



MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 MEETING OF THE BOARD OF DIRECTORS
 May 22, 2014 – 2:00 p.m.
 RethinkWaste Board Room at the Shoreway Environmental Center

Call to Order: 2:01 PM

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.

Vice Chair Dehn noted that a survey monkey survey would be coming to the Board and TAC members for the Executive Director's performance review, and asked members to please respond back, and that at the next meeting there would be a closed session to discuss.

Member Aguirre asked if the closed session will be before the meeting or during the meeting.

Chair Widmer answered that the timing would depend on the agenda.

3. Approval of Consent Calendar:

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

- A. Adopt the April 24, 2014 Special BOD Meeting Minutes
- B. Adopt the April 24, 2014 BOD Meeting Minutes
- C. Approval of Quarterly Investment Report as of 3/31/14
- D. Approval of Letters of Support for Assembly Bills 1826 and AB 1594

3D was pulled from consent for discussion.

Member Benton made a motion to approve consent calendar items A through C.

Member Aguirre seconded the motion

Voice Vote: All in Favor

Discussion on item 3D:

Staff Devincenzi gave an update on the status of the two bills. AB1594 had been sent to suspense with the appropriations committee, so it would either get reported out and then go to the full assembly or it would die for the year. Californians Against Waste is requesting that letters of support still be sent. She also updated AB1826, noting that it had passed the Assembly and was moving to the Senate Environmental Quality Control Commission.

Member Brownrigg noted that federal law prohibits the recycling of food waste that comes in from overseas. He added that in Burlingame this is a specific problem because there are many airport food service companies that are barred from doing anything with that food waste. He concluded that while we support efforts to divert more, he didn't want to support legislation that would penalize companies that couldn't divert more due to federal law.

Executive Director McCarthy noted that staff is aware of the issue, and would look into the issue further to see if airport food waste could go into the new machinery at South San Francisco Scavenger that will convert organics into energy. He also noted that separate from the international restriction there is one particular airport account in Burlingame that has been highly contaminated.

Tammy Del Bene of Recology noted that there are two main accounts in Burlingame, LSG and Flying Foods. Flying Foods has most of the international waste. She added that according to federal law international waste has to be autoclaved (cooked) and then sent to the landfill. She added that it adds significant tonnage to the landfill and deters from the state's diversion goals. She wondered if autoclaving the material could be enough to remove any pathogens and if so, could that material then be processed in the South San Francisco energy converter system.

Member Brownrigg clarified that in Burlingame commercial rates are higher than residential rates, so companies have a strong incentive to reduce waste, but these companies are in a bind. He asked the Board be sensitive to the issue as letters of support are drafted.

Executive Director McCarthy noted that he would have Staff Gans follow up with the facility in South San Francisco to see if the new equipment affects these companies' ability to divert.

Member Aguirre asked for clarification on AB1826, if the 8 or more cubic yards of organic waste was a weekly, daily or monthly amount.

Staff Feldman answered that it was per week.

Vice Chair Dehn suggested that the letters note our support unless otherwise dictated by law.

Member Brownrigg noted that he would appreciate that amendment.

Chair Widmer noted that a joint letter from the SBWMA rather than from each Member Agency would be drafted, and he commented that he thought the Board Chair should sign the letter not the Executive Director.

Member Brownrigg made a motion to approve the letter with the amendments discussed, and requested to see a draft before it was finalized.

Member Benton seconded the motion.

Voice Vote: All in Favor.

4. **Old Business:**

A. **Recology Update on Automating Collection and Analysis of Annual Route Assessment Data**

Kam Sung of Recology gave a Power Point presentation on the feasibility of automating of allocation data. He noted that RouteWare was not able to meet Recology's specifications, but was able to give them a date range from one week to one month worth of data. He noted that there is still a long road ahead, but it is a step in the right direction.

Chair Widmer asked for clarification on whether monthly data could be collected, and then over time a full year of actual data could be collected, and if there were any problems getting the full year's data.

Kam Sung answered that currently what they can do now if just one month worth of data, when the information was downloaded on to the Recology server there was a CPU spike, so Recology is communicating with RouteWare to see what kind of hardware upgrades they need to make it work. He also noted that in order to get to a fully automated process there are three parts that need to be included: route hours, route labor hours, and roll off times, adding that all three need to be addressed before full automation can happen.

Chair Widmer commented that it sounded like Recology was well on the way.

Mario Puccinelli added that the goal is to fully execute this in a way in which there is not a lot of staff time spent, and that they will continue to have the vendor and their IT department work towards that goal.

Member Benton asked for clarification on how the data moves from one report to another, noting that he couldn't follow how it all tied together.

Kam Sung answered that in this case, the information was exported to Excel, and then manually cleaned up. He noted that the type of route is missing, so that needed to be added manually and that Recology has communicated that to RouteWare and the price tag to fix that piece is about \$10,000.

Vice Chair Dehn asked what was being manually added to the exported report to get it to a cleaned up state.

Kam Sung answered that his biggest concern is the format of the Routware report noting that cells had to be taken out in order for it to export to excel, but that the type of route and commodity had to be manually added in.

Chair Widmer commented that he would like to see the overall system flow to have confidence in the system, but thought the more automated it is, the easier it will be to do the analysis.

Member Benton questioned how one offs affect this system, and would they average out with a larger set of data. He also asked when the clock starts ticking for the second jurisdiction on a route.

Mario Puccinelli answered yes to the first question that it will average out one offs with a larger set of data and that the clock starts ticking when the driver hits complete for one account and is on the way to another.

Member Benton commented that cities farther away from Shoreway were penalized for being farther away.

Mario Puccinelli commented that generally there aren't big jumps in a route like that, and this was just an example.

Chair Widmer summarized once more data is received and everything is cleaned up the Board will need to make a decision on whether or not to change the allocation method.

B. **Case Closure on Shoreway Remediation Project**

Staff Gans noted that the six year remediation effort at Shoreway has received final case closure and a report that no further action is required by the County. He added that there will be approximately \$1.22M left of the settlement agreement money, and staff is seeking Board feedback on using that money to replace the underground diesel fuel storage tanks at Shoreway. He noted that staff has requested from JR Miller an estimate on the project which was included in the staff report and is roughly \$1M.

Executive Director McCarthy added that the staff report talks about conversion to CNG with the new contract in 2021, but another option would be to ask Recology to document the capital and operating expense of retrofitting their current fleet. He noted that in speaking with Mario Puccinelli the operating expense far outweighs the capital expense, so there is a question if there would be enough of a payback in the 5 or 6 years left on the contract. A benefit to this approach is that the existing system could be closed, but one diesel tank could be saved for the transfer vehicles, which are not ready to be converted to CNG in the very near future like the route trucks. Conversely, he noted that another part of the discussion is that the JPA could spend the money to retrofit and then the system could be obsolete.

Member Aguirre noted that she has studied the CNG issue with two other agencies and that in both of those situations they have found that currently the costs outweigh the benefits and she thought more study on the issue is needed. She added that she didn't want to see a request for a change that was going to end up costing the Member Agencies and rate payers more money.

Member Benton thought that a request of this nature would need to go along with negotiation of the extension.

Executive Director McCarthy asked Mario to give a ballpark of the economics.

Mario Puccinelli commented that the current fleet is \$360,000 to \$390,000 per truck, and he said that he hasn't been given an estimate to retrofit.

Executive Director McCarthy thought that it would be worth getting the cost estimate on retrofit not full replacement.

Chair Widmer noted that he would like to see the numbers, and then Board could include it in the consideration of the contract extension.

Executive Director McCarthy added the decision about CNG trucks or type of fuel options if it's involving retrofitting Recology's existing fleet then Recology is part of the conversation. But, he added that if it is beyond 2020 then it is an infrastructure question because the JPA owns the facility this Board has to decide what infrastructure we want in place.

Chair Widmer added that he would like to see some analysis on the risks of waiting.

Staff Gans added that another element of cost analysis that can be done is to analyze if the tanks were to leak what would the cost of remediation be.

Member Benton commented that if the new tanks would be used for the foreseeable future, it is probably the right thing to do given the risks with the current system, but given that the tanks are performing well and the whole system is likely to change in the next 3-5 years he is inclined to coast along and wait and see about new technology.

Member Stone asked if there was any data on the useful life span on the existing tanks.

Staff Gans answered that he talked to the CUPA inspector and she couldn't give a life expectancy, but noted that this is a fiberglass tank which is non-corrosive, and a lot of the leaking tanks are metal, and decompose. He also noted that the tank is surrounded by ground water which is equalizing pressure, so there is not a desire for the liquid to flow out.

Chair Widmer asked the Board to go around for feedback on the issue.

Member Brownrigg noted that he would like to understand what the costs would be to convert to CNG, but added that he didn't take lightly the liability associated with subterranean tanks, and it's not something he is willing to leave for 4-5 years.

Member Slocum noted that he agreed with Member Brownrigg and Member Benton's earlier comments.

Member Aguirre agreed with the previous Member's statements, but is concerned about increasing any costs to the rate payers.

Member Stone noted that he too is concerned about increased costs, but also very concerned about the liability Member Brownrigg referred to and the vulnerability in a seismic event, and asked what is the worst case scenario if they all fail.

Staff Gans noted that staff didn't have estimates for catastrophic failure, but noted that part of that cost would be operational as well.

Vice Chair Dehn noted that she agreed that at some point the tanks need to be replaced, but thought there was insufficient data at this time.

Chair Widmer noted that the Agencies have spent a lot of money getting where we are today, and we don't want to have our rate payers incur additional expenses, but that we can't make a decision until all of the data collection and analysis is completed.

Vice Chair Dehn asked if this project has been included in capital improvements for future years, and wondered if it has been identified in the CIP program.

Staff Gans answered that it is not in the CIP program because we have a one-time fund from the closure of the remediation project, so that money is available for this purpose as well as others and staff wanted to get your direction on the use of those funds for this project.

Vice Chair Dehn noted that she recommends this be in a CIP, so it is identified as a future cost.

Member Benton asked what the odds were that it will be converted in the next 5 years.

Executive Director McCarthy answered 100% chance of conversion by 2021.

Member Stone asked if there was any kind of retrofitting of the tanks that could accomplish the same goal.

Staff Gans answered not that he was aware of because the regulatory agencies want them out of the ground, but

that he would look into it and report back.

5. **New Business:**

Chair Widmer requested that agenda item 5B be taken before 5A.

B. Review of Draft FY1415 Budget

Executive Director McCarthy noted that there are takeaways from agenda item 5A that tie into the budget, and it includes important information about what other public agencies are spending.

Executive Director McCarthy gave a Power Point presentation on key budget assumptions. He noted that this budget does not assume any tipping fee increases. He also added that the JPA rebuilds its budget from zero every year.

Member Aguirre asked how the merit pool number is established.

Executive Director McCarthy answered that it is set each year through the budget process, and historically it has ranged from 0% to 4.5%.

Chair Widmer asked for input from the Board Members on what their agency's increase pool looked like.

Member Benton wondered if approving the budget approved a 3% merit increase.

Executive Director McCarthy answered that typically there is a closed session discussion on the merit pool, where the Executive Director represents the employees, and with adoption of the budget, the Board adopts the merit pool increase.

Chair Widmer thought that the number should be finalized during the next closed session.

Member Aguirre asked for documentation on what the historical merit increase has been over the last 5-10 years. She also asked what the difference is between the 3% and the 7.5% increase in administrative costs.

Executive Director McCarthy answered that the 7.5% increase is the total increase in the administrative portion of the budget, which includes the 3% for employee wages and benefits as well as legal fees, rent, IT services, etcetera. He noted that half of that 7.5% increase which is about \$122,000 is associated with a transition to a new finance manager.

Member Benton asked when the merit increase would become effective, and would it be possible to make the merit pool a separate decision from the budget.

Chair Widmer added that for budgeting purposes leave in the 3% number and then it can be discussed and formalized later.

Executive Director McCarthy added that there is no money in this budget for a compensation survey which was performed by the previous Board, some thought it was helpful, and some did not, but he has a compensation survey from last year that he can bring to the closed session for reference. He noted that the nature of the JPA staff is well paid technical niche positions, but when you consider that this is a non PERS agency and compare the

total compensation to other JPA's this agency's staff is a bargain.

Member Brownrigg asked what the term net income meant, and if it was the same as profit, and if all of the 2.9% flows into reserves. He commented that he had a problem with calling it net income when it is tax payer money.

Executive Director McCarthy noted that the budget is set up like a business and less like a municipality due to cash flow around gate customers being such an important consideration. He added that the bottom line is \$330,000 which then goes into cash reserves, and that in the end there are still bond covenant requirements to meet.

Member Brownrigg reiterated that he had a problem with calling it net income noting that people in his city would look at it, and think that they are being overcharged, and suggested calling it EBIT or something else, and would be in touch with Marshall.

Executive Director McCarthy gave more detail about the capitol budget, noting that he had received a question from the Chair regarding the electric vehicle charging station, and answered that this was a request from Recology.

Staff Gans added that the request is for one charging station, and would require some reworking of the electrical system.

Chair Widmer asked if Recology could reimburse for the electrical charging station since they requested it.

Staff Gans answered that it is going on our property, and we would have the benefit of having it after Recology leaves.

Vice Chair Dehn added that it's going in the visitor parking lot for any member of the public to use when visiting the facility. She also asked that that tank project be included in the capital projects list.

Executive Director McCarthy answered that this is the FY1415 capital projects, and staff doesn't see that project in FY1415, the tank project would be part of a 5 year CIP.

Chair Widmer asked for more detail on signage, and thought it was a lot of money on signage.

Executive Director McCarthy answered that there are parts of the facility that need improved signage including heavily used areas of the site like the public recycling center.

Member Benton asked if the MRF canopy project was being approved with this budget or separately.

Executive Director McCarthy answered that the Board would be approving the project separately, and that staff would be coming back to the Board soon with that detail.

Staff Moran explained the detail on the revenue and expenditure side.

Member Benton asked why the drop in organics.

Executive Director McCarthy answered that this particular line item is heavily dependent on weather and it's been so dry which means there isn't as much green production.

Member Benton asked for clarification on whether debt service interest was already expensed from net income.

Staff Moran answered that interest is included, but not the principal payment which approximately another \$1.2M.

Member Benton commented regarding commercial staff in agenda item 5A that was skipped over, that he got the sense that our low commercial diversion rate could be attributed to the fact that our agency isn't staffing commercial outreach as heavily as some of the other agencies, and asked if this agency is cutting itself short by not having that area more heavily staffed.

Executive Director McCarthy answered that this agency's model has been to let the private sector do commercial outreach, because they are the ones touching the customers, and for integration purposes it made sense. He added that as part of the long range plan staff will be looking at ordinances and other policy tools to drive up diversion numbers. He also added that there is an unknown amount of commercial diversion happening in the service area, and only the Recology portion is known at this point, staff doesn't have the information needed to know if more outreach is needed.

Vice Chair Dehn asked if commercial and residential outreach were so different that they should be distinct.

Executive Director McCarthy answered that historically the public outreach effort has been almost exclusively with the JPA with the exception of the commercial sector. Recology had a public education manager, who was managing bill inserts, and the JPA was doing the rest of the Public Education, and it made sense to move it all to the JPA. He also added that it is a very specific part of the franchise, and in surveying other municipalities, most of the municipalities handle the public education.

Chair Widmer commented that staff needs to be able to measure the value of education and marketing and whether or not that education is really taking hold. He commented that the cost of public education seems to be going up compared to previous years and that it should be going down in the 4th year of the contract, and perhaps there are diminishing returns.

Member Brownrigg asked if TAC would be taking a look at the reserve policy.

Executive Director McCarthy answered that Member Olbert brought up the reserve policy which was discussed at a recent meeting that Member Brownrigg had missed, and that he would be happy to talk off line with Member Brownrigg regarding the reserve policy.

Member Aguirre noted that she was concerned about hiring consultants to look at a procurement process and selection as requested by the Executive Committee.

Member Dehn commented that as part of the Executive Director's goals on the long range plan, there was wording in that document to look forward to renewals of contracts, and that is the level of support that she saw that item at.

Chair Widmer added that he and Executive Director McCarthy spoke about the level of consulting needed around determining the extension of the contract, and that the Board needs to determine what the value of a contractor is going to be before making a decision. He added that the more forthcoming Recology is with information, the less help we would need from a contractor to make an analysis ourselves, and that the intent is to develop a "should cost" model for the collection service.

A. Report on Benchmarking SBWMA's Recycling, Public Outreach and Shoreway Tour Programs

Staff Devincenzi explained some of the information and detail in the staff report.

Member Aguirre Absent at 3:50PM quorum no longer present. Discussion continued.

Chair Widmer asked regarding the agencies that had a shared arrangement for commercial outreach with the contractor similar to ours if there was any feedback if it was working and adding value, and how the other agencies measure effectiveness.

Staff Devincenzi answered that if there was measurement for a specific outreach tool, there was limited data. Most rely on feedback from the hauler as far as what was working.

Executive Director McCarthy asked Staff Devincenzi to give specific feedback that the JPA staff has gotten from Recology on the support the JPA gives them for commercial recycling.

Staff Devincenzi answered that JPA provides brochures as well as containers and buddy bags and the feedback we have gotten from Recology staff is that both the containers and the buddy bags are effective and provide value when they are going out to businesses and complexes, but it has not been possible to achieve measured effectiveness or diversion from these tools.

Chair Widmer asked that there be joint planning and more of a closed loop on public outreach efforts.

Staff Devincenzi answered that it has been brought up with Recology and the Pub Ed subcommittee she has been looking at ways to measure effectiveness in every public outreach effort.

Member Brownrigg Absent at 4:03 PM.

Member Benton commented that he found the report very valuable and that he thought it was good to benchmark against other agencies.

Executive Director McCarthy noted that since there is no longer a quorum, the 3 remaining staff reports could be shared at a future Board Meeting.

- C. Annual Solid Waste Rate Survey Results
- D. Review of Landfill Disposal and Transportation Rates
- E. Results of Public Education Survey of Residents

6. Staff Updates:

- a) Potential Future Board Agenda Items
- b) Check Register for April 2014
- c) Update on 2014/15 Franchise Rate Setting Process
- d) Recycling and Outreach Programs Update
- e) Shoreway Facility Operations and Maintenance Update
- f) Receipt of Recology and SBR Monthly Reports

7. Board Member Comments

8. Adjourn 4:06 PM