



**A Public Agency**

# EXECUTIVE DIRECTOR'S REPORT



## STAFF REPORT

**To:** SBWMA Board Members  
**From:** Joe La Mariana, Executive Director  
**Date:** April 25, 2019 Board of Directors Meeting  
**Subject:** Executive Director's Report

Let's start out with a bang--Our Agency's Shoreway Environmental Center's MRF and management team was honored with a front cover, feature article in the industry's premier national recycling journal, *Recycling Today*-April 2019 issue. <http://magazine.recyclingtoday.com/issue/april-2019> (Click "*Allied Approach*" to read the article). This is a great time to acknowledge the entire SBR team and SBWMA staff in their daily pursuit of excellence in the face of all odds. Well done folks!

Now on to our critically important, yet more routine activities. Staff and Agency partners are currently operating in a period of extreme high volume supporting numerous critical path projects, programs and facility initiatives since our last Board meeting. Here are highlights:

### 1. Administration & Finance:

#### a. Bond Refunding/Refinancing—We're in the Stretch!

As previously noted, Staff and the Finance Team (KNN-finance advisors; Stadler-bond disclosure attorneys; and Raymond James-underwriters) are feverishly working on preparing numerous final documents and supporting projections, with Board approval of agenda item 5A. Please note these remaining Board engagement process milestone dates (the list is getting shorter!):

1. **April 25:** SBWMA Board-Bond Refunding Deal Terms: *Recommendations*
2. **May 6<sup>th</sup> - May 15<sup>th</sup>:** 12 Member Agency Approvals (**All 12 Elected Bodies review\*- Action Item**)
3. **May 23<sup>rd</sup>:** SBWMA Board-Bond Refunding Deal Terms: **FINAL APPROVAL\*\***
4. **June 17<sup>th</sup>:** Close date of current Bonds (by law, earliest date final transaction steps can begin)
5. **September 1<sup>st</sup>:** Final Bond Maturity Date (Refunding transaction complete)

\* Per the section 7.1.1 of the "Second Amended and Restated Joint Exercise of Powers Agreement, South Bayside Waste Management Authority" (aka "JPA Governance Agreement") "two thirds of the members agencies (or 8) are required to approve this refunding transaction."

\*\* This vote authorizes Finance Team/Underwriter's to sell new Bonds on SBWMA's behalf in Bond marketplace.

#### b. Disposal/Landfill Services RFP: Process Update—Award Decision Anticipated May 23<sup>rd</sup>

As previously noted, several unresolved deal points identified by the Board's Selection Subcommittee are being addressed with each RFP response finalist. While Staff is still targeting the May 23<sup>rd</sup> meeting for Board consideration of this contract's award, these issues must be addressed to the Agency's satisfaction before Staff can prepare its final recommendation to the Board.

#### c. Long Range Plan (LRP) Update—New Period: 2020-2024

Eight SBWMA Committee and contractor (Recology and SBR) input sessions and a TAC input survey have now been completed. The results have given valuable direction to Staff in terms of program and resource

allocation emphasis and prioritization. Several additional input sessions will be conducted during the next several weeks.

An updated LRP draft remains on-track to be presented to the Board on May 23<sup>rd</sup>. **Please note that these planning assumptions and considerations will be factored into the Agency's Draft FY19/20 budget development that's also planned for introduction to the Board on May 23<sup>rd</sup>.** This timing is being driven by the FY19/20 budget development and 2019 Bond Refunding processes.

**d. Administrative/Financial Services Contract Transition**—*Effective July 1, 2019*

With recent Board approval of the new administrative/financial services contract from the City of San Carlos to Redwood City, Sr. Finance Manager John Mangini is leading the smooth and orderly transition of the Agency's entire financial systems to coincide with the new 2019-2020 fiscal year. Due to the Agency's current extraordinary workload, Marshall Moran will assist in this transition. This assignment was anticipated, and those costs will be captured under Marshall's existing Professional Services Agreement.

**e. Major Grant Solicitation**—*Game on!*

With numerous capital, program and outreach projects in the works, Staff is committed to seeking grant funding opportunities that may offset some of these planned expenditures during the next few years. With technical supervision by Sr. Facilities and Contracts Manager Hilary Gans, our newest colleague Management Analyst Grant Ligon is excited to lead this initiative. If approved, today's agenda item 5B will engage the expertise of The Grant Farm (Sacramento) in our aggressive quest for funding.

## **2. Committee Updates:**

**a. Finance Committee Meeting** *(April 11)*

The Agency's 2018 CY Financial Statement audits were reviewed and recommended for Board approval. Sr. Finance Manager John Mangini provided a detailed presentation and led an in-depth discussion of the key elements of the proposed Bond refunding projects key financial components. Agency Financial Consultants, KNN, and Bond Counsel, Stradling Yocca, were fully engaged in this review. This review resulted in the Finance Committee's strong recommendation for the Board to approve the proposed Bond refunding package, as proposed. After this meeting, the KNN team stated that they had never experienced the deep level of scrutiny and depth of questions being posed by our Committee. Committee members Jay Benton, Michael Brownrigg, Bill Widmer and Carol Augustine represented our Agency with great distinction and Staff remains extremely grateful for their expertise, experience and keen insights throughout this process.

**b. Legislative/Regulatory Committee** *(April 11<sup>th</sup>--Executive Committee)*

The 2019-2020 Legislative Session is in full-throttle—lots of time sensitive action is reported in detail in agenda item 9A. Our Agency's Legislative and Regulatory Committee consists of our Board Chair, Jay Benton; Board Vice Chair, Alicia Aguirre; Staff Joe La Mariana and Julia Au; as well as our Sacramento-based legislative advocate, Environment & Energy Consulting (EEC).

Our Agency is aggressively sponsoring AB 1509—Lithium-Ion Battery Recycling Act that our very own Assembly Speaker Pro Tem Kevin Mullin is authoring, with exceptionally strong additional regional support by Assembly Member Marc Berman and State Senator Jerry Hill. We are incredibly lucky to have such a dedicated and responsive San Mateo County legislative delegation looking out for our interests. On April 9<sup>th</sup>, I was invited to provide lead testimony supporting Assembly Member Mullin's presentation to the Assembly's Environmental Safety and Toxic Materials Committee. Because of a favorable Committee vote, I've been invited to, again, join Assembly Member Mullin's presentation to the Assembly's Natural Resources Committee to provide lead testimony on April 22<sup>nd</sup>. This tactical opportunity has been created

on our behalf by the incredibly effective staff-level connectivity between the Assembly Member's legislative staff, EEC and, of course, with the skillful guidance of Staff Julia Au.

Beyond AB 1509, there are about 50 environmentally relevant bills that we're aggressively tracking and, in many cases, our Agency's interests are being heard in the form of position letters of support or opposition. I can assure you that the SBWMA's voice is being loudly heard in Sacramento like never before.

c. **Pub Ed/Outreach Subcommittee** (*April 15<sup>th</sup>*)

Public and environmental education and outreach remain a top priority in all aspects of our Agency's program planning and execution. This priority status is due to numerous legal mandates and an unwavering commitment by our Agency's senior leadership--our Board and TAC.

The next generation of education and outreach campaigns we are currently planning, with the strong engagement by Recology and the Pub Ed/Outreach Subcommittee, includes a re-education of program services targeting recycling and composting program basics that will be directed to the residential and multi-family sectors. Special emphasis will continue to engage Spanish and Chinese-speaking community members. Future outreach campaigns will target the commercial community and other account-specific segments. A website revamp update was also provided—project is moving right along. The Subcommittee also provide their second round of strategic Long Range Plan input. Subcommittee members include: Board Member Davina Hurt (Belmont); TAC Vice Chair Roxanne Murray (City of San Mateo); TAC Members Gordon Tong (SM County) and Andra Lorenz (Foster City); Recology Waste Zero Manager Mia Rossi; RethinkWaste Staff Julia Au (Chair), Emi Hashizume and Joe La Mariana.

d. **Technical Advisory Committee** (*No Meeting Held*)

e. **Zero Landfill Committee** (*March 28<sup>th</sup>*)

The ZLF met immediately preceding the Board meeting on 3/28. Two items discussed: 1) the proposed \$15.6M MRF equipment upgrades (financials were already reviewed by Finance Committee on February 14<sup>th</sup>; Board study session on February 28<sup>th</sup>) and 2) a high-level Long-Range Plan input session. The Committee provided Staff with clear, inspiring guidance to strategically align the Agency's mission statement and guiding principles with member agency Climate Action Plans, with an emphasis on, when financially feasible, seeking to reduce the carbon footprint of our system operations.

### **3. Collection and Recycling Program Support and Compliance:**

**A. Franchise Agreement Member Agency Approvals—*No Formal Change in Status from My March Report***

**Town of Atherton Update:** Council is considering an option to conduct a RFP for solid waste, recycling and compost collection services at its April 17<sup>th</sup> Council meeting (agenda item #15). As of this writing, direction to staff is unknown.

**B. Franchise Agreement "Amendment One" Process—*Ready for Board Consideration Today***

At Board direction and using the same collaborative model that we successfully used during the recent Franchise Agreement process, the FAX, Staff, Recology and HFH Consulting have met since August 2018 to address the impending capacity issue for the extremely popular Bulky Item Collection (BIC) and Abandoned Waste Collection programs, as well as engaging some additional anti-litter practices during the collection operations. The team has reached agreement, the FAX Committee has reviewed the team's findings and recommendations, and this item is now ready for Board consideration on the agenda as Item 6A. NOTE: The FAX Committee consists of: Jim Porter, Chair, DPW Director, San Mateo County; Melissa Stevenson-Diaz, Vice Chair, City Manager, Redwood City; Larry Patterson, City Manager, City of San Mateo (recently retired); Afshin

Oskoui, DPW Director, City of Belmont and SBWMA TAC Chair; and Brenda Olwin, Finance Director, City of East Palo Alto.

### **C. Long Range Plan-Pilot Programs**

#### **i. Environmental Education Program—*Nine Redwood City schools are now on Board.***

Environmental Education Manager Emi Hashizume and her team, Environmental Education Coordinator Madison Guzman and fellows Dennis Uyat and Adele Halili, continue to expand this pilot to elementary schools in the targeted area (RWC). Fellow colleagues Joanna Rosales and Shirley Ng have also provided vital tour coverage during this pilot phase, thereby allowing the schools team to continue their roll outs. During the week of April 8<sup>th</sup>, the schools team conducted 17 in-class trainings in three days; multiple other campus trainings (in lunch cafeterias, working with custodial staff, etc.); in addition to providing 7 tours at the facility. The results have been impressive, but we will have an interesting discussion regarding resource allocation options in the future. In addition to all this work, the Education team has also been hard at work on Earth Day Festival planning.

As previously noted, the team will present a program update at the May Board meeting. Recommendations will follow during the FY19/20 Budget discussion on adopting a phased approach to expand this program Agency-wide during the next few years.

#### **ii. Public Spaces Pilot Program—*SBWMA Team Works w/City Staff to Achieve Pilot Goals***

Outreach and Communications Manager, Julia Au, and her fellows team, Joanna Rosales and Shirley Ng have been extremely busy finalizing and analyzing the Public Spaces pilot program results. In addition to this work, they have also been busy supporting the Shoreway tours program, Earth Day Festival planning, executing a special AB 1826 mailing (*California's Mandatory Organics Recycling Act*) to 2,000 businesses and expanding battery drop-off locations in our service area.

A pilot program update will be presented now at the May Board meeting. Recommendations will follow during the FY19/20 Budget discussion on adopting a phased approach to expand this program Agency-wide during the next few years.

## **4. Shoreway Operations and Contract Management**

### **A. Organics-to-Energy Project**

Staff, Recology, Anergia, CalRecycle and several sets of attorneys are in the last two weeks of finalizing the \$1.2M grant for Recology's OREX press' relocation and installation at the Shoreway facility. Several contractually prescribed incremental steps have now been addressed with several remaining. Staff and our legal team welcome the closure of this grant so that we can officially begin site improvements, initiating related equipment acquisition and other support activities. Anticipating a successful outcome to this grant's redirection, Staff has filed an operating workplan with the San Mateo County's solid waste permitting department which has been received favorably. Our request with PG&E to significantly upgrade the Transfer Station's electrical capacity has, unfortunately, been slow. We welcome any Board support in working with PG&E to expedite our work request. We're still targeting a mid-fall start date.

### **B. Commodity Markets-SBR's March Update**

SBR reports that buyers continue to demand high-quality, dry fiber materials. The mixed paper market continues to be lagging from oversupply. Our facility's close proximity to the Oakland port continues to be an important asset in the international supply chain—others are feeling a bigger cost crunch in transportation costs. There are some indicators that China may take an additional step in closing all grades of recycling imports in 2020 (beyond the 24 categories that were banned on March 1, 2018). If implemented, this action could create additional commodity handling pressures on the North American

recycling industry due to possible maxing out of receiving ports in alternative countries. Never a dull moment in our (commodity marketing) world!

Respectfully submitted,



Joe La Mariana  
Executive Director

**Attachments:**

- A. Franchise Agreement Execution Status by Member Agency: Elected Body Consideration Tracker
- B. April/May 2019 Calendar: 12 Member Agency's Council/BOS Meetings (Bond Refunding Consideration)

**Attachment A:**  
**Franchise Agreement Execution Status by Member Agency:**  
 Elected Body Consideration Tracker

<b>SBWMA Member Agency</b>	<b>City Council Consideration Date</b>	<b>Status/Comments</b>
City of San Mateo	November 6, 2017	Council approved: 5-0
Hillsborough	November 13, 2017	Council approved: 5-0
San Carlos	November 13, 2017	Council approved: 5-0
Foster City	November 20, 2017	Council approved: 5-0
Burlingame	January 16, 2018	Council approved: 5-0
West Bay Sanitary District	January 24, 2018	Board approved: 5-0
Redwood City	March 26, 2018	Council approved: 7-0
Menlo Park	April 24, 2018	Council approved: 3-0-2* *Eight (8) member agencies have now approved their individual Franchise Agreements with Recology. This 8 <sup>th</sup> vote satisfies the requirements of the JPA's governance agreement, Section 7.1.1 of a 2/3rds vote. A public procurement is avoided.
East Palo Alto	June 19, 2018	Council approved: 4-0
Belmont	August 28, 2018	Council approved: 5-0 Franchise Agreement deal terms were approved and City Manager Scoles is authorized to execute Belmont's final agreement. This final step is currently in progress
County of San Mateo	TBD	County staff advised SBWMA of their decision to conduct an independent review of the financial and operational deal terms of the Franchise Agreement. A large public records request has followed. It appears that this review will continue into the spring.
Atherton	TBD	On 4/17, Counsel will consider issuing an RFP for their town's solid waste collection and, possibly, other handling services.

\*Notes:

1. JPA Agreement states that each member agency's individual Franchise Agreement be fully executed by June 30, 2018.
2. Per the section 7.1.1 of the "Second Amended and Restated Joint Exercise of Powers Agreement, South Bayside Waste Management Authority" (aka "JPA Governance Agreement") "two thirds of the members agencies (or 8 member agencies) are required to approve this Franchise Agreement for it to become ratified.

# SBWMA Member Agency Council Meetings for Bond Refunding Presentations

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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## April 2019

4/15/19 \*6PM San Mateo Study Session

21	22	23	24	25	26	27
				SBWMA BOD DECISION On Bond Refunding Options		
28	29	30				
		6:30 East Palo Alto Study Session				

## May 2019

				1	2	3	4
5	6	7	8	9	10	11	12
	*6:30PM Foster City *7PM Burlingame *7PM Redwood City *7PM San Mateo	*6:30 East Palo Alto *7PM Menlo Park	*7PM WBSD				
12	13	14	15	16	17	18	19
	*6PM Hillsborough *7PM San Carlos	*9AM County *6:30 Belmont	*7PM Atherton				
19	20	21	22	23	24	25	26

\* Confirmed