

**MINUTES**

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE BOARD OF DIRECTORS  
January 25, 2018– 2:00 p.m.  
San Carlos Library Conference Room A/B**

**Call To Order: 2:01PM**

**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 (via phone)		West Bay Sanitary District	X	

**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. Adjourn to Closed Session – Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiator Agency Designated Representative: Joe La Mariana Unrepresented Employees: Finance Manager**

**4. Roll Call (Public Session) Call to Order: 2:25PM**

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 (via phone)		West Bay Sanitary District	X	

**5. Additional Public Comment**

None

**6. Executive Director’s Report**

Executive Director Mariana welcomed all to the meeting. He acknowledged Board Members who’ve ascended to either Mayor or Vice Mayor in their respective agencies. He also welcomed a new Board Member Carole Groom who will represent the County. He then gave an update on the Franchise Agreement Extension, noting that 6 Member Agencies have now adopted the extension, and there are 6 to go. He noted that 2/3 of the Member Agencies (8) are needed as per the JPA agreement. He then gave an update on environmental/solid waste legislation that was specifically supported by the SBWMA during 2017. He also noted two important RFPs would be going out, one for Administrative Services which ends June 30, and one for the Landfill Contract which ends in December 2018. He concluded by thanking Chair Grassilli and Vice Chair Bronitsky for their service and engagement as the Agency’s Chair and Vice Chair in 2017.

**7. 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. Approval of Minutes from the November 16, 2017 Board of Directors Meeting
- B. Resolution Approving 2018 Merit Pool for Unrepresented Employees
- C. Resolution Accepting the FY1617 Annual Financial Audit Statements
- D. Resolution Approving Investment Policy
- E. Approval of Quarterly Investment Report

Motion: Member Brownrigg

Second: Member Hurt

Voice Vote: All in favor: 9-0-0-3

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 District	X			

**8. Administration and Finance**

- A. Election of 2018 Board Chair and Vice Chair

Chair Grassilli called for nominations for Chair of the Board.

Member Widmer nominated Member Benton for either Chair if the Vice Chair doesn’t want to move up, or Vice Chair.

Member Bonilla nominated Vice Chair Bronitsky for Chair.

Member Benton asked to withdraw from the Chair nomination

Chair Grassilli asked for a motion to close the nominations

Motion: Member Widmer

Second: Member Bonilla

Chair Grassilli asked for a voice vote for the one nominee Member Bronitsky  
Voice Vote: All in favor

Chair Bronitsky opened the floor for nominations for Vice Chair.

Member Widmer nominated Member Benton.

Chair Bronitsky asked for a motion to close the nominations.

Motion: Member Widmer

Second: Member Bonilla

Chair Bronitsky called for a voice for vote for the one nominee Member Benton

Voice Vote: All in favor.

Member Benton offered a thanks to Member Grassilli on being a terrific chair.

#### B. Resolution Approving FY1718 Mid-Year Budget Adjustments

Executive Director La Mariana gave an overview of the staff report and gave the mid-year financial results. He noted that there is an increase in revenue one, because there are more tons, and two because a rate increase went into effect in January 1. He also noted that there is a significant increase in C&D tons due to the building boom, but those costs are a direct pass through. He also added that commodity revenues are down as per previous board discussions. Those prices are tied to the political situation in China and staff is seeing the cause of the decrease in commodity revenues as distinctly different from the normal ebb and flow of commodity prices. He added that SBR is incurring higher operation expenses due to the increased tonnage. Lastly he noted some increased costs that are trickling down into increased rates, namely an increase in organics processing costs due to a higher rate being charged at the compost facility, and higher Shoreway insurance premiums.

Member Bonilla motioned to approve the mid-year financial report

Member Widmer seconded

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 District	X			

#### C. Resolution Approving 3-Year Contract with R3 Consulting Group for the Annual Financial and Operational Audits

Executive Director La Mariana noted that staff is recommending contracting with R3 Consulting to conduct operational and financial audits of Recology and SBR for a three year term. He did note that staff may consider bringing the operational audit in house in the future, but he felt strongly that the financial system audit needed to go through a third party to maintain the system integrity. He concluded by noting that the results tie into the annual contractor's compensation adjustment application which is the first step in the rate setting process.

Member Widmer commented that he understands the need for the financial audit, but he would like to see Recology self-auditing on the operational side. He noted that every year the operational audits come back very stellar, so he would like to see Recology self-auditing with an operational audit to verify those results every two

to three years, he didn't think money should be spent to audit something when the results were going to come in in good shape.

Member Brownrigg asked Member Widmer to explain what the approach would mean for the Agency and also asked Executive Director La Marina for his opinion.

Member Widmer noted that Recology would self-audit the same as the third party is doing now, and report on corrective actions if they are out of compliance, and on the second or third year they would be independently audited on any corrective actions over the self-audit period as well as the operations.

Executive Director La Mariana noted that the audit is of both Recology and SBR and a lot of the audit focuses on the interface between the two organizations. He also noted that both contractors are performing at a very high level, and he is pleased to see the results when they come in every year. He did note that if the approach was to audit every third year there could be a finding that affects the Compensation Applications which will then need go back three years for an adjustment, as there would then be three years to address instead of one on the rate side.

Member Brownrigg noted that he took Member Widmer's suggestion seriously but struggled to see the cost-benefit analysis, how much money would be saved if Member Widmer's suggestion was implemented.

Executive Director La Mariana noted that the proposal from R3 was for both audits, so the cost of the operations audit would presumably be about half of the total \$49,830 would be the savings for the operations audit, so \$50,000 over a two year period. He did note that asking the auditor to audit over a three year period may increase the cost of the audit as well.

Member Widmer noted that there is also a Recology cost associated with the time it takes them to support the audits.

Mike Kelly of Recology noted that there wouldn't be any headcount gain due to the audits having an extended review period (three years vs. one year). What generally occurs is that people work overtime to pull the information together to get to the auditors, but the people who do that work are salaried.

Member Brownrigg commented that this Agency oversees over \$95M of work in contract value and the assessment of how the operations are working is partly how decisions on how to divide those costs amongst the Member Agencies are made, it struck him that \$25,000 per year was a valid cost benefit.

Member Grassilli commented that when he first became a Board Member he questioned these audits, and spending so much money to recover less than the cost of the audits. He noted however, that over time the costs of these audits have dropped significantly, and he would support the resolution.

Member Bonilla motioned to approve Resolution 2018-05

Member Aguirre seconded

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 District	X			

D. Resolution Approving the formation and members of the Public Education and Outreach Subcommittee

Staff Member Au gave an overview of the staff report, noting that there are two spots expressly left open to accommodate TAC or Board Members who would like to serve on the Public Education and Outreach committee. She noted that names of potential committee members should be given to her by end of day February 2.

Member Widmer commented that he would like to see members of the community on the committee, specifically noting that someone from Menlo Spark who is already involved in environmental issues with their own communications would be a good choice to be involved in getting the word out.

Executive Director La Mariana noted that anyone on the committee should be engaged and involved in the business that the Agency does. Noting that the County communications team has been contacted for collaboration opportunities.

Member Aguirre noted that she would like to see someone from the public schools as a liaison as well.

Member Aguirre motioned to approve Resolution 2018-06

Member Widmer seconded

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 District	X			

**9. Collection and Recycling Program Support and Compliance**

No Items

**10. Shoreway Operations and Contract Management**

A. Resolution Approving Proposed Battery Collection Modifications Work Plan

Executive Director La Mariana gave a Power Point presentation on the battery work plan. He noted the recommendations for a translucent orange bag so the handlers can see the batteries with messaging printed on it, and continue to collect all batteries in the way they are currently collected.

Member Widmer noted that he was concerned about the bags being placed on top of the blue bins, which is causing problems now.

Executive Director La Mariana noted that with the color coding, making it easier to see, and messaging it will get people to place the bags correctly and alleviate the problems of the bags going into the bins. He also noted that the recommendation is to include an RFID component at the bag, so that if a bag is there the driver can be notified.

Member Widmer commented that if there was a hook on the cart for the bag to hook onto it would be less likely that it would get knocked off causing problems, or end up in the cart, causing problems.

Member Hurt asked about the distribution plan, noting that if she were to receive a bag and not need it for a very long time, when she does need it, she doesn't remember where she put it, or it would end up in the trash.

Executive Director La Mariana noted that it is something staff has struggled with especially because San Mateo County has a bag ban and this solution is a bag. He explained the plan for how bags would be distributed, noting that there would be a launch kit with two bags that residents would hold on to until they had batteries to place on the cart. He also noted that staff was mindful of increasing costs.

Member Aguirre commented that no matter what color the bag is, it all comes down to education and there needs to be a big education plan to go with this.

Chair Bronitsky suggested some type of battery bucket for each resident similar to the kitchen pail, and that a reusable pail might be more economical than the bags. He suggested a twice yearly pick up of the buckets on set days.

Member Widmer liked the twice a year bucket pick up.

Member Bonilla commented that he like the thoughts about the bucket, but had some questions about the proposed bag plan. He asked how the bag gets replaced.

Executive Director La Mariana answered that there are eight ways the bags could get exchanged, and showed the Power Point slide with all of the options.

Member suggested adding City Halls and post offices as additional locations where bags could be obtained.

Member Benton noted that he supported Chair Bronitsky's bucket suggestion as well. He noted that the presentation included a Multi-Family bucket, and some variation of that for residences could be used. He also noted that the number one priority is that it needs to be easy for the residents, if it's complicated they won't do it, and he thought the pick-up should be anytime.

Member Bronitsky suggested segments of the service area on different two days per year, and he thought having a pick-up of the bucket on any day would be overwhelming for Recology.

Member Dehn noted that in the ways of reminding residents a refrigerator magnet was mentioned, she noted that most people don't have refrigerators that can hold magnets anymore because they are stainless steel.

Chair Bronitsky suggested pop-up ads on Next Door get attention.

Executive Director La Mariana noted that this will be an extensive outreach campaign and these are all good thoughts, he continued his presentation noting current drop off locations and expanding drop off locations by engaging the battery industry. He displayed a Call2Recycle Battery drop off location box, noting that the box is lined and each battery goes in its own bag.

Member Brownrigg noted that it would lose all the consumers because it wouldn't be easy to have each battery individually wrapped. He thought if wrapping each individual battery was required it almost wasn't worth it, to expand the program.

Staff Member Au continued the presentation discussing the outreach plan. She first discussed the multi-family bucket, that exist now, and the plan is to increase the number of multi-family units with buckets.

Member Hurt asked how the multi-family bucket gets emptied or a new bucket arrives.

Staff Au answered that the property manager or owner will call Recology when the bucket is full and Recology schedules someone to come and the buckets are swapped out.

Member Widmer asked if it was on every floor of an apartment building, and suggested putting one on every floor so it makes it easy.

Member Hurt asked for statistics on how many calls have been made to swap out the 93 buckets that are out.

Recology offered to get that information to Member Hurt.

Staff Member Au continued with her presentation.

Chair Bronitsky suggested a competition around who recycles the most, and integrate the program into the schools.

Member Widmer suggested waiting until there is a final solution before approving the budget for the project.

Member Grassilli noted that there a lot of different ideas, and suggested 5-6 choices, and costs, so the Board can pick and choose.

Member Bronitsky noted that the item would be continued and would be brought back by the March meeting.

Member Brownrigg commented that everything should be orange, it should be the go to battery color including the boxes from Call2Recycle. He suggested the ad campaign should include what a battery is and show batteries of all types include electric tooth brushes and cordless drills for example. He concluded by noting that if this is done right let's get out of the battery business because if there is another fire, Shoreway has to be self-insured, and he didn't want to be in the battery disposal business if there wasn't a right solution.

Executive Director La Mariana noted that there was a lot of feedback today, and staff will come back in February with a short list of options. He did note that staff's first response was to get out of the battery business, but decided that without education the batteries would still end up in the bins, so the focus has been to revamp the collection and education of battery recycling.

3:20 PM Member Bonilla now absent.

Resolution 2018-07 was continued

#### B. Shoreway Operations Update

Staff Gans gave background of the EBMUD pilot in the staff report. He did note that the Silicon Valley Clean Water project is still moving, but is moving slowly, and EBMUD is ready now, and the project is smaller. He added that the EBMUD pilot would allow for time to develop new markets for food waste recovery. He noted that the driving force on the time table is a Cal Recycle grant that has funds available for this project and he and EBMUD have been working to put a package together for Cal Recycle's consideration for \$1.2M. If the proposal is successful the money would go towards capital costs. He noted in February he would be back to the Board with the pro forma, and further details about the project because the Cal Recycle funding cycle is short so the project is moving quickly.

Member Widmer suggested looking into Peninsula Clean Energy as a potential source of grant money, and possibly selling our energy to them. He asked Executive Director La Mariana to look into partnering with Peninsula Clean Energy and reporting back.

Member Brownrigg noted that he has spoken to Peninsula Clean Energy about this, and at the moment there is a regulatory problem and waste to energy is currently not considered renewable or sustainable energy. He added that the definitions could be worked on, but it's not as easy as Member Widmer suggested.

Staff Gans noted that having incremental success strengthens a grant application for larger asks, and Cal Recycle is awarding \$40M this year some of which is in capitol infrastructure to get to their goal of 75% diversion which will rely heavily on organics.

Chair Bronitsky noted that Foster City and San Mateo are building a new waste water treatment plant, and would be happy to take some of that money.

Staff Gans noted that he's been in contact with the project's construction manager and is trying to get in there because it's easier to build the infrastructure from the get go rather than trying to add it in later. He also noted that the SBWMA currently has MOUs with 3 waste water treatment plants, which has been his attempt to seed the market, because once this organic slurry material it is produced, you need to have customers immediately available..

Member Bronitsky noted that, if Staff Gans was having trouble getting in somewhere, one of the things people around the table do best is get doors open.

Staff Gans thanked Chair Bronitsky and noted that there is a lot of technology uncertainty and he's waiting for the technology to evolve to a point where he is comfortable bring a plan to the Board.

Staff Gans then discussed commodity markets and pricing and gave an overview of that section of the staff report. He noted that the current commodity situation in China is different that past economic fluctuations. He thought the evidence would appear in commodity pricing, noting that right now there is no market for mixed paper, so the operations are being changed to add more sort costs to upgrade to a cleaner material, which will hopefully be accepted by China (which consumes 80% of the waste paper in the world), so there are no other markets. He noted that our primary commodity is fiber, and the fiber price has dropped from a high of \$150 per ton to \$70 per ton which is a \$2M impact. He noted that he would be back to the Board in March when more information about what China is and is not accepting would be available.

#### **11. Informational Items Only (no action required)**

- A. Check Register Details for November and December 2017
- B. 2018 Finance and Rate Setting Calendar
- C. Potential Future Board Agenda Items

#### **12. Board Member Comments**

Executive Director La Mariana went back to the batteries, noting that there is a long term battery initiative going on right now at the state level regarding extended producer responsibility on batteries. He added that on December 20, there was a meeting held here with representatives from the industry, and from the state.

Member Grassilli thanked Chair Bronitsky, Executive Director La Mariana and his staff and his colleagues on the Board for their support while he served as chair.

**13. Adjourn 3:50PM**