

TO: San Luis Obispo County Integrated Waste Management Authority
FROM: Rob Hilton, HF&H Consultants, LLC
RE: HF&H MANAGEMENT REVIEW

BACKGROUND:

N/A

RECOMMENDATION:

That your Board review and discuss the HF&H Management Review document, and give staff direction, as deemed appropriate.

FISCAL IMPACT:


N/A

ATTACHMENTS:

1. HF&H Management Review Document


ORGANIZATIONAL STUDY
PRELIMINARY FINDINGS &
RECOMMENDATIONS

**San Luis Obispo IWMA
For Staff Review**



1

OVERVIEW



- Approach to Management Review
- Activities and Obligations of the SLO IWMA
 - Administration
 - HHW Operations
 - SB 1383 Programs
 - Education & Outreach
- Current Organizational Structure
- Recommended Modifications to Current Organizational and Cost Structure
- Financial Impact of Identified Cost Savings

2

REVIEW METHODOLOGY

1. Assess Obligations and Activities
2. Gather Data on Current Staffing and Demand Level
3. Identify Significant/Material Review Areas
4. Gather Data on Comparable Agencies
5. Benchmark SLO IWMA to Comparable Agencies
6. Identify Preliminary Recommendations
7. Refine Preliminary Recommendations with Management
8. Present Recommendations to Board for Input
9. Finalize Recommendations into Management Review Report

3

3

REFERENCE AGENCIES

Agency	Fiscal Year	Annual Revenue	Annual Expenses
Alameda County WMA (StopWaste.org)	FY2022/2023	\$ 33,400,000	\$ 36,000,000
Central Contra Costa SWA (RecycleSmart)	FY2022/2023	\$ 3,600,000	\$ 5,300,000
Merced County Regional WMA	FY2020/2021	\$ 19,700,000.00	\$ 13,900,000
South Bayside Waste Management Authority (RethinkWaste)	FY2020/2021	\$ 54,400,000	\$ 53,000,000
West Contra Costa IWMA (RecycleMore)	FY2021/2022	\$ 1,236,477	\$ 1,510,217
West Valley SWMA	FY2022/2023	\$ 1,191,995	\$ 1,191,995

- Alameda County WMA (StopWaste.org)
- Central Contra Costa SWA (RecycleSmart)
- Merced County Regional WMA
- South Bayside Waste Management Authority (RethinkWaste)
- West Contra Costa IWMA (RecycleMore)
- West Valley SWMA

4

4



ACTIVITIES & OBLIGATIONS



5

5



ADMINISTRATIVE ACTIVITIES & OBLIGATIONS

- Accounting
- Brown Act Management
- Board/Committee Meeting Scheduling, Posting, and Preparation
- Conflict of Interest (Form 700) Compliance
- Board & Staff Ethics Training
- Grant Administration
- Grant Writing
- Human Resources
- Legal Counsel to Board
- Payroll & Benefits Administration
- Professional Staff Development
- Recordkeeping
- Reporting
- Revenue Monitoring/Management (e.g. cost of service studies)
- Treasurer/Controller Function
- Government Transparency
- Office Administration

6

6

BUDGETED ADMIN ACTIVITIES & OBLIGATIONS

Description	2020/2021 Budget	2021/2022 Actuals	2022/2023 Budget
INSURANCE: Property and Liability	\$ 15,000	\$ 12,214	\$ 33,323
LEGAL	\$ 80,000	\$ 145,520	\$ 90,000
AUDIT SERVICES	\$ 19,000	\$ 19,300	\$ 20,000
COPY AND PRINTING	\$ 7,300	\$ 7,604	\$ 5,700
TECHNOLOGY SERVICES AND COMPUTERS	\$ 39,000	\$ 33,530	\$ 39,002
COUNTY SERVICES	\$ 7,770	\$ 7,770	\$ 10,000
CONTRACTED SERVICES	\$ 78,050	\$ 149,048	\$ 25,850
RENT / LEASE EXPENSE	\$ 22,897	\$ 24,481	\$ 24,501
MAINTENANCE	\$ 3,900	\$ 9,701	\$ 5,580
OFFICE SUPPLY AND EXPENSES	\$ 6,800	\$ 5,288	\$ 4,500
BOARD OF DIRECTORS STIPENDS	\$ 13,200	\$ 12,300	\$ 13,200
UTILITIES	\$ 5,000	\$ 3,740	\$ 5,000
TELEPHONE AND INTERNET	\$ 5,000	\$ 4,202	\$ 6,240
MEMBERSHIPS	\$ 11,508	\$ 6,459	\$ 2,200
TRAINING AND TRAVEL EXPENSES	\$ 15,000	\$ 2,675	\$ 15,700
OTHER	\$ 400	\$ 44,670	\$ -
TOTAL	\$ 329,825	\$ 488,502	\$ 300,796

Key Observations:

1. Minimal, diffuse costs
2. Many cost categories required and largely out of IWMA control
3. Legal services on higher end of similar JPA benchmarks, especially when including legal sub-items from programs.
4. Staff development is important; small increases warranted to achieve savings on professional services

7

7

ACTIVITIES & OBLIGATIONS - HHW

Household Hazardous Waste (HHW) Drop-off Sites

- Electronic Waste Recycling
- Curbside Used Oil and Filter Recycling
- HHW Drop-off Sites
 - Conditionally Exempt Small Quantity Generator Program
 - Hazardous Waste
 - Universal Waste
 - Batteries
 - Used Oil
 - Solar Panels
 - E-Waste
- Rechargeable Battery Recycling
- Retail Takeback – Fluorescents, Household Batteries, Sharps

8

8

HHW OPERATIONS

Description	2020/2021 Actuals	2021/2022 Actuals	2022/2023 Budget
HOUSEHOLD HAZARDOUS WASTE EXPENSE			
ELECTRONIC WASTE DISPOSAL	\$ 56,562	\$ 60,714	\$ 66,995
CURBSIDE OIL AND FILTER DISPOSAL	\$ 49,087	\$ 27,535	\$ 38,640
HHW EXPENSES	\$ 537,599	\$ 535,582	\$ 553,674
RECHARGEABLE BATTERY DISPOSAL	\$ 48,940	\$ 27,701	\$ 61,800
RETAIL TAKEBACK	\$ 72,388	\$ 59,475	\$ 80,300
BUSINESS CESQG	\$ 27,668	\$ 20,939	\$ 28,201
TOTAL AUX PROGRAM EXPENSES	\$ -	\$ -	\$ 126,882
TOTAL HAZARDOUS WASTE EXPENSES	\$ 792,244	\$ 731,946	\$ 956,492

Description	2020/2021 Budget	2021/2022 Actuals	2022/2023 Budget
HHW FORKLIFT REPLACEMENT (X2)	\$ 30,000	\$ -	\$ 51,843
Project New HHW San Miguel:			
Fence	\$ 26,000	\$ -	\$ 26,000
Concrete Pad	\$ 48,000	\$ -	\$ 48,000
Hazmat Storage	\$ 26,000	\$ -	\$ 26,000
Fork Lift	\$ 30,000	\$ -	\$ 30,000
Double Walled	\$ 4,000	\$ -	\$ 4,000
TOTAL NEW HHW SAN MIGUEL	\$ 134,000	\$ -	\$ 134,000
TOTAL HHW CIP	\$ 164,000	\$ -	\$ 185,843

Key Observations:

1. Cost efficiency compared to other countywide programs.
2. "Aux Program Expenses" includes \$126K in soft costs, \$81K is contingency.
3. Some programs could be reduced or privatized, cost savings would be minimal.
4. Retail take back program improves convenience and cost-efficiency.

9

ACTIVITIES & OBLIGATIONS – SB 1383

- Mandatory Recycling/Organics Start-up
- Contamination Minimization
- Waivers and Exemption Reviews
- Education and Outreach
- Hauler Program
- Edible Food Recovery
- Recovered Organic Waste Product Procurement
- Recycled Content Paper Procurement
- Compliance Review
- Complaints and Investigations
- Reporting
- CALGreen
- Model Water Efficient Landscaping
- Record Maintenance

10

10

SB 1383 PROGRAMS

Description	2020/2021 Budget	2021/2022 Actuals	2022/2023 Budget
SB 1383 EXPENSES			
REPORT TRACKING SYSTEM	\$ 55,000	\$ 31,959	\$ 56,650
SB 1383 M & E Details:			
Other Minor Equipment	\$ -	\$ 30,947	\$ -
Prof and Special Svcs	\$ 393,644	\$ 254,116	\$ 379,525
SB1383 MONITORING AND EDUCATION	\$ 393,644	\$ 285,063	\$ 379,525
Other SB 1383 Details:			
Legal	\$ 70,000	\$ 13,115	\$ 30,000
Advertising	\$ 40,140	\$ 11,633	
Professional Services	\$ 235,040	\$ 164,659	
Memberships	\$ 2,000	\$ 4,235	\$ 2,267
Postage	\$ 96,000		\$ 10,000
Mini Storage	\$ 2,220	\$ 7,125	\$ 6,167
Safety equipment:PPE Gloves, Classes,			\$ 10,000
Mileage	\$ 112,000	\$ 4,362	\$ 27,000
Copying / Printing	\$ 136,500	\$ 2,171	\$ 22,000
Unallocated SB 1383	\$ 10,040	\$ 7,053	\$ 257,971
OTHER SB 1383 EXPENDITURES	\$ 703,940	\$ 214,353	\$ 365,405
TOTAL SB 1383 EXPENSES	\$ 1,152,584	\$ 531,375	\$ 801,580

Key Observations
(additional details on next slide):

1. Reduce \$379k for professional services
2. Unallocated costs may be reduced
3. Postage, copying, and printing costs potentially redundant with Education & Outreach
4. FY2021/22 Actual Expenses much lower than budget for either year.

11

11

POTENTIAL SB 1383 PROGRAM REDUCTION

- Professional Services Costs – leverage member agencies and franchisees to reduce costs
 - \$61.8k in copying/printing education – leverage existing distribution outlets
 - \$27.3k in redundant salaries for contamination monitoring
 - \$74.8k for desktop compliance review
- Unallocated SB 1383 Costs
 - \$125,000 reallocated to compost rebate program.
 - \$16k in advertisement – remove theatres and billboards
 - \$38.5k in copying/printing/postage – No longer required to distribute EDDM
 - Mileage reimbursements:
 - \$28k for County Employee
 - \$56k for Non-employees

12

12

ACTIVITIES & OBLIGATIONS

Education and Outreach

- Schools
- Website
- Social Media
- Residential Education
- Business & Multi-Family Technical Assistance

13

13

EDUCATION & OUTREACH

Description	2020/2021 Budget	2021/2022 Actuals	2022/2023 Budget
PUBLIC EDUCATION AND OUTREACH EXPENSES			
SCHOOL EDUCATION	\$ 166,446	\$ 67,020	\$ 151,203
Public Outreach Detail:			
Advertising	\$ 33,881	\$ 23,048	\$ -
Website Hosting/Monitoring	\$ -	\$ 13,902	\$ 13,500
Copying	\$ 1,000	\$ -	\$ -
Mileage Reimbursement	\$ 5,000	\$ -	\$ -
Other Minor Equipment	\$ 75,300	\$ -	\$ 75,300
Social Media Management	\$ 27,440	\$ 26,223	\$ 28,000
Publication Legal Notice	\$ 700	\$ -	\$ -
Local Event Booths	\$ 3,478	\$ -	\$ -
Telephone	\$ -	\$ 120	\$ -
AB 1826 PUBLIC OUTREACH AND EDUCATION	\$ 146,799	\$ 63,293	\$ 116,800
BUSINESS AND MULTI-FAMILY OUTREACH PROGRAMS	\$ 338,926	\$ 6,047	\$ 413,806
TOTAL PUBLIC EDUCATION AND OUTREACH EXPENSES	\$ 652,171	\$ 136,360	\$ 681,809

Key Observations:

1. Schools education program higher cost than similar JPA programs (SBWMA @ \$32K; CCCSWA @ \$120K)
2. Website and Social Media program costs on higher end of expected range.
3. Consolidate outreach programs and broaden messaging

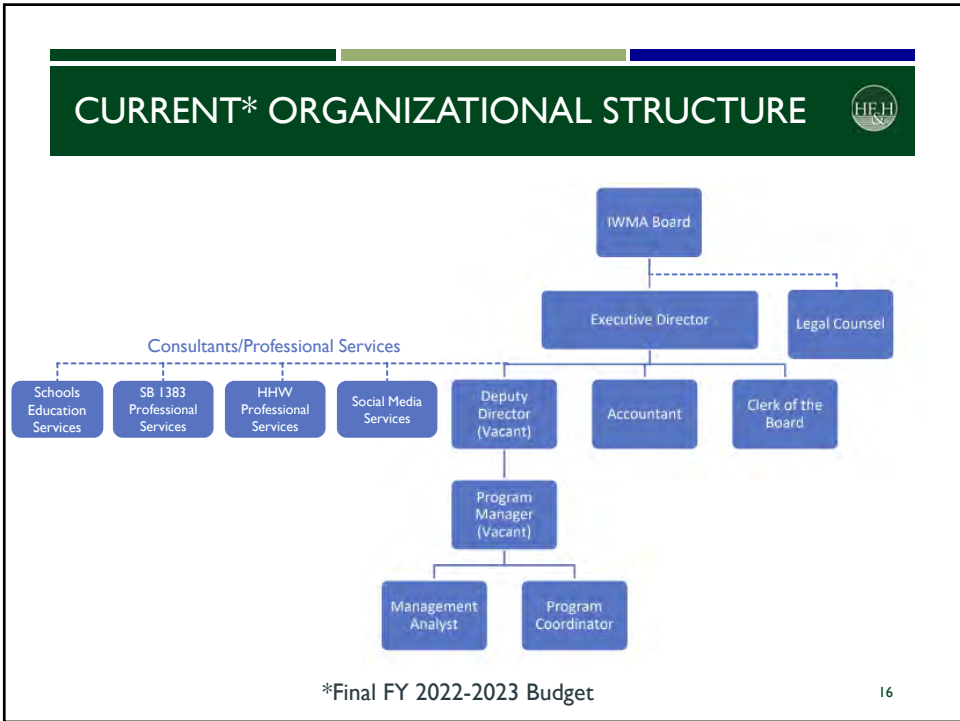
14

14

ORGANIZATIONAL STRUCTURE

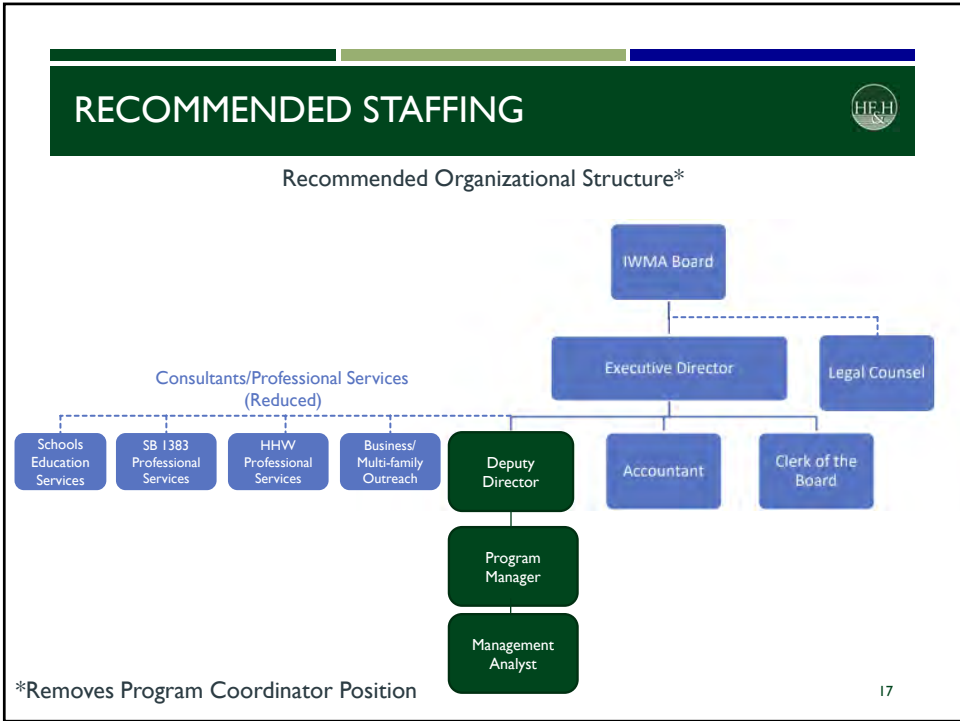
15

15

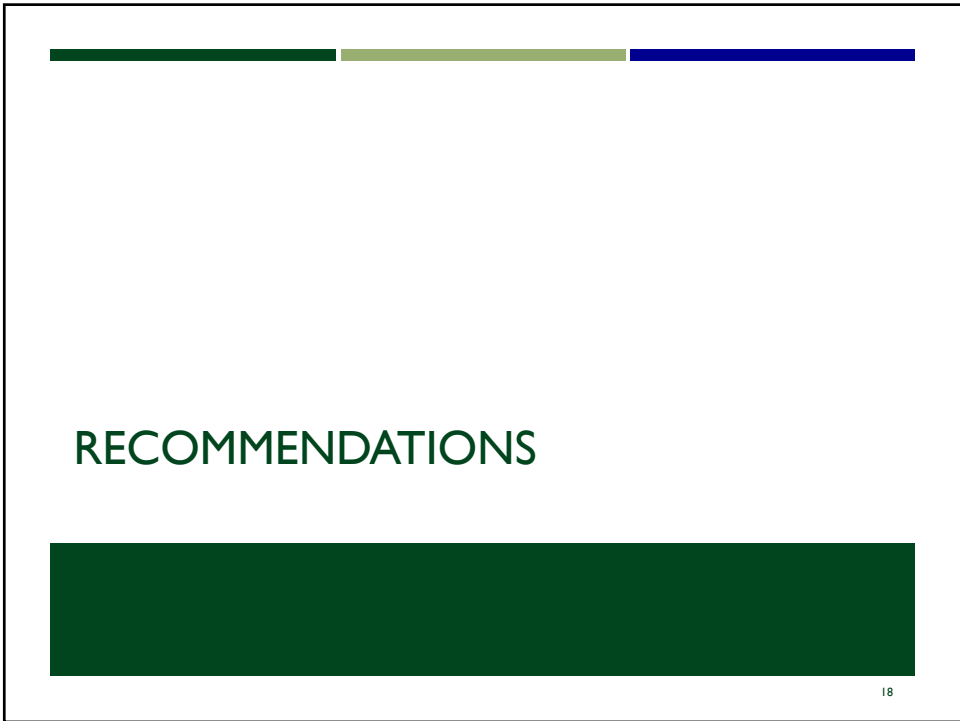


16

16



17



18

RECOMMENDATIONS

1. Remove Program Coordinator position **\$103K**
Continue to leverage business/multi-family outreach contractor & haulers
2. Leverage relationships with member agencies and haulers **\$200K - \$260K**
Avoid duplication of effort by coordinating closely with member agency and hauler staff, especially in definition of SB 1383 service establishment, waiver assessment, compliance monitoring, and enforcement workflows.
3. In FY 2024/25 modify business/multi-family outreach program **\$150K - \$200K**
Reduce contract scope by half or replace w/ 2 program coordinators
4. Remove excess soft costs from HHW **\$80K - \$100K**
Reduce amounts associated with contingency, sponsorship, memberships, travel, and training
5. Evaluate and rescope schools program **\$45K - \$75K**
Reduce in-person presence and increase virtual/video presence
6. Improve cost-effectiveness of web presence **\$10K - \$15K**
Use in-house staff for updates; target and budget advertising
7. Invest in staff development to avoid professional services
Participation in industry training, conferences, workshops, and statewide JPA network can reduce dependence on consultants and attorneys
8. Maintain HHW take-back, locations, and days/hours of service
Current program is one of the most cost-effective in the State. Days/hours/location drive cost and expansion in availability tends to have diminishing returns.

19

19

FINANCIAL IMPACT OF IDENTIFIED COST SAVINGS

Description	Low Savings	High Savings
Projected Hauler Gross Receipts	\$ 57,282,695	\$ 57,282,695
Revised Hauler Fee Revenue Requirement	\$ 2,505,266	\$ 2,340,266
Revised Hauler Fee Percentage	4.4%	4.1%

Implementation of recommendations may reduce SLO IWMA Annual budget by \$588K - \$753K and reduce the hauler fee to 4.1% - 4.4% (from current level of 5.4%).

20

20




QUESTIONS?




MANAGING TOMORROW'S RESOURCES TODAY

21



Thank you



Rob Hilton
HF&H President
rchilton@hfh-consultants.com
925-977-6959

Philip Mainolfi
HF&H Project Manager
phil@hfh-consultants.com
949-504-5150

MANAGING TOMORROW'S RESOURCES TODAY

22