



**MINUTES**

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
 MEETING OF THE BOARD OF DIRECTORS  
 November 19, 2015, 2015 – 2:00 p.m.  
 San Carlos Library Conference Room A/B

**Call To Order: 2:02PM**

**1. Roll Call**

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

Alternate Member John Root Represented Burlingame

Alternate Member Art Kiesel represented Foster City

**2. Adjourn to Closed Session – Pursuant to Government Code Section 54957.6:** Conference with Labor Negotiators Agency designated representative: Robert J. Lanzone Unrepresented employee: Executive Director.

**3. Regular Session CTO: 2:33PM**

**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	

**4. Report from Closed Session**

Counsel Lanzone reported that the Board of Directors authorized a personnel committee to be established directed by the Chair and the Executive Committee will act as a personnel committee to select an interim Executive Director.

**5. 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.

Iliana Rodriguez representing the Human Services Agency of County of San Mateo spoke to the Board about the partnership with VRS, and the challenges the program is facing in providing a reliable labor source to SBR. She noted that due to the low unemployment rate in the County, currently at 2.8%. The County's pool of labor they are able to provide to SBR is shrinking. She added that the County remains committed to the contract, and over the next few weeks they will be meeting with SBR to see what can be done to right size the contract given the current economics.

Chair Widmer asked that a status updated be given to the Board at the January meeting as to how the meetings with SBR went.

**6. Executive Director's Report**

Executive Director McCarthy spoke about his time and his family's time at SBWMA. He noted that it's both been the most challenging and rewarding job of his career, and that it is hard to leave.

The Board Members all individually thanked Executive Director McCarthy for his hard work, dedication and leadership and congratulated him on his new endeavor.

Mario Puccinelli of Recology added his thanks and appreciation.

Dan Domonoske of SBR also thanked and congratulated Kevin. He also noted that SBR continues to be in dialogue with the County to look for solutions to the challenges that face the staffing levels in the MRF.

Member Carlton absent at 2:48 PM

**7. Approval of Consent Calendar**

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

- A. Adopt the October 22, 2015 BOD Meeting Minutes
- B. Consideration of Approval of Extended Producer Responsibility Framework
- C. Approval of 2016 Board Meeting Calendar
- D. Consideration of Approval for a Contract with JR Miller & Associate for Preliminary Architectural Design of a Transfer Station Building Expansion

Member Root noted he would abstain from 7A.

Member Aguirre made a motion to approve the consent calendar.

Member Stone seconded the motion.

Voice Vote: All in Favor

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton	X				Menlo Park				X

Belmont	X			Redwood City	X		
Burlingame	X		7A	San Carlos	X		
East Palo Alto				San Mateo	X		
Foster City	X			County of San Mateo			X
Hillsborough	X			West Bay Sanitary Dist.	X		

## 8. Administration and Finance

### A. Discussion on Board Agenda-Setting Process and Procedures (Discussion item)

Chair Widmer introduced the item, noting that Member Olbert requested a discussion be brought forward on how items get brought to the Board, and he wanted to have a discussion on whether the board wanted to keep the process currently used or adopt a more formal approach.

Executive Director McCarthy summarized the staff report noting that the process in place goes beyond the requirements of the JPA agreement. He also noted that the Executive Director in collaboration with the Executive Committee sets the agenda, and if a Board Member requests an item be brought forth for discussion it is put on a future agenda, so it has been a very open and collaborative process.

Member Olbert stated that he thought the open and informal process was a good way of engaging collaboration, but noted that it could have a downside if one person's agenda is driving the Board's discussion. He suggested that if an issue is brought up to the Executive Director and there is push back, that the board agree as a body to honor that push back, and bring it up in Board comments to get broader feedback before the item is placed on the agenda.

Chair Widmer suggested bringing up any potential agenda items under potential future Board agenda items.

Member Olbert noted that that process would be consistent with what he was talking about and asked for the Executive Director's feedback.

Executive Director McCarthy commented that he thought this was a good process, and thought it was a good idea to get feedback on potential future agenda items.

## 9. Collection and Recycling Program Support and Compliance

### A. Discussion on Draft Plan and Recommended Process for Supporting Member Agencies with Future Franchise Agreement Decisions (Discussion item)

Executive Director McCarthy introduced the item and gave a brief history. He noted that each Member Agency has a big decision about whether to extend their current Franchise Agreement coming up in 2017. He added that the JPA has historically been the agency responsible for helping the Member Agencies collectively come to common terms about services and programs. He stated that the document attached to the staff report lays out a set of assumptions about how to progress as a JPA to develop the important documents each Member Agency would need to move forward with a decision. He also added that the document is very sensitive to the fact that all of the Member Agencies have separate Franchise Agreements. He commented that the document lays out a critical timeline so that each Member Agency could start their own internal process and not get caught with a short time frame to make a decision.

Member Benton asked if the process will lead to a Board vote to extend or not.

Executive Director McCarthy gave a brief history of the 2005 decision to go to an RFP process, where all of the Board Members checked in with their councils and reported back to the JPA. He thought that a similar process could occur with this decision as well where the JPA Board makes a non-binding vote recommendation to the Member Agencies.

Chair Widmer questioned if the first item, building the financial base line, would include bids from Recology for the 2020-2030 time frame.

Executive Director McCarthy answered that the timeline between now and the Spring is to get information from Recology on their current actual cost of operations, and get a base line to see if there are any significant variances between what their costs are and what they are being paid. He added that the future model that would show the expected future collection costs would be further down in the road in 2016. He noted that each Member Agency would have numbers for their own community about what future costs would look like.

Chair Widmer reiterated that the Member Agencies need to know if Recology is taking strong exception to anything before a decision is made.

Executive Director McCarthy agreed.

Member Benton asked when Recology would be ready to come to the Board to request the extension, and give the Board a range of costs for future agreements, and have a macro look at the future agreements.

Executive Director McCarthy noted that between now and the spring of 2016 Recology will have to come forward with what they want in the next contract, and the macro look would happen then. He added that based on the comments today, staff would be coming back to the Board in January with an approval of this schedule, and it will turn into staff work for the balance of the fiscal year, and budget assumptions in the Spring.

## **10. Shoreway Operations and Contract Management**

### **A. Consideration of Shoreway Facility Tipping Fee Adjustments Effective 1/1/16 (Approval item)**

Executive Director McCarthy introduced the item, and noted that the franchised tipping fees assumed in the FY1516 budget have remained unchanged. He added that staff is comfortable with these tip fee increases, and the minimum bond covenant requirements will be met. He also noted that there have been operational issues that have cost more money than expected, and commodity prices have not been great so this adjustment is just at the bare minimum threshold to meet the bond covenant requirement. He then added that some small adjustments to the public tip fees are also proposed as well.

Member Benton asked if it was prudent to make a decision to be this tight on the bond covenant requirement.

Executive Director McCarthy commented that staff is comfortable with this tipping fee adjustment because there is also some undesignated cash in the budget, and the liquidity to make a transfer if necessary. He added that staff was conservative when making the tip fee adjustment recommendations.

Member Benton asked for confirmation that the bond covenant permits a transfer of funds.

Executive Director answered yes.

Chair Widmer commented that when the Board last discussed tip fee adjustment with the budget there was discussion among many Board Members around keeping the adjustments as low as possible. So, the numbers have been brought down by close to a percentage point.

Executive Director McCarthy added that table 3 of the staff report shows the collection rate impact by Member Agency of the tip fee adjustments as requested by the Board at the time of the budget discussion.

Staff Fakira commented that staff feels confident with this adjustment, the ability to transfer if necessary, and noted that staff feels like this is a conservative approach.

Member Benton commented that he prefers more frequent step increases, as opposed to big increases, and questioned if staff had looked ahead to the next year or two given the changing dynamics of the market.

Executive Director McCarthy answered that staff has projected all the way through 2016, but there is an unknown with the commodity market especially with plastics and glass, and that is the major risk. He added that staff has been pretty conservative with the commodity prices estimates used to make this tip fee recommendation.

Chair Widmer suggested revisiting the conversation regarding current reserve levels at a future Board meeting if the board was uncomfortable.

Member Benton noted that he was fine with the rate stabilization fund, and the ability to make a transfer.

Member Benton made a motion to approve the tip fee adjustments for 2016

Member Bonilla seconded the motion

Voice vote: All in Favor

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

**B. Consideration of Approval for South Bay Recycling to Lease Two End-Dump Tractor Trailers for Glass Hauling (Approval item)**

Staff Gans introduced the item, and noted that it was a follow up item to the discussion from last month on glass issues. He noted it is a two part item; one the resolution to approve leasing two tractor trailers and added, that it was originally proposed that SBR purchase the tractor trailers, but now staff recommends leasing, because it provides more flexibility. And two, the discussion on additional items as a result of the glass issue, which were in the staff report analysis section. He noted that the glass situation is evolving and further items will be coming back to the Board for discussion, as solutions are found to deal with the changing requirements of the glass processor, and the glass markets.

Chair Widmer asked about the cleaning of the glass.

Staff Gans answered that there is only one glass processor in the state of California, so whatever they say goes, and we want our glass to be on the better end of their quality spectrum. So there will be a capitol expense in the future, but staff is looking at making improvements to the entire system, and once those recommendations are ready there will be a Board discussion and further decisions to be made.

Member Olbert asked how the battery stream pulled out of the glass is different from the battery stream currently being recycled.

Staff Gans answered that the difference is in the purity of the material. When the batteries are removed from the glass stream with a magnet it is still loaded with lots of other material type because everything small in the MRF system, ends up in the glass.

Member Benton asked what the error rate is for items that are miss-sorted by the residents.

Staff Gans answered that it is difficult to answer because it's on a material by material basis, and it's about the MRF equipment and how that works, and used the example of shredded paper being small and ending up in the glass, and noted that when the MRF was built there wasn't as much shredded paper in the commercial or residential stream, and noted that there is that kind of story for all the different commodities.

Chair Widmer asked for a breakdown of the \$260,000 costs in the staff report.

Staff Gans answered that it is all transportation costs in driver time, it is a costly run because Fairfield is a little bit further than twice as far as San Leandro was and it is very congested, so it's further and takes more time.

Chair Widemer asked what the return on investment would after adding all of this up and looking at the commodity revenues.

Staff Gans answered that it's not a good story, and noted that glass is something the SBWMA pays to recycle. He noted that it costs \$27 a ton for the recycler to receive the glass, but if the \$27 a ton is not paid then the SBWMA doesn't receive the CRV money from the state. He added that with the state refund it's about a break even scenario.

Member Olbert asked about education along the lines of choices consumers make, and if the situation was the same with regards to plastic bottles.

Executive Director McCarthy answered no, the situation wasn't the same with plastic bottles, but suggested adding a staff update in the future to give the Board a profile of the different types of packaging and the economics of each. He added that glass is 20-25% of the total diverted tons from Shoreway, so even if it is break even, it is still better economics than sending it to the landfill.

Member Stone made a motion to approve SBR's lease of two tractor trailers

Member Aguirre seconded the motion

Voice Vote: All in favor

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton	X				Menlo Park				X

Belmont	X				Redwood City	X			
Burlingame	X				San Carlos	X			
East Palo Alto				X	San Mateo	X			
Foster City	X				County of San Mateo				X
Hillsborough	X				West Bay Sanitary Dist.	X			

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

- A. 2015 Finance and Rate Setting Calendar
- B. Check Register for October 2015
- C. Potential Future Board Agenda Items

Executive Director commented that to put into practice what was discussed under agenda item 8A, he went over the future agenda items in the staff report.

**12. Board Member Comments**

**13. Adjourn 3:35 PM**