



**MINUTES**

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE BOARD OF DIRECTORS  
January 26, 2017 – 2:00 p.m.  
San Carlos Library Conference Room A/B**

**Call To Order: 2:00PM**

**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	

**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 Govt. Code Sec. 54956.9  
Conference with Labor Negotiator: Unrepresented employees- (All employees).**

Call To Order: 2:27pm

**4. 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	

**5. Additional Public Comment**

None

## **6. Executive Director's Report**

Executive Director La Mariana wished everyone a Happy New Year. He noted that the mid-year budget is about \$1M favorable to plan primarily because the commodity market has been more favorable than forecast, and also due to a series of staff vacancies throughout the last fiscal year. He also noted that the annual financial services audit was completed and reviewed by the finance committee on January 10<sup>th</sup>, and the results of that are before the Board today under consent item 8B. He added that there are some minor changes in the investment policy in 2017 driven by mandated code changes, and those too have been discussed with the finance committee. He noted that at this point all 12 Member Agencies have approved their 2017 contractor compensation adjustments. He touched on Household Hazardous Waste options being discussed later today, but that staff is recommending working closely with the County and their existing programs. He thanked and recognized Recology for their work on the Franchise Agreement negotiations. He noted that they have met every deadline, and that we can't move forward without their meeting those key deliverables. He also noted regarding the Franchise Agreement Extension that there has been an emphasis on Member Agency input, there have been 2 surveys sent out via Survey Monkey. He noted that the second survey only has about 5 responses so far, and he asked for the Board's help in getting those responses back. The second survey will assess the planned growth rate in our service area through 2013.

Member Brownrigg asked Executive Director La Mariana to send an email to the Board to let them know if their planning department has not responded.

Executive Director La Mariana also noted that through the Member Agency input process there are 246 different recommendations, and staff is working to ascertain the recommendations that apply to all of 12 Member Agencies and will be part of the model Franchise Agreement that will be presented to this Board in April, or those that are agency or a couple of agencies specific. Those that are agency specific will be introduced to the negotiations process once a model agreement is approved the agency wide level by the SBWMA Board, and will be negotiated at the individual Member Agency level. He also noted that since the last Board meeting there have been 4 FAX Committee meetings, and 3 Negotiation meetings, and a well-attended afternoon Member Agency input session that about 35 people attended. He noted that key points that are being negotiated are compensation methodology, growth, bulky item collection, abandoned waste, and which indices to use: local versus national. He noted that the goal is to also make the rate review process simpler, but still maintain the contractual integrity. He re-emphasized that in April the Finance Committee will have a high level review of the numbers, the TAC will review on April 13, and Staff expects to have a Model Franchise Agreement with a cost proposal for the base core services at the April Board Meeting.

Executive Director La Mariana also noted that there will be a report on the fire recovery later, but the plant reopened on January 10. He recognized Hilary Gans and Dwight Herring for their efforts. He added that 35 people are back to work almost 3 months earlier than expected. There is still facility repair work to complete, but it won't affect operations. From a financial reimbursement process standpoint, we have spent about \$7M so far, and are ahead about \$400,000 on reimbursements from Hanover, but have not received any business interruption reimbursements yet which is a correction to the December Executive Director's Report. He recognized Farouk Fakira for all of his tracking work and thoroughness and attention detail.

Executive Director La Mariana also recognized Mike Kelly and Tammy Del Bene on their recent promotions. Mike is the new General Manager, and Tammy is the new Senior Administrative Services Manager. Lastly, he announced that the Shoreway Earth Day celebration will be April 8<sup>th</sup>, and asked everyone in attendance to save the date.

## 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 17, 2016 Board of Directors Meeting
- B. Resolution Approving the 2016 Annual Financial Statements
- C. Resolution Approving Revised SBWMA Investment Policy for 2017

Member Aguirre made a motion to approve the consent calendar items

Member Brownrigg 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			

## 8. Administration and Finance

- A. Election of SBWMA Board Chair and Vice Chair for 2017

Member Bronitsky nominated Bob Grassilli to remain chair for 2017.

Member Brownrigg seconded the nomination, noting that he didn't know if Chair Grassilli wanted to stay on as Chair, but thought that Chair Grassilli has done a fantastic job of running the meetings and keeping the group focused.

Roll Call Vote: 8-0-0-4

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			

Member Brownrigg nominated Charlie Bronitsky noting the same reasons that he seconded re-nomination of Chair Grassilli.

Member Hurt seconded the nomination.

Roll Call Vote: 8-0-0-4

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			

## B. Resolution Approving the FY16/17 Mid-Year Budget

Staff Fakira gave an overview of the staff report, and highlighted that overall staff is forecasting \$1M favorable to the budget. He noted that this is primarily due to favorable volumes in green waste, commodity pricing and also to extended staff vacancies at the SBWMA. He noted that Attachment A of the staff report has an expenditure summary breakdown for all of the detail, and the tables in the staff report explain the variances in the budget in detail.

Member Benton made a motion to approve the mid-year budget

Member Aguirre seconded the motion

Member Brownrigg commented that a positive variance to budget is great, but makes it hard to go to rate payers and ask for a rate increase. He reminded staff that it would be helpful to have the justification for any rate requests given this positive variance.

Roll Call Vote: 8-0-0-4

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			

## 9. Collection and Recycling Program Support and Compliance

### A. Quality Control on Recology Call Center: Update on Random Monitoring Calls

Agenda Item 10 was taken ahead of Agenda Item 9

Executive Director La Mariana gave a brief report on the Recology Call Center quality control monitoring. He noted that the reason for this audit is a contractual obligation to check in and maintain the quality standards. He reported that between October 24 and December 31 there were 76 phone calls made. He added that this is one of the audits he feels can be scaled back in frequency.

Member Aguirre asked if the audit also included emails, and if emails are monitored differently.

Mike Kelly of Recology noted that Recology does have people dedicated to reviewing emails as well as calls, but they are not part of the customer service audit.

Member Benton added that in future audits maybe monitoring the emails as well as the calls should be added to it.

### B. Resolution approving of final recommendations on Household Hazardous Waste Collection Options

Executive Director La Mariana introduced the item and gave background, he noted that at the office there were 6 phone calls and one email regarding the end of the Door to Door program, but that the County and Recology received a lot of phone calls. He noted that the County saw a very significant uptake in the drop off program when the post card went out and the Door to Door program appointments were full, but that has dropped off to a

normal amount now. He introduced Larry Sweetser, who gave a presentation on the final household hazardous waste recommendations.

Larry Sweetser of Sweetser and Associates gave a presentation, on the closing of the HHW door to door program, and the County program going forward. He noted a possible permanent facility was looked at the transfer station and that would cost a ballpark figure of \$250,000. He also noted that the recycling facility already takes about 70% of hazardous waste, so it's just the most toxic items that need to be collected by the County. He noted that the County has an under-utilized program, so he recommended advertising that, and the drop off program.

Executive Director La Mariana thanked Larry for his presentation and noted that it cost about \$40,000 to send post cards to each household, and would like to send post cards again in the spring and fall to highlight all of the County events that are coming up in our service area.

Member Benton asked what does the Tower Road facility take that can only be taken at Tower Road.

Larry Sweetser answered that it's primarily the more difficult materials like pesticides, cleaners, solvents, thinners, and etcetera.

Member Benton then asked if Tower Road fills their three day appointments are they prepared to add a 4<sup>th</sup> day.

Waymond Wong of San Mateo County answered because there are other opportunities for items like paint and batteries it has freed up a lot of room at Tower Road for collection of the more difficult items, and at the Tower Road facility they can take up to 100 appointments a day and at the collection events up to 200 residents, and they can look at adding more days if those appointments fill up.

Member Dehn commented that there wasn't a significant difference in appointments at Tower Road until the post card went out, and she wondered if it was the conversion of Door to Door customers to Tower Road, or is it significantly more than would have gone through. She wondered if there was more captured through the post card.

Larry Sweetser answered that it was unknown, staff didn't receive data from the Door to Door program on how much it was used during the last few months, but that some people are transitioning he guessed probably about half.

Member Brownrigg asked that the calendar for the 2017 drop off events be circulated so that it can get out to residents. He also asked how Burlingame could be the host of one of the drop off events.

Waymond Wong answered that all of the events are posted on the County's website, and SBWMA staff will send the link. He also noted that there are some restrictions on event locations because there has to be space for 25 cars to queue.

Member Brownrigg commented that he would have Burlingame's public works department get in touch with Waymond to host something in Burlingame. He then asked regarding batteries if they should still be allowed to put batteries on top of the cart given the fire.

Executive Director La Mariana answered that staff is looking at that issue, and Staff Gans is putting together a fire mitigation plan, so look for more discussion on this topic soon.

Larry Sweetser added that the public wants something easy and accessible.

Member Brownrigg motioned to approve resolution 2017-05

Member Dehn seconded the motion

Roll Call Vote; 8-0-0-4

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			

## 10. Shoreway Operations and Contract Management

### A. Resolution Approving Shoreway Environmental Center Site Restoration Services' Contracts Let Under Purchasing Policy and Update on MRF Fire Restoration and Facility Reopening Schedule

Staff Gans gave an overview of the staff report, and noted that the materials recovery facility (MRF) is back up and running and starting running cleanly with the start of the New Year, so there is a clean break for financial and accounting tracking. There is still repair work being done on the facility building, but the equipment is repaired and the MRF is in full operation. The contract for the remaining facility repair is \$170,000 which is the contract the Board is approving with this resolution. He also noted that the floods and the rain have affected recycling tremendously. Recycling is primarily paper and when paper gets wet it's a mess to handle, it significantly slows down the equipment and is very difficult to process. He noted that the facility is operating at about 50% speed due to the heaviness of the material, and SBR is having trouble keeping up due to the wet material. He also noted that there is a potential financial risk in marketing these materials because moisture is just like contamination and can cause the material to get downgraded or, even worse, rejected. Currently the materials are at 30-40% moisture and at that level there is a risk for rejection. To mitigate significant costs associated with material rejection the plan is to take this single batch of unrecoverable material to disposal. About 3 days' worth of material that is too wet to market needs to be disposed of and the difference in cost is about \$100,000. He noted that it is important to understand how the material gets wet. It's the commercial material with the bin lids open, which catch all the rain, and are meant to be water tight so material doesn't leak out of them, and by the time the cardboard has reached the MRF it's been absorbing water from the bin for week.

Member Bronitsky asked if commercial loads were multi-family or business.

Staff Gans answered that the same trucks are picking up business and multi-family together, so there is no ability to isolate bins that are known to be a problems.

Dwight Herring of SBR added that an SBR inspector is currently working to identify vehicles that are picking up just multi-family, and if it is then we are having those loads dump into the residential pile, because typically that material is drier.

Member Bronitsky asked if the wet material could be given back to the customer, so that rate payers don't have to subsidize for material that isn't recyclable.

Staff Gans stated that, in the case of simple contamination, it's much easier to have the customer address this issue because this material is consciously placed in the bin. . With water it's very difficult to regulate, and the bins are designed to be outside, and some don't have lids. The cost to dispose of this unrecoverable material is \$10,000.

Member Bronitsky suggested an ordinance so that wet recycling can be rejected.

Chair Grassilli commented that rejecting recycling would mean that the driver would have to get out and test every bin to make that work.

Staff Gans answered yes there would be more inspection and more dispute at the local level.

Member Hurt asked about communication and education of the commercial customers.

Gino Gasparini of Recology commented that the Recology drivers are well aware to keep the lids closed, they have received that direction, and if the drivers see if the lid is continually open the company will try to contact those customers and explain the situation. He also noted that the trucks have drain spouts and on particularly stormy nights they will drain the trucks before they go out on the routes to mitigate water in the trucks.

Tammy Del Bene added that the social media team has done posts to remind people to close their lids, but maybe the public committee can look into a future campaign as well.

Member Hurt commented that individual Member Agencies can speak to their constituents as well regarding the necessity of keeping the lids closed.

Dan Domonoske of SBR noted that the rain this year is unprecedented because of the lack of lapse between storms. He noted that Los Angeles and Long Beach have both taken down grades and taken recyclables to landfill as a risk mitigation measure. He noted that the rain is mostly with commercial loads, but not exclusively.

Member Aguirre made a motion to approve Resolution 2017-07

Member Brownrigg seconded the motion

Roll Call Vote: 8-0-0-4

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			

**B. Resolution Approving a New Contract with Zanker Road Resource Recovery for Construction and Demolition Materials Processing Services**

Staff Gans gave an overview of the staff report and asked the Board to approved Resolution 2017-08 to authorize the Executive Director to Execute a Contract with Zanker Road Resource Recovery for Construction and Demolition (C&D) Materials Processing Services. He described the proposed 5 year term with an option to exit after the second year, and each year thereafter. The rates are being changed from \$51.61 per ton to \$60 per ton in rate year one, \$65 per ton in rate year two, and \$70 per ton in the out years, He added that it is a big increase, which is why the opportunity to exit the agreement after the second year if a better arrangement is

found, and SBR is working to take materials out of the C&D tons that can be taken to different markets, like wood, dirt and sod. He also noted that the C&D rate is a self-haul rate that doesn't affect the Member Agencies or Franchise tons, and the tip fee increase that went into effect on January 1 will cover the rate that is proposed by Zanker.

Member Brownrigg asked for clarification if this was a pass through, so the fact that there was a \$10 increase by Zanker and the tip fees went up \$10 is coincidental.

Staff Gans answered that the goal is to match the gate fees to the cost of disposal, there is no Franchised C&D.

Member Brownrigg asked if there was a revenue opportunity for Shoreway to become a C&D processing facility.

Staff Gans answered that it's 34,000 to 35,000 tons a year, and it fluctuates with the economy. He noted that pass through costs have not been treated as profit opportunities, but noted that if processing of the material at the transfer station were done, the system could be built to accommodate C&D material as well.

Member Benton asked if there were any issues with prices being non-competitive, and what is the price per ton being charged

Staff Gans answered not yet, but the second 2017 tip fee increase was just put into place on January 1, and will be tracked to see if volumes decrease. He added that currently the C&D rate is \$100/ton and its \$12/ton to pay SBR for handling materials at the transfer station and there is a transportation fee as well.

Member Dehn asked if the sorting of the material was a good use if the labor cost is considered.

Staff Gans answered that C&D is low value material so it's a tough call.

Member Bronitsky commented that there is a net positive from this business, and as the rate at Zanker increases if the rate we charge doesn't increase what is the net effect. He didn't want to see pricing out of the market and losing the business since there is a net positive. He recommended looking at this when the budget is discussed.

Member Rutherford made a motion to approve Resolution 2017-08

Member Benton seconded the motion

Roll Call Vote: 8-0-0-4

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			

### C. Update on Recology's Termination of 3rd Party Tons Supply Agreement with SBR

Staff Gans gave an overview of the staff report and noted that when the fire occurred, and closed the facility, the contract that SBR had with Recology to process their recyclables had a force de majeure provision that after 90 days Recology could chose to terminate the contract, and that is what they did. He noted that now that the facility is back open the third party host fee is no longer coming to the SBWMA, which translates to \$200,000 in lost revenue that was budgeted for the second half of FY16-17. He also added that Recology has recognized

that their termination negatively affects the SBWMA budget, so to try offset that lost revenue, they've offered to bring other materials from other jurisdictions into the facility. He did note that some of it is recycling, but most of it is garbage and green waste. He also added that he was not yet able to make a forecast on how much of the gap we will be able to close with the additional tons.

Member Dehn asked for confirmation that the ceasing of this agreement meant that there was also no longer a need for a second shift, and if the new materials would require a second shift.

Staff Gans answered that there is no impact on the MRF with the new materials brought in from Recology, because it's mostly other categories of materials. He noted that there is no second shift at the MRF since it reopened. He also added that the MRF canopy project was supposed to be paid for from the revenue from 3<sup>rd</sup> party tons, and there has been over \$1M collected in host fees with the previous contract, so its \$400,000 cost has been paid for.

Member Benton wondered if Recology's decision to exit the contract was because they got a cheaper place elsewhere or if it was based on transportation and other things out of SBWMA control. He questioned if the host fee priced the SBWMA out of the market.

Staff Gans answered that Recology's choice to exit is mostly locational, there aren't that many MRF's around the Bay Area, and a new facility opened in San Jose and doubled its capacity and is likely pricing aggressively, but the tons we were getting from Recology were coming from cities geographically close to the new MRF in San Jose, so it's both logistics and price.

Member Brownrigg thanked Recology for their effort in trying to fill that budget hole when it's not something they are required to do.

Member Benton also thanked staff Gans for his efforts in restoring the facility so quickly and three months ahead of time.

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

- A. Franchise Agreement Extension Discussions Calendar
- B. November and December 2016 Check Register Detail
- C. Technical Consulting and Professional Services Agreements for 4th Quarter 2016
- D. 2018 Finance and Rate Setting Calendar

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

Chair Grassilli noted that the Board would need to vote on whether they wanted to add a discussion item to the agenda as an urgency item. He gave the background that Heather Abrams who was appointed to the Franchise Agreement Extension (FAX) Committee has left the City of Menlo Park, and can no longer serve as a FAX Member, she appointed someone from her staff to take her place on the committee, but the City Manager of Atherton would also like to be on the committee.

Counsel Savaree added that the issue came up after the agenda was posted, but the Board could vote to add it to the agenda as an urgency item.

Member Bronitsky moved to add it to the agenda as an urgency item

Member Brownrigg seconded the motion

Roll Call Vote: 8-0-0-4

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			

Chair Grassilli commented that the Board appointed 6 members to the committee, and it is now 5. He asked if the Board wanted to appoint a sixth member, and if yes, should that person be a Menlo Park representative or a different member.

Counsel Savaree noted that in April the Board passed a resolution that appointed the FAX Committee members. There are representatives from 6 Member Agencies who meet and are part of the negotiation process with Recology for the Franchise Agreement Extension. She noted that that Board appointed the individuals based in part on the history with the organization and secondly for their qualifications. She posed the question with this vacancy do you want to change the composition of the committee, leave it vacant, appoint someone from Menlo Park or appoint someone from another agency.

Member Benton asked why Heather Abrams was appointed.

Executive Director La Mariana answered that she volunteered last April during a TAC meeting, and the TAC's recommendation was brought for approval to this Board at its April 2016 meeting.

Member Hurt asked how often is this committee appointed.

Executive Director La Mariana answered that it's a one-time Ad Hoc committee, and once negotiations are complete the committee will cease.

Member Dehn asked if there was an alternate system set up at the time of the formation of the committee.

Member Bronitsky asked if Heather Abrams brought a skill set that is otherwise absent now, noting that they've gotten to a certain point in the negotiations, and a new person may drag negotiations backward.

Executive Director La Mariana answered that Heather had great industry knowledge and program knowledge and it will be a loss not having her perspective on the committee.

Member Bronitsky commented that he would like to see a replacement who has the same skill set as Heather, and isn't going to have to go back to square one if she is to be replaced.

Member Dehn asked if other members of the TAC are attending the FAX committee meetings.

Executive Director La Mariana answered no, but there was one joint meeting.

Member Dehn asked if the FAX Committee had a recommendation of replacement.

Executive Director La Mariana answered that is has not been before the FAX, as we just got the request from Atherton yesterday.

Member Benton asked about what percentage of the FAX's work is done.

Executive Director La Mariana answered probably a third of the way done, and added that it is a complex and highly nuanced assignment.

Member Benton suggested leaving the position vacant, and put out a notice to replicate the skill set.

Member Brownrigg commented that he thought it would be helpful to hear from the FAX members. He noted that if the FAX members want to have 6 people to share the work, we should take Heather's alternative because that person would be the closest to tracking her work, but they may say they only need five.

The Board gave direction to the FAX Members to put forth a recommendation on the vacant position.

Member Dehn added that if they decide they need a sixth person it should be someone with the skill set qualified to fill the role.

Member Brownrigg commented that it remains a staff position.

**13. Adjourn 4:01pm**