

MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
February 23, 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 | |

Alternate Members Charles Stone represented Burlingame, and Richard Cline Represented Menlo Park

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: 2:54pm

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. Report from Closed Session

No Report

7. Executive Director's Report

Executive Director La Mariana gave t the Board with qn overview the meeting. He first gave an update on the Recology discussions noting that there are 2 remaining meetings of both the FAX and negotiation committees. He also noted there is a high level presentation to the finance committee on April 4th, and a detailed presentation to the TAC committee on April 13th, which may also be a FAX committee joint meeting. Then the FAX findings and recommendations will be brought forward to this Board at the April Board meeting as an information item. He noted that the April Board meeting will be expanded to a 3 hour session starting at 1pm, and will have two discussion items. The first 20-30 minutes will be the first review of the FY17/18 budget, and the remaining time will be focused on the Franchise Agreement Extension. He then noted the calendar for the May meetings to visit each of the Member Agency city councils presented in agenda item 12A. He added that at those meetings staff would get feedback that would be incorporated into what is up for this Board's approval at the May meeting, and trying to get full execution of a new contract by the end of this calendar year.

Member Widmer asked if staff would be given the same presentation to this Board in April that would be given to the City Councils.

Executive Director La Mariana answered that it would be a condensed version - about a 20 minute presentation followed by Q&A.

Executive Director La Mariana then described the negotiations talks thus far with Recology. He noted that the two sides continue to meet and there is a strong spirit of good faith in the bargaining. He noted that the SBWMA team is keeping the FAX committee fully informed on a regular basis, and added that there is conditional agreement on a number of items. He also added that there is a two-tiered peer review of Recology's operations underway, and the early indications are that Recology conducts its operations very efficiently.

Member Brownrigg asked for clarification on what was being measured when using the term efficient.

Executive Director La Mariana answered that it is efficient in terms of running their routes, noting that routes drive pricing and pricing drives the rates, so a peer review has been commissioned to ensure that the contractor is running in the most efficient way possible.

Executive Director La Mariana then noted that there are still significant pricing issues to be addressed, and both parties are working very diligently to address those issues, and staff still plans to bring a proposal for a contract extension to this Board in April.

Executive Director La Mariana then talked about the fire recovery process, and noted that there will be a presentation on an enhanced fire mitigation plan. He added that all of the repair and restoration work has now been paid for by the insurance company, but there is still \$170,000 worth of work that will begin in early March to repair the roof and the side doors. He also noted that still outstanding is the business income loss claim of \$1.3M that is still under review by the insurance company. Lastly, he noted that a check for almost \$55,000 has been received from PG&E, for a deposit made in 2012 for work on electrical transformers. He acknowledged Staff Gans for his diligence in getting the deposit back.

Chair Grassilli asked staff to identify if there are any other outstanding deposits that need to be returned, as this PG&E one took so long to recover.

8. 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 January 26 Board of Directors Meeting
- B. Resolution Authorizing Executive Director to Notify the City of San Carlos to Accept the Lease Agreement at San Carlos Library
- C. Approval of the Quarterly Investment Report as of 12/31/16

Member Dehn asked if there was still an intention or direction to move staff to Shoreway at some point.

Executive Director La Mariana answered that, at this point, staff has concluded it would be better to use the site at its highest and best use, and to move the SBWMA work group over there would cause displacement. There would either need to be construction of a new building or modification to existing spaces, and staff has concluded that the facility should be used to the highest and best use for solid waste processing not office space.

Member Benton commented that the three year extension should be an option but it isn't and so, therefore, the 3 year extension in the lease is meaningless because it doesn't protect us and either party can do what they want.

Member Widmer commented that he would be abstaining from the minutes due to Atherton being absent last meeting. He also commented that the staff report for 8B noted that staff looked at other rates specifically in San Carlos, and staff should have looked at all City's in the service area. Secondly, he noted that regardless of whether this SBWMA staff moves to Shoreway or not there does need to be some modification to add an elevator to the admin building. And once that is done, the Board should relook at relocating staff to Shoreway.

Executive Director La Mariana answered that there was a market report that looked at the entire mid-peninsula, and this lease is a very favorable rate.

Member Stone moved to approve the consent calendar items

Member Aguirre seconded the motion

Roll Call Vote: 11-0-3(8A)-1

| Agency | Yes | No | Abstain | Absent | Agency | Yes | No | Abstain | Absent |
|----------------|-----|----|---------|--------|-------------------------|-----|----|---------|--------|
| Atherton | X | | X (8A) | | Menlo Park | X | | | |
| Belmont | X | | | | Redwood City | X | | | |
| Burlingame | X | | | | San Carlos | X | | | |
| East Palo Alto | | | | X | San Mateo | X | | X (8A) | |
| Foster City | X | | | | County of San Mateo | X | | X (8A) | |
| Hillsborough | X | | | | West Bay Sanitary Dist. | X | | | |

9. Administration and Finance

- A. Resolution Approving Change Order Number 1 to Contract for Financial Review Support and Negotiation Services to support Franchise with HF&H Consulting

Executive Director La Mariana noted that staff is recommending a contract modification in the amount of \$76,588, based on a time and material estimate for an additional 4 tasks that staff would like HF&H support on that were not in the original scope. He listed the tasks noted in Exhibit A of the staff report.

Member Aguirre noted that she was concerned that a Board member would add costs to a contract. She asked what the term of the contract is, and if there were any more change orders anticipated.

Executive Director La Mariana noted that he did note the potential need for an additional meeting at the January or February Board meeting, but the cost was not known at that time. He also answered that this HF&H contract is project specific so when the project is done the contract is over, and that will be when the Board makes a decision on a model Franchise Agreement that will be recommended to all of the Member Agencies in May or June. He also noted that timeline,, if the franchise agreement negotiations proceed in the anticipated staff doesn't currently anticipate any additional change orders for the HFH Contract.

Member Bronitsky asked if it would be feasible to invite all member agency officials to a meeting that the consultant would make a presentation and then have just staff visit each of the Member Agencies, so that it's just one presentation required of the consultant instead of 12, and then staff can do Q&A at each of the Member Agencies.

Member Widmer added that at each of the council meetings you'll be presenting what the changes are going to be to the agreement, so he wasn't sure it was necessary to have the expert who did the analysis on the rates come and present to all of the City Council members when the City Council relies on their Board Member or staff for that analysis and research.

Chair Grassilli asked who recommended HF&H present to the City Councils.

Executive Director La Mariana answered that the FAX and the SBWMA negotiation team recommended HF&H do the presentations.

Member Dehn noted that the consultant could develop the presentation, and then have staff take those materials and give the presentations going forward.

Member Widmer cautioned that the City Managers meeting could be exclusive, and he wanted the presentation to be inclusive of all staff.

Member Brownrigg commented that the Burlingame Council gets a number of presentations, and if it's not directly related to land use in Burlingame they mostly don't listen, so he concurred that staff could handle that without the consultant.

Member Benton asked if at those May presentations the individual cities would know what the rates were going to be.

Executive Director La Mariana answered that there are two steps to the process. Step one is to get a model Franchise Agreement that is a redlined version of the current contract with a cost proposal from the contractor for the base services that apply to all 12 member agencies, this will happen by May or June. Step two, is that each Member Agency will sit down with Recology and make any adjustments, and execute the contract.

Member Benton commented that he thought May was premature for this presentation, and his council wouldn't want to go through all the detail without knowing what it will cost.

Executive Director La Mariana commented that he thought the presentation would provide important foundational information from which to make the decision, and staff will get important direction. He also noted that he was specifically asked by one Council Member who is not on the SBWMA Board when he would have a chance to weigh in, so this is trying to honor that request.

Member Cline noted that his Council would expect to see that in May and residents would want a chance to weigh in at that time as well.

Chair Grassilli noted that there was a difference of opinion, and asked the Board what direction they wanted to give staff.

Member Benton suggested that the Board was micromanaging and recommended voting to approve the money.

Member Widmer noted that he agreed with Member Benton and the Board should vote to approve the money and if the Executive Director can reduce the costs that would be great.

Member Benton made a motion to approve Resolution 2017-11 for change order number one to HF&H consultants' contract.

Member Widmer seconded the motion

Roll Call Vote: 11-0-0-1

| 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 | | | |

Redwood City now absent

10. Collection and Recycling Program Support and Compliance

- A. Resolution Accepting Recommendation of Ad Hoc Committee to Review Franchise Agreement Amendments (Committee) Not to Fill Existing Vacancy on the Committee

Executive Director La Mariana gave an overview of the staff report and noted that the FAX committee recommended continuing with the remaining 5 committee members, because it's a very complex and nuanced discussion, and there is already equity in the committee and the process is getting even further down the road.

Member Brownrigg made a motion to approve Resolution 2017-12 to accept the FAX Committee recommendation.

Member Benton seconded the motion

Roll Call Vote: 10-0-0-2

| 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 | | | |

11. Shoreway Operations and Contract Management

- A. Resolution Approving Capital Expenditure for Enhanced Fire Suppression and Discussion on Shoreway Fire Mitigation Planning

Staff Gans gave an overview of the staff report which was two items. One the resolution approving a capital expenditure for enhanced fire suppression, and two, discussion of the Shoreway fire hazard mitigation plan. He noted that the request for the capital expenditure is an outcome of the proposed plan. He researched the Shoreway fires in September and the history of fires at the MRF, and noted that in the last three years there have been 26 small fires at the MRF, these fires all happened during an operational day, and were dealt with

very quickly by SBR staff on hand, as they were trained to do. The September fire happened at night and in the equipment hidden away from the employees' view. It also happened in the middle of the process and ignited material that was then carried throughout the plant. He added that lithium ion batteries are the culprit for half the fires at the facility. He also did research of other facilities to see if they are having issues with batteries, and they are not, and the reason is the way batteries are collected in the SBWMA programs. He added that the MRF and transfer station were built with state of the art fire suppression systems that worked well during both fires. He gave an overview of the proposal in the staff report that staff is proposing the purchase of a high tech fire suppression system called "Fire Rover" that was created in the recycling industry. He noted that over the years staff and SBR have been working to incrementally add fire suppression measures, and, all told, it will be \$500,000 to add this comprehensive "Fire Rover" fire suppression and monitoring technology to the facility. He did note that the insurance company is not recommending this purchase, but if there continues to be fires there may be a point where insurance companies won't insure recycling facilities.

Member Benton asked how facilities that are not having issues with batteries handle batteries.

Staff Gans answered that those facilities don't get the batteries, they contacted 16 other MRFs and, in those facilities that don't accept batteries, fires weren't a common problem.

Member Benton followed up by asking if the SBWMA policy regarding batteries should be changed.

Staff Gans answered that it was a good discussion, and in the Fire Mitigation Plan there are 3 sections in the plan regarding this, 1) what can the SBWMA do, 2) what can SBR do, and 3) what can Recology do. He noted that most of the facility side of things are already done, and Recology has talked to their drivers on the collection side. He noted that he thought there should be some analysis around rolling back the battery collection program, and then adding it to a future agenda item.

Chair Grassilli asked staff to agendize battery collection options for a future Board Meeting agenda.

Member Cline asked if there was any research or case studies on the Fire Rover suppression system, and asked if there was a way to cancel the system if it wasn't working.

Staff Gans answered that the system and technology is new, so not yet, but since the fire in September, a new MRF built in San Jose has added the system. He also added that is he working on contract language with the Fire Rover company now, and it's a sticking point because he didn't think Fire Rover was warranting the reliability of their system or its effectiveness enough, but it's a difficult thing to get a warranty on.

Member Dehn asked when the insurance renewal due, and if this system would help in the renewal.

Staff Gans would find out when the insurance renewal would be.

Member Widmer commented without a negotiated contract, and we don't know whether or not it will help with the insurance renewal, it's too much money, and too many unknowns. He suggested the item get continued until there is more information.

Staff Gans answered that there is a committed price, and confidence the system will work, what is lacking is a penalty in the contract for non-performance which is being negotiated.

Member Brownrigg asked for the annual insurance premium amount, and asked that if it is installed we ask for either a reduction or not an increase in premium after the fire. He also noted on their site they say "you'll never

have to worry about fires again” twice, and that felt like a guarantee, so we should be able to get a guarantee in the contract. He also asked if they were the only ones who do this is it sole sourced.

Staff Fakira answered that the annual insurance premium is \$278,000.

Staff Gans answered that individual components of the system could be purchased separately, but the monitoring is what makes this system unique and this is the only company that does this.

Member Brownrigg commented that if batteries are going to continue to be collected then we have to invest in this system.

Member Bronitsky recommended tabling this item for a month after having looked at whether there could be a discount on insurance, and look at the feasibility of discontinuing the battery program as an alternative.

Member Bonilla noted that the staff report notes that if this system had been in place it might not have detected the September fire because of where the fire took place.

Staff Gans answered that this system monitors the pile only, in the Transfer Station and in the MRF, it doesn't monitor the whole building.

Member Bonilla would like to see some fire detection and suppression added to the covered equipment areas of the MRF.

Staff Gans answered that an engineering firm was hired to look at those specific areas, and those inspections are being completed and the plan is to add a deluge system to cover those areas.

Member Stone commented that there is much more loss than just the fire to consider and how much more that loss would be if the damage was worse, and he thought the Board was in a position to vote on this today, and give staff the authority to enter into the contract if the terms can be resolved. He didn't think we could be too careful when it comes to fires.

Member Stone made a motion to approve Resolution 2017-13

Member Brownrigg Seconded the Motion

Member Widmer made an alternate motion to continue the item for one month based on further information needed.

Member Slocum seconded the motion.

Roll Call Vote on Member Widmer's Motion to continue the item: 6-4-0-2

| 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 Benton added that when the discussion comes back, he would like to hear more about the monitoring company.

Chair Grassilli added that a discussion on battery collection needs to be agendized.

B. Shoreway Facility Update and Discussion of Planned Capital Projects

Staff Gans noted that there is a pipeline of projects that he wanted to alert the Board to. At the next Board meeting he will bring the Fire Rover contract back for approval as well as the other items listed in the staff report, and these projects are intended to be completed before the close of this fiscal year.

Member Widmer asked for clarification on the contract with Recology for 3rd party tonnage, noting that the contract ended, but then the staff report notes 3rd party tons. He asked if there was a host fee being collected, and if it required a second shift.

Staff Gans answered that the contract with Recology for 3rd party tons that went to the MRF was cancelled, and that tonnage is gone. Because Recology realized the cash flow impact to the SBWMA when that contract was cancelled, they've offered to bring other tonnage to the transfer station. Because it's not MRF tonnage there is no host fee, but we are still able to spread costs over more tonnage, and the total tonnage that went through the transfer station was reported as 3rd party tonnage in the staff report. He added that there is no host fee associated with these alternative transfer station tons. Recology is paying the gate rate and SBR is handling that material as they would any other material. The key benefit is the spreading of the cost over more tons. Also, regarding the second shift, he noted that the second shift was at the MRF only, and because this material is not at the MRF it doesn't require much extra handling.

Member Widmer commented that he would hope the numbers are such that costs are being recovered.

12. Informational Items Only (no action required)

- A. Franchise Agreement Extension Discussions Calendar
- B. January 2017 Check Register Detail
- C. 2018 Finance and Rate Setting Calendar
- D. Future Board Agenda Items

13. Board Member Comments

14. Adjourn 3:53PM