

**MINUTES**

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE BOARD OF DIRECTORS  
May 24, 2018– 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. Executive Director's Report**

Executive Director La Mariana highlighted the agenda items.

- He thanked Chair Bronitsky for suggesting the Board Member tours and noted that 5 Members had participated so far, and anytime the remaining would like a tour to give him a call and he would schedule it at their convenience.
- Staff would present the first draft of the budget today, and the final action item would be in June.
- Staff would present the amendment one work plan today.
- No notable change in the commodity markets, at the June meeting there will be an update and a cost benefit analysis on the additional sort labor.
- He announced that staff member Mututa has resigned her Environmental Education Manager position with the SBWMA after a 7-month leave of absence. Recruitment for this vacancy will occur over the summer,
- Steve Sherman has been filling in on a part time basis in the role of Environmental Education Manager and today will be his last meeting in that capacity. However, there is an agenda item on today's agenda to have him do a variety of senior-level consultant work in FY18/19.

#### 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 26, 2018 Board of Directors Meeting

Motion Second: Brownrigg/Hurt

Roll Call Vote: 7-0-3-2

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 District	X			

#### 5. Administration and Finance

##### A. Presentation of Draft FY18/19 Budget

Executive Director La Mariana gave a Power Point presentation on the FY18/19 Operating Budget followed by Q&A.

The Board discussed the current reserve policies, noting the need to revise and clarify the agency's reserves policy for each of the four reserves, how they are used, their funding methodology, and their possible renaming the reserves to make the policy more clear.

The members of the Finance Committee gave input on the reserve policies. Member Brownrigg noted that the policy is unhelpful at building up a capital reserve for future investment. Member Widmer noted that the Capital Reserve was supposed to be replenished with last year's tip fee increase but the deficit in commodity revenue depleted it. Member Benton added that the Finance Committee asked to see a higher tip fee than what the staff originally presented with the intent of getting out ahead of the commodity market issues and with this increase he expected a balanced budget at year end regardless of the commodity issue. Any future Board consideration of policy changes will first require Finance Committee review.

Member Hurt asked to see a tip fee increase chart in the staff report in June from July 2017 through January 2019, and how much the overall increase has been in the last year and a half.

Staff Gans gave a Power Point presentation on the Capital Expenditure projects for FY18/19. They were categorized in three categories: routine projects, FY17-18 carry over projects, and new projects.

The Board discussed the industry wide commodity market problem of recycling facilities spending money just to stay in the same place and keep material moving. Staff Gans noted that some recyclers have closed their doors. Chair Bronitsky asked staff to analyze the cost of a MRF sort system and how long it would take to get to the highest market standard, and to put a number in the budget to modify the MRF to meet that standard, even if the money is not spent in FY18/19. He noted that without a number in the budget the losses would just compound and may not be made up by the increased tip fees. Executive Director La Mariana noted that staff would present some incremental options and costs at the June meeting.

Chair Bronitsky suggested an option of holding off on the \$2.2M organics-to-energy pilot project that doesn't have to be done until 2022 in favor of MRF upgrades.

Staff Gans continued the presentation and the Board had an in-depth discussion on the organics-to energy pilot project that is part of the long range plan. Staff Gans explained that the \$2.2M is for a pilot of the organics-to-energy program first before the 2022 full scale project, noting that the pilot is a necessary step towards the full scale project. He also noted that, per AB 1383, the California Air Board requires the removal of organic material from the landfill and it would help the SBWMA meet the state's goal of 75% diversion. This pilot would be the biggest boost in diversion since the 2011 Smart Cart introduction. He noted that this project would be a way to rely on internal processing rather than external processors and external pricing which is one of the reasons the tip fee needs to increase. The pilot program will target commercial source separated organics, since most of the contamination is in the commercial sector.

The Board discussed the full cost of the project at \$5M. \$1.2M in grants has been received from Cal Recycle should the project move forward, however that grant expires in April 2019. There is a potential additional grants that are currently in discussion which, if executed, will buy down the total \$5M project cost to a net \$2M in anticipated Capital cost.

The Board discussed prioritization of the organics pilot versus updating the MRF to meet the new fiber standards. Member Widmer noted that he fully supported the pilot, noting that most of the organics contamination comes from the commercial sector and multifamily homes, but thought Chair Bronitsky made a good point about using the money now to update the MRF to deal with the fiber crisis. Member Brownrigg noted that likely the Board needs to decide to do both projects (Food Waste and MRF Sort System) and it will take significant capital, - refinancing the prior bond, better return from higher quality recyclables, and compost cost avoidance from this pilot should help. Member Brownrigg added that a Capital Plan needs to be developed. He noted that a capital plan needs to be developed to figure out how to pay for both, but if at \$14 there could only be one project he supported the organics pilot as a priority. Member Benton added that there is a commodity market crisis, but the solution is unknown, and if we can't come up with the funding to do both projects the Board has a difficult decision to make. Member Widmer noted that he fully supported the pilot, and that he supports a well-defined plan to improve fiber, and supports an increase in the tip fee further to \$16 to move forward with both projects. He asked staff to provide more information on fiber, and an analysis of \$16 versus \$14 tip fee increase in revenue.

The Board discussed further tip fee increases. Member Hurt asked if tip fee increases cause illegal dumping, and push customers away and cause lost revenue. She asked for Staff to include a table on tip fee increase versus the actual rate increase, and to look at the competitiveness of a \$16 tip fee increase and include other facilities' prices.

- B. Resolution Approving Change Order #2 for the Consulting Services Contract with Steve Sherman to provide recycling, technical assistance, public outreach, organics and regulations assistance in FY 18/19.

Member Brownrigg now absent 3:31PM

Motion/Second: Bonilla/Widmer

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 District	X			

**6. Collection and Recycling Program Support and Compliance**

A. Resolution Approving Amendment One Discussions Work Plan

Motion/Second: Grassilli/Aguirre

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 District	X			

B. Resolution Approving Lithium Ion Battery Collection and Outreach Plan

Staff Au gave a Power Point Presentation on the operational change proposed by Recology to move batteries from the blue cart to the black cart and to describe the proposed public education and program outreach elements, timing and costs.

The Board discussed components of the program. Questions included why the need for a custom box on each Recology garbage route trucks, if the plastic bag would increase trash by using more plastic, languages of instructions on the bag, general outreach, and how residents get replacement battery bags.

The Board generally agreed that all three languages should be on the bag, the 8 page insert was overkill on the outreach and suggested staff contact John Mays to see if he would do a Friday column instead, and get his advice on getting the word out, and do a press release to get the story picked up for free. Member Agencies could also include it in their outreach.

Motion/Second: Aguirre/Rutherford

Discussion: Member Benton asked for clarification on what the \$160,000 would pay for noting that there has been a lot of comment today on how to spend the money. He asked staff to take that under advisement and not spend the whole thing.

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 District	X			

**7. Shoreway Operations and Contract Management**

No Items

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

A. Check Register Detail for April 2018

B. 2018 Finance and Rate Settings Calendar

C. Potential Future Board Agenda Items

**9. Board Member Comments**

**10. Adjourn: 3:58PM**