



A Public Agency

# CONSENT CALENDAR



**DRAFT 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 letter to the SBWMA with the formal request 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's Environmental Health program 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.*

- Approval of Minutes from the April 25, 2019 Board of Directors Meeting
- Resolution Approving First Addendum to the Amended Public Project Agreement for Organics Extrusion Recovery System Purchase and Installation at Shoreway Environmental Center 2019
- 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
- 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
- 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

- 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 equipment and measures have 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 (TAC Chair, Afshin Oskoui (Belmont) and TAC Vice Chair, Roxanne Murray (San Mateo)) and selection committee members (Board members Vice Chair, Alecia Agurrie (Redwood City), Carole Groom (County of San Mateo, President of BOS), and Rick Bonilla (City of San Mateo)

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 contract 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, also thanked the selection committee, HF&H, SBWMA staff, 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'Neill of Risk Strategies Insurance (President), 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 nationally 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**

## STAFF REPORT

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To: SBWMA Board Members  
From: Grant Ligon, Management Analyst  
Date: June 27, 2019 Board of Directors Meeting  
Subject: Resolution Approving an SBWMA Environmentally Preferable Purchasing and Practices Policy

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### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-35 attached hereto authorizing the following action: **Approve Environmentally Preferable Purchasing and Practices Policy.**

### Summary

The SBWMA is applying for the 2019-20 CalRecycle Organics Grant program and having an Environmental Preferable Purchasing and Practices (EPPP) Policy is a requirement. The SBWMA's implementation of an EPPP Policy is also in direct alignment with our agency's Mission Statement and Guiding Principles, as well as those of our Member Agencies and many state-mandated environmental goals.

### Analysis

Staff has used Alameda County's existing StopWaste EPPP Policy (adopted in 2013) and other resources to develop a recommended EPPP Policy for SBWMA implementation and use. The proposed EPPP Policy addresses materials commonly purchased by the SBWMA's administrative operations, which mainly consists of office supplies such as printer paper and other program materials.

### Background

Current SBWMA Purchasing Policy, approved via Resolution 2006-01 on November 7, 2006, specified overall procurement guidelines, thresholds and practices, rather than procurement of office and other supplies in accordance with environmental or other goals. However, the proposed EPPP Policy's considerations will include procuring energy- or water-efficient appliances, recycled-content products, and used or otherwise environmentally-friendly goods, services and alternatives that were not specifically covered before. The SBWMA is in the process of applying for CalRecycle Organics Grant Program funding, for which Agency adoption of EPPP Policy is required. Thus, to address the Purchasing Policy gaps regarding environmentally preferable purchasing, SBWMA Mission Statement, Guiding Principles, Member Agency and other environmental goals, and CalRecycle Grant application needs, it is necessary to adopt EPPP Policy at this time.

### Fiscal Impact

There is no immediate fiscal impact to approval of the EPPP Policy. Small long-term fiscal impacts in the form of expenses or savings may accrue given changes in purchasing of certain office supplies.

#### Attachments:

Resolution 2019-35

Attachment A – SBWMA EPPP Policy



## RESOLUTION NO. 2019-35

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING AN SBWMA ENVIRONMENTALLY PREFERRED PURCHASING AND PRACTICES POLICY

**WHEREAS**, the existing SBWMA Procurement Policy (Resolution 2006-01) does not cover Environmentally-Preferable Purchasing and Practices (EPPP) for guiding procurement of environmentally-friendly goods and services, and

**WHEREAS**, the SBWMA is in the process of CalRecycle Organics Grant Program funding application, for which adoption of EPPP Policy is a requirement, and

**WHEREAS**, SBWMA Mission Statement, Guiding Principles, Member Agency and other environmental goals would be facilitated by adoption and implementation of an EPPP Policy, and

**WHEREAS**, SBWMA adoption of EPPP Policy would improve current Procurement Policy, help meet SBWMA environmental goals, and meet one of SBWMA’s CalRecycle Organics Grant application requirements,

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves EPPP Policy to guide Agency practice in environmentally-friendly purchasing of goods and services.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 27<sup>th</sup> day of June, 2019, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				

I HEREBY CERTIFY that the foregoing Resolution No. 2019-35 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 27, 2019.

ATTEST:

\_\_\_\_\_  
Jess E. (Jay) Benton, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Clerk of the Board

## **SBWMA ENVIRONMENTALLY PREFERABLE PURCHASING AND PRACTICES POLICY**

### **1.0 STATEMENT OF POLICY**

It is the policy of SBWMA to:

- Institute practices that reduce waste by increasing product efficiency and effectiveness;
- Purchase products that minimize environmental impacts, toxics, pollution, and hazards to worker and community safety;
- Purchase products that reduce greenhouse gas emissions in their production, shipping, use and discard; and
- Purchase products that include recycled content, are durable and long-lasting, conserve energy and water, use agricultural fibers and residues, use unbleached or chlorine free manufacturing processes, are lead-free and mercury-free, and use wood from sustainably harvested forests.

### **2.0 PURPOSE**

This Policy is adopted in order to:

- Minimize environmental impacts, e.g., pollution, and use of water, energy and natural resources,
- Eliminate or reduce toxics that create hazards to workers and our community,
- Support strong recycling markets and reduction in landfilling of materials,
- Increase the use and availability of environmentally preferable products that protect the environment,
- Identify environmentally preferable products and distribution systems,
- Reward manufacturers and vendors that reduce environmental impacts in their production and distribution systems or services, and
- Create a model for successfully purchasing environmentally preferable products that encourages the use of agricultural fibers, chlorine-free manufacturing processes, wood from sustainably harvested forests, and other environmentally friendly practices, and that encourages other purchasers in our community to adopt similar goals.

### **3.0 STRATEGIES FOR IMPLEMENTATION**

#### **3.1 Source Reduction**

- 3.1.1 Institute practices that reduce waste, encourage reuse, and result in the purchase of fewer products.
- 3.1.2 Purchase remanufactured or used products such as toner cartridges, tires, furniture, equipment and automotive parts.
- 3.1.3 Consider short-term and long-term costs in comparing product alternatives. This includes evaluation of total costs expected during the time a product is owned, including, but not limited to, acquisition, extended warranties, operation, supplies, maintenance and replacement parts, disposal costs and expected lifetime compared to other alternatives.

## **ENVIRONMENTALLY PREFERABLE PURCHASING POLICY**

- 3.1.4 Purchase products that are durable, long lasting, reusable or refillable and avoid purchasing one-time use or disposable products.
- 3.1.5 Specify a preference for packaging that is reusable, recyclable or compostable, when suitable uses and programs exist.
- 3.1.6 Encourage vendors to take back and reuse pallets and other shipping materials.
- 3.1.7 Encourage suppliers of electronic equipment, including but not limited to computers, monitors, printers, and copiers, to take back equipment for reuse or environmentally sound recycling when SBWMA discards or replaces such equipment, whenever possible. Suppliers will be required to state their take back, reuse or recycling programs during the bidding process.
- 3.1.8 Consider provisions in contracts with suppliers of non-electronic equipment that require suppliers to take back equipment for reuse or environmentally sound recycling when SBWMA discards or replaces such equipment, whenever possible. Suppliers will be required to state their take back, reuse or recycling programs during the bidding process.
- 3.1.9 Promote electronic distribution of documents rather than printing or copying.
- 3.1.10 When producing paper documents, print and copy all documents on both sides to reduce the use and purchase of paper. Printers and copiers shall be set to default to duplex.
- 3.1.11 Ensure all imaging equipment is installed with energy and resource-efficient settings set as default.

### **3.2 Recycled Content Products**

- 3.2.1 Purchase paper products with no less than the minimum recycled content standards established by the U.S. EPA Comprehensive Procurement Guidelines, which is 30% postconsumer or total recovered fiber for most paper types. Pursue purchase of 75% minimum recycled content paper, to mirror jurisdictions' requirements for such within CA Senate Bill 1383 (for implementation by January 1, 2022).

### **3.3 Toxics and Pollution Prevention Products and Practices**

- 3.3.1 Purchase paper, paper products, and janitorial paper products that are unbleached or are processed without chlorine or chlorine derivatives, with Processed Chlorine Free (PCF) paper as the preferred environmental option.
- 3.3.2 Purchase products and equipment with no lead or mercury whenever possible. For products that contain lead or mercury, SBWMA should give preference to those products with lower quantities of these metals and to vendors with established lead

## **ENVIRONMENTALLY PREFERABLE PURCHASING POLICY**

and mercury recovery programs. In addition, whenever lead- or mercury-containing products require disposal, SBWMA will dispose of those products in the most environmentally safe manner possible. All fluorescent lamps and batteries will be recycled.

### **3.4 Bio-Based Products**

- 3.4.1 Use bio-based plastic products that are biodegradable and compostable, such as bags, film, food and beverage containers, and cutlery, to the maximum extent practicable, as facilitated by San Francisco Department of Environment list here: [https://sfenvironment.org/sites/default/files/fliers/files/sfe\\_zw\\_vendors\\_fsw.pdf](https://sfenvironment.org/sites/default/files/fliers/files/sfe_zw_vendors_fsw.pdf).
- 3.4.2 Purchase compostable plastic products that meet American Society for Testing and Materials (ASTM) standards as found in ASTM D6400. Meet ASTM D6868 standards for biodegradable plastics used as coatings on paper and other compostable substrates.
- 3.4.3 Ask vendors to provide proof of compliance with ASTM standards for compostable, biodegradable and degradable plastic products upon request. One acceptable proof of compliance for compostable plastic products will be certification by the Biodegradable Products Institute (BPI).

### **4.0 RESPONSIBILITIES**

- 4.1 The health and safety of workers and citizens is of utmost importance and takes precedence over all other practices. Nevertheless, SBWMA recognizes its duty to act in a fiscally responsible as well as a timely manner.
- 4.2 Nothing contained in this policy shall be construed as requiring a department, purchaser or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, risk the health or safety of workers and citizens, or are not available at a reasonable price in a reasonable period of time.
- 4.3 Nothing contained in this policy shall be construed as requiring SBWMA, department, purchaser, or contractor to take any action that conflicts with local, state or federal requirements.
- 4.4 SBWMA has made significant investments in developing a successful recycling system and recognizes that recycled content products are essential to the continuing viability of that recycling system and for the foundation of an environmentally sound production system. Therefore, to the greatest extent practicable, recycled content shall be included in products that also meet other specifications, such as chlorine free or bio-based.

### **5.0 IMPLEMENTATION**

## **ENVIRONMENTALLY PREFERABLE PURCHASING POLICY**

- 5.1 The Management Analyst and Clerk of the Board/Office Manager shall implement this policy in coordination with other appropriate SBWMA personnel.
- 5.2 Require successful bidders during the RFP or RFQ process to certify in writing that the environmental attributes claimed in competitive bids are accurate. In compliance with State law, vendors shall be required to specify the minimum or actual percentage of recovered and post-consumer material in their products, even when such percentages are zero.
- 5.3 Upon request, buyers making the selection from competitive bids shall be able to provide justification for product choices that do not meet the environmentally preferable purchasing criteria in this policy.
- 5.4 Encourage vendors, contractors and grantees to comply with applicable sections of this policy for products and services provided to SBWMA.

### **6.0 PROGRAM EVALUATION**

- 6.1 The Management Analyst and Clerk of the Board/Office Manager shall periodically evaluate the success of this policy's implementation.

### **7.0 DEFINITIONS**

- 7.1 "American Society for Testing and Materials" means ASTM International, an open forum for the development of high quality, market relevant international standards use around the globe.
- 7.2 "Bio-Based Products" means commercial or industrial products (other than food or feed) that utilize agricultural crops or residues but does not include products made from forestry materials.
- 7.3 "Biodegradable plastic" means the degradation of the plastic must occur as a result of the action of naturally occurring microorganisms.
- 7.4 "Biodegradable Products Institute" (BPI) is a multi-stakeholder association of key individuals and groups from government, industry and academia, which promotes the use, and recycling of biodegradable polymeric materials (via composting). BPI does not create standards but certifies products that demonstrate they meet the requirements in ASTM D6400 or D6868, based on testing in an approved laboratory.
- 7.5 "Buyer" means anyone authorized to purchase or contract for purchases on behalf of this jurisdiction or its subdivisions.
- 7.6 "Compostable plastic" means plastic that is biodegradable during composting to yield carbon dioxide, water and inorganic compounds and biomass, at a rate consistent with other known compostable materials and leaves no visually distinguishable or toxic residues.

## **ENVIRONMENTALLY PREFERABLE PURCHASING POLICY**

- 7.7 “Contractor” means any person, group of persons, business, consultant, designing architect, association, partnership, corporation, supplier, vendor or other entity that has a contract with SBWMA or serves in a subcontracting capacity with an entity having a contract with SBWMA for the provision of goods or services.
- 7.8 “Degradable plastic” means plastic that undergoes significant changes in its chemical structure under specific environmental conditions.
- 7.9 “Post-consumer Material” means a finished material which would normally be disposed of as a solid waste, having reached its intended end-use and completed its life cycle as a consumer item, and does not include manufacturing or converting wastes.
- 7.10 “Pre-consumer Material” means material or by-products generated after manufacture of a product is completed but before the product reaches the end-use consumer. Pre-consumer material does not include mill and manufacturing trim, scrap, or broke which is generated at a manufacturing site and commonly reused on-site in the same or another manufacturing process.
- 7.11 “Recovered Material” means fragments of products or finished products of a manufacturing process, which has converted a resource into a commodity of real economic value, and includes pre-consumer and post-consumer material but does not include excess resources of the manufacturing process.
- 7.12 “Recycled Content” means the percentage of recovered material, including pre-consumer and post-consumer materials, in a product.
- 7.13 “Recycled Content Standard” means the minimum level of recovered material and/or post-consumer material necessary for products to qualify as “recycled products.”
- 7.14 “Recycled Product” means a product that meets SBWMA’s recycled content policy objectives for post-consumer and recovered material.
- 7.15 “Remanufactured Product” means any product diverted from the supply of discarded materials by refurbishing and marketing said product without substantial change to its original form.
- 7.16 “Reused Product” means any product designed to be used many times for the same or other purposes without additional processing except for specific requirements such as cleaning, painting or minor repairs.
- 7.17 “Source Reduction” refers to products that result in a net reduction in the generation of waste compared to their previous or alternate version and includes durable, reusable and remanufactured products; products with no, or reduced, toxic constituents; and products marketed with no, or reduced, packaging.

## **8.0 EFFECTIVE DATES**

## **ENVIRONMENTALLY PREFERABLE PURCHASING POLICY**

8.1 This policy shall take effect on June 27, 2019.

## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Hilary Gans, Senior Facility & Contract Manger  
**Date:** June 27, 2019 Board of Directors Meeting  
**Subject:** Resolution Authorizing the Executive Director to Execute a not-to-exceed \$128,620 Contract with Tanner Pacific for Construction Management services at the Shoreway facility for FY19/20.

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### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-36 attached hereto authorizing the following action: **Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management Services for a not-to-exceed amount of \$128,620 for FY19/20.**

### Analysis

SBWMA staff requires construction management support to complete Shoreway maintenance and capital projects. The Board approved FY19/20 Budget contained several capital projects and **Attachment A** provides the Professional Services Agreement with a detailed list of the projects to be completed at Shoreway involving engineering and inspection services support from Tanner Pacific. Staff is looking to Tanner Pacific to assist in the construction management of these projects by: developing technical specifications, engineered drawings, and public bidding of Shoreway projects; and after project award, construction management services including permit coordination, management of request for information (RFI), inspection of completed work, and progress payment sign-off.

Tanner Pacific work for the SBWMA will be performed on a time & materials basis. TannerPacific has provided a cost estimate (Attachment A) for the total level-of-effort for Construction Management services for FY19/20. Tanner Pacific's cost effectiveness was evaluated against other CM firms and their cost/hour bill rate is reasonable for the services required.

### Background

Tanner Pacific was selected by Staff because the company has demonstrated a keen awareness of the SBWMA's needs for strong on-site support in coordination with ongoing facility operations. Tanner Pacific is a local construction management firm that has extensive knowledge of the Shoreway Environmental Center and whose professional staff has worked on the Shoreway Master Plan projects.

### Fiscal Impact

The estimated cost for Construction Management offered by Tanner Pacific over the 1-year term of the planned construction projects is not-to-exceed \$128,620. The costs for the Construction Management services will be drawn from a combination of the 1) the operations budget line item Facility Improvement Oversight which has a

budget amount of \$75,000 and 2) assigned to Capital Expense projects where the construction management services are used to support the project.

**Attachments:**

Resolution 2019-36

Attachment A – Professional Services Agreement with Tanner Pacific for Construction Management Services



## RESOLUTION NO. 2019-36

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH TANNER PACIFIC FOR CONSTRUCTION MANAGEMENT SERVICES FOR A NOT-TO-EXCEED AMOUNT OF \$128,620 FOR FY19/20

**WHEREAS**, the SBWMA owns and maintains the Shoreway Environmental Center,

**WHEREAS**, the SBWMA requires construction management assistance in performance of the various capital and maintenance projects,

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves a Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services for a not-to-exceed amount of \$128,620 for FY19/20.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California the 27<sup>nd</sup> Day of June, 2019 by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				

I HEREBY CERTIFY that the foregoing Resolution No. 2019-36 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 27, 2019.

ATTEST:

\_\_\_\_\_  
Jess E (Jay) Benton, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Board Secretary



PROFESSIONAL SERVICES AGREEMENT  
FOR  
CONSTRUCTION MANAGEMENT SERVICES AT THE SHOREWAY FACILITY FOR  
FY19/20

This Agreement is made and entered into as of the 27<sup>th</sup> day of June, 2019 by and between the SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY hereinafter called "AUTHORITY" and Tanner Pacific hereinafter called "CONSULTANT".

RECITALS

This Agreement is entered into with reference to the following facts and circumstances:

- A. That AUTHORITY desires to engage CONSULTANT to provide professional services;
- B. That CONSULTANT is qualified to provide such services to the AUTHORITY and;
- C. That the AUTHORITY has elected to engage the services of CONSULTANT upon the terms and conditions as hereinafter set forth.

- 1. Services. The services to be performed by CONSULTANT under this Agreement shall include those services set forth in Exhibit A, which is, by this reference, incorporated herein and made a part hereof as though it were fully set forth herein.

Performance of the work specified in said Exhibit A is hereby made an obligation of CONSULTANT under this Agreement, subject to any changes that may be made subsequently hereto upon the mutual written agreement of the said parties.

Where in conflict, the terms of this Agreement supersede and prevail over any terms set forth in Exhibit A.

- 2. Term; Termination.
  - (a) The term of this Agreement shall commence upon the date hereinabove written and shall expire upon completion of performance of services hereunder by CONSULTANT.

(b) Notwithstanding the provisions of (a) above, either party may terminate this Agreement without cause by giving written notice not less than ten (10) days prior to the effective date of termination, which date shall be included in said notice. In the event of such termination, AUTHORITY shall compensate CONSULTANT for services rendered, and reimburse CONSULTANT for costs and expenses incurred, to the date of termination, calculated in accordance with the provisions of paragraph 3.



In ascertaining the services actually rendered to the date of termination, consideration shall be given both to completed work and work in process of completion. Nothing herein contained shall be deemed a limitation upon the right of AUTHORITY to terminate this Agreement for cause, or otherwise to exercise such rights or pursue such remedies as may accrue to AUTHORITY hereunder.

3. Compensation; Expenses; Payment. AUTHORITY shall compensate CONSULTANT for all services performed by CONSULTANT hereunder in an amount based upon CONSULTANT's hourly rates during the time of the performance of said services. A copy of CONSULTANT's hourly rates for which services hereunder shall be performed are set forth in CONSULTANT's fee schedule included in Exhibit A, attached hereto and by this reference incorporated herein.

Notwithstanding the foregoing, the combined total of compensation and reimbursement of costs payable hereunder shall not exceed the sum one hundred twenty-eight thousand and six hundred twenty dollars (\$128,620) unless the performance of services and/or reimbursement of costs and expenses in excess of said amounts have been approved in advance of performing such services or incurring such costs and expenses by AUTHORITY's Executive Director (for contracts less than \$50,000) or AUTHORITY Board (for contracts \$50,000 or more) evidenced by motion duly made and carried.

Compensation and reimbursement of costs and expenses hereunder shall be payable upon monthly billing therefor by CONSULTANT to AUTHORITY, which billing shall include an itemized statement, briefly describing by task and labor category or cost/expense items billed as per Exhibit B.

4. Additional Services. In the event AUTHORITY desires the performance of additional services not otherwise included within the services described in Exhibit A, such services shall be authorized in advance of the performance thereof by AUTHORITY's Executive Director (for contracts less than \$50,000) or AUTHORITY Board (for contracts \$50,000 or more) by motion duly made and carried. Such amendment to this Agreement shall include a description of the services to be performed thereunder, the maximum compensation and reimbursement of costs and expenses payable therefor, the time of performance thereof, and such other matters as the parties deem appropriate for the accomplishment of such services. Except to the extent modified by written amendment, all other terms and conditions of this Agreement shall be deemed incorporated in each such amendment.
5. Records. CONSULTANT shall keep and maintain accurate records of all time expended and costs and expenses incurred relating to services to be performed by CONSULTANT hereunder. Said records shall be available to AUTHORITY for review and copying during regular business hours at

CONSULTANT's place of business or as otherwise agreed upon by the parties.

6. Authorization. This Agreement becomes effective when endorsed by both parties in the space provided below.
7. Reliance on Professional Skill of CONSULTANT. CONSULTANT represents that it has the necessary professional skills to perform the services required and the AUTHORITY shall rely on such skills of the CONSULTANT to do and perform the work. In performing services hereunder CONSULTANT shall adhere to the standards generally prevailing for the performance of expert consulting services similar to those to be performed by CONSULTANT hereunder.
8. Documents. All documents, plans, drawings, renderings, and other papers, or copies thereof, as finally rendered, prepared by CONSULTANT pursuant to the terms of this Agreement, shall, upon preparation and delivery to AUTHORITY, become the property of AUTHORITY.
9. Relationship of Parties. It is understood that the relationship of CONSULTANT to the AUTHORITY is that of an independent contractor and all persons working for or under the direction of CONSULTANT are its agents or employees and not agents or employees of the AUTHORITY.
10. Schedule. CONSULTANT shall adhere to the schedule set forth in Exhibit A; provided, that AUTHORITY shall grant reasonable extensions of time for the performance of such services occasioned by governmental reviews of CONSULTANT's work product or other unavoidable delays; provided, further, that such unavoidable delay shall not include strikes, lockouts, work stoppages, or other labor disturbances conducted by, or on behalf of, CONSULTANT's officers or employees.

CONSULTANT acknowledges the importance to AUTHORITY of AUTHORITY's Project schedule and agrees to put forth its best professional efforts to perform its services under this Agreement in a manner consistent with that schedule.

11. Indemnity. To the fullest extent allowed by law, CONSULTANT hereby agrees to defend, indemnify, and save harmless AUTHORITY, its boards, officers, employees and agents, from and against any and all claims, suits, actions liability, loss, damage, expense, cost (including, without limitation, costs and fees of litigation) of every nature, kind or description, which may be brought against, or suffered or sustained by, AUTHORITY, its boards, officers, employees, and agents caused by, or alleged to have been caused by, the negligence, intentional tortuous act or omission, or willful misconduct of CONSULTANT, its officers, employees, subcontractors or agents in the performance of any services or work pursuant to this Agreement.

The duty of CONSULTANT to indemnify and save harmless, as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

CONSULTANT's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law.

The defense and indemnification obligations of this agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained within this Agreement.

12. Insurance. CONSULTANT shall acquire and maintain Workers' Compensation, employer's liability, commercial general liability, owned and non-owned and hired automobile liability, and professional liability insurance coverage relating to CONSULTANT's services to be performed hereunder covering AUTHORITY's risks in form subject to the approval of the AUTHORITY Attorney and/or AUTHORITY's Risk Manager. The minimum amounts of coverage corresponding to the aforesaid categories of insurance per insurable event, shall be as follows:

<u>Insurance Category</u>	<u>Minimum Limits</u>
Workers' Compensation	statutory minimum
Employer's Liability	\$1,000,000 per accident for bodily injury or disease
Commercial General Liability	\$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury, personal injury and property damage
Automobile Liability	\$1,000,000 per accident for bodily injury and property damage (coverage required to the extent applicable to CONSULTANT's vehicle usage in performing services hereunder)
Professional Liability	\$1,000,000 per claim and aggregate

It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits shall be available to the AUTHORITY as an Additional Insured. Furthermore, the requirements for coverage and limits shall be the greater of either (1) the minimum coverage and limits specified in this Agreement or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named Insured.

CONSULTANT agrees to include with all subcontractors in their subcontracts the same requirements and provisions of this agreement including the indemnity and insurance requirements to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by CONSULTANT shall agree to be bound to CONSULTANT and AUTHORITY in the same manner and to the same extent as CONSULTANT is bound to AUTHORITY under this Agreement and its accompanying documents. Subcontractors shall further agree to include these same provisions with any sub-subcontractors. A copy of the indemnity and insurance provisions of this Agreement will be furnished to the Subcontractor upon request. CONSULTANT shall require all subcontractors to provide a valid certificate of insurance and the required endorsements included in the subcontract agreement and will provide proof of compliance to the AUTHORITY prior to commencement of any work by the subcontractor.

Concurrently with the execution of this Agreement, CONSULTANT shall, on the Insurance Coverage form provided in Exhibit C, or equivalent, furnish AUTHORITY with certificates and copies of information or declaration pages of the insurance required hereunder and, with respect to evidence of commercial general liability and automobile liability insurance coverage, original endorsements:

- (a) Precluding cancellation or reduction in per occurrence limits before the expiration of thirty (30) days (10 days for nonpayment) after AUTHORITY shall have received written notification of cancellation in coverage or reduction in per occurrence limits by first class mail;
- (b) Naming the South Bayside Waste Management Authority, its officers, boards, employees, and agents, as additional insureds; and
- (c) Providing that CONSULTANT's insurance coverage shall be primary insurance with respect to South Bayside Waste Management Authority, its officers, boards, employees, and agents, and any insurance or self-insurance maintained by AUTHORITY for itself, its officers, boards, employees, and agents shall be in excess of CONSULTANT's insurance and not contributory with it. CONSULTANT and its insurer may not seek contribution from AUTHORITY's insurance or self-insurance.

The limits of insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of AUTHORITY, to the extent required by this Agreement, before the AUTHORITY's insurance or self-insurance may be called upon to protect AUTHORITY as a named Insured.

All self-insured retentions (SIR) must be disclosed to AUTHORITY for approval and shall not reduce the limits of liability coverage. Policies containing and SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named CONSULTANT/Named Insured or AUTHORITY.

AUTHORITY reserves the right to obtain a full certified copy of any insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.

Any and all Subcontractors shall agree to be bound to CONSULTANT and AUTHORITY in the same manner and to the same extent as CONSULTANT is bound to AUTHORITY under this Agreement. Subcontractors shall further agree to include the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, in any agreement with sub-subcontractors to the extent that they apply to the scope of the sub-subcontractor's work. A copy of the indemnity and insurance provisions of this Agreement shall be furnished to any subcontractor upon request.

CONSULTANT shall maintain insurance as required by this Agreement to the fullest amount allowed by law and shall maintain insurance for a minimum of five (5) years following completion of this project or service. In the event CONSULTANT fails to obtain or maintain completed operations coverage as required by this Agreement, the AUTHORITY at its sole discretion may purchase the coverage required and the cost will be paid by CONSULTANT.

13. WORKERS' COMPENSATION. CONSULTANT certifies that he is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and CONSULTANT certifies that he will comply with such provisions before commencing the performance of the work of this agreement.
14. NON-DISCRIMINATION. The CONSULTANT will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The CONSULTANT will take affirmative action to ensure that applicants are employed and the employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, advancement, demotion, transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The CONSULTANT shall at all times be in compliance with the requirements of the Federal Americans With Disabilities Act (Public Law 101-336) which prohibits discrimination on the basis of disability by public entities. The CONSULTANT agrees to post in conspicuous places available to

employees and applicants for employment any notices provided by the AUTHORITY setting forth the provisions of this non-discrimination clause.

15. Notice. All notices required by this Agreement shall be given to the AUTHORITY and CONSULTANT in writing, by first class mail, postage prepaid, addressed as follows:

AUTHORITY: Rethink Waste  
610 Elm Street, Suite 202  
San Carlos, CA 94070  
Attention: Hilary Gans, Sr. Operations and  
Contracts Manager  
Grant Ligon, Management Analyst III

CONSULTANT: **Tanner Pacific**  
William Tanner  
751 Laurel Street  
San Carlos, CA 94070  
Phone: 925-766-1800

16. Non-Assignment. This Agreement is not assignable either in whole or in part.
17. Amendments. This Agreement may be amended or modified only by written agreement signed by both parties.
18. Validity. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
19. Governing Law. This Agreement shall be governed by the laws of the State of California and any suit or action initiated by either party shall be brought in the County of San Mateo, California. In the event of litigation between the parties hereto to enforce any provision of the Agreement, the unsuccessful party will pay the reasonable attorney's fees and expenses of litigation of the successful party.
20. Mediation. Should any dispute arise out of this Agreement, the parties shall meet in mediation and attempt to reach a resolution with the assistance of a mutually acceptable mediator. Neither party shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution. The costs of the mediator, if any, shall be paid equally by the parties. If a mediated settlement is reached neither party shall be deemed the prevailing party for purposes of the settlement and each party shall bear its own legal costs.

21. Conflict of Interest. VENDOR may serve other clients, but none that would place VENDOR in a "conflict of interest" as that term is defined in State law.
22. Entire Agreement. This Agreement, including Exhibits A, B, and C, comprises the entire Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written by their respective officers duly authorized in that behalf.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

Dated: \_\_\_\_\_  
Jay Benton, Board President

ATTEST:

Dated: \_\_\_\_\_  
Cyndi Urman, Board Secretary

APPROVED AS TO FORM

Dated: \_\_\_\_\_  
Jean Savaree, Legal Counsel

CONSULTANT

Dated: \_\_\_\_\_  
William Tanner, Principal

EXHIBIT A

SCOPE OF WORK, WORK SCHEDULE, AND FEE SCHEDULE  
FOR  
CONSTRUCTION MANAGEMENT SERVICES AT THE SHOREWAY FACILITY FOR  
FY19/20

Tanner Pacific Construction Management List of Shoreway Project with Level-of-Effort cost estimates for Construction Management Support For FY19/20						
		Eng/Insp		Total Project Budget Est.		CM Budget
	<b>MRF Building Siding Repair</b>	Andrew		\$10,000		\$2,500
	<b>MRF Building Push-wall Const</b>	Andrew		\$11,848		\$5,120
	<b>Stormwater Treatment Const.</b>	Andrew		\$1,200,000		\$38,000
	<b>Additional Fire Suppression</b>	Andrew		\$100,000		\$20,000
	<b>Public Recycling Center Conversion</b>	Andrew		NA		\$5,000
	<b>MRF Phase I</b>			\$7,000,000		\$40,000
	<b>O2E Pilot and Planning with SVCW</b>	Bill Tanner		NA		\$12,000
	<b>MISC.</b>			NA		\$6,000
<b>TOTAL</b>						<b>\$128,620</b>

EXHIBIT B  
SAMPLE INVOICE

Items highlighted yellow must be included on the invoice for approval; format of invoice is just a sample

**INVOICE**

Your Company Name  
Address  
City State Zip  
Phone Number

Date:  
Project Number:  
Invoice Number:

RethinkWaste  
Attn: Project Manager  
610 Elm Street, Suite 202  
San Carlos, CA 94070

SBWMA Project: Project Title Purchase Order Number: PO Number  
Invoice for Professional Services from 1/1/15 to 1/31/15

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**TASK 1 TITLE/Description**

Professional Personnel:	Hours:	Rate:	Amount:
John Doe	1.5	\$200.00	\$300.00
Jane Smith	1.0	\$100.00	\$100.00
<b>TOTALS:</b>	<b>2.0</b>		<b>\$400.00</b>

TOTAL THIS TASK: \$400

**TASK 2 TITLE/Description**

Professional Personnel:	Hours:	Rate:	Amount:
John Doe	3.0	\$200.00	\$600.00
<b>TOTALS:</b>	<b>3.0</b>		<b>\$600.00</b>

TOTAL THIS TASK: \$600.00

**TOTAL THIS INVOICE \$1,000.00**

**BILLING LIMITS:**

Total Contract Amount		\$10,000.00
Prior Invoices	0%	\$0.00
Current Contract Balance	100%	\$10,000.00
<b>This Invoice</b>	<b>10%</b>	<b>\$1,000.00</b>
<b>Contract Balance</b>	<b>90%</b>	<b>\$9,000.00</b>

## EXHIBIT C

### INSURANCE FORMS

CONSULTANT shall provide, in addition to the Certificates of Insurance, original Endorsement affecting the coverages specified in Section 12 - INSURANCE of the Agreement on the attached form. No substitute form will be accepted.

#### **ATTACHED**

1. Insurance Coverage Form





## STAFF REPORT

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To: SBWMA Board Members  
From: John Mangini, Senior Finance Manager  
Date: June 27, 2019 Board of Directors Meeting  
Subject: Resolution Accepting the Findings from the Audit of Contractor's Financial and Operational Reporting in 2018 by R3 Consultants

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### Recommendation

It is recommended that the SBWMA Board approve resolution #2019-37 attached accepting the findings from the audit of SBR's and Recology's 2018 financial and operational reporting by R3 Consultants.

### Summary

The Franchise Agreement with Recology and Operating Agreement with SBR prescribe standards for reporting and operating system performance. Under contract to the SBWMA, R3 Consultants performed the annual independent review of the contractor's operational and financial reports for 2018. Overall, the review found that both contractors are in substantial compliance with requirements of the Agreements and only minor financial and operational corrections were recommended by R3 Consulting.

### Analysis

The information collected and reported to the SBWMA by the contractors is substantially self-reported (e.g., all Shoreway tonnage data, collection route data, and call center performance). To ensure the integrity of this reported data and payments, the SBWMA conducts an annual third-party review to verify that SBR and Recology obtained, compiled, and reported data to the SBWMA and Member Agencies accurately and that the companies have proper management controls in place. The audit consists of two parts: a financial systems audit and an audit of quarterly and annual operational reports. The financial systems audit includes a review of reports with a direct financial impact such as Recology's Revenue Reconciliation (\$106,775,802) and SBR's payment to the SBWMA for gross commodity revenue (\$7,666,000) and public tip fee revenue (\$11,527,000).

In January 2019, R3 Consulting commenced the annual review for 2018 and concluded their activities by issuing a final findings and recommendations report that was issued in June 2019. R3 identified several areas where both Recology and SBR were found to be substantially compliant with the operational and reporting requirements of the Facility Operating Agreement and Franchise Agreements for CY 2018.

The single most important review step of this audit was to verify the data in Recology's 2018 Revenue Reconciliation in total and by Member Agency. The following financial stats have now been verified:

1. Gross revenue billed of \$106,755,802
2. Disposal fees paid to the SBWMA of \$32,317,596
3. Franchise and other Fees paid to Member Agencies of \$14,905,894
4. The net surplus/<shortfall> balance for each agency ranging from \$512,679 to <\$232,878>

No discrepancies were found.

R3 has determined that Recology is stopping service due to customer non-payment (delinquency) during the audit of the 2018 customer service data. Attachment H, "Delinquent Payment Policy," differs among Member Agencies. Four Member Agencies allow for service stops for delinquency. R3 has separately analyzed the service stops for this year's audit and observed that customers from every Member Agency are experiencing some service stops due to account delinquency. Please note that many service stops appear to be one-time stops for a particular week of service and not permanent service stops. Recology has responded that they need to handle in this way to send delinquent accounts to collections.

R3 recommends that Member Agencies and Recology discuss the matter of potential service stops for non-payment if not allowed by Agreement.

Additional "Findings" are summarized for each contractor in **Table 1 & Table 2** below and a summary report is provided in **Attachment A**.

**Recology Audit:**

Table 1. RECOLOGY Review Findings			
Report Section	Area of Review	Findings	Amount
2.1	Reports	-The Quarterly & Annual Reports were complete & compliant	None
2.2	Tonnage Data	-Accurate & compliant	None
2.3	Customer Service	- Some inconsistencies were found between source data and reports. - Five incorrectly coded tickets were found.	None
2.4	Liquidated Damages & Incentive/ disincentive	- Recology self-reported and paid LD amounting to \$19,400. R3 found they underpaid by \$1,250 - Recology self-reported incentive payments amounting to \$26,475. R3 found that Recology owes \$60 less than reported	\$1,250 <\$60>
4	Tonnage Data	-Minor variances between SBR & Recology inbound tonnage were found.	None

The review by R3 focused on validating the information provided by Recology in the company's *Annual Report for 2018* issued to the Member Agencies on February 14, 2019. The review focused on:

- Verify tons collected.
- Verify customer service data.
- Verify calculation of liquidated damages and performance incentive/disincentive payments.

**South Bay Recycling (SBR) Audit:**

Table 2. SBR Review Findings			
Report Section	Area of Review	Findings	Amount
4.1	Reports	-The Quarterly & Annual Reports were compliant.	None
4.2	Tonnage Data	-Minor variances between SBR & Recology inbound tonnage were found.	None
4.4	Liquidated Damages	-No LD were reported or paid by SBR.	None

Since the tonnage, material category, and tip fee payment information recorded at the scales by SBR serves as the “base-data” for the entire SBWMA waste handling function as well as the basis for all of the financial transactions relating to Shoreway facility operations, it is critical that the information be accurately collected, recorded, and reported by SBR. While the SBWMA staff reviews the tonnage information reported by SBR on a monthly basis, the review conducted by R3 serves as an important third-party check on SBR’s data and data management. The scope of the annual operational audit includes the following components:

- Verify SBR’s reported data is consistent with Recology’s reports
- Verify accuracy of SBR’s reported in-bound and shipped tonnage data

Based on R3’s review of SBR operations and reports, only minor errors were identified in SBR’s reporting and tonnage. SBR was not assessed any liquidated damages in 2018.

### **Background**

The Collection Services Franchise Agreements with Recology and the Facility Operations Agreement with SBR prescribe standards for reporting and operating performance. The information contained in the contractor’s reports is substantially self-reported by both companies e.g., all tonnage data from the Shoreway scales and the collection route and call center performance data as well as the collection Liquidated Damage events identified in Attachment J of the Franchise Agreements. To ensure the integrity of the data reported by Recology and SBR, the SBWMA conducts a third-party audit of the data managed and reported by both companies (the audit included assessing Recology’s call center functions to ensure the accuracy of transcribing and reporting information, complaints and requests for service from customers. The scope of auditing SBR’s operations was limited to the scale house operations (i.e., tonnage reporting) and reporting of commodity revenues). The auditing work reveals how well both Recology and SBR obtained, compiled and reported data to the Member Agencies per the requirements prescribed in the Franchise Agreement(s) and Shoreway Facility Operations Agreement, respectively.

### **Fiscal Impact**

The cost for R3 to conduct this audit was \$49,830 and is included in the FY18/19 Budget.

#### **Attachments:**

Resolution 2019-37

**Attachment A** – R3 Final Report Summary: Collection Services and Facility Operations Systems and Financial Audit for 2018

**Attachment B** - [Full report \(52 pages\): R3 Consulting 2018 Final Report - available online only at www.rethinkwaste.org](http://www.rethinkwaste.org)



**RESOLUTION NO. 2018-37**  
**RESOLUTION OF THE SOUTH BAYSIDE WASTE**  
**MANAGEMENT AUTHORITY BOARD OF DIRECTORS**  
**ACCEPTING THE FINDINGS FROM THE AUDIT REPORT OF THE CONTRACTOR'S**  
**2018 FINANCIAL AND OPERATIONAL REPORTING BY R3 CONSULTANTS**

**WHEREAS**, the South Bayside Waste Management Authority (SBWMA) Board of Directors entered into a contract with R3 Consulting Group for the purpose of providing a Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Auditing Project for 2018 and a Financial Systems Auditing Project for 2018, and

**WHEREAS**, the R3 Consulting Group has completed the audit work and submitted their report for review, and

**WHEREAS**, attached as **Exhibit A** hereto is the R3 audit report summary.

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority accepts the findings from the audit report of the contractor's financial and operational reporting in 2018 by R3 Consultants.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 27<sup>th</sup> day of June 2019, by the following vote:

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

I HEREBY CERTIFY that the foregoing Resolution No. 2019-37 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 27, 2019.

ATTEST:

\_\_\_\_\_  
 Jess E (Jay) Benton, Chairperson of SBWMA

\_\_\_\_\_  
 Cyndi Urman, Board Secretary



CONSULTING GROUP, INC.  
RESOURCES • RESPECT • RESPONSIBILITY

**FINAL REPORT**

**Collection Services and Facility Operations  
Reports, Tonnage, Data and Customer Service  
Systems Audit and Financial Systems Audit**



**SUBMITTED TO:**

**RethinkWaste (SBWMA)**

June 19, 2019

Report Submitted Digitally



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R3



# Section 1. Introduction

## 1.1 Background

The South Bayside Waste Management Authority (RethinkWaste) is a joint powers authority of twelve Member Agencies (Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, the County of San Mateo and the West Bay Sanitary District) in San Mateo County.

The twelve RethinkWaste Member Agencies have exclusive franchise agreements with Recology San Mateo County (Recology) for the collection of solid waste, recyclable materials and organic materials. Recology provides collection services to approximately 93,000 households and 9,000 businesses in the RethinkWaste service area. Recology submits an annual Revenue Reconciliation (Reconciliation) report to SBWMA that identifies net revenues retained by Recology as compared to the annual compensation owed to Recology by each Member Agency, which is approved annually by the SBWMA Board of Directors.

RethinkWaste owns and manages the Shoreway Environmental Center which is operated by South Bay Recycling (SBR). The Shoreway Environmental Center receives the recyclables, organics and garbage collected by Recology under its franchise agreements with each of RethinkWaste's Member Agencies, as well as other self-haul and non-franchised material delivered to that facility. SBR reports on and makes monthly payments to SBWMA, covering revenues from sales of recyclable commodities and revenues from public self-haul customers at Shoreway. SBWMA also reimburses SBR for payments made through the Shoreway Public Recycling Buyback Center.

Recology and SBR are required to track, compile and report various data related to their performance and develop various reports per the franchise agreements with SBWMA Member Agencies and SBR's operating agreement with SBWMA. The primary nature of the quantitative data presented in the reports is self-reported. The goal of the Collection Services and Facility Operations Reports, Tonnage, Data and Customer Service Systems Audit (Annual Report Audit) is to determine the accuracy of the information contained in those reports. The Annual Report Audit is presented in Sections 2 and 4 of this report.

The Financial Systems Audit is designed to confirm the legitimacy and accuracy of financial information provided by Recology and SBR, in order to ensure that Recology accurately calculates each Member Agency's revenue surplus/shortfall for its franchised services and that SBR accurately tracks and remits revenues and payments to/from RethinkWaste. The Financial Systems Audit is presented in Sections 3 and 5 of this report.

## 1.2 Work Scope

### Annual Report Audit

RethinkWaste retained R3 to review, test and verify the accuracy of the information contained in Recology's Annual Report as well as SBR's annual tonnage and commodity revenue report, and provide any recommendations for improvement.

The logo consists of the letters 'R' and '3' in a stylized, blue, handwritten font. The 'R' is on the left and the '3' is on the right, both rendered in a consistent blue color.

Section 1

Introduction

Our work scope included, but was not limited to the following tasks for the audit of Recology:

- Verify the completeness, mathematical accuracy, and back-up documentation for the Annual Reports, including the allocation of tons between Member Agencies for all categories reported;
- Interview the contractors to determine the sources of the reported data;
- Verify the accuracy of the tonnage data reported monthly;
- Verify the accuracy of reported customer service metrics, call statistics, and accuracy of customer service ticket coding;
- Verify the mathematical accuracy and back-up documentation where applicable for reported:
  - Liquidated damages, which includes customer complaints, accurate and prompt reporting, and other important collections service requirements of the agreement; and
  - Incentive and disincentive payments, which includes diversion requirements as well as customer complaints and other call center requirements.

Our work scope included, but was not limited to, the following tasks for the audit of SBR:

- Verify the completeness of SBR's annual tonnage and commodity revenue report;
- Verify the consistency of reported Inbound tonnage data between the two contractors;
- Verify the mathematical accuracy and back-up documentation of SBR's reported Inbound and Outbound tonnage data; and
- Check the accuracy of SBR's reported liquidated damages, where applicable.

Our verifications were limited to selected samples for both Recology and SBR verifications, where R3 selected specific months or dates of review, and the contractors provided back-up documentation for their reports as requested. We did not verify every month of each report, or each data point.

Additional information about work scope and documentation reviewed can be found in the associated sections of the following report.

**Financial Systems Audit**

SBWMA retained R3 to review, test, and verify:

- The mathematical accuracy, consistency in reporting, and back-up documentation for information contained in Recology's annual Revenue Reconciliation, including:
  - Gross Revenue Billed against accounting records;
  - Adjustments to Gross Revenue Billed, with back-up provided for each adjustment;

- Pass-Through Costs, including disposal and processing costs, Member Agency fees against documentation of correspondence with Member Agencies, the mathematical accuracy and consistency of the calculation of late fees;
- Mathematical accuracy of calculation of Net Revenue and Recology’s compensation;
- Revenues associated with unscheduled and intermittent services per Attachment Q to Recology’s franchise agreement(s) against accounting records of billed revenues;
- Fees for additional carts against procedures for retaining revenue which are Member Agency-specific;
- Proper accrual of backyard services revenue;
- The mathematical accuracy of the Surplus/Shortfall calculation; and
- The accuracy of SBR’s financial systems for tracking, calculating, and reporting payments due to or from SBWMA for:
  - Public gate revenue against scales reports and accounting records;
  - Commodity Revenue against scales reports and accounting records;
  - Buyback Center payments against scales reports and accounting records; and
  - Accuracy of reporting for payments of California Redemption Value.
- Additional information about work scope and documentation reviewed can be found in the associated sections of the following report.

R3’s work, and this report, constitute a review of Recology’s and SBR’s financial systems and the accuracy of the financial reports Recology and SBR provide to SBWMA. This audit is not audit of financial statements, nor does it represent a complete review of finance and accounting systems.

As in prior years, while this audit does not assess conformance with standard accounting practices (including generally accepted accounting principles, GAAP), it does independently verify the mathematical accuracy of financial information provided by Recology and SBR in keeping with solid waste industry operational standards, and general compliance with agreements SBWMA has with both entities.

### 1.3 Summary of Findings

#### Annual Report Audit

In completing the Annual Report Audit of Recology, R3 has identified the following items which require adjustment:

- Disincentive payment of \$500 for Speed of Answer (\$60 less than in Recology’s annual report) to SBWMA from Recology, to be applied to the Gross Revenue Billed Reconciliations for 2018, due to rounding; and
- This year, R3 requested back-up information for a selection of invalid or cancelled tickets, mainly related to collection quality complaints. Based on the information

## Section 1

## Introduction

provided by Recology, R3 believes that some of the customer service tickets that were marked as invalid are actually events that should be subject to liquidated damages. R3 recommends that SBWMA:

- Assess \$1,250 additional liquidated damages on Recology for the four complaints that were identified as being incorrectly invalidated in this year's audit; and
- Direct R3 to conduct, during the 2019 audit next year, a detailed review with a sampling methodology agreed upon by SBWMA and Recology and agreed-upon extrapolations for liquidated damages that exceed monthly allowances.

In completing the Annual Report Audit of SBR, R3 has identified the following mis-reported tonnages which may require adjustment:

- 108 re-coded tons, mostly Bulky Item Collections coded by SBR as recycling and coded by Recology as MSW; and some key-in errors on the SBR report related to cardboard mis-coded as mixed rigid plastics (28 tons) and organics tons sent to Newby Island (73 tons).

R3 has also compiled procedural recommendations for SBR and Recology. These recommendations are given below. More detail is provided in the text of the report.

**Operational Recommendation** – R3 recommends that Member Agencies and Recology discuss the matter of potential service stops for non-payment if not allowed by Agreement. Eight Member Agencies' agreements do not allow for service stops for delinquency. Detail on page 18 of this report.

**Reporting Recommendation** – R3 recommends that Recology adjust customer service coding for specific reporting categories in future reports, including "Distribution of less than 50% of required non-collection notices," "Resolution or remedy of complaints or inquiries beyond 10 business days of receipt of the complaint or inquiry," and "Complaints regarding failure to provide new service or change existing service level within five (5) business days." (more information on specific reporting adjustments on page 20 of this report).

**Liquidated Damages and Audit Recommendation** – R3 recommends that SBWMA:

1. Assess \$1,250 additional liquidated damages on Recology for four complaints that were identified as being incorrectly invalidated in this year's audit; and
2. Direct R3 to conduct, during the 2019 audit next year, a detailed review with a sampling methodology agreed upon by SBWMA and Recology and agreed-upon extrapolations for liquidated damages that exceed monthly allowances.

More detail is provided starting on page 22 of this report.

**Reporting Recommendation** – R3 recommends that SBR allocates residual by Member Agency by tons of recycling collected, rather than tons of solid waste collected. Detail on page 43 of this report.



## Financial Systems Audit

In completing the Financial Systems Audit of Recology, R3 found that:

- Gross revenues reported in the Revenue Reconciliation by Member Agency and in total tie to accounting records;
- Pass-through costs including disposal and processing costs and Member Agency fees are accurately calculated by Member Agency;
- Net revenues and adjustments are supported and accurately calculated;
- Recology's annual compensation ties to SBWMA's approved compensation for each Member Agency;
- Compensation for unscheduled and intermittent services retained by Recology is accurately calculated;
- Recology appropriately credited back to each agency revenue on an allowed 20% of residential customers subscribing to backyard service; and
- Surplus/shortfall calculations are accurately calculated.

In completing the Financial Systems Audit of SBR, R3 found that:

- SBR correctly calculated and remitted payment for public self-haul and commodities revenue;
- SBR calculated CRV revenue using a CalRecycle-approved methodology; and
- SBR correctly calculated and invoiced SBWMA for reimbursement of Shoreway buyback center payments made to customers.

R3

Section 1

Introduction

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R3

## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Joe La Mariana, Executive Director  
John Mangini, Senior Finance Manager  
**Date:** June 27, 2019 Board of Directors Meeting  
**Subject:** Resolution Approving a Contract Amendment to the Agreement with Stradling Yocca Carlson & Rauth for Bond and Disclosure Counsel Services for the SBWMA's Issuance of 2019 Solid Waste Revenue Bonds

---

### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution **No. 2019-38** attached hereto authorizing the following action:

Approve Change Order #1 to the Agreement with Stradling Yocca Carlson & Rauth for Bond and Disclosure Counsel Services for the SBWMA's Issuance of 2019 Solid Waste Revenue Bonds.

### Background

At its February 28th, 2019 Board of Directors Meeting the SBWMA Board authorizing the Executive Director to execute a contract with Stradling Yocca Carlson & Rauth (Stradling) to serve as Bond and Disclosure Counsel for the SBWMA's proposed issuance of 2019 Solid Waste Revenue Bonds for an amount not to exceed \$86,500.

On January 7, 2019, Staff and KNN Public Finance released a Request for Qualification (RFQ) for Bond and Disclosure Counsel. The SBWMA received three (3) proposals to the RFQ, with fees ranging from \$60,000 to \$145,000. The Stradling fee fell closer to the low end of the range at \$86,500.

### Analysis

Stradling has provided very high-quality work throughout the engagement and has recently requested an additional fee adjustment citing additional work performed outside of their original proposed scope of work. The excess work falls into three categories; 1) attendance at additional meetings 2) additional tasks related to Member Agency Approvals and 3) an additional task related to Green Bond Designation. The fee adjustment for these additional services is requested at \$20,000 for approximately 50 hours of time not contemplated in the proposal. Stradling has sent a formal request for a fee adjustment in **Attachment A**.

Staff can confirm Stradling was asked to attend several Finance Committee Meetings and a San Carlos City Counsel Meeting, and it is reasonable to assume that these meetings were not accounted for in Stradling's proposal. Staff can also confirm that Stradling redrafted resolutions of the City of San Carlos multiple times and attended multiple conference calls related the required San Carlos host city TEFRA and JPA hearings. The work related to Green Bond Designation was not disclosed in the RFQ, as Staff did not anticipate issuing Green Bonds. Staff is not able to quantify the extra compensation hours requested.

### Attachments:

Resolution 2018-38  
Attachment A – Stradling's Formal Fee Adjustment Request



**RESOLUTION NO. 2019-38**

**RESOLUTION OF THE SOUTH BAYSIDE WASTE  
MANAGEMENT AUTHORITY BOARD OF DIRECTORS  
APPROVING CHANGE ORDER #1 TO THE AGREEMENT WITH  
STRADLING YOCCA CARLSON & RAUTH FOR  
BOND DISCLOSURE COUNSEL SERVICES  
FOR THE SBWMA'S ISSUANCE OF SOLID WASTE REVENUE BONDS**

**WHEREAS**, the SBWMA has contracted with Stradling Yocca Carlson & Rauth to serve as Bond and Disclosure Counsel for the SBWMA's Issuance of 2019 Solid Waste Revenue Bonds, and

**WHEREAS**, Stradling's contracted fee is \$86,500, and

**WHEREAS**, Stradling has requested a fee adjustment for additional services in the amount of \$20,000 for approximately 50 hours of time not contemplated in the proposal, and

**WHEREAS**, the SBWMA Staff can confirm it is reasonable to conclude that Stradling Yocca Carlson & Rauth has provided additional services that was not in their proposal

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves a Resolution Approving Change Order #1 to the Agreement with Stradling Yocca Carlson & Rauth for Bond and Disclosure Counsel Services for the SBWMA's Issuance of 2019 Solid Waste Revenue Bonds for an additional \$20,000 for a total contract amount of \$106,500.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 27th day of June, 2019, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				

I HEREBY CERTIFY that the foregoing Resolution No. 2019-38 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 27, 2019.

ATTEST:

\_\_\_\_\_  
Jess E (Jay) Benton, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Board Secretary

KEVIN M. CIVALE  
916.449.2360  
KCIVALE@SYCR.COM

Joe La Mariana  
Executive Director  
South Bayside Waste Management Authority  
610 Elm St, Suite 202, San Carlos, CA 94070

Dear Joe:

As we have discussed I am writing to follow up on our request for an adjustment to our contract amount to account for additional work and expenses not contemplated by our proposal. The excess work generally falls into three categories:

1. Attendance at Additional Meetings. Our proposal contemplated attendance at a disclosure training session for Authority Staff. In addition to that meeting, we were requested to attend a meeting of the Finance Committee of the Authority as well as a San Carlos City Council meeting. In addition to the time spent with respect to the additional meetings, we incurred additional expenses. (The Authority-related matters considered at the San Carlos meeting occurred relatively late in the evening which resulted in additional travel time and hotel expenses.)
2. Matters Related to Member Approvals. We spent significant time related to Authority Member approvals not contemplated in our proposal. In particular, because of the need for approvals by San Carlos related to the Internal Revenue Code as well as the Joint Powers Authority Law, we were required to redraft resolutions of the City of San Carlos several times, and attend multiple related conference calls.
3. Matters Related to Green Bond Designation. We spent significant time reviewing matters related to the Green Bond designation for the Bonds, and prepared related provisions for the Authority Official Statement. The issuance of Green Bonds was not contemplated in our proposal.

Together, these additional services required approximately 50 hours of time not contemplated by the proposal, as well as additional expenses for travel costs. At the hourly rates described in our proposal, this would result in a \$25,000 adjustment for the hourly work, plus fees incurred. However in connection with this request we would propose to discount the hourly rate by 20%. In addition we would propose to absorb the additional expenses incurred. This results in a requested increase of \$20,000 to the existing contract amount of \$86,500. We note that, even with the \$20,000 adjustment, we expect to incur more time with respect to our work for the Authority than we are recovering through the contract fee.

It has been a pleasure working with the Authority Staff in connection with the bond issuance, and believe that we have provided very high quality work throughout the engagement for the Authority. Please let me know if you have any questions. Thanks.

Best regards,



Kevin M. Civale  
Shareholder

4847-0488-3866v1/200097-0002

## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Jean Savaree, Legal Counsel  
**Date:** June 27, 2019 Board of Directors Meeting  
**Subject:** Resolution Approving Amendment 1 to the Agreement for Relocation of Organics Extrusion Recovery System & Purchase of Organics Polishing System

---

### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-39, attached hereto, which authorizes the Board President and Executive Director to execute the attached Amendment 1 to Agreement for Relocation of Organics Extrusion Recovery System & Purchase of Organics Polishing System Environmental Center.

### Background and Explanation

For the last several months, staff has worked with Anaergia Technologies (“Anergia”) and Recology to initiate SBWMA’s Organics-to-Energy pilot project. The initial steps of that project are to move an existing Organics Extrusion Press (“OREX”) from Recology’s San Francisco Transfer Station to Shoreway, and to purchase and install an Organics Polishing System (“OPS”) through Recology’s existing grant from the California Department of Resources Recycling and Recovery (“CalRecycle”).

On March 28, 2019, Recology and SBWMA entered into the Agreement for Relocation of Organics Extrusion Recovery System & Purchase of Organics Polishing System Environmental Center. Since executing that agreement, both Recology and SBWMA staff have agreed that three clarifications should be made to the agreement to:

1. Make clear that there are no third-party beneficiaries to the agreement;
2. Allow the parties to agree to waive automatic termination of the agreement if a cause for termination occurs; and
3. Note that provisions related to the ownership of the equipment shall survive termination of the agreement.

The attached proposed Amendment 1 makes these clarifications.

### Fiscal Impact

Executing the attached Amendment 1 will have no fiscal impact.

#### Attachments:

Resolution 2019-39

Attachment A – Proposed Addendum

Attachment B – [Agreement for Relocation of Organics Extrusion Recovery System & Purchase of Organics Polishing System at the Shoreway Environmental Center \(for reference\) Available online Only at www.rethinkwaste.org](http://www.rethinkwaste.org)



## RESOLUTION NO. 2019-39

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS AMENDMENT 1 TO THE AGREEMENT FOR RELOCATION OF ORGANICS EXCRUSION RECOVERY SYSTEM & PURCHASE OF ORGANCIS POLISHING SYSTEM

**WHEREAS**, on March 28, 2019, the South Bayside Waste Management Authority (“SBWMA”) entered into that agreement known as the Agreement for Relocation of Organics Extrusion Recovery System & Purchase of Organics Polishing System Environmental Center (“Agreement”) with Recology, Inc. (“Recology”); and

**WHEREAS**, the parties now wish to clarify certain provisions of the Agreement; and

**WHEREAS**, SBWMA staff worked with Recology to draft the attached Amendment 1 to make those clarifications.

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby Authorizes the Executive Director to execute the attached Amendment 1 to the Agreement for Relocation of Organics Extrusion Recovery System & Purchase of Organics Polishing System Environmental Center.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 27<sup>th</sup> day of June, 2019, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				

I HEREBY CERTIFY that the foregoing Resolution No. 2019-39 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 27, 2019.

ATTEST:

\_\_\_\_\_  
Jess E (Jay) Benton, Chairperson of SBWMA

\_\_\_\_\_  
Cyndi Urman, Clerk of the Board

**AMENDMENT 1  
TO  
AGREEMENT FOR RELOCATION OF  
ORGANICS EXTRUSION RECOVERY SYSTEM & PURCHASE OF ORGANICS POLISHING SYSTEM**

This Amendment 1 (this "**Amendment**") to the AGREEMENT FOR RELOCATION OF ORGANICS EXTRUSION RECOVERY SYSTEM & PURCHASE OF ORGANICS POLISHING SYSTEM entered into by and between South Bayside Waste Management Authority, *dba* Rethink Waste ("**SBWMA**") and Recology Inc. ("**Recology**") (the "**Agreement**") is made and entered into as of April 30, 2019 by and between the SBWMA and Recology. On April 16, 2019, SBWMA and Recology executed an Addendum 1 to the Agreement (the "**Addendum**"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Agreement. In the event of any conflict between the terms of this Amendment and the terms of the Agreement (including the Addendum), the terms of this Amendment shall govern.

**AGREEMENT**

1. A new Section 14(a) is added to the Agreement as follows:
  - "a. No Third Party Beneficiary Rights. This Agreement is for the sole benefit of the Parties and is not intended to and shall not be construed to give any third party, including, without limitation, Anaergia Services, LLC or Anaergia, any interest or rights (including, without limitation, any third party beneficiary rights) with respect to or in connection with any agreement or provision contained herein or contemplated hereby."
2. Section 8(b) of the Agreement is hereby deleted and replaced with the following:
  - "b. Effect of Termination; Survival. Should any Cause for Termination occur, this Agreement shall immediately terminate; *provided, however*, that (i) the Parties may elect to waive any Cause for Termination upon mutual agreement in a signed writing, and (ii) once De-Installation occurs, then SBWMA may not elect to earlier terminate this Agreement. Except as expressly set forth herein, no Party shall be liable to the other Party for any direct or indirect damages arising from any early termination of this Agreement. The following sections will survive termination: Sections 5 (Reimbursement of Recology's Costs), 9 (Ownership of Equipment), 12 (Indemnity), 13 (Confidentiality), and 14 (General Provisions)."
3. Effect of Amendment. Subject to the above modifications, the Agreement remains in full force and effect.
4. Entire Agreement. The terms and conditions set forth in the Agreement, the Addendum and this Amendment constitute the entire agreement between the Parties with respect to the subject matter herein and supersede any previous and contemporaneous agreements and understandings, whether oral or written, between the Parties with respect to the subject matter hereof.
5. Counterparts. This Amendment may be executed in one or more counterparts, including facsimiles, each of which will be deemed to be a duplicate original, but all of which, taken together, will be deemed to constitute a single instrument.

[Signature page attached.]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed on the date first above written by their respective officers duly authorized in that behalf.

**SOUTH BAYSIDE WASTE MANAGEMENT (SBWMA)**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Joe LaMariana, SBWMA Executive Director

APPROVED AS TO FORM

Dated: \_\_\_\_\_

\_\_\_\_\_  
Jean Savaree, SBWMA Legal Counsel

**RECOLOGY INC.**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Mark Arsenault

Its: \_\_\_\_\_

## STAFF REPORT

To: SBWMA Board Members  
 From: Joe La Mariana - Executive Director  
 John Mangini - Senior Finance Manager  
 Date: June 27, 2019 SBWMA Board of Directors Meeting  
 Subject: Resolution Approving Reallocation of Budgeted Mid-Year Reserves

### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-40 attached hereto authorizing the following action: **Approving Reallocation of Budgeted Mid-Year Reserves.**

### Summary

Staff is recommending reallocating the Mid-Year Budget Reserves by increasing the Rate Stabilization Reserve to \$4.1M as illustrated in **Table 1** below. As part of the 2019A Series Bond Issuance, Staff has been advised by the Bond Financing Team that maintaining a Rate Stabilization Fund in an amount that covers the annual debt services is generally viewed favorably by rating agencies and bond investors. The annual debt service of the 2019 Bonds is anticipated to be \$4.1M. As the 2019 Bond Issuance is expected to generally coincide with the fiscal year ending 18/19, Staff is, therefore, recommending increasing the Rate Stabilization Fund from \$3.5M to \$4.1M for the close of FY18/19.

Table 1

FY18/19 BUDGET: RESERVE BALANCES			
	APPROVED MID-YEAR BUDGET FY18/19	REVISED MID-YEAR BUDGET FY18/19	Variance
<b>UNCOMMITTED RESERVE:</b>			
RATE STABILIZATON (8% of expense)	\$ 3,464,808	\$ 4,100,000	\$ 635,191
EMERGENCY RESERVE (9% of expense)	4,454,754	4,454,754	\$ -
<b>CAPITAL RESERVE</b>	5,521,413	4,886,222	(635,191)
UNDESIGNATED RESERVE	-		
<b>TOTAL UNCOMMITTED RESERVES</b>	<b>\$ 13,440,976</b>	<b>\$ 13,440,976</b>	<b>\$ -</b>
<b>COMMITTED RESERVE</b>			
EQUIPMENT REPLACEMENT (ANNUAL)	\$ 1,397,514	\$ 1,397,514	\$ -
<b>TOTAL RESERVES</b>	<b>\$ 14,838,490</b>	<b>\$ 14,838,490</b>	<b>\$ -</b>
<b>SHOREWAY REMEDIATION PROJECT</b>	<b>\$ 1,233,640</b>	<b>\$ 1,233,640</b>	<b>\$ -</b>

## **Background**

At its January 24<sup>th</sup>, 2019 Board Meeting the SBWMA Board of Directors approved the Mid-Year 2019 Budget, including a projected FY18/19 ending reserve balance. At Staff's recommendation, the Rate Stabilization Reserve was approved by the Board at 7% of Operating Expenses, or \$3,464,808. The SBWMA Reserve Policy states that Rate Stabilization Reserves will be established at a maximum of 10% of Operating Expenses. Staff's recommended a Rate Stabilization Reserve of 7% for the purpose of increasing the Capital Reserve to maintain a strong reserve for anticipated capital equipment needs.

## **Fiscal Impact**

There is no fiscal impact associated with reallocating reserves. In addition, the 2019 Bond Indenture will not obligate the SMWMA to maintain a specific level of reserves. It is fiscally prudent to maintain appropriate reserves, but the 2019 Bond Documents will not restrict the Board's ability to set reserves as deemed necessary.

### **Attachments:**

Resolution 2019-40



**RESOLUTION NO. 2019-40**  
**RESOLUTION OF THE SOUTH BAYSIDE WASTE  
 MANAGEMENT AUTHORITY BOARD OF DIRECTORS  
 APPROVING THE REALLOCATON OF FY18/19 RESERVE BALANCES**

**WHEREAS**, the South Bayside Waste Management Authority (SBWMA) approved the FY18/19 Mid-Year Budget with a \$3,464,808 Rate Stabilization Reserve balance, and

**WHEREAS**, the SBWMA will be issuing 2019 Bonds to finance equipment upgrades at the Shoreway Facility, and

**WHEREAS**, maintaining a Rate Stabilization Fund in an amount that covers the annual debt services is generally viewed favorably by rating agencies and bond investors, and

**WHEREAS**, the annual debt service of the 2019 Bonds is anticipated to be \$4.1M.

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves the reallocation of Mid-Year Budgeted reserves with a Rate Stabilization Reserve balance of \$4.1M

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 27<sup>th</sup> day of June 2019, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				

I HEREBY CERTIFY that the foregoing Resolution No. 2018-41 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 27, 2019.

ATTEST:

\_\_\_\_\_  
 Jess E (Jay) Benton, Chairperson of SBWMA

\_\_\_\_\_  
 Cyndi Urman, Board Secretary

## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Joe La Mariana, Executive Director  
John Mangini, Senior Finance Manager  
**Date:** June 27, 2019 Board of Directors Meeting  
**Subject:** Resolution Approving a Change in the Deductible Amount to the Shoreway Environmental Center's Property/Fire Insurance Policy for FY19/20

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### Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-41 attached hereto authorizing the following action:

Approve and accept the FY19/20 property insurance policy renewal with a group of insurance companies for a total premium of \$964,117 plus finance charges of up to \$26,225 with a \$1M deductible.

Rescind Resolution No. 2019-34 approving property insurance renewal with a premium of \$1,078,100, plus finance charges of \$26,225 with a 500K deductible.

### Background

At its May 23<sup>rd</sup>, 2019 Board of Directors Meeting the SBWMA Board approved the property insurance policy renewal with a group of insurance companies for a total premium of \$1,078,100 plus finance charges of \$26,225. Prior to this approval the Board requested Staff to investigate the premium cost savings with an increased deductible over the \$500K deductible and present the costs for consideration at the June 27<sup>th</sup>, 2019 Board Meeting.

### Analysis

Staff consulted with Risk Strategies who is marketing the SBWMA's property insurance coverage of the buildings and equipment at the Shoreway facility. Risk Strategies requested quotes from the insurance carriers for premium costs with deductibles of \$750K and \$1M with the resulting property insurance quotes with varying deductibles outlined in **Table 1** below.

The SBWMA Finance Committee convened via conference call on June 12<sup>th</sup>, 2019 to review the premium/deductible options and recommends the \$1M deductible option with a premium cost savings of \$114K versus the \$500K deductible option. The Finance Committee advised that maintaining a budgeted \$4.6M Emergency Reserve provides a level of self-insurance in the event of claim. Additionally, the Finance Committee recommended increasing the Emergency Reserve by the \$114K savings. The FY19/20 Budget being considered by the Board at this Board of Directors Meeting includes a \$114K increase in the Emergency Reserve Fund.

Table 1

<b>FY19/20 Property Insurance Premium Comparison by Deductible</b>			
Deductible Amount	<b>\$500K</b>	<b>\$750K</b>	<b>\$1M</b>
Primary Layer	674,608.00	629,200.00	567,280.00
First Excess Layer	134,158.96	131,496.40	127,502.56
Second Excess Layer	84,334.00	84,334.00	84,334.00
Third Excess Layer	155,800.00	155,800.00	155,800.00
Equipment Breakdown	29,200.00	29,200.00	29,200.00
<b>Total Premium</b>	<b>1,078,100.96</b>	<b>1,030,030.40</b>	<b>964,116.56</b>
<i>Variance to \$500K Deductible</i>		<i>(48,070.56)</i>	<i>(113,984.40)</i>

The value of the Shoreway property and equipment is insured at \$60 million. The SBWMA does not have Earthquake insurance because of the high premium, high deductible and limited coverage. In addition, the Agency maintains an Emergency Reserve that would help to offset an earthquake event.

Attachments:  
Resolution 2019-41



## RESOLUTION NO. 2019- 41

### RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING REVISED PROPERTY/FIRE INSURANCE POLICY FOR FY19/20

**WHEREAS**, the SBWMA owns and maintains the Shoreway Environmental Center, and

**WHEREAS**, the SBWMA requires property insurance for risk coverage of the Shoreway Property, and

**WHEREAS**, the Board desires to rescind Resolution No. 2019-34 approving a property insurance premium of \$1,078,100 plus finance charges of \$26,225 with a 500K deductible and adopt this Resolution instead,

**NOW, THEREFORE BE IT RESOLVED** that the South Bayside Waste Management Authority hereby approves a Resolution Approving Property/Fire Insurance Policy renewal for FY19/20 with a premium of \$964,117 plus finance charges of up to \$26,225 with a \$1M deductible.

**PASSED AND ADOPTED** by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 27th day of June, 2019, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton					Menlo Park				
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				

I HEREBY CERTIFY that the foregoing Resolution No. 2019-41 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 27, 2019.

ATTEST:

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Jess E (Jay) Benton, Chairperson of SBWMA

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Cyndi Urman, Board Secretary