



MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
January 22, 2015 – 2:00 p.m.
San Carlos Library Conference Room A/B**

CTO: 2:05PM

1. Roll Call

Agency	Present	Absent	Agency	Present	Absent
Atherton	X		Menlo Park		X
Belmont	X		Redwood City	X	
Burlingame	X		San Carlos		X
East Palo Alto	X		San Mateo		X
Foster City	X		County of San Mateo	X	
Hillsborough	X		West Bay Sanitary District	X	

Alternate Member John Root represented Burlingame

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so.

Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting.

If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

None

3. Executive Director's Report

Executive Director McCarthy gave a summary of the staff report. He noted that any changes to the Board composition would be communicated, and that currently there is only one change in San Mateo with Deputy Mayor Jack Matthews being appointed to the Board, but it is unknown if he will be the permanent member. He also gave an update that the Recology assignment has been delayed due to some assignment approvals in Southern California. The transaction hasn't closed yet, so there is no documentation yet. He also noted the news article included in the Board packet about an ordinance related to a take back of pharmaceuticals, and AB45 introduced by Assemblymember Mullin, which will be brought up at a future Board meeting.

Member Benton noted that Mario Puccinelli's promotion was mentioned in the Executive Director's report, and ask that the Board take a minute to congratulate Mario.

4. Approval of Consent Calendar:

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

- A. Adopt the November 20, 2014 BOD Meeting Minutes
- B. Adopt the December 17, 2014 BOD Meeting Minutes
- C. Resolution Accepting the FY1314 Annual Financial Statements
- D. Resolution Approving Revised SBWMA Investment Policy for 2015

Chair Widmer noted that at a previous meeting it was discussed that net income would be changed to net change in reserves, and he questioned why the financial statements still noted net income.

Staff Moran noted that it has been changed in the budget and internal files, but that this report came from the auditors, so they control the terminology.

Vice Chair Dehn asked if there should be consistent terminology between the two reports. Staff Moran explained that there are many differences between the two presentations, and this is a minor difference.

Member Benton made a motion to accept the consent calendar. Member Aguirre seconded the motion.
Voice Vote: All in Favor

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton	X				Menlo Park				X
Belmont	X				Redwood City	X			
Burlingame				X	San Carlos				X
East Palo Alto	X				San Mateo				X
Foster City	X				County of San Mateo	X			
Hillsborough	X				West Bay Sanitary Dist.	X			

5. Administration and Finance:

- A. Election of Board Officers for 2015 (*Approval item*)

Chair Widmer went over the duties of Chair and Vice Chair.

Member Slocum nominated Chair Widmer and Vice Chair Dehn to continue for another year.
Member Bronitsky seconded the nomination.

There were no other nominations.

Member Benton confirmed that both Chair Widmer and Vice Chair Dehn were willing.

Both said yes, and Vice Chair Dehn added that if someone else were interested in being in the role she was fine with that too.

Voice Vote: All in favor

- B. Resolution Accepting Mid-Year Adjustments to FY1415 Annual Operating Budget (*Approval item*)

This item was discussed after item 7B

Executive Director McCarthy gave a brief overview of the mid-year budget. He noted that there hasn't been much change in terms of the program budget, and that net income is now called contributions to cash reserves. He noted that there are two changes to the budget to be discussed, the \$175,000 one-time costs associated with the port slow down (discussed with item 7B) that will increase SBR's compensation, and adjusting a part time position of the Environmental Education Associate from 32 hours to 40 hours. Those costs would be approximately \$5,539 for the remainder of this fiscal year, and \$13,000 next year.

Chair Widmer asked for clarification on the changes in MRF maintenance.

Executive Director McCarthy noted that the budget only reflects one change in capital projects, which is that a project has been eliminated. He noted that Chair Widmer is referring to the forecast for future years in two areas. In the past \$200,000 has been spent every other year on transfer station floor repair, and now the budget reflects \$100,000 every year. The other item is MRF building maintenance which is forecasted to go up over the next few years as the MRF floor which was brand new in 2011 begins to wear down. He also noted that the forecasts have not been changed since the original budget approval in June.

Member Benton asked who was renting the additional storage space the SBWMA or SBR.

Executive Director McCarthy answered that SBR is renting the space, and SBR has incurred all of the additional costs thus far because the purchasing policy did not allow for him to spend that money without Board approval, and by adopting the mid-year budget the Board would approve spending up to \$175,000 of costs associated with the Port issue.

Member Benton asked how SBR would get reimbursed for the storage costs.

Executive Director McCarthy answered that SBR is paid on a per ton basis through a monthly invoice process so these costs would be included as one-time costs on the invoice.

Member Bronitsky commented that he thought someone from the SBWMA should be calling public works in the Member Agencies to see if any solutions can be made without absorbing additional costs when a situation like the Port arises. He also noted that he thought this year there was going to be a discussion about the education component and whether or not it would be scaled back. He disagreed that the number of hours of the education staff should be increased before that conversation took place.

Chair Widmer commented that during the budget process for next year there needs to be a conversation about what the Board wants in regard to education. He noted that the Executive Director has stayed within the budget while increasing the hours, but with the unfortunate circumstance of an employee needing extended leave those hours are needed to meet the current tour demands.

Executive Director McCarthy added that there is a short term situation because the tour program is under staffed which is a tactical issue. He added that what Member Bronitsky brings up in a bigger picture issue about the program.

Member Aguirre made a motion to accept the changes to the mid-year budget. Member Benton seconded the motion.

Voice Vote: All in Favor

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
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Atherton	X			Menlo Park				X
Belmont	X			Redwood City	X			
Burlingame	X			San Carlos				X
East Palo Alto	X			San Mateo				X
Foster City	X			County of San Mateo	X			
Hillsborough	X			West Bay Sanitary Dist.	X			

C. Executive Director Status Report on Goal Progress (*Informational item*)

Executive Director McCarthy gave a brief update on his goal progress. He noted that he thought he had made substantial progress on the goals that were adopted in the fall. He highlighted several items that had already been accomplished.

Member Stone commented that Executive Director McCarthy had met with him twice in the last 6 months, and he appreciated that time.

6. Collection and Recycling Program Support and Compliance:

A. Appointment of Board Members to Adhoc Subcommittee to Interview Recology GM candidates

Executive Director McCarthy suggested 3 Board Members be appointed to a committee to interview prospective Recology General Manager candidates.

Four Board members volunteered to be on the committee, so all 4 will serve on the panel to interview General Manager candidates. Member Bronitsky, Member Slocum, Member Aguirre, and Vice Chair Dehn.

Mario Puccinelli added that the recruitment period goes through the end of January, and interviews will be scheduled for February.

Executive Director McCarthy added that he would keep the committee updated as interview scheduling happens, but this committee would interview the top candidates.

Member Benton asked if the new General Manager would report to him in his new position.

Mario Puccinelli answered yes that he will be the group manager for the Recology companies San Bruno and Pacifica South to Pacheco Pass.

Executive Director McCarthy also noted that Board Members would be asked to sit on the interview committee for the Finance Manager position, and he would keep the Board updated on that schedule as well.

B. Recology Proposal to Automate Data Collection Associated with Annual Route Assessment (*Presentation and discussion item*)

Chair Widmer gave a history of past discussions on this topic to the Board Members, and noted that Mario Puccinelli would be presenting Recology's findings and suggestions.

Executive Director McCarthy noted that the original request from the Board was to have a proposal before the Board so that any recommended changes could be made before the annual route assessment in

2015. He noted that due to timing issues if a change is recommended that the data collection be completed in both ways in 2015 (for rate year 2016), so a side by side comparison could be done.

Mario Puccinelli gave a brief background and overview on the discussion of allocation. He noted that the process of trying to get to a larger pool of operating statistic data has been challenging, as no other company that uses Routeware has the same type of data reporting requirements they do. He added that Recology has redesigned their Routeware back office system, and after much trial and error they have successfully automated 2 of the allocators, and two other allocators are still in the research and development phase. He added that they can now capture one month of data instead of just one day allowing for truer allocation. He noted however, that it's not fully automated, and there are still some quality assurance data gathering that cannot be automated and due to this they are requesting an additional headcount if this project moves forward. He concluded that through this process they now have the ability to validate the operating statistics at different times of the year, but if the Board decides to go forward with this it couldn't be done for the rate year 2016, but that the operating statistics collected in April and May could be compared to any one month worth of data to see what the variances are, and if at that time there were big differences then they could look at data collection for a whole year.

Member Benton recalled that the allocations didn't move too much from the current application, and questioned if this would be a lot of money spent on something that has settled into a fairly predictable pattern. He asked Mario Puccinelli what his intuitive sense on the need.

Mario Puccinelli commented that this system allows for testing of the month worth of data that is used for cost allocations, but agreed that things have settled down, and thought there would be very slight variances.

Vice Chair Dehn asked if Routeware was chosen because they had an off the shelf product, and if it was another company that takes the aggregate of the one day snap shots for the current cost allocation methodology.

Mario Puccinelli answered that at the time there were only 2 or 3 companies that provided any type of an on board system; Routeware was chosen because it was felt they had the most comprehensive tools. But added at the time getting a larger snapshot of data automated wasn't thought about when Routeware was chosen. He also noted that Recology staff, not an outside company, takes the one day Routeware information and turns it into one month worth of data.

Vice Chair Dehn asked if Recology's recommendation would be to continue with the audit on an annual basis and have an allocation test at multiple points in a year, and at what cost is that test.

Mario Puccinelli answered that his recommendation would be to look at a specific date range in the summer, and from there determine what the cost impact would be if seasonal audits were done. If at that time the variances were flat, the Board may want to consider fixed allocation.

Chair Widmer commented that he was frustrated at the length of time it took to get to this point. He noted that in his jurisdiction at least with the tonnage there was a variance over a period of time. He also noted that taking the data over a greater period of time will show a greater variance than what is already shown. He also commented that he failed to understand the \$93,000 cost associated with a person looking at the data full time when it's supposed to be automated. He requested more information on how the \$93,000 sum was calculated and what the data really looks like when it's produced by Routeware, noting that the Routeware system was expensive and would like to see the benefits of paying for that system.

Mario Puccinelli responded that Recology as well has been frustrated with their vendor Routeware. He also commented that yes there are variances in tons, for example December organic tons went up 4,000 over December 2013, but a lot of that was due to moisture content because December was a wet month. He noted that the RFP didn't ask for a daily allocation model, and it would take a staff person to look at quality assurance issues. He offered the option that Recology would do a test run at no additional cost to see what it would take to make automated data collection work.

Chair Widmer commented that it was a long wait to get a \$93,000 number, which didn't seem like a fair number given that Routeware had already been paid for, and should be able to be used as a decision making tool, and would like more detail to understand what the \$93,000 was going to pay for.

Executive Director McCarthy suggested that the Board take Recology up on their offer to do the pilot and test the data collection. That way the Board would have a broader data pool. He also noted that he thought it was important to understand why there is a cost allocation process; he noted that each of the Member Agencies has a service provider together even though you have separate franchise agreements. That gives the service provider the benefit of running routes across City lines and gives Recology the most efficient routing options, but it also makes for complex cost allocation. He would like to see Recology come back to the Board with the broader data pool of information and asked that the plan be in writing.

Vice Chair Dehn asked what the time frame Recology would come back to the Board with further data collection.

Mario Puccinelli noted the annual compensation application would be starting in April, and needs to stay on track, so would use the same system prescribed in the contracts. Then he suggested that a one month data test be completed this summer.

Executive Director McCarthy asked how soon a letter would be back outlining Recology's timeline and plan for the test.

Mario Puccinelli answered before the next Board meeting.

7. Shoreway Operations and Contract Management:

A. Update on Transfer Station Organics Recovery Project (*Informational item*)

Staff Gans gave an update on the progress of the organics recovery project. He noted that two studies are being done on parallel tracks, so that the results can be presented with the Long Range Plan in March. He also noted that the goals for the project are to have a significant 20-25% impact on diversion of the current solid waste, and that seems like a realistic goal. And that the second goal of the project is to generate biogas from the food waste. He noted that there have been no technical delays in conducting the study and potentially two megawatts are power could be generated. And the third goal for the project is to use the existing infrastructure at SBSA to make this project financially viable, and all three goals are on track.

Chair Widmer asked if the SBSA had enough capacity if the decision was to move forward.

Staff Gans answered yes, that was another thing that has been accomplished in the study to date.

Chair Widmer asked if what the cost or process impact would be to separate the material.

Staff Gans answered yes, that this is a technical and financial feasibility study for both the SBSA and the SBWMA.

Chair Widmer asked if the numbers would be done in time to make the budget preparation.

Executive Director McCarthy noted that the Long Range Plan document would be to the Board in March, but whether or not the Board approves it relates to whether or not the numbers will be in the budget.

Member Benton asked about the capex budget in two years shows a cost of \$5M, and wondered if that was this project.

Executive Director McCarthy said yes, but its plug number that hasn't been validated yet.

Vice Chair Dehn asked for comments from feedback from the SBSA Board meeting.

Staff Gans answered that he reviewed the presentation before the Board meeting, and reviewed it with their project manager, it was high level and nothing specific at the moment.

B. Update on Impact of Port of Oakland Operations on MRF Operations (*Informational item*)

Item 7B was discussed prior to item 5B

Staff Gans updated the Board on the Port of Oakland situation. He gave a summary of the staff report noting that roughly 3 days of material could be stored at the facility and after that it becomes a crisis situation. He added that there has been intermittent shipping out of the port, but not normal, which has forced the need for alternative storage. He thanked Gino Gasparini of Recology for helping to find a storage facility in Newark that is being used to store material. He also noted that 3rd party tons were curtailed for two days, and that those two items have meant that no material is accumulating at Shoreway. He commented that it continues to be a fast moving uncertain situation, and if there is a strike situation more alternative storage will be needed. He added the Supervisor Warren Slocum's office has helped to secure a lease on a county property warehouse in Redwood City, which will provide 3 weeks worth of full production storage, which is the current contingency plan. He concluded that staff with the assistance of legal counsel have determined that the costs associated with this issue are outside of the operations agreement and therefore not the responsibility of SBR, and the current cost is for the additional handling and lease of storage is about \$120,000, and the mid-year budget shows an estimated costs of \$175,000.

Vice Chair Dehn commented that the in letter from SBR attached to the staff report they requested partial excuse from performance and she asked why it was partial.

Dan Domonoske of SBR answered that the MRF continues to run uninterrupted, but these costs are beyond SBR's control, so he chose the terminology partial.

Member Benton asked for Dan's best guess as to what will happen at the port.

Dan Domonoske answered that he anticipated the situation would last between two and six weeks. He noted that he hoped there wouldn't be a strike or lockout, but in 2002 there was a lockout, and the federal mediator doesn't appear to be making any progress. He said that he would flip a coin as to whether or

not there would be a lockout. He also thanked Member Slocum for his help in securing the County warehouse.

Chair Widmer asked if there might be a need for additional storage space.

Staff Gans answered that if any of the Member Agencies have space it would be good to know, but we are looking for a space for only 1 or 2 months.

8. Informational Items Only (no action required)

- A. 2015 Finance and Rate Setting Calendar
- B. Check Register for November and December 2014
- C. Technical Consulting Contracts for 4th Quarter 2014
- D. Potential Future Board Agenda Items

9. Board Member Comments

Gino Gasparini of Recology announced that two Recology employees were involved in an incident the day before in San Mateo involving two pit bulls attacking several residents in one instance a woman with a stroller was being chased by the dogs, and the two Recology employees kept the dogs at bay with the wheeled carts, she jumped in her truck and was unharmed.

10. Adjourn 3:12 PM