

MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
June 28, 2018– 2:00 p.m.
San Carlos Library Conference Room A/B

Call To Order: 2:00 PM

1. Roll Call

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

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 acknowledged staff members Julia Au who has been accepted into the Redwood City Leadership program and Madison Guzman who has been accepted into the San Mateo Leadership program.

Recology and South Bay Recycling have both submitted their 2019 Contractor's Compensation Applications and encouraged Board members and TAC to look at the calendar at agenda item 8B to pay attention to upcoming key milestones.

The summer tour program will remain on the first and third Thursday in June and August and every Thursday in July at 9:30 and 11:30. Staff is working on different ways to increase safety.

He called attention to the refunding/refinancing of the Bond in his Executive Director's report.

The two Long Range Plan pilots are moving forward. The schools pilot will target public and private schools to both green the campuses and educate students. The public spaces pilot bins and supplies have been purchased and updates will be coming on that program.

He noted key dates of the landfill disposal RFP process which is being broken into two phases. Phase one (the simple cost for disposal of a ton of material) will be dropped into the market place August 10, and responses are due September 24. Phase two will invite the top two responders for extra services or items of value that could be added to the proposal. The goal of phase two is to minimize the amount of material going to the landfill which might include some alternative material recovery services like construction debris recovery or alternate technologies for organics processing.

4. Approval of Consent Calendar

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

- A. Approval of Minutes from the May 24, 2018 Board of Directors Meeting
- B. Resolution Approving R3 Financial and Operational Audit Results
- C. Resolution approving contract with Lahlouh for printing/mailing of battery bags
- D. Approval of Quarterly Investment Report

Motion/Second: Aguirre/Rutherford

Roll Call Vote: 10-0-0-2

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

5. Administration and Finance

- A. Resolution Approving FY18/19 Operating Budget and proposed 2019 Tip Fee Adjustment

Executive Director La Mariana gave a Power Point presentation on the budget which included answers to the questions from the May Board meeting. The notable points in the budget include a \$3.9M revenue gap due to the commodity issue, which means there is a 4-5% rate impact just for the international commodity market gap before the contractor's adjustment. Each of the capital projects will go through the Zero Landfill, Finance, and Executive Committees before coming to the Board for approval of the individual projects. He noted that the approval of this budget would increase the public gate rates at Shoreway on July 1, but that tip fees that affect the rate payers would be looked at again in November before a January 1 effective date. Lastly, regarding the San Carlos host fee increase of 22%, the Finance Committee asked him to reach out to San Carlos to see if there was a way to cap exposure to rate payers in the future. He met with Jeff Maltbie on the issue and they agreed to look in the marketplace to see what other Cities' host fees are and will go from there.

The Board discussed the host fee. Member Brownrigg noted that the Finance Committee recognizes that San Carlos does have a burden to bear in hosting the facility, but due to the way the contract is structured as a percentage of revenue the increase is due to the commodity issues not due to increased tons or trucks on the road. Member Grassilli added that there has to be a way to get to middle ground.

Member Widmer noted that he thought there should be a commercial rate associated with food waste to pay for the capital project associated with food waste. The Board discussed that typically charges are by line of business not by category of material. Staff noted that residential green cans are being charged the lower yard waste rate, while commercial source separated organics are being charged the higher food waste rate.

The Board discussed potential price sensitivity if the tip fees are priced too high and the potential revenue increases go away because customers go away. Staff noted that the public cubic yard rate is higher than the franchised ton rate. Member Hurt noted that the public are also residents of our jurisdiction.

The Board discussed the reserve policies and the need to redefine them. Member Benton commented that the rate stabilization reserve fund should be bought down to put more money into the capital reserve. Council Savaree noted that this is a policy and the Board sets the policy. The Board considered taking action but decided to wait and take a slower look and come back with an exact amount and language change in September. The Board decided the Finance Committee would look at it and come back with recommended changes to the policy.

The Board discussed public ton issues. Member Brownrigg asked if costs are broken down by public versus franchised. And, Member Aguirre asked if other facilities are closing to the public due to the commodity issue and asked to see an analysis of whether or not it is worth it to collect public tons.

Executive Director La Mariana answered as a government agency the goal is to cover costs, so a margin analysis has not been addressed, but public tons are a positive contributor.

Motion/Second: Brownrigg/Grassilli

Roll Call Vote: 10-0-0-2

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

B. Discussion on Reserve Policies

Discussed during the 5A and will be brought back this fall.

C. Presentation on Public Education and Outreach Projects Mid-Year 2018

Staff Member Au gave a Power Point presentation with an update on public outreach and outreach projects.

Discussion and suggestions from the Board included connecting with the sorters to see what items are consistently being pulled out and target those items in outreach. Promote the Agency separate from Recology. Including outreach in multiple languages (Spanish and Chinese) and have the website translated into multiple languages. Have shred and e-waste events be available to all residents not just one jurisdiction.

D. Mid-Session Regulatory and Legislative Update

Member Widmer commented that he disagreed with the agency being opposed to AB3178, as it was trying to deal with some of the fiber market issues. He also noted that AB1036 in the staff report didn't have a position and he thought the Agency's position should be to support.

Executive Director La Mariana responded that the position should be support of AB1036, it was left off the staff report. He then explained why the environmental community is in opposition to AB3178, noting that it is a slippery slope of eroding progress in environmental law, and the current market condition is temporary.

6. Collection and Recycling Program Support and Compliance

A. Discussion on Regional Rate Survey Results

Member Grassilli now absent 3:29PM

Executive Director La Mariana introduced the report and briefed the Board on the notable details. There were no questions.

7. Shoreway Operations and Contract Management

A. Shoreway Operations and Market Update

Staff Gans noted that this was an informational report.

Vice Chair Benton commented that the Board has had some critical questions of SBR, but he wanted to recognize that SBR was been a great asset to the SBWMA in trying to mitigate the impact of the market issue to the residents and the agency.

B. Preliminary Analysis of MRF Sort System Enhancements Options

Staff Gans noted that staff is looking for sort systems to reduce the need for increased labor to make materials that can be placed in the market. He noted that they are struggling to know what the market standards are given that they are constantly changing and pricing is changing all the time, so building a return on investment is a real challenge. He summarized that a comprehensive paper sort equipment upgrade would be a major upgrade and could cost \$10-12M and include facility downtime, and he thought waiting for the market to standardize and stabilize was wise and then know what the goal is. He noted that initial enhancements to the current system are in the FY18/19 budget, and long term public education to change behavior could be done now to improve paper quality.

Chair Bronitsky noted that he agreed it was premature to invest in the current market situation.

C. Resolution Approving SBR Additional Sort Labor Expenses

Agenda Item 7C was discussed before 5B through 7B.

Staff Gans presented the item to continue to split the cost of additional sort labor for an additional 3 months from July 1 through September 30. He noted that there is still a need for the additional labor as markets have not stabilized and the need to mitigate the risk of rejected loads remains.

The Board wondered about results of the first three months and asked if quality has improved so that commodities are being sold. Staff Gans answered that it's hard to quantify results, but SBR has developed a level of quality and they feel like they can market the material without great risk of rejection. Chair Bronitsky asked Dan Domonoske to answer these questions. He noted that two things have allowed them to continue to market SBR material. One is they reduced contamination to between 4% and 5% and two they pick contamination off the outside of the bale. Both of factors are a direct result of the increased sort labor. He also added that 7 buyers came through the facility and 5 of them are still buying mixed paper from the facility, and in his opinion that is a positive impact of the increased labor.

The Board discussed that SBR bears the cost of a rejected load through the contract, but it strains the relationship between SBR and the SBWMA when that happens, and the Agency relies on that relationship for marketing.

Chair Bronitsky added that not much has changed with the markets in the last 3 months, so this seemed like a fair approach.

Motion/Second: Widmer/Aguirre

Roll Call Vote: 10-0-0-2

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

D. Update on Results on Compology Pilot Program

Staff Gans gave a report to the Board on the results of the pilot program. He discussed the benefits of the technology and how it can help customers know their usage and right size. He noted that Compology would come back to the Agency with a proposal on how the technology might benefit the Agency.

The Board discussed costs associated with a potential camera system implementation. Member Widmer noted that the staff cost of monitoring the cameras, and a per-pick up cost if it was only to be picked up only when bins were full would need to be considered. Member Benton commented that the customer is the one benefiting from the use of the technologies, so the cost should be borne by the beneficiary.

The Board discussed where the costs versus benefits would be. Member Aguirre asked what will change once the information is received. Staff Gans answered that it's up to Compology to demonstrate how it will benefit the Agency.

Chair Bronitsky summarized that the pilot is complete, at this point in time it is contrary to the way the current system works, so the Board will wait to see any future proposals from Compology to see if they are benefits to the Agency.

8. Informational Items Only (no action required)

- A. Check Register Detail for May 2018
- B. 2018 Finance and Rate Setting Calendar
- C. Quarterly Update on Technical Consulting Contracts
- D. Potential Future Board Agenda Items

9. Board Member Comments

The Board will not be meeting in July or August, next meeting is September 27

10. Adjourn 3:52