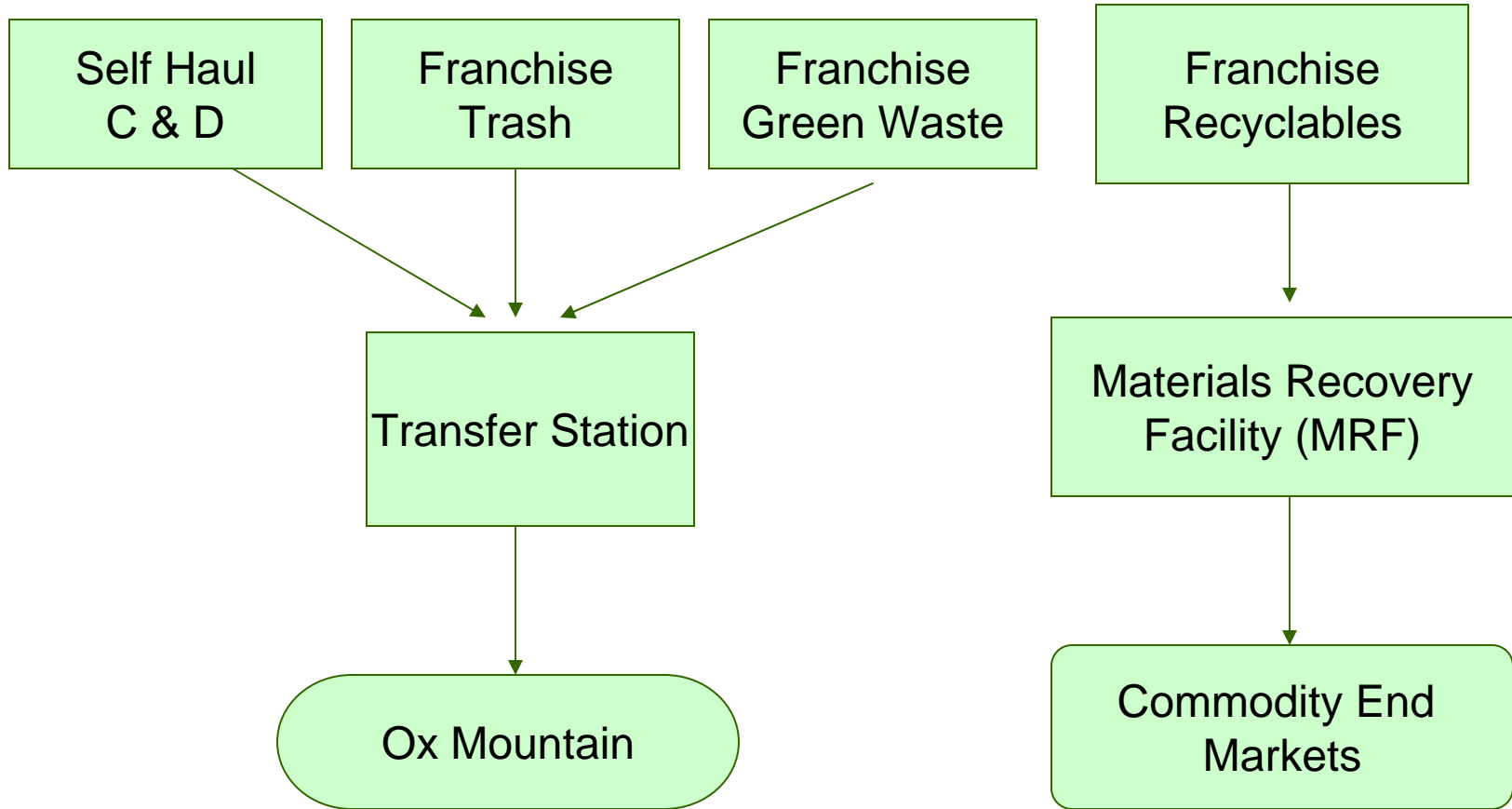
Shoreway Recycling and Disposal Center



Milestones - 1996

- Green waste program introduced
 - Improves residential diversion
- Recycling manager hired

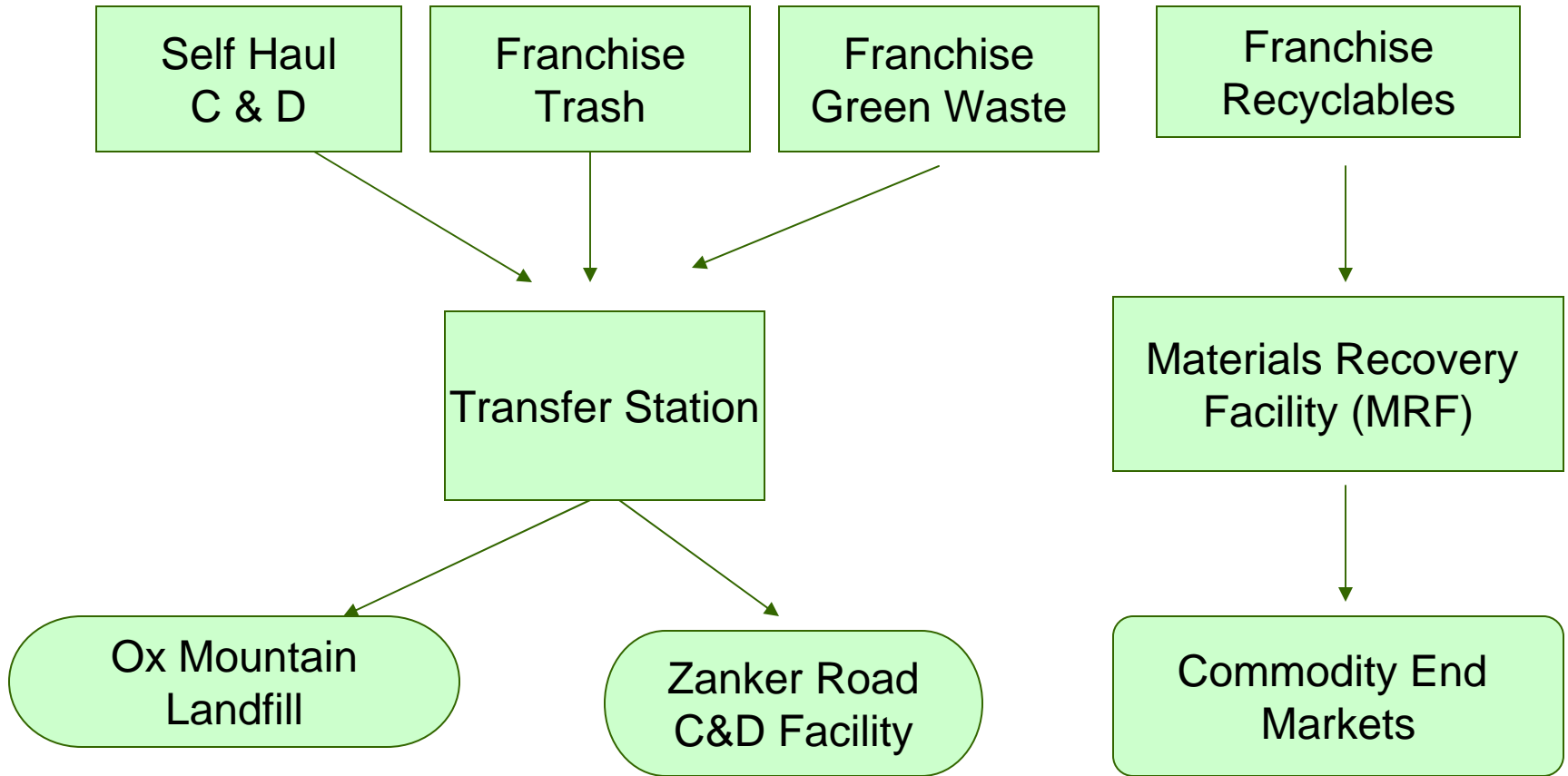
Shoreway Recycling and Disposal Center



Milestones - 1998

- Most agencies meet 25% diversion goal
- Recycling coordinator hired to address multi-family and commercial diversion issues
- Consultant support expanding
 - ESA/EDAW AB 939 reporting
 - Gigantic Ideas Studio for outreach support
 - HF&H contract compliance

SBWMA Increasing Diversion



Milestones - 1999

- SBTSA issues first bond \$20 million to purchase Transfer Station, Recyclery and adjoining parking area
 - Reduces BFI's operating ratio (profit) to 9%
- New JPA agreement revised to reflect bond issue and public ownership of facility
- Allied Waste acquires BFI

Shoreway Recycling and Disposal Center

- Ownership

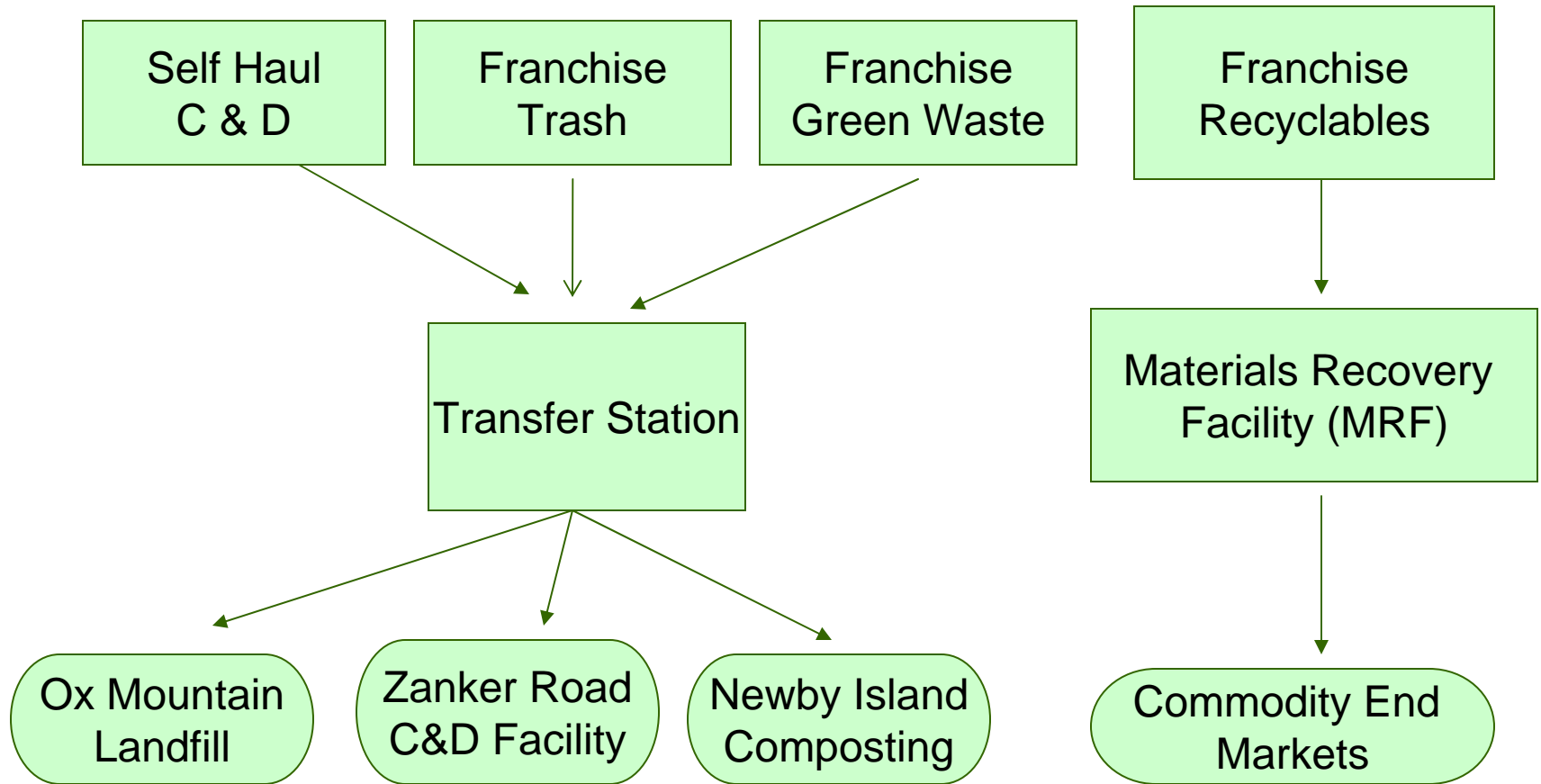
- Responsible for maintenance and repairs to buildings and equipment
- Own the recycling sorting equipment
- Hired outside consultant, ESA, to assist with monitoring facility and executing projects
- Complexity of finances increases

Milestones – 2001

SBWMA Reduces Costs

- Negotiates green waste agreement
 - Higher and better use of green waste
 - Preserve landfill space
 - Reduce greenhouse gas emissions
 - Saved \$900,000+ annually in tipping fees

More Complex Shoreway Operations



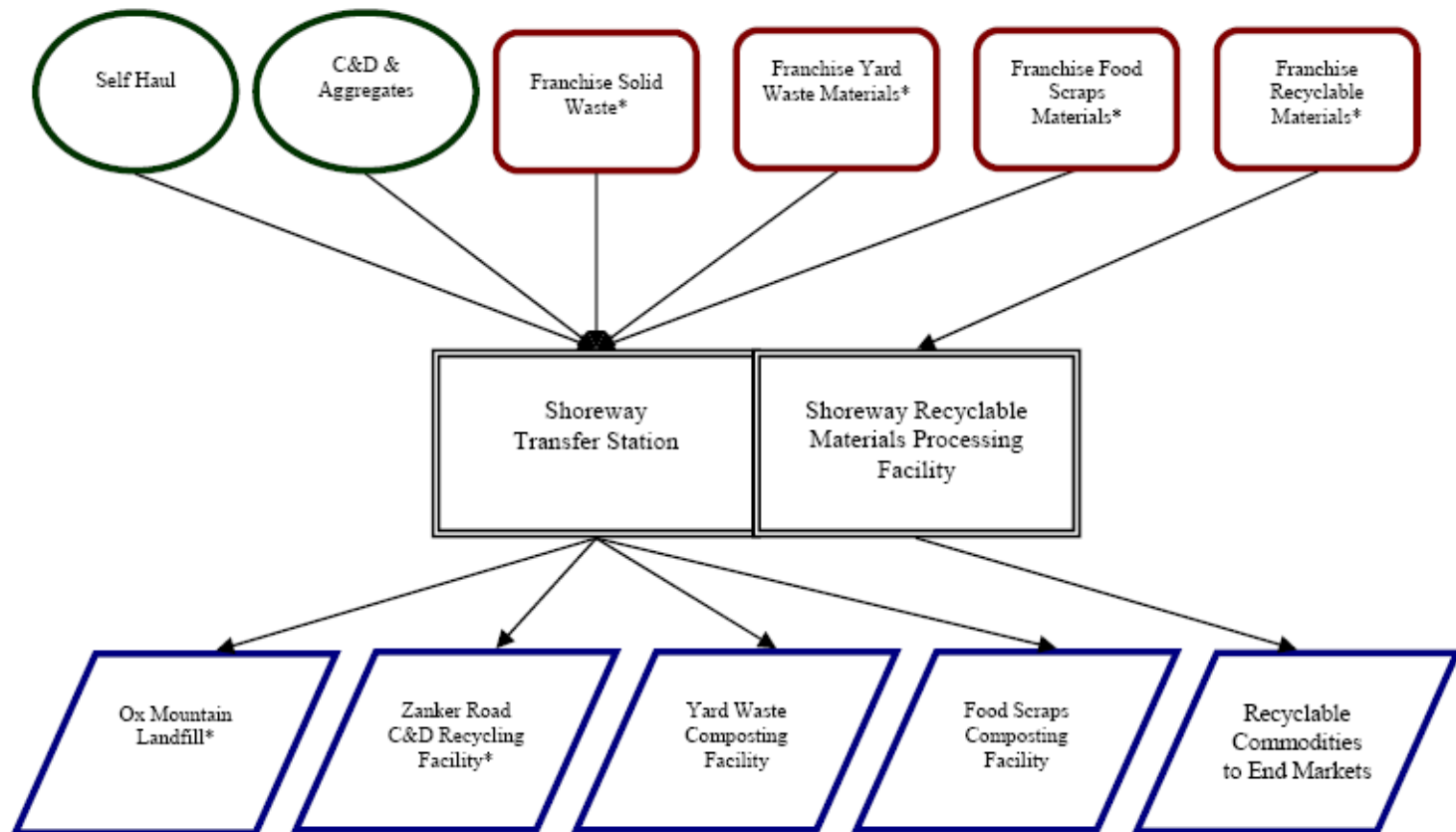
Milestones – 2004

Commercial Organics Program

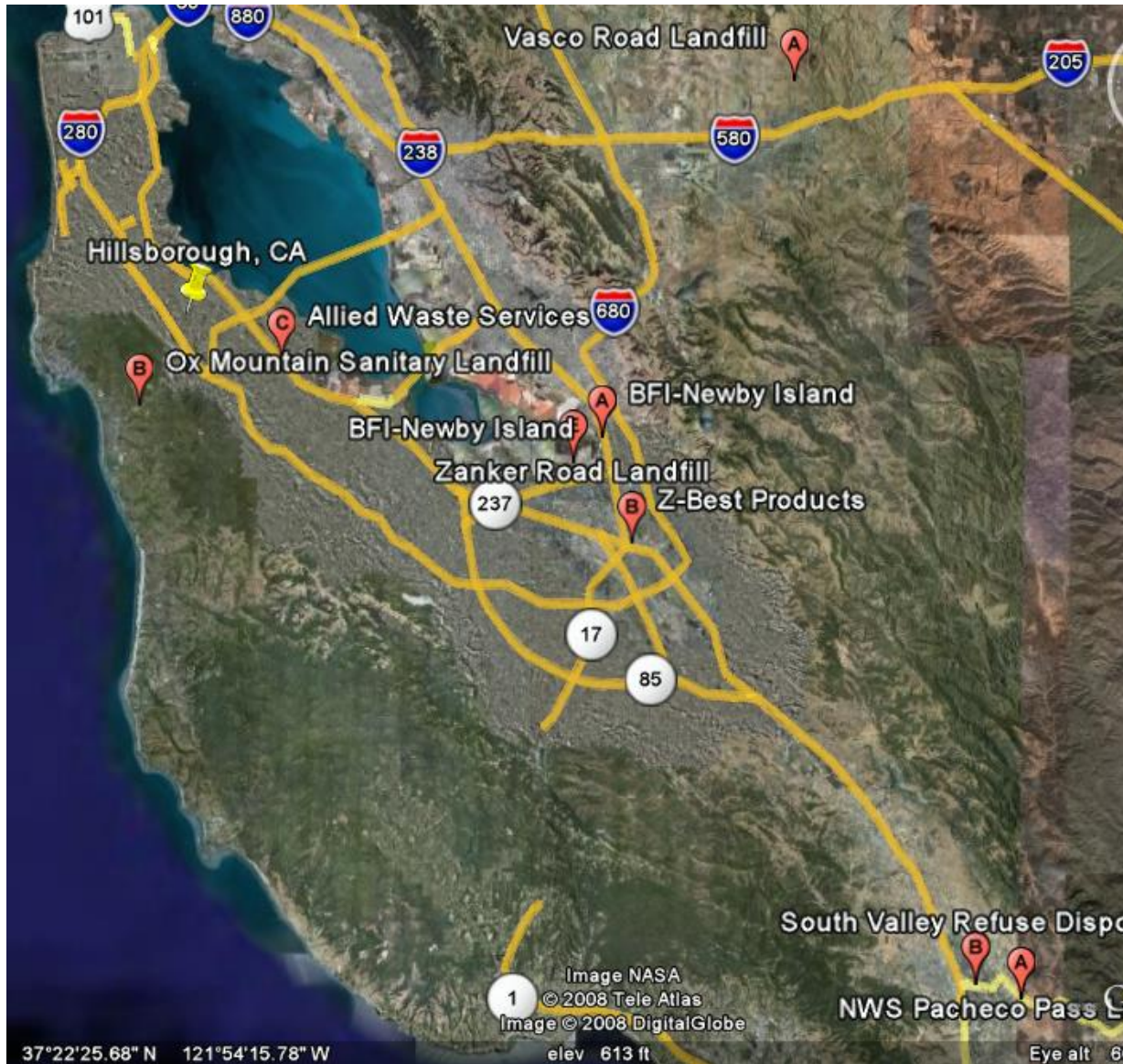
- Introduced to capture food waste stream from businesses
- Offered to restaurants, hotels, supermarkets, schools
- Requires extensive outreach/training
 - SBWMA hires consultants, ESA/Applied Composting, to assist businesses

Shoreway Recycling and Disposal Center

FIGURE 2: Flow of Recyclables and Solid Waste



Shoreway Facility – Strategic Asset



Changing Service Environment with Allied

- No progress toward commercial recycling goals
- Complaints about phone wait times and missed pick-ups
- Frequent management personnel changes
 - 2006 –turnover of entire local Allied Waste management team
- Drivers and mechanics unionize

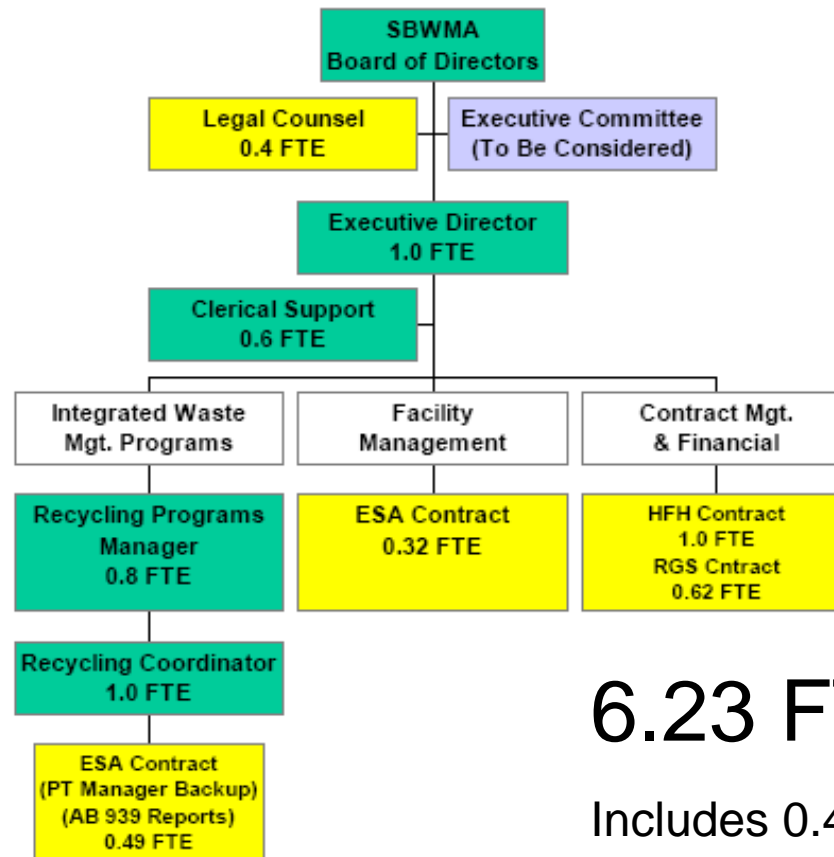
Becker Report (11/04)

- Identified need for Executive Director
- More work than staff can absorb
- More attention needed for contract compliance and management
- Board role issues

Becker Report (2004)

Table 5: SBWMA RECOMMENDED ORGANIZATION CHART

Green: SBWMA Board or Staff Yellow: Consultants Blue: Board Policy Decision



6.23 FTE's

Includes 0.4 legal

2005/2006 RFP Process Starts

- Board committees formed to study programs, facilities and contracts
- Resident surveys in 2006
- Input from potential bidders and other communities that recently bid garbage contracts

What Residents Told Us:

- 2006 survey mailed to 24,000 residences
 - 60% - The majority of residents would be likely to recycle more if there were provided with a new bigger container with wheels that didn't require sorting of recyclable materials.
 - 45% - Would be likely to use a recycling service for food scraps.

Milestones – 2005

SBWMA Reduces Tipping Fees

- Negotiated agreement with Ox Mountain
 - SBWMA - Largest customer
 - Guaranteed best rate thru December 31, 2019
 - Reduced tipping fees by \$11.49 p/ton (\$58M savings over 15 years)
 - Tipping fees at Transfer Station reduced
 - \$11M settlement returned funds to Agencies
 - \$1.4M Burlingame's share

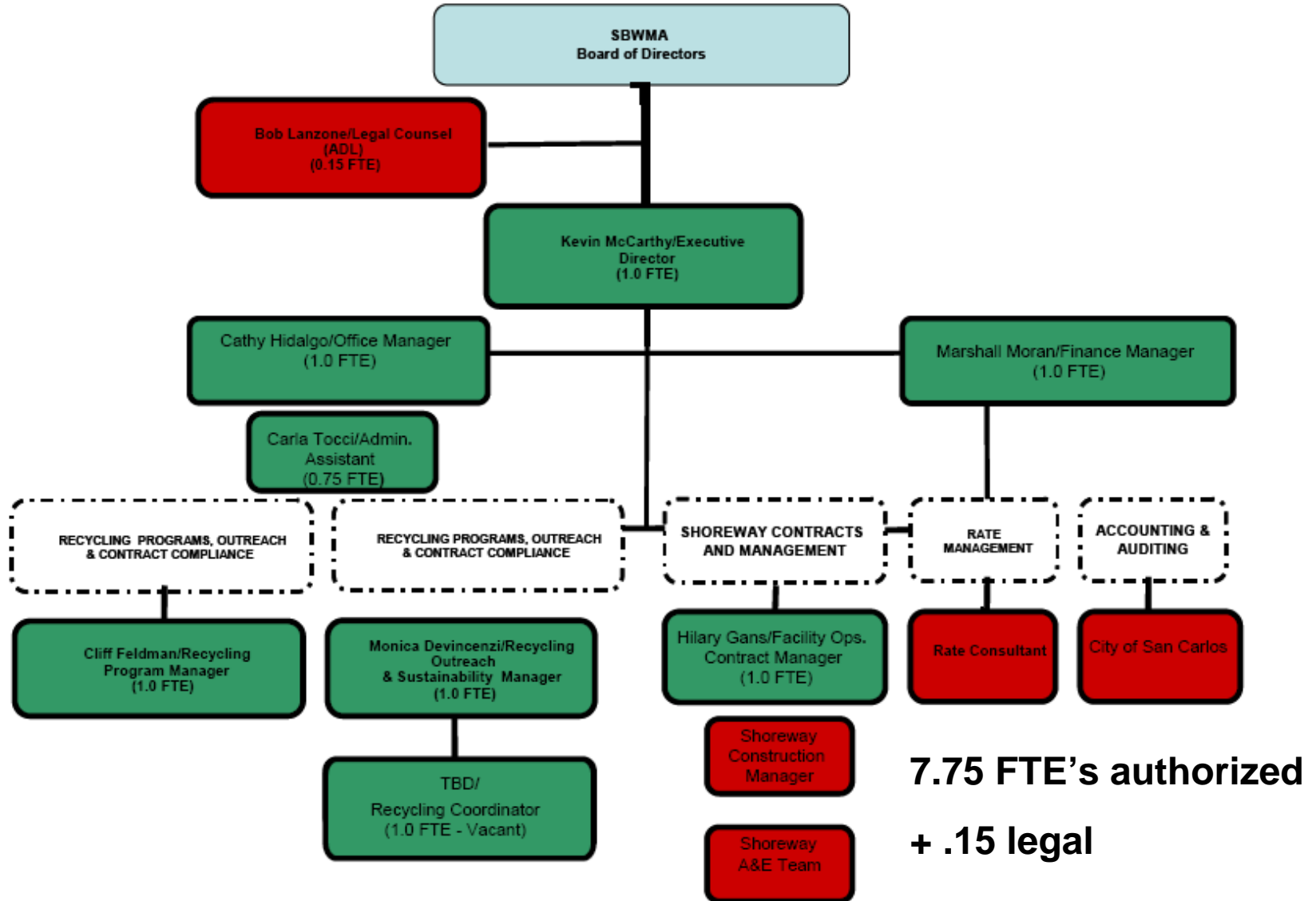
Milestones – 2006/2007

- New Executive Director hired
- Began to assemble team
 - Contracts and recycling programs
 - Facility operations (Facility Manager hired 1/07)
 - Board Secretary
 - Outreach

Milestones - 2008

- Finance Manager hired
 - Reduced rate review burden
 - Assist with broad range of financial policy issues
 - Reduce cost of accounting services

SBWMA in 2009



**7.75 FTE's authorized
+ .15 legal**

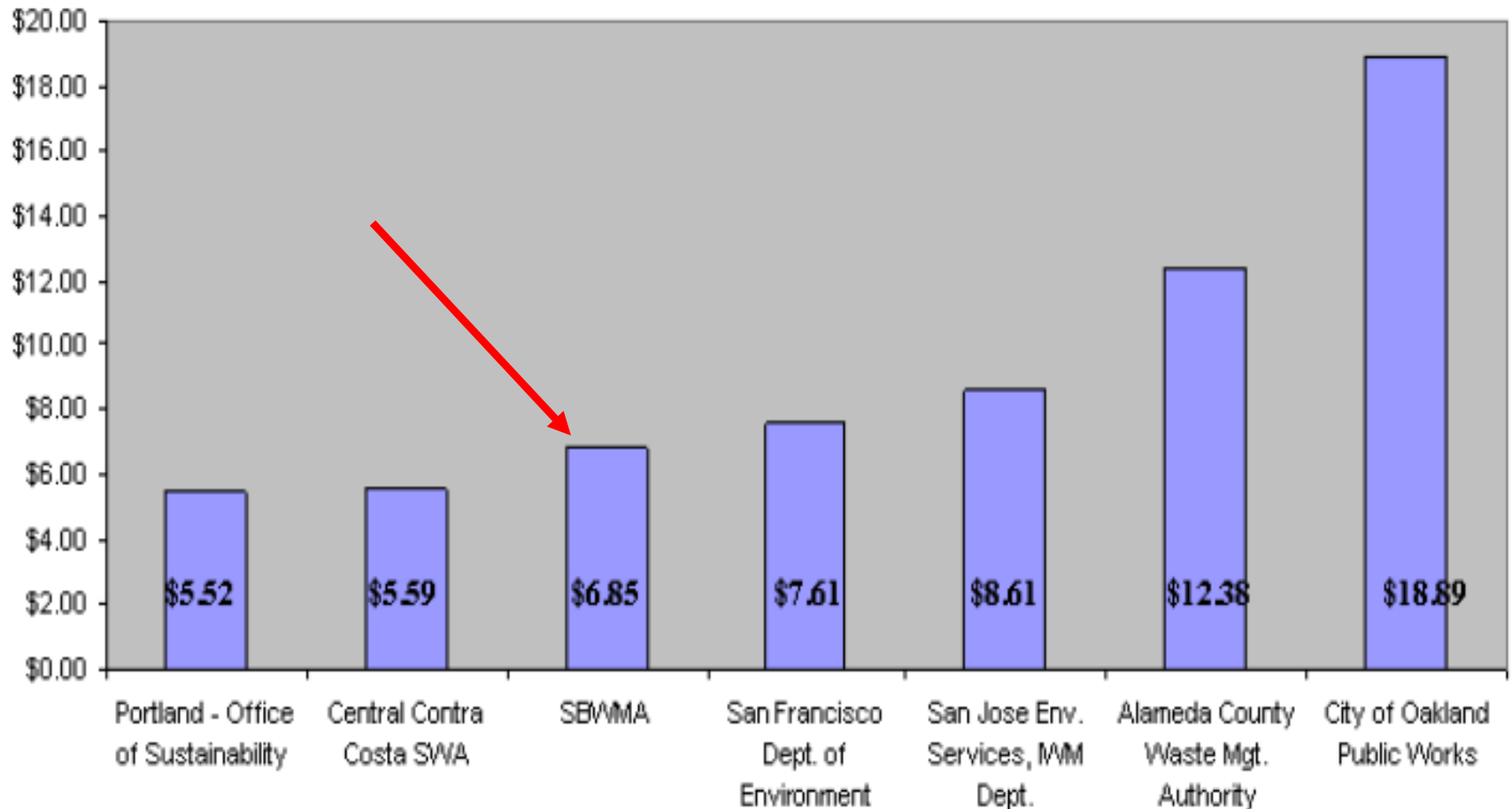
SBWMA Budget without Capital Expenses

Expenses (In 000's)	FY0506 Actual	FY0607 Actual	FY0708 Actual	FY0809 Budgeted	FY0809 Projected
Administrative	\$719	\$1,004	\$1,423	\$1,545	\$1,362
Contract Compliance & Support*	\$913	\$778	\$644	\$615	\$555
Recycling & AB 939 Compliance	\$556	\$538	\$518	\$1,082	\$851
SBWMA Budget w/o capital and Shoreway	\$2,188	\$2,320	\$2,586	\$3,242	\$2,768
% change (vs prior year):		6%	11%		7%
Headcount (approved):	3.75	5	6	7.75	7.75
Actual headcount:	2.75	4	5	6.75	6.75
*Includes RFP consultant and legal support:	\$406,126	\$ 335,318	\$405,924	\$300,000	

SBWMA staff and consultants are less than
3.5% of total SBWMA operations

How Does SBWMA Compare?

SOLID WASTE MANAGEMENT PROGRAM COSTS PER CAPITA



SBWMA Costs Reduced

- Consultant cost reduced
 - HF&H
 - ESA
 - Neal Martin and Associates
- In response to recent economic downturn
Administrative expenses reduced by 15%
- Further reduction in consultant expenses
expected as RFP process concludes

Difference Staff Makes

- Contract monitoring
 - Metrics for performance
 - Improved reporting
 - Liquidated damages
 - Performance Hearings
- Facility management
 - Projects better defined and executed
 - Gate revenue generation

SBWMA Staff Projects

- Organics collection
 - Commercial
 - Residential

- Universal waste collection
 - Used battery and cell phone curbside collection
 - On-call curbside collection of HHW and universal waste

SBWMA Staff Projects

- Large community event recycling
- Management of DOC grants
- Model ordinances
 - Construction and demolition
 - Commercial recycling
- Shoreway master plan development and implementation (permitting and design)

SBWMA Staff Projects

- Development and Issuance of Two RFPs Simultaneously (i.e., Collection Services and Facility Operations)
 - Among largest service areas in US
 - Interactive process
 - Diversity of programs
 - Thousands of hours spent on review of proposals
 - Management of consultant contracts

SBWMA Streamlining Expenses

- Joint rate application review
- Joint RFP issue
- Joint outreach
 - Website
 - Rethinker quarterly residential newsletter
 - Event promotion regionally
- Development of model ordinances

SBWMA

Improving Services to Residents

- Compost giveaways
- Battery and cell phone curbside collection
- E-waste collection events
- Proposed curbside universal waste collection

Future Collection Services

- Automation of collection
- Single stream recycling on weekly basis
- Organics collection on weekly basis

Overarching Issues

- Do the benefits of membership in SBWMA outweigh the costs?
- Can Burlingame provide equivalent services at lower cost to residents than available with SBWMA?
- Does membership in SBWMA increase or decrease Burlingame's risks?

SBWMA Benefits for Burlingame

- Benefits of RFP processes
- Lower cost for new services
- Predictable transfer station cost
- Permanent and reliable transfer station and MRF facilities
- Staff professional experience
- Staff resource capacity

SBWMA Benefits for Burlingame (cont.)

- “Most Favored Nation” status at Ox Mountain Landfill
- Leverage for future disposal options
- Shorter haul distances
- Reduced impacts to SR (Highway) 92
- Leveraged commodity values and commodity price guarantees
- Direct benefit of commodity sales on disposal rates

Is Local Option Cheaper?

- Belmont found that SBWMA membership and proposed contractor were financially and operationally preferable to “going it alone.”
- Extending Allied’s existing cost plus agreement will not ensure on-going cost savings for Burlingame.
- Burlingame cannot be certain that it will save money initially or in the future until a full financial evaluation of a specific contractor multi-year proposal has been prepared (similar to SBWMA analysis).

Potential Risks

- Loss of access to local, publicly owned transfer station and MRF
- Uncertain disposal costs and long term availability
- No economy of scale for new services and programs
- Potential instability in near or long term rates (depending on contractual arrangement)

Potential Risks (cont.)

- No safety net if withdrawal from SBWMA is premature
- Loss of leverage with existing or future contractor
- Contract compliance and customer service problems
- Loss of access to SBWMA professional staff

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