



MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 MEETING OF THE BOARD OF DIRECTORS
 May 28, 2015 – 2:00 p.m.
 San Carlos Library Conference Room A/B

Call To Order: 2:00 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	

Alternate Member Al Royse Attended for Hillsborough

Alternate Member John Root Attended for Burlingame

2. Adjourn to Closed Session – Pursuant Government Code Section 54956.9(A): Conference with Legal Counsel – anticipated litigation – one case.

The Regular Session was called to order at 2:20PM

3. Report from Closed Session

None

4. 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

5. Executive Director's Report

Executive Director McCarthy announced that 2 new financial professionals have accepted positions within the organization. He introduced Gregg Carson who on started on May 11th as the senior finance professional supporting the SBR and Recology operations. He announced that Farouk Fakira will start as the new Finance Manager for the SBWMA on June 1. He thanked the adhoc finance committee for their

help in the interview process.

6. 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 23, 2015 BOD Meeting Minutes
- B. Resolution Approving Supplemental Modification to SBR’s Compensation Due to Port of Oakland Issues
- C. Resolution Approving Amendment to Office Lease at San Carlos Library
- D. Approval of Quarterly Investment Report as of 3/31/15

Member Bronitsky made a motion to approve the consent calendar
 Member Stone seconded the motion
 Voice Vote: All in Favor
 Member Bonilla and Chair Widmer abstained from item 6A.

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton	X		X(6A)		Menlo Park	X			
Belmont	X				Redwood City	X			
Burlingame	X				San Carlos				X
East Palo Alto	X				San Mateo	X		X (6A)	
Foster City	X				County of San Mateo				X
Hillsborough	x				West Bay Sanitary Dist.	X			

7. Administration and Finance:

- A. Discussion on FY1516 Preliminary Operating Budget (*Staff presentation and discussion item*)

Executive Director McCarthy gave a Power Point presentation, and noted that the budget figures have not been changed from the April Board meeting, and added that the first page of the staff report lists the changes to date for the final budget, and noted that all the changes in total will have a positive effect on the budget which will likely lead to a lower recommended tip fee adjustment.

Chair Widmer noted that when the mid-year budget adjustments were done, the collected tons were down, especially organics, and that was before the drought was declared. He commented that he was concerned about organics numbers going lower due to the drought, since there is a flurry of people changing their yards to drought resistant landscaping, and wondered why the organics number hasn’t been adjusted lower due to the drought.

Executive Director McCarthy noted that the drought was taken into consideration when forecasting tonnage, and that staff looks at the trends to forecast those numbers.

Chair Widmer noted that he would like further discussion with the group because he didn’t want to make a tipping fee adjustment and then find out that tonnage is down further than anticipated, and he believed that tonnage decreases would have a more severe impact than what is forecasted at this point.

Executive Director McCarthy commented that the current figures are based on actual information through February and the final budget will include actual figures through April and those actual figures may change the estimated tonnage numbers.

Member Aguirre asked for further explanation of the fluctuation between FY1314 and FY1516 of the undesignated cash reserves.

Executive Director McCarthy noted that after the audited financials were included in the budget the year actually closed with a much higher number than anticipated.

Staff Moran added that in total those reserves don't change that much.

Member Aguirre noted that she agreed with the big picture but that undesignated cash has dropped nearly half, and wondered why.

Executive Director McCarthy noted that he would go back and look at the details for FY1314, and would follow up.

Chair Widmer asked that it be included in the Executive Director's report next month.

Executive Director McCarthy added that the total reserve number is a percent of the operating budget so if the whole budget goes up so does the reserve number, but he would do more research as well.

Executive Director McCarthy continued with his presentation and answered some previous questions about residential outreach spending.

Member Carlton asked what the school bussing for tours is.

Executive Director McCarthy answered that buses are provided to classes in 4th to 6th grade in the service area that need a bus to get to a tour at Shoreway. He added that 4th to 6th grade is the target grade level for the tours and about 30 to 40% of those target grade classes use the buses.

Chair Widmer asked for verification if the total outreach spending had remained flat for the last few years.

Executive Director McCarthy answered yes, outreach numbers have been flat for the last three years. He also noted that commercial outreach spending is going up, but the lion's share of outreach costs are what is paid to Recology for the Waste Zero team, he added that if you put the Recology costs and the SBWMA costs together it's about \$110 per commercial business per year to try and increase commercial diversion.

Member Aguirre asked if there wasn't a historical number for the outlined public outreach costs per household or business.

Executive Director McCarthy answered that he hadn't broken down the buckets into per commercial account or per residential household before, but the total budget for all previous years is available, so those numbers could be put together. He added that the residential outreach number has been flat or has gone down over the last three years, but on the commercial side the recommendation is to spend more in FY1516.

Vice Chair Dehn reiterated that the Recology number includes 9 employees, and asked if the SBWMA number included JPA staff.

Executive Director McCarthy answered that the SBWMA number just includes what is being spent on collateral, and that there is one full time staff on outreach.

Vice Chair Dehn clarified that there are also staff doing the tours and that she would like to see the staff numbers included in the total outreach spending.

Chair Widmer asked for a brief explanation of what the SBWMA staff is doing that Recology is not, and why were those responsibilities designated to Recology.

Executive Director McCarthy noted that historically the JPA's role in public outreach has been primarily focused on residential outreach, and has been in the lead design role in developing any collateral. He added that when the scope of work was put together for the new contracts it was decided that it was best to keep that design work with the JPA because if there was a fixed price contract with the new service provider that might be the first place they would cut spending. He added that when he began working with the JPA he was asked to analyze whether or not it made sense to have the commercial outreach staff become part of the JPA staff, and it was decided that the commercial outreach staff needed to have a close integration with the operations, route supervisors, and the customer service center and it was decided that it didn't make sense to have that group of people separate from the service provider. He added that the Recology outreach staff are the ones who go out to the businesses and work with them to have recycling and organics services, if they need collateral to do that work, our staff creates that collateral.

Staff Moran explained the additional handout which analyzed how different tip fee adjustment levels would affect the budget. He noted that currently in the budget there is a 3.77% tip fee increase recommendation, and that recommendation would meet all the bond test covenant requirements, and result in a 0.98% rate impact. He added that if no tip fee increase was approved bond covenant test requirements would not be met, and the minimum tip fee increase that would be needed to just meet the bond covenant test would be 2.2% which would result in a 0.56% rate impact.

Chair Widmer noted that he would like to see some analysis on what numbers would look like if there is less tonnage than anticipated.

Staff Moran answered that with the current contract about 80% of the costs are variable to tonnage, so if the tonnage goes down 80% of the costs go down, so there is some protection from variances in tonnage.

Executive Director McCarthy added that if the budget stayed the same as it is today, and the Board voted on the minimum tipping fee increase it would lower undesignated cash by about \$200,000. He further noted that he thought the Board should be mindful about trying to keep that undesignated balance because if the long range plan is adopted, the signature project is the Mixed Waste Processing system, and there would be cash in the bank to cover some of those building improvement costs.

Member Aguirre asked if the Board could look at using the rate stabilization reserve funds to keep the member agencies from raising rates.

Member Bronitsky asked to see if the figures in a dollar amount rather than a percentage amount, specifically to each member agency.

Executive Director McCarthy said staff would add that to the documents for the June meeting.

Member Carlton added that she would like to know the impact on each household or business.

Chair Widmer noted that at the last meeting there was some discussion about the reserves, and he asked when the reserve policy discussion would take place.

Executive Director McCarthy answered that currently, it is scheduled for the June meeting.

Member Bronitsky asked if the issue of collecting garbage every other week had been resolved.

Executive Director McCarthy answered that this is a pilot project proposed in agenda item 7B, the Long Range Plan, and that if the Long Range Plan gets approved in June staff would move forward.

Member Bronitsky asked if Every Other Week was legal, and then decided to wait until item 7B to discuss further. He also asked for further explanation on the public education budget line item for the Split-Body pilot.

Executive Director McCarthy noted that both of these pilots are recommended for a couple thousand homes in the service area. This budget line item pays for sending notices to them notifying them that something is going to change with their garbage collection service.

Member Bronitsky asked for clarification on the line item enhanced commercial outreach targeting businesses and multifamily and if the goal for that was to try to get folks who aren't using the services to start using them.

Executive Director McCarthy answered yes.

Member Bronitsky wondered if the issue of reduced organics would affect the feasibility for the Mixed Waste Processing system.

Executive Director McCarthy answered that the idea of the Mixed Waste Processing system is to recover wet organic waste, not green waste from homes. He noted that the drought is affecting the green waste volumes but those aren't the type of materials that will be recovered from the mixed waste processing system.

Member Bronitsky asked about the Recology Administration building remodel, and wondered if there were any estimates for the entire project.

Executive Director McCarthy answered that the Long Range Plan has \$250,000, but the \$25,000 in the FY1516 budget is to validate that number and come up with a real number as well as a space plan.

Chair Widmer asked for further explanation of the \$25,000 for stakeholder engagement in environmental education.

Executive Director McCarthy answered that this is a Long Range Plan project proposed where staff would go out to schools and school districts to see if there is a need for additional education programs to supplement the education already being done. He noted that during the benchmarking process all of the other waste agencies have both a tour and in classroom component, and this money would be to see if there is a need for that in this area.

Chair Widmer commented on all the outreach, noting that he thought spending is high, and continued spending on outreach without seeing a decrease in diversion is an issue. He recommended a total outreach sum of money and then the Executive Director would decide how best to spend the money based on the goals given by the Board which should include to increase commercial participation in the programs.

Member Aguirre noted that the Chair threw out a number of \$200,000, and asked if that was based on anything. She noted that she would rather look at actual costs. She added that she was very in favor of the busses because educationally that is very important. She asked in looking at what public outreach costs are now, would the Chair's goal be to decrease or increase costs, in what areas and what would be the criteria.

Chair Widmer responded that he thought outreach should be targeted in areas that would raise the diversion rate or participation rate, and that the outcomes of such outreach should be measurable. He noted that he was concerned about the overlap between Recology and SBWMA staff, and that some of the outreach spending should come down with regards to the maturity of the system.

Member Aguirre noted that at the last meeting the Board saw the letter from the Chair in his absence, and had decided to move forward without making any cuts to outreach spending. She noted that she wanted to make sure that it was the whole Board that was looking at the outreach spending, and that there should be an overall goal for the organization, and for each of the Member Agency cities before any cuts are made.

Chair Widmer noted that he had received phone calls and emails regarding concern over outreach spending, and he thought a better approach would be to approve goals for the Executive Director and the organization and then approve a lump sum and let the Executive Director decide how to spend that money to reach those goals.

Executive Director McCarthy commented that with the exception of the newsletter that goes out three times per year to every resident, all of the outreach is targeted on a specific program, and participation rates are tracked. He also commented that the Long Range Plan document shows historical spending on outreach, and noted that spending has dropped since the roll out, but that the diversion number has also dropped. He concluded that strategically if the goal is to move the diversion number up, then outreach spending can't be cut if the Board expects to change the diversion rate.

Member Bronitsky commented that if staff knows the impact of the dollar amounts spent then the Board needs to be told, so that a better decision can be made. He suggested that if a school wants a bus, then they should come up with a school recycling project before the bus is given, so that the program isn't just about raising awareness it's also about having impact. He concluded that if more is to be spent then there needs to be more impact, and he agreed with the Chair that there should be a lump sum, and then during next year's budget process staff would present how the money was spent and what the impact was.

Member Stone commented that he agreed with Member Aguirre. He noted that he thought this was an example of this Board going too far into the minutia of the budget, and that the Board hired an Executive Director to run the agency and the Board needs to let him do that. He noted that he thought Chair Widmer's and Member Bronitsky's comments sounded like two Board members who wanted to run the agency and that he thought when the Board starts having discussions on the minutia it isn't using the

Board's time to the best of its ability. He concluded that he hasn't heard a compelling reason to change the current outreach spending budget, and is in support of leaving it as is, and questioned why they were spending so much time on an issue that the majority of the Board felt wasn't an issue.

Chair Widmer noted that he had gotten a number of calls and emails from people questioning the outreach spending and last year this Board questioned the outreach spending. He added that the outreach - whatever the dollar amount is - needs to be targeted so there is some sort of result.

Member Stone asked for the Executive Director's opinion on the outreach number, if he was comfortable with the number, or if he thought more targeting needed to be done.

Executive Director McCarthy answered that if the goal is to increase diversion levels on the commercial side where there is a lot of room for improvement and reverse the fact that the numbers are dropping on the residential side, then a little more, but not considerably more should be spent on outreach, and those are the numbers presented in the proposed budget. He also pointed out that last fall staff came to the Board with a single public education contract that had all the detail in it, and it got ripped apart because the number was too big. He added that he worried that if there was a lump sum it would lead to more questions and less transparency. He added that he didn't mind having the line item detail because then people know how the money is being spent, and that it is being spent in a targeted way. He concluded that he would work with staff to show the outcomes in a better way so the Board could see the results of the outreach.

Member Stone asked if decisions are based in good faith that what is being done is effective.

Executive Director McCarthy answered yes, and noted that last year at the Board's request staff benchmarked outreach spending of comparable agencies, and the result was that JPA spending is not out of the ordinary and in some cases is less.

Member Stone concluded that based on what he's heard he is comfortable with the outreach spending.

Member Bonilla agreed and noted that in general he was comfortable with the outreach program. He thought there was a thoughtful process that included educating young people, and that kind of outreach is long range, but the most valuable outreach to make. He also agreed with the need for residential outreach noting that many people in his neighborhood don't know what they're doing when it comes to waste.

Member Root commented that he was fine with what was in the budget now, but also didn't object to one dollar bucket for all outreach, and let the professional staff decide how best to spend it.

Member Stone asked how a lump sum amount is different than what is being done now, as the staff is given an approved budget and decides how best to use those dollars.

Vice Chair Dehn commented that she was comfortable with a total number, but even if the Board did go that route she would still at some point want to know how that money was spent and what the outcomes were, noting that they all agree outreach should be measurable. She added that she thought the focus should be on multi-family and commercial and that if there wasn't a focus in that area the JPA would not get to the state diversion goal of 75%.

Member Carlton commented that public outreach is marketing, and the idea to action is the product being sold. She understood that it is hard to decide where the metrics are, but that she was comfortable giving a sum of money for staff to focus on the target audience that will bring the most impact.

Member Bronitsky commented that the Board does get lost in the minutia, and to that end maybe a lump sum would be a good thing. He also noted that each Board Member is more connected to their own community than staff would be, and to that end using the Board to facilitate a connecting with a multi-family housing unit or a business to make the outreach more direct and more personal.

Member Abrica commented that he is comfortable with what is currently being done. He noted that he is leery of giving a lump sum because the Board answers to the public and will need to answer how the money is being spent. He also noted that he doesn't want a metric for everything because so much of it is long term, but that getting more information would be good.

Member Royce noted that in spending any money it's important to know what the goal is, and to that end he supports outreach that is measurable, and would like know what the outreach dollar amount will achieve.

Member Aguirre noted that the Board has now spent an hour on this topic, and that many hours have been spent on this topic at previous meetings, and added that she is beginning to get frustrated with so much time on one item when quorum is then lost for other items. She also noted that all of the Member Agencies are going to be adding residents as density increases, and thinks the Board can agree that there needs to be outreach and it needs to be measurable. She added that the Board shouldn't be asking staff to bring every little outreach item to the Board's attention.

Chair Widmer concluded that Member Bronitsky had a great idea to use the Board Members to make connections with the neighborhood associations.

B. Review of Draft 2015 Long Range Plan (*Staff presentation and discussion item*)

Executive Director McCarthy noted that the Draft Long Range plan was put on the agenda to see if there were any other questions, but that the content has remained the same since March. He also noted that with the proposed projects in the Draft Long Range plan the diversion number will be 70%, and that staff is waiting for ordinance numbers to come in so that there will be a better understanding of what the diversion number actually is, before proposing any other projects or programs to increase diversion.

Chair Widmer asked that Board members give comments specifically about projects in the Draft Long Range Plan that affect the FY1516 budget.

Member Aguirre asked if there was anything specific the Chair and Vice Chair wanted addressed, that weren't discussed at the last Board meeting.

Chair Widmer noted there was a lot of discussion about the every other week collection, and the split body vehicle collection vehicles, and he wondered if there was any value in those pilots as the reports were mixed, and he noted that the minutes indicated a lot of discussion on those two items which are in the budget for next year.

Vice Chair Dehn commented that there were a lot of Board Members absent last month, and she wanted there to be opportunity for everyone to present their thoughts on the Draft Long Range Plan.

Member Root read some comments from Member Brownrigg. Member Brownrigg noted that he supports the plan and steps outlined in the Long Range Plan to get the agency to 75% diversion. Nevertheless, he would like the SBWMA to be more ambitious and begin thinking about setting a zero landfill policy. He suggested creating a working group to develop a plan to get to zero landfill that would work over the next 24 months and create a cost benefit analysis for implementing the policy.

Member Bronitsky thought it was a great idea.

Vice Chair Dehn thought it was an ambitious but great idea, and is what long range plans are all about.

Member Aguirre added that she would like to add this to the discussion for next meeting, and thought it was good to think about.

Member Bronitsky asked if Every Other Week garbage collection was legal.

Counsel Lanzone answered that under the natural resources code it says every 7 days, so it does not appear to be right now.

Executive Director McCarthy noted that there have been pilot programs that have been approved, and approval would be through the local enforcement agency the county, and sign off from Cal Recycle. He also noted that approval would come with a very specific set of conditions. He added that with the aggressive organics program offered, there is very little left in the black cart that is putrescible.

Staff Feldman added staff would work with the local enforcement agency to make sure all the concerns were met, and if it didn't get approved, then the money wouldn't be spent.

Member Carlton noted that she was concerned about the unintended consequences, and if in the process of trying to save money it would cost more.

Executive Director McCarthy replied that the concept of Every Other Week collection is widely implemented in Canada. He added that the intent of adding to the Long Range plan is to spend the money to do the pilot and see if there is a benefit. He also added if the agency wants to try and stretch these are the kinds of programs to be thinking about.

Chair Widmer suggested talking to the regulators this year to work on getting it approved and to put in in the budget next year. He thought it was a substantial amount of money in the FY1516 budget for something that may not get approved.

Executive Director McCarthy replied that if the pilot is not done in FY1516 the results won't be back in time to decide if these items should be incorporated into a new scope of work for the contracts, because those decisions need to be made in 2017.

Chair Widmer wondered if Recology could bid a contract extension with some percentage of Every Other Week and then the Board would let them know in 12 to 16 months based on the results from the pilot programs, if they were going to move forward. He thought this way the pilots could be done in the next fiscal year.

Executive Director McCarthy thought it would be utter chaos for Recology to try and cost out Every Other Week in part of the service area.

Member Aguirre asked if there was an agency or member of the public that had been asking for Every Other Week collection, or if certain agencies wanted to volunteer for it.

Executive Director McCarthy answered that no specific Member Agency had asked for it, and that is was an idea to increase diversion.

Mario Puccinelli commented that zero waste is out there in a lot of communities, but to move that dial is very difficult, noting that in 4 ½ years the commercial recycling diversion number has gone from 24% to 31%. He also added that Recology's goal with looking at Split Body Vehicles collection was to ensure the most efficient routing strategies, and the \$55,000 in a Split Body Pilot is likely to save trucks and headcount as contract extension discussions ensue.

Vice Chair Dehn asked for Recology's perspective on the Every Other Week pilot.

Mario Puccinelli answered that if increasing diversion is the goal the Every Other Week should be looked at on the residential side because as mentioned earlier residential diversion numbers are fairly flat. He also noted that operationally it would be a challenge especially given the different social-economic parameters in the service area.

Vice Chair Dehn noted that in the Long Range Plan there are several things where money would be spent in the next fiscal year, and asked if both the Long Range Plan and budget are approved but for regulatory reasons the pilot could not move forward the money would not be spent, and be a savings in the budget.

Executive Director McCarthy answered yes.

Vice Chair Dehn noted that she supports pilots that help to get to the end goal of what is in the next set of franchise agreements, but also noted that she only supports pilots with regulatory merit.

8. Collection and Recycling Program Support and Compliance:

- A. Draft Plan and Recommended Process for SBWMA to Support Member Agencies with Future Decisions Regarding Franchise Agreements with Recology (*Discussion item*)

Executive Director McCarthy noted that this item is to start a discussion with the Board to address the question of getting the Member Agencies from here to their 2017 contract extension discussions. He noted that historically the role of the JPA has been to help do the research, and help with walking through the process for the Member Agencies. He added that the staff report outlines a three step process for gathering Board, TAC and City staff to identify a consensus set of changes to the Franchise Agreements, and that if the Member Agencies wanted to continue with Recology the JPA staff with the help of attorneys would help the member agencies agree on a common scope of work. He added that the goal would be to agree on a way to proceed so that Member Agencies are not individually trying to get the information they need.

Member Aguirre noted that she appreciated Executive Director McCarthy looking ahead, but added that she thought the report was too soon and that Member Agencies should have this discussion with their own city or agency first.

Chair Widmer noted that Executive Director McCarthy had a goal to lay down a framework for getting the Member Agencies to 2017.

Member Aguirre thought there were too many things the Member Agencies had to consider and evaluate first.

Member Bronitsky proposed that the TAC mull the item over and report back to the Board.

Many Board members agreed to action the TAC with this item, and have them get back to the Board with a timeline.

Executive Director McCarthy commented that the timeline can be done very quickly, but that he didn't know if the TAC would address Member Aguirre's concern about meeting with her utilities committee. He noted that this document isn't making the decisions, it is just outlining and agreeing on the steps to go through in the process to be prepared to make the decision about continuing with Recology or not.

9. Shoreway Operations and Contract Management:

A. Resolution Authorizing Executive Director to Accept Bids and Enter into Contract for MRF Canopy Construction (*Action item*)

This item was taken before item 8A.

Executive Director McCarthy introduced this item, and noted that the MRF tipping canopy would allow for greater storage area in the MRF. He noted that requests for proposals went out twice, and the second time there were multiple bids, and this resolution would allow Executive Director McCarthy to accept the bid and enter into a contract with the lowest responsible bidder.

Member Aguirre motioned to approve
 Member Stone seconded the motion
 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			

10. Informational Items Only (no action required)

- A. Annual Solid Waste Rate Survey
- B. Staff Update on Implementation of Commercial Recycling Hauler Reporting System Ordinance
- C. 2015 Finance and Rate Setting Calendar
- D. Check Register for April 2015
- E. Potential Future Board Agenda Items

11. Board Member Comments

Member Bronitsky commented that the Foster City council had the honor of presenting to the winner of the Trash to Art contest, a 5th grade class from Foster City, and he thought it was a wonderful program, and thanked staff for that program.

Member Bonilla commented that San Mateo also got to present to one of the winners of the contest as well.

Chair Widmer reminded Board Members that the Executive Director evaluations are due to him by tomorrow night close of business.

12. Adjourn 3:59PM