



DRAFT MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
February 27, 2020– 2:00 p.m.
San Carlos Library Conference Room A/B**

Call To Order: 2:14PM

1. Call to Order/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 three 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:

- Organics-to-Energy Pilot Project – The equipment was installed on February 14. Fire suppression system is expected to be installed by the next Board Meeting. There are two Memorandum of Understanding agreements on the agenda for approval today, two more are expected at the March meeting, and a fifth agreement is expected for Board consideration at the April meeting. Three agreements need to be executed before production can start, which is expected in April. He added that if the pilot results are positive, and phase 2 moves forward, it is unlikely that phase 3 of the project - the pipe sharing vision with the Silicon Valley Clean Water facility - will materialize due to prohibitive costs.
- MRF Phase I – The kick off meeting for the equipment installation was this morning. Installation starts next week, and for the most part work will be on nights and weekends through August.
- Bay Area Air Quality Management District regulation 13-2 will be talked about at agenda item 9A. If the regulation is implemented a bio filter activation system will need to be installed at Shoreway at the

- Transfer Station and the MRF, and each filter costs \$5M, and requires 1 acre of space at Shoreway.
- Alternative Fuels for the Recology fleet replacement – Staff and Recology have been meeting to determine the best cleaner fuel for the Recology fleet. In 2022-2026 144 vehicles will need to be replaced and will transition to cleaner burning fuels. He added that 4 vehicles need to be replaced next year, and the decision won't be made by next year, so those will likely still be renewable diesel.
 - Vice Chair Aguirre asked staff to bring options to the Board that reduce the use of fossil fuels, but are viable, sustainable and within budget.
 - SBR request for a compensation adjustment – Staff has received follow up detail from SBR on their request for an adjustment and will review and analyze. R3 Consultants will look at the request as well as part of their annual fiscal and operations audit, and a report will be given to the Finance Committee and then to the Board in April.
 - The Town of Atherton has been reviewing the results of an RFP for collection services and at their February Council meeting they directed staff to move into formal negotiations with Green Waste Recovery and give a report back at their March 18 meeting.
 - Member Brownrigg asked if there was any risk for the bond covenants if Atherton were to drop out of the JPA.
 - Executive Director La Mariana noted that Atherton represents 2.6% of the total JPA and exiting requires 4/5 vote of the Members. If Atherton decides to exit, they would be responsible for two sets of costs, a bond defeasance analysis is attached to the Executive Directors report, which estimates a little over \$2M for the debt service portion of their financial obligation. And HF&H consultants has been engaged to identify any other assets and liabilities.
 - Counsel Lanzone ensured the Board that it is up to the Board, Atherton can't just unilaterally drop out of the JPA. And this Board shall decide what the methodology should be for determining the exit costs.
 - Chair Benton added that if the bond covenants were at risk the JPA could say no to Atherton's request to exit.
 - The Board then discussed if there was a need to bring in other Members to make up the difference.
 - Executive Director La Mariana answered that over the years there have been a difference of opinion on this. Recent Board direction has indicated support for potential new additions to the JPA. But, that the time to solicit for new Members is when their collection contracts are up for renewal or the Agency has gone out to bid for collection, and right now there aren't any adjacent cities not in contract. Staff will remain vigilant in identifying new JPA members.
 - The Joint Powers Authority Third Amendment that is agenda item 5B today, has a number of non-substantive wording changes, once this board approves these and Amendment One, staff will present both items at the individual Members council meetings, and both need to be approved by 8 of the 12 Members.
 - He congratulated Staff Rosales on her recent wedding this past weekend.

He then invited Dan Domonoske of SBR to give an update on the commodity markets. Dan noted that cardboard is recovering a little bit in 2019 there was an unprecedented depreciation in the price of cardboard, but in January and February it has gone up about \$15 and should recover a little bit more in March. He noted that part of the reason is the Coronavirus, because there is lack of collection in domestic markets in South East Asia, which is causing the paper mills to be short on product, but when the price goes up it creates revenue which offsets operating costs.

Member Brownrigg asked if materials are tracked to ensure they are being handled properly on the other end, and if inspections of the mills on the other end are ever conducted. Dan Domonoske answered that there is a selection process with the mills that SBR will sell to, and if there is lack of confidence the material will be properly recycled the material won't be sold to that mill. He added that the paper mill on the other side takes title at the destination receiving port, and SBR does conduct inspections of the receiving mills at least once per year.

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 the Minutes from the January 30, 2020 Board of Directors Meeting

Member Mahanpour noted that that the minutes needed to be amended to reflect that Foster City was present.

Motion/Second: Hurt/Rak (as amended)

Voice Vote: All in favor

5. Administration and Finance

A. Resolution Approving Third Amendment to the Executive Director’s Employment Agreement and Budget Adjustment in the Amount of \$17,000

Chair Benton noted that this item had been discussed in closed session last month, and that the amendment represents the action that the Board discussed, and he went over details of the amendments to the contract.

Motion/Second: Bonilla/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			

B. Resolution Recommending Approval of the Third Amended and Restated Joint Exercise of Powers Agreement by Members

Counsel Lanzone gave an overview of the proposed changes to the JPA Agreement, and the purchasing authority will be made consistent with the County of San Mateo.

Member Hurt commented that the fiscal impact section noted that there would be no direct fiscal impact, and she asked if that meant no fiscal impact. Counsel Lanzone answered that there hasn’t been any fiscal impact so far.

Motion/Second: Aguirre/Hurt

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			

C. Resolution Approving The South Bayside Waste Management Authority's 2020 Long-Range Plan (2020-2024)

Executive La Mariana gave a PowerPoint presentation highlighting the Long-Range Plan which will become the Agency's guiding document through 2024.

Discussion:

The Board discussed battery and fire issues brought up in the presentation. Executive Director La Mariana noted that there was a fire this week in the MRF and was caused by two flat credit card sized batteries. Staff Gans noted that small fires are now happening twice a month. Usually the fires are a smolder and staff get them out right away, and the fire department doesn't need to respond. If they get to the conveyor belts like the one this week did, the fire department responds.

Chair Benton noted that a Hillsborough resident placed the batteries as prescribed onto the black cart and several weeks in a row they were not collected. Mike Kelly of Recology responded that the supervisor discussed with the customer and subsequent discussions and re-trainings with the drivers to make sure they are aware of the policies.

The Board discussed insurance issues related to fires. Staff Gans answered that insurance companies continue to exit the industry, and the industry is now primarily insured through non-domestic policies that have multiple carriers taking different parts of the risk. At this point Shoreway is not at risk of losing coverage because there hasn't been another claim. Executive Director La Mariana added that RethinkWaste is in the middle of developing another major battery outreach campaign that will be going out to the public in about a month.

The Board discussed SB1383 plans in the Long-Range Plan. Member Brownrigg asked if the Organics-to-Energy project was going to be used to meet the requirements of SB1383. Executive La Mariana noted that the final regulations have not been released, and more would be known in April when HF&H will come back to the Board with their recommendations for how the SBWMA will be affected and their recommended approach for complying with the law, but it is the intent of staff to use the Organics-to-Energy program to comply with at least some of the regulations.

Member Hurt asked if food waste and reduction was included in the Long-Range Plan. Executive La Mariana noted that the County's Office of Sustainability is taking on the edible food recovery part of SB1383. Danielle Lee, the Deputy Director of the Office of Sustainability, added that the County is in the pilot phase now to develop a structure where the waste generator would be responsible for paying for the recovery cost of the program to partner with food banks and non-profits to get edible food out of the waste stream.

Motion/Second: Bonilla/Dehn

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			

6. Collection and Recycling Program Support and Compliance

No Items

7. Shoreway Operations and Contract Management

A. Resolution Approving Contract for Transfer Station Tipping Floor Repairs

Staff Ligon gave an overview of the staff report, he noted that the last time the floor was resurfaced was 2017, the floor resurfacing has been flagged by the Local Enforcement Agency (LEA) as an urgently required repair, so it needs to be done quickly. He added that \$200,000 of the \$242,000 cost in the budget for this project, and the remaining \$42,000 will be paid for using unspent capital. He also noted that the DIR regulations have gotten tighter which led to significantly increased costs in the company's proposal.

Member Mahanpour asked for the difference in price with previous floor resurfacing projects. Staff Ligon answered that square foot unit price has gone from \$35-40 per square foot to \$89 per square foot, and when they were asked about the difference they noted the DIR labor piece being a major part of the increase in costs, as well as the spots on the floor that need to be resurfaced have more edging work involved.

Chair Benton asked if the SBWMA was required by law to follow DIR or if that was a policy decision. Staff Ligon answered that is California Public Contracting code.

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			

B. Organics-to-Energy Pilot Project Update and Resolution Approving Agreements with Central Marin Sanitary Agency and East Bay Municipal Utility District

Staff Gans gave an overview of the staff report and reiterated the good news that the equipment is fully installed. What remains is the process work related to MOUs with the individual wastewater treatment plants that will use the material from the organics-to-energy project to use in their own equipment to make power. He noted that what has changed is that Silicon Valley Clean Water has told us they can only take two truck loads per day and we had planned to process all the material there. This change requires additional MOU partnerships, and the Agency will now need to partner with 5 wastewater treatment plants. Two of those MOUs are here for approval today.

The Board discussed the processing fees. Executive Director La Mariana noted that the material will be processed for free by the wastewater treatment plants during the pilot only, as the technology and operations are worked out. Chair Benton commented that East Bay MUD has a cap before a fee is charged, and that Marin Sanitary doesn't have the cap. He asked if there was any obligation to give any of the plants a minimum amount. Staff Gans answered that there are no commitments on delivery or receipt, so it can be stopped by either party at either time.

Member Hurt asked what would happen if the residual plastic film or polished slurry could not be removed to a degree that wastewater treatment plants want what would happen to the material. Staff Gans answered that so far tests indicate it will be material the wastewater treatment plants want, but that is why we're conducting this pilot and also why there are 5 partners included in the pilot.

Motion/Second: Aguirre/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			

C. Discussion on Organics Processing Agreement with Recology Blossom Valley Organics and an RFP for Organics Processing

Staff Ligon gave an overview of the staff report and the issues affecting organics processing costs. He noted that Recology has declined to consider a contract extension at the current pricing (with CPI adjustments) and contamination standards, so this staff report is to inform the Board that the Agency needs to put out an RFP for Organics Processing. The contract needs to be in place by January 1, 2021.

8. Public Education and Outreach

No Items

9. Informational Items Only (no action required)

A. Update on the Bay Area Air Quality Management District's Regulation 13-2

Staff Gans noted that the local Air District region 9 is implementing new regulations that affect transfer stations and solid waste handling facilities, and composting facilities, the emphasis is on odor and methane and will affect both the transfer station and the MRF. These regulations require treating all the air in the building, a building that has lots of doors that are open all the time. He noted that there is a comment letter going to the Air Board.

Member Hurt is on the Air Board as well and noted that the Air Board staff is making decisions based on science and emissions standards, not costs. They believe that the draft is near final, and that this will be a positive step forward for air quality, but comments are due Friday, and that there needs to be significant issues for them to make changes to the draft. She encouraged members to attend the Air Board's meeting when this regulation is discussed and that it would likely be in early summer.

Staff Gans noted that the capital expense impact to the Agency could be over \$10M if the transfer station and the MRF need to be treated. As well as an additional \$200,000-400,000 per year in electricity costs to run the blowers. He also added that there has never been an odor complaint for the Shoreway facility.

Member Bonilla asked if the biogas could be used to generate the power for the filters. Staff Gans answered that the biogas isn't being produced on site, so in the short term, that's not possible.

Chair Benton asked if the industry is consolidating in their concern over the regulation. Staff Gans answered yes, at the meeting he attended there were 40 people from the industry. Letters are being sent by some professional associations, and organizations are also sending individual letters and comments.

Chair Benton asked if there was anyway the air could be measured to see if it is a problem. Staff Gans answered that at the meeting he attended, he asked for the measurement the Air Board has collected to demonstrate this solution is a need, and no documentation on studies was provided to the group. He added that in the new regulations in addition to implementing these new filtration standards the Air Board is requiring measurement of the air inside the facility.

Member Bonilla suggested expanding the scope of the lobbyist to the 9 county Bay Area agencies, so these types of regulations don't surprise the SBWMA.

Chair Benton noted that he would hate to go to the rate payers with a \$10M cost that is unknown if it will change anything because nothing was measured beforehand.

Member Hurt encouraged staff to reach out to industry because so far the Air Board has only received 7 comments, and the due date is tomorrow. Executive Director La Mariana assured the Board that a letter was submitted to the Air District on the Agency's behalf.

Member Rak suggested individual outreach between our Board Members and their Board Members, noting that the lack of data piece is concerning.

Executive Director La Mariana summarized the 3 main issues 1) the \$10M capital costs, 2) the ongoing annual operation cost, and 3) the space foot print of the filters, and Shoreway is already space constrained.

- B. Update on the Transfer Processing Report (TPR)Renewal Status
- C. 2020 Legislative Session Update
- D. Update on Recology's Proposed Plastics Reduction Ballot Initiative
- E. 2020 Finance and Rate Setting Calendar
- F. Check Register Detail for January 2020
- G. Potential Future Board Agenda Items

10. Board Member Comments

Executive Director La Mariana added that at the April Board meeting HF&H will present on the SB1383 plan and Cal Recycle senior staff will also be here to answer your questions and hear your comments on SB1383. He encouraged the Board members to come with questions prepared.

11. Adjourn 4:04PM