



MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS**

April 24, 2014 – 2:00 p.m.

RethinkWaste Board Room at the Shoreway Environmental Center

Call to Order: 2:25PM

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. 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 March 27, 2014 BOD Meeting Minutes
- B. Resolution Approving Contract Amendment with Zanker Road for Processing of Construction and Demolition Debris

Motion/Second: Bronitsky/Carlton

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			

4. New Business:

A. Memorandum of Understanding with Silicon Valley Clean Water Regarding an Organic Waste Conversion Project

Staff Gans gave a PowerPoint presentation on converting organics to energy, noting that the waste industry has done a good job of getting material value for recyclables, and is now looking at getting energy value for organics.

Member Benton asked for an explanation of what a digester is.

Staff Gans explained that anaerobic digestion is a biological process that decomposes material without oxygen and has the byproduct of methane gas.

Member Carlton wondered if there would be more or less compost generated through the anaerobic digestion process.

Staff Gans noted that the food waste would be fairly clean after it's gone through a digestion process so it could still potentially need to be composted but it would still have a lot of nutrient value. He added that they haven't gotten that far in the process with Silicon Valley Clean Water yet.

Member Benton asked for clarification on which can the materials would come from for this project, and could the materials from the green cans be used for this project.

Staff Gans answered that this project would divert food waste in the commercial stream currently in the black carts. He added that organic material in the black carts is still the largest amount of material in the commercial waste stream representing 33% in the commercial sector. He noted that residential yard waste doesn't have digestion value.

Chair Widmer noted that the MOU implies non-exclusive and asked if other agencies are involved.

Staff Gans answered that the non-exclusive implies that other waste water treatment plants could be a fit for this project, but Silicon Valley Clean water was chosen because of their proximity to our facility and overlap in communities served.

Chair Widmer asked if the SBWMA was contributing to intellectual property on the project, or just looking at how economically feasible the project is.

Member Olbert added that he'd like to clarify status of intellectual property for a public agency.

Staff Gans answered that both JPA's would be looking to outside vendors to provide their intellectual property for this project.

Chair Widmer noted that he would like to know what the SBWMA is getting for \$50,000.

Executive Director McCarthy added that there is no intellectual property in terms of the SBWMA; our agency is the project developer. The relationship will be that of purchaser and equipment vendor, trying to put the pieces together that creates significant diversion for the member agencies in a cost effective way.

Counsel Lanzone added that the Chair raises a good point, and thinks some language should be changed in the MOU, and is not sure if a public agency could develop intellectual property. He recommends removing the first part of the paragraph regarding intellectual property, and noted that the SBWMA isn't likely to develop intellectual property because the JPA's role is to deliver waste to the plant where the anaerobic digester is.

Member Carlton would like to see a basic profit and loss statement on the project, on how much it would cost, and how much methane would come out of the project, and would it be usable.

Staff Gans noted that is the purpose of the next step in the process which is a preliminary feasibility study.

Vice Chair Dehn clarified that Silicon Valley Clean Water is already generating methane, so that is not new to them, the new part is creating that same process using solid waste as opposed to what is in the sewer pipes.

Executive Director McCarthy added that the critical part of this project is that Silicon Valley Clean Water has available digester capacity, so they are excited to do the modeling. If they can get significant energy from this it may not cost us much to dispose of food waste there, and we can divert more from Ox Mountain where we know costs are going to go up in the future.

Member Bronitsky asked why an MOU is needed now, since it's been going on for 5 years, and if it was possible to put an ordinance in place to require restaurants and supermarkets to compost.

Executive Director McCarthy answered that there has been pressure from all of you not to raise rates. Organics processing costs are higher than garbage costs, and requiring restaurants to compost is going to significantly raise rates for commercial businesses.

Member Carlton added that the League of Cities environmental committee voted to support AB 1826, which would require restaurants to compost. She asked that the bill be on the agenda at the next meeting.

TAC Member Phil Scott suggested the SBWMA look at using West Bay Sanitary District's old digester, to see if it would be a possibility concurrently with the Silicon Valley Clean Water project.

Executive Director McCarthy noted that the intent would be to consider that as an option even though it is not in the scope of this MOU. He added that the Board ultimately needs to give staff direction. He reiterated that there is tremendous pressure from the elected officials not to put programs in place that will drive up the rates. He added that every year when tipping fees are discussed the question of why it is so much more expensive for organics comes up. Staff is open to analyzing any projects, noting that the reason why this particular project is being analyzed is because it seems to offer a cheaper way to divert organic materials out of the waste stream. He also added that last year, at Recology's request, staff came to the Board with an option to franchise organics collection. He noted that it would require a 5-year

notice period and at that time there wasn't support from the Board to do that. He concluded that there are plenty of other options and as part of the long range plan this is the feedback staff wants to hear, but the reason staff has gone down this path is because of the belief that this is going to be the lowest cost option to get significant new diversion out of the waste stream.

Member Carlton suggested doing both at the same time.

Member Olbert clarified that this is an experiment that staff is suggesting, and that \$35,000 to \$50,000 would be spent to gather the data to see if something bigger is feasible.

Chair Widmer agreed with Member Olbert but would like to do two experiments simultaneously utilizing West Bay Sanitary District's space.

Member Bronitsky commented that he didn't understand why an MOU was needed, when there has already been work done with the agency. He also would like to see simultaneous experiments so that that when the numbers come back there is something to compare.

Staff Gans replied that Silicon Valley Clean Water have been working well together for the last 4 years, the MOU formalizes the relationship and makes a statement of intent towards something larger in the future.

Executive Director McCarthy added that in terms of the potential project with West Bay Sanitary District, that project can't be done within the \$35,000 to \$50,000 of the Silicon Valley Clean Water project. That project would involve putting together a whole facility, which would be a multi-year project, which would need to be cost out, and would be a separate project with a separate scope and separate budget.

Member Carlton commented that she thought a separate facility was not needed because the extra capacity already existed.

Executive Director McCarthy answered yes, that the reason we are working with Silicon Valley Clean Water is the digester capacity already exists, and the facility is already there.

Vice Chair Dehn noted that she didn't understand why the project was with Silicon Valley Clean Water and not West Bay Sanitary District when West Bay has digester capacity, and asked what assets Silicon Valley Clean Water has that West Bay doesn't, and if the MOU could be expanded to do this project with either agency.

Counsel Lanzzone noted that it would need to be two separate MOU's one with each agency.

Mark Olbert asked if there was anything via this MOU that commits the SBWMA to have to do the next phase with Silicon Valley Clean Water.

Staff Gans answered that Member Olbert's interpretation was correct, and that the purpose of this part of the project is to write the specifications of the product that SBWMA's materials would make. That product would then be a sellable commodity to anyone with a digester so they could make energy out of that product.

Executive Director McCarthy asked Staff Gans to explain the differences between where Silicon Valley Clean Water's facility and West Bay Sanitary District's Facility.

Staff Gans answered that Silicon Valley Clean Water has a complete operating digester with energy recovery system to burn the methane and air pollution control. Noting that there are multiple layers of componentry that are already in existence at Silicon Valley Clean Water that may need to be strengthened but not recreated. West Bay Sanitary District has basically land, there are digesters there that haven't been in operation for likely 30 years which are rusted, and would probably need to be bulldozed. He also noted that he didn't know about the entitlements for the land where the West Bay digesters currently are.

Executive Director McCarthy added that he and Staff Gans are not disagreeing with the notion of exploring other options, but would like it to be clear that the Silicon Valley Clean Water facility is completely ready to go and the West Bay facility would need engineering studies to see if it could be turned into something.

Vice Chair Dehn commented that she is fully behind the project, and the idea is phenomenal, she also believes the SBWMA could be selling one agency short. She added that she doesn't understand why the MOU other than the fact that Silicon Clean Water wants an MOU.

Member Bronitsky commented that the issue is that we need to see what we need to do to be able to digest food waste long term, and there is no need for an MOU to do that.

Chair Widmer added that he also supports the project, and it's a non-exclusive agreement, and we should try to work with our member agencies if possible.

Member Olbert requested a motion.

Member Ross asked if the company that we are working with on the MOU established some intellectual property as part of this project would we be giving up any rights to intellectual property if we sign the MOU.

Counsel Lanzone answered that the first part of the paragraph regarding intellectual property would be stricken from the MOU.

Member Olbert made a motion to adopt Resolution 2014-08 with the amendment that the first 4 lines of the paragraph on intellectual property are stricken from the MOU.

Member Carlton seconded the motion.

Roll Call Vote:

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			

C. Discussion on FY1415 Budget Priorities (includes status on FY1314 projects)

Executive Director McCarthy gave a PowerPoint presentation on high level FY1415 budget priorities. Pointing out the budget figures for the existing fiscal year are included but not for next the next budget year, that will happen at the May meeting.

Member Olbert asked if a member agency was out of compliance with AB939 would it affect other agencies in the JPA.

Executive Director McCarthy answered that it would only affect the one agency.

Member Aguirre now absent 3:37 PM

Member Olbert asked if the fees paid to the landfill are contractual set over a long period of time.

Executive Director McCarthy answered that all of our contracts have a CPI adjustment, and that the SBWMA pays 80% of annual CPI.

Executive Director McCarthy then discussed what was being contemplated for next year's projects which would include consultant support to dive into the operation contractors, writing the scope of work and hiring those contractors would happen in this next fiscal year, and then the following year the thorough research would begin.

Member Bronitsky asked if staff had the expertise to do the analysis, why the work would be done by contractors.

Executive Director McCarthy answered that staff has the expertise but not the hours available to do a full scale audit a lot of it would be field work and resources staff doesn't have in house.

Vice Chair Dehn questioned what would need to go out to bid in terms of the opportunity to change the contractor versus change the scope. She also asked at what point is the scope changed at the SBWMA level versus the member agencies.

Executive Director McCarthy answered that the staff goal in calendar year 2016 is to get the Board to a uniform consensus JPA wide on your franchise agreements. He added that then things can be added on a one off basis and JPA staff would help facilitate that, the JPA staff's role is technical advice but in the end it's 12 separate decisions.

Chair Widmer would like a discussion on things the agencies jointly like or don't like in the Franchise Agreements.

Executive Director McCarthy agreed yes, staff would hope to have all the member agencies going in the same direction, and for the Member Agencies to be best prepared to have the conversation with Recology.

Member Ross now absent 3:49 PM

Member Benton asked about the how the economics would be negotiated into a contract extension.

Executive Director McCarthy answered that there are many different scenarios. If the consensus was to continue with Recology, you may want to do a phased roll out to cover those costs over time, and staff would be able to give advice, but the goal would be to get some kind of consensus to go down the same path.

Executive Director McCarthy spoke of the public spaces recycling project.

Member Bronitsky asked why we have to pay a contractor to do that work, why can't staff get on the phone with the parks and rec departments and ask them.

Staff Feldman answered that it is only part of the scope of the project to survey the parks and rec departments.

Executive Director McCarthy added that it isn't just parks but all public spaces, including downtown areas.

Vice Chair Dehn asked if the public spaces survey was different than the telephone survey that is going out to households right now, wondering if a separate contractor was being paid to go out a survey the public spaces.

Executive Director McCarthy answered yes, it is two separate surveys.

Staff Feldman added that the survey of the Member Agency staff is part of a larger consultant contract to do a public spaces feasibility survey. He noted that the survey is starting with the TAC member for each jurisdiction.

Executive Director McCarthy spoke about the biggest project proposed in next year's budget, the long range plan.

Member Benton asked if open market lends towards lower diversion, and if yes, if in the long range plan the open market model would be reconsidered.

Executive Director McCarthy answered that there is a policy analysis part of this plan that would look at different options. At this point staff is not assuming that without more prescribed services we can't achieve higher diversion levels.

Member Carlton now absent 4:00.

Chair Widmer noted that there was no longer a quorum, and the meeting is adjourned, but the discussion can continue.

Member Olbert commented that he didn't understand why some projects had to be JPA wide.

Executive Director McCarthy noted that this is an issue that has come up on several occasions and that it is a challenge for him as the Executive Director, but generally if the board majority decides if a majority of the JPA agencies would get value from a project, then staff proceeds with the project. Then staff will

come back and present the findings, and at that point each agency has to decide if it works for them.

Member Olbert followed up by saying the early stage data gathering is done with majority thinking.

Executive Director McCarthy said that is correct.

Executive Director McCarthy then talked about projects related to Shoreway.

Member Olbert asked about the possibility generating fuel for the garbage trucks via solid waste.

Staff Gans answered that staff would like to look at it, but involves the contractor's contract, because that type of gas can't be used in the types of engines in the current fleet, so there has to be a co-timing with the contract renewal.

Member Bronitsky thought it would be better to consolidate the discussion of priorities with numbers, as the board is supposed to be setting priorities and without numbers it's hard to know what to prioritize.

Chair Widmer agreed with Member Bronitsky, noting that when you're discussing budget priorities it's better to have numbers.

Member Olbert commented that this phase of the budgetary process was an opportunity to flush out some of the projects staff has planned for next year, and in that context he appreciated the extra time even before the numbers to say there were ideas the Board liked or didn't like, or for a Board member to have the opportunity to ask staff to look into a certain project for next year.

Chair Widmer noted that the big items the Executive Committee had discussed with Executive Director McCarthy are the forward looking conference in the fall and the strategic plan that is part of his goals.

Executive Director McCarthy added that what the Board will see in May is the same document with the blanks filled in, and at least Board members will be more familiar with what the line items are.

5. Staff Updates:

- a) Update on Labor Issues
- b) Potential Future Board Agenda Items
- c) Check Register for March 2014
- d) Update on 2014/15 Franchise Rate Setting Process
- e) Recycling and Outreach Programs Update
- f) Shoreway Facility Operations and Maintenance Update
- g) Results of 2014 1st/2nd Quarter Recology Franchise Agreement Contamination Measurements for Loads of Recyclable Materials, Organic Materials, and Plant Materials
- h) Receipt of Recology and SBR Monthly Reports

6. Board Member Comments

7. Adjourn 4:00 PM discussion continued until 4:15 PM