

**MINUTES**

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE BOARD OF DIRECTORS  
May 23, 2019– 2:00 p.m.  
San Carlos Library Conference Room A/B**

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

**1. Roll Call**

Agency	Present	Absent	Agency	Present	Absent
Atherton	X		Menlo Park	X	
Belmont	X		Redwood City	X	
Burlingame	X		San Carlos	X	
East Palo Alto		X	San Mateo	X	
Foster City	X		County of San Mateo	X	
Hillsborough	X		West Bay Sanitary District	X	

Alternate Members: Richa Awasthi attended representing Foster City and  
Drew Combs attended representing 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. Executive Director's Report**

Executive Director La Mariana gave the following updates:

- The Bonds have been approved by 10 Member Agencies; 8 were required before the decision could be on today's agenda. Assuming approval of the Bonds by the Board today, there will be presentations to the rating agencies next week before going to market.
- The County will be considering the Bond on June 4, as well as their Amended and Restated Franchise Agreement and a \$1M grant to help with the Organics to Energy Project
- South Bay Recycling (SBR) has sent a formal letter to the SBWMA with the intent of starting discussions to extend the term of the contract.
- Today there will be presentations on the two pilots that the Agency has been working on: Public Spaces and In-Schools.
- He acknowledged the County for their battery campaign that goes from May 6 to June 15 in local papers
- Regarding batteries AB1509 is on the Assembly floor this afternoon.

**4. 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 April 25, 2019 Board of Directors Meeting
- B. Resolution Approving First Addendum to the Amended Public Project Agreement for Organics Extrusion Recovery System Purchase and Installation at Shoreway Environmental Center 2019
- C. Resolution Authorizing the Transfer of SBWMA Bank Accounts From the City of San Carlos to the City of Redwood City to Facilitate the New Administrative Services Contract that Commences on July 1, 2019
- D. Resolution Authorizing the City of Redwood City to Assume and Manage the SBWMA’s Financial Investments in Association with the Commencement of the New Administrative Services Agreement, effective July 1, 2019
- E. Approval of Quarterly Investment Report for the Quarter Ended March 31, 2019

Motion/Second: Aguirre/Brownrigg

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			

**5. Administration and Finance**

- A. Resolution Authorizing the Issuance of Solid Waste Enterprise Revenue Bonds Series 2019, Authorizing and Directing Execution of Certain Documents Relating Thereto, Authorizing the Sale of Bonds and Refunding of Certain Prior Obligations, Approving an Official Statement and Providing Other Matters Properly Relating Thereto

Staff Mangini introduced the item and Melissa Schick of KNN Finance Advisors gave a Power Point presentation outlining the six documents necessary for execution of the bonds. They noted that interest rates have been holding steady since November and the expectation is that interest rates will continue to hold steady by the time the bonds are sold. The savings is in the difference between the interest rate when the bonds were sold in 2009 at a higher interest rate. The sale date is likely to be by June 20, 2019, and the actual interest rate will be determined on the sale date.

Motion/Second: Bonilla/Hurt

Discussion:

Chair Benton noted that the Board and Finance Committee had discussed the issuance of bonds at least 4 times, so this is the end of a very lengthy process that the Board has thoroughly vetted.

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		

Member Brownrigg commented that this is a significant investment and upgrade in the facility and will allow for generating more revenue keeping rates down for the rate payers, it will pull more organics out of the landfill reducing green house gases, and doing these things without increasing debt service and affecting rate payers.

**B. Review of Draft FY2019-2020 Budget and Capital Improvement Plan Review**

Staff Mangini gave a Power Point presentation detailing the proposed budget. He noted that the Finance Committee had reviewed the draft budget and action on the budget would be on the June 27 Board Meeting Agenda.

The Board discussed tip fees. Member Widmer noted that the third-party tip fee was \$121.75, and the Franchised tip fee was 124.31, he asked why 3<sup>rd</sup> party tons customers are paying less than franchised tons given that franchised tons are the most favored customer. Staff Mangini answered that those tip fees are a weighted average, and there is a lot of public dirt volume that comes into the facility, and no dirt volume with the franchised tons. The price per ton on dirt is \$110/ton, and it brings the weighted average down because there is one material type at a lesser tip fee, but considerable volume. He added that he would provide a table showing the comparative tip fees for Franchise and Non-Franchise at the June Board Meeting. Member Brownrigg asked if the tip fee revenue accounting for the increased recycling revenue expected from the equipment investment. Staff Mangini answered no, because the project build isn't scheduled until Q4, so the benefit won't be seen until next year.

The Board discussed the reserves. Member Benton asked for an explanation as to why a couple of the reserve categories are down from what was projected in the mid-year budget. Staff Mangini answered that at the time the FY19/20 budget was passed the rate stabilization and emergency reserve were set at 10% of the adopted budget. The reserve policy was revised in November 2018, and the new policy states that those reserves will be up to 10% on the annual budget, and staff is recommending less than 10%.

The Board discussed staffing. Member Brownrigg asked if there was enough staffing to manage the capital investment projects. Executive Director La Mariana noted that the added Management Analyst position that was added will be managing the procurement process, and outside technical assistance will also be used, and staff feels comfortable moving forward.

The Board discussed the proposed capital budget. Member Benton asked where the grant money fits in to the Capital budget. Staff Mangini answered that the grants haven't been worked it at all yet, because the grants haven't been approved yet.

The Board discussed fire suppression. Staff Gans noted there was no specific project for the \$100K in the budget planned, but if a project that was worth perusing on fire suppression became available, he wanted money in the budget to be able to peruse it. Member Dehn noted with the insurance rates going up, she wasn't sure there had been enough done at the facility to help with fire suppression and therefore insurance rates. Staff Gans noted that a lot of fire suppression has been added, but he wasn't sure if that would be recognized by the insurance companies. He added that he would present at the September meeting which would be 3 years since the fire on everything done since the fire regarding fire suppression.

**6. Collection and Recycling Program Support and Compliance**  
No Items

**7. Shoreway Operations and Contract Management**

- A. Resolution Authorizing Execution of a Disposal Services Agreement with Republic Services for Ox Mountain Landfill from January 1, 2020 to December 31, 2029, with Potential Option Years through December 31, 2035 and optional Other Material Handling and Land Leasing Services

Staff Gans introduced the item, and gave a brief overview of the item, and thanked the evaluation and selection committee members.

Rob Hilton of HF&H Consultants gave a Power Point presentation that went over the details of the recommended contract, and the RFP process.

The Board asked questions of the consultant. Member Widmer asked if there was a minimum tons requirement, and what CPI would be used for the 2.5 to 5% increase each year. Rob Hilton answered that there is no minimum requirement but any tons that are generated are exclusive, and that the Bay Area CPI will be used to determine the percentage. Member Brownrigg asked for more details about the loss of the most favored customer clause. Rob Hilton answered that it was a big discussion item, but it cost Republic \$60M in the last contract and neither proposer was willing to allow that provision in their contract. Member Dehn asked if there was any possibility of the County fee being reduced. Member Groom answered probably not.

Vice Chair Aguirre thanked the selection committee for their time and noted that this contact made the most sense fiscally which is why it's the recommendation.

TAC Chair Afshin Oskoui, who served on the evaluation committee, acknowledged staff and HF&H for their work on the contract.

Motion/Second: Widmer/Rak

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			

Mike Mahoney of Republic Services thanked Monica Devincenzi of Republic Services for putting the proposal together. He, the selection committee, HF&H, and the attorneys on both sides. He added that Republic looks forward to at least 10 years of working together.

Foster City now absent

- B. Resolution Approving FY19/20 Shoreway Facility Insurance

Staff Mangini introduced John O'Neil of Risk Strategies Insurance, the Agency's Insurance broker, who gave the details of the insurance costs and coverage for FY19/20. He noted that there is a large increase of 28.5% this year in the property coverage with 7 different insurance carriers providing \$60M in coverage, the same coverage as last year with the same \$500,000 deductible. He noted that the industry has seen a MRF fire a month due to Lithium Ion batteries, and the insurance industry has noticed and over the long term costs are going to continue to increase and hardening the facility is not enough to reduce costs, there has to be a specific measure to deal with batteries.

The Board asked questions of the Broker. Member Widmer asked if there was a difference if there was a higher deductible, and if there is a JPA for insurance to self-insure. John O’Neil answered that that a higher deductible might reduce costs by \$50K, and there not any self-insurance pools for this type of business.

The Board discussed Lithium Ion batteries. There is not a best practice in safety measures in place for the batteries issues, and the industry is going to have to solve itself, before insurance will be affected. Chair Benton asked if there has been any change since the battery campaign last September. Executive Director La Mariana answered that there has been a 31% increase in batteries that have been collected correctly, however there has also been in an increase in batteries not collected correctly and still making their way into the facility. He added that AB1509 is meant to be an action step on EPR on batteries.

Chair Benton directed staff to look into deductible versus principal and if there are meaningful options bring them back to the Board.

Motion/Second: Aguirre/Brownrigg  
 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. Public Education and Outreach**

A. Review of 2018 Annual Report

Staff Au noted that this item was in last month’s packet but not discussed, she added that there has been a change since last month, a quote from the 2018 Board Chair Charlie Bronitsky.

Chair Benton thanked Julia for bringing it back, and Executive Director La Mariana complemented Julia.

Member Widmer asked that the link go on the Recology bill, or in a bill insert.

B. Presentation on Long Range Plan Pilot Program - Schools Pilot

Staff Hashizume introduced the item and her team, and they gave a presentation on the Schools Pilot.

Member Brownrigg asked how the volume was reduced so dramatically. Staff Halili answered that fewer bags and correct sorting by the students meant that there was less air in the bins which meant fewer bags.

Member Widmer asked for further explanation of the waste hauler service level adjustment in the staff report.

Staff Hashizume answered that SBWMA staff is working with both Recology San Mateo County (private schools) and Recology San Bruno (public schools) to see if there can be a reduction in garbage once compost is added to the school’s waste program. She added that more information on the service level adjustment would be added to the final report.

The Board discussed how much time staff spends at each school, and what the labor costs are. Executive Director La Mariana noted that there were two sets of costs, the material costs, and the labor costs. The labor

costs would be calculated as a percentage of staff time and would be in the final report. The material cost is about \$1400 per school, and the SBWMA has paid for all of the materials. Staff spends about a week at each school to roll out the program, educate and monitor. Staff is recommending spending a little more time at each school.

Member Rak asked if there were any synergies in working at the district level. Staff Hashizume noted that her staff has been working with the County's Office of Education, and yes, starting with the district saves a lot of time.

Member Widmer commented that it was a great report and the program should be continued. He wanted to see the program not just focus on public schools, but on private schools since those schools contribute to the franchise and Member Agency diversion. If it was going to be public schools, he wanted to see Recology contribute to the program since they would get the benefit of increased diversion.

Executive Director La Mariana noted there are two different operations divisions of Recology. Recology of San Bruno services the public schools, while Recology San Mateo County holds the Franchise. He also noted that this program was developed in the 2015 Long-Range Plan, because the public schools were not part of the Franchise, and therefore there was a gap in the services received at home versus at school and this program is meant to close that gap. The private schools will likely receive similar services from Recology San Mateo County, or a similar program provided by the County's Office of Sustainability.

The Board discussed expanding the program. Member Groom and Member Bonilla both praised the program and want to see it expanded. Member Brownrigg asked why it couldn't be expanded to 24 schools per year not just 12. Staff Hashizume said staffing, there either needs to be less tours at Shoreway, or more bodies.

Drew (public comment card) commented that he would like to see the signs in a 3<sup>rd</sup> language and not assume Spanish is the second language needed. Staff Hashizume noted that her staff asked the principals what languages they needed.

Chair Benton asked to get press coverage on the program and on the website.

#### C. Presentation on Long Range Plan Pilot Program - Public Spaces Pilot

Staff Au introduced the item and her team, and they gave a presentation on the Public Spaces Pilot.

The Board discussed the carts chosen for the pilot. Member Widmer wanted to know if there was a flap to keep animals out. Staff noted the carts were open but in an enclosure. Member Bonilla wanted to know if the carts locked. Staff answered yes. The Board suggested putting signage on the front, back and tops of the enclosures, since the enclosure carts are not colored. Staff noted that signage was on both sides, but not on top, because the words are on top and the bins are pretty tall.

Member Widmer asked what drove the dramatic reduction in the number of receptacles, and if there was more litter as a result of less carts. Staff answered that the reduction in the number of carts was at the request on the City's staff, but all three waste streams were added, and they've reported no additional litter problems with the reduction of carts but service time has increased.

Lucas Wilder, City of Redwood City, commented that Redwood City has seen significant improvement in services at the parks that were part of the pilot. The 64-gallon Toters have really helped park goers' items fitting in the cans.

Member Dehn commented that she would like to see a similar pilot program at transportation hubs, as the litter there is tremendous.

**9. Informational Items Only (no action required)**

- A. Legislative Session Update
- B. Check Register Detail for April 2019
- C. 2019 Finance and Rate Setting Calendar
- D. Potential Future Board Agenda Items

**10. Board Member Comments**

Staff Au commented that during today's meeting AB1509 passed the State Assembly on a bipartisan vote.

Executive Director La Mariana recognized Gino Gasparini of Recology at his last SBWMA Board Meeting and presented him with a resolution in honor of his 47 years of service.

Gino Gasparini thanked everyone for the recognition and made a few comments.

**11. Adjourn 4:27 PM**