



**A Public Agency**

# EXECUTIVE DIRECTOR'S REPORT



## STAFF REPORT

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**To:** SBWMA Board Members  
**From:** Joe La Mariana, Executive Director  
**Date:** May 28, 2020 Board of Directors Meeting  
**Subject:** Executive Director's Report

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Staff and Agency partners continue to be hard at work supporting numerous critical path projects, programs, and facility initiatives in these uncharted and unprecedented times. Here are the highlights:

### 1. **COVID-19/Shelter-In-Place (SIP) Update:**

As previously reported, the SBWMA and its primary partners have taken extreme measures to protect our colleagues while continuing with high-quality services, as follows:

#### a. **Recology Operations:**

All Residential, Commercial, and Multi-Family Dwelling collection services continue at our homes, multi-family dwellings and those businesses that are open--as regularly scheduled. With changes to the Shelter-in-Place orders that began May 4, the appointment-based Bulky Item Collection resumed operation on May 4. Kudos to the Recology team for their service delivery excellence during the crisis.

#### b. **South Bay Recycling (SBR) Operations:**

All franchised supported operations at the Shoreway Transfer Station and MRF continue uninterrupted. Preceding the SIP order, SBR implemented numerous safety practices for their field and office-based work force which appears to be paying off with their ability to provide uninterrupted services to our ratepayers. As the SIP order allowed, the Transfer Station part of the facility re-opened to the public on May 4<sup>th</sup>. Unfortunately, the Public Recycling Center (drop off) remains closed due to our inability to practice safe distancing practices for SBR workers in this small space. As expected, the public tonnage has been fairly minimal, but we expect it to grow as our economy gathers momentum in its reactivation. The SBR team has provided an outstanding level of service in the performance of their duties during this period of time despite numerous obstacles. Well done!

#### c. **SBWMA Administrative Program Staff Ops:**

The City of San Carlos has directed the library building that houses our Agency administrative offices remain closed, so all Staff continues to work remotely from home or, when needed, at Shoreway. All regular meetings continue to occur, and Staff remains in frequent contact with all Board/TAC members, contractors, and Agency/industry partners, as needed. It gives me great pride to reflect on the innovative efforts and passionate commitments that our team has demonstrated during this SIP to keep our programs going, our bills paid, and our administrative and fiscal planning responsibilities on point. We've maintained a high level of responsiveness to our Board and TAC members needs, as well as regular interface with our core

partners. By smartly utilizing this unplanned light operational period, Staff has also managed important facility improvement projects, large and small, to support Agency goals. See Agenda Item 6A for more COVID-related reporting.

## **2. Administration & Finance:**

### **a. Transition from Fiscal Year Accounting Period to Calendar Year Accounting Period**

With Finance Committee guidance, Staff has prepared a work plan to transition from the SBWMA's current Fiscal Year-based Accounting Period ending June 30, to a Calendar Year-based Accounting Period beginning January 1, 2021 that is presented under item 8A. The purpose of this transition is to align the Agency's Budget Year with its Member Agency's rate year format, and the Agency's major vendor contracts. The City of Redwood City's Finance team will serve as a vital partner during this transition.

### **b. FY 20/21 Budget and 6-month Transition Budget**

A transition period budget of 6 months has been developed by Staff and was presented to the Finance Committee at its May 12<sup>th</sup> meeting. The DRAFT FY20/21 Budget reflects Finance Committee direction. Staff will provide a detailed review of the Agency's revenue at a planned budget study session on October 22 in the development of our first calendar year budget beginning on January 1<sup>st</sup>, 2021. This session will lead into the November 19<sup>th</sup> Board meeting where this new CY budget will be presented for consideration. More info in agenda item 8C.

## **3. Committee Updates:**

### **a. Finance Committee Meeting (May 12<sup>th</sup>)**

The Finance Committee approved the recommended changes to the investment policy and reviewed preliminary property insurance premium quotations and provided direction during this solicitation process. The Committee reviewed the FY 20/21 and 6-month transition budget and direction was given on the both versions of this proposed budget, which is in draft form at this month's Board meeting. The Committee also heard a presentation by SBR senior management, Dan Domonoske and Dwight Herring, regarding SBR's request for compensation adjustment and many clarifying questions were asked.

### **b. Legislative/Regulatory Committee (May 5<sup>th</sup> -- Executive Committee Mtg)**

The California State Legislature returned to session in May. The Agency's legislative and regulatory lobbyists, EEC have been advocating with a small coalition of local governments, waste haulers, and nonprofits to pressure the Senate and Assembly to fund organic waste processing infrastructure in an economic recovery package.

Along with a handful of legislation that is still active this legislative session, the Agency is also currently following and supporting SB 1156 (Archuleta), which creates an education campaign promoting the proper disposal of lithium-ion batteries and requires a model protocol for handling lithium-ion battery fires. While the bill is a good first step, it doesn't provide consumers ample opportunities to dispose of these batteries, which was included in the Agency sponsored AB 1509; however, this bill's focus is really on education. Senator Archuleta has currently allowed the SBWMA's Executive Director to be its second lead witness during the bill's hearing to the Senate Environmental Quality Committee on Friday, May 29, which Senator Hill also sits on.

Agenda item 12A provides details of legislative activities EEC is currently working on for us.

- c. **Pub Ed/Outreach Subcommittee** (no meeting held)
- d. **Technical Advisory Committee** (no meeting held)
- e. **Zero Waste Committee** (no meeting held)

#### 4. **Collection and Recycling Program Support and Compliance:**

##### a. **Community Outreach and Environmental Education**

###### i. **Trash to Art Contest**

The Agency received 10 submissions for its annual Trash to Art contest in the Individual category. The Class category has been delayed until Fall 2020. There will be a Zoom call on Friday, May 29 to announce and recognize the winners with Board Chair Benton as a special guest!

###### ii. **Environmental Education Update**

The Environmental Education team continues to shift their efforts to designing distance learning resources for students and teachers. The elementary level, waste-focused lessons and activities accommodate home-based learning and support the continued waste education of students and their families away from school campuses. The materials are available on the [RethinkWaste](#) and San Mateo County Office of Education website and have been shared directly with educators and through newsletters distributed by the Agency's community partners (such as the County's Office of Sustainability). In addition, members of the Environmental Education team have initiated opportunities to interact directly with students by facilitating virtual Green Team celebrations and organizing video calls with classes.

###### iii. **Rethink Battery Outreach Campaign**

The "Take Charge: Rethink Batteries" Campaign launched on May 4 and ads are currently running on Facebook, Instagram, Youtube, and Google, including five new videos. An updated page on the website, which can be viewed at [www.RethinkBatteries.org](http://www.RethinkBatteries.org), has all the information for residents on how to safely handle their used batteries.

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

##### a. **SBR Compensation Adjustment Request**

SBR was invited to present their company's rationale for their recently requested compensation adjustment at the Finance Committee Meeting on May 12. Committee members asked many clarifying questions. The Agency's response and next steps are currently being determined.

##### b. **Organics-to-Energy Project Update**

As noted during the April Board meeting, all O2E equipment and supporting systems are fully installed. This pilot system requires about 85-100 tons per day of Source Separated Organic (SSO) materials (typically generated from restaurants and food service venues) and about 25 tons per day of targeted, organic-rich MSW materials to operate on an economically viable scale.

We're currently receiving about half this amount of SSO. In the pre-COVID-19 period, we routinely handled over 120 tons of SSO per day. The targeted, organic-rich MSW portion of this material will be available for the pilot project in July when the MRF Phase 1 equipment is fully installed. This equipment is required to pre-process this material before running it through the O2E process. Staff is also aggressively seeking supplemental SSO materials from other sources.

c. **MRF Upgrades – Phase I**

This equipment installation project is actually a bit ahead of schedule due to the lighter production schedule realized during the SIP order period. The installation contractor continues to work around SBR's production schedule, and we anticipate the completion of this project by mid-summer.

d. **Recology Fleet transition: Evaluation of Alternative fuels in new fleet**

Staff and Recology look forward to providing the SBWMA's Zero Waste Committee with a project update just before the June 25<sup>th</sup> Board meeting (noon-1:30pm). The team seeks ZWC direction on several important aspects of this initiative that affect our operations and long-term facility planning.

Respectfully submitted,



Joe La Mariana  
Executive Director

## STAFF REPORT

**To:** SBWMA Board Members  
**From:** Joe LaMariana, Executive Director  
**Date:** May 12, 2020 Finance Committee Meeting  
**Subject:** Discussion Cost impacts of COVID-19 Shelter-in-Place Order

### Recommendation

This is a discussion item only and no action is required.

### Summary

Due to the Shelter-in-Place Order the Shoreway Facility has experienced a reduction in material volume received at the gate. This is due to 1) a loss of Public/Self-Haul tonnage to the transfer station - Public/Self-Haul tonnage was discontinued in mid-March 2020, and 2) a reduction in franchise commercial waste streams delivered to Shoreway by Recology. There has been an overall reduction of 30% (11,894 tons) in the month of April over prior year. (See **Table 1**)

In the month of April, franchise commercial and residential tonnage has dropped 54% and 12% respectively over April prior year. This tonnage shortfall has had an impact on the Agency's net income in the range of \$334K and \$395K per month.

**Table 1. Shoreway C19 Tonnage Impact (April 2019 vs 2020)**

Category	Percent	Tons
Self Haul	-100%	-4,043
Commercial	-54 %	-7,585
Residential	-12 %	-2,636
<b>Total to Date</b>	<b>-30 %</b>	<b>-11,894</b>

On April 9<sup>th</sup>, I approved a one-time emergency request by SBR to maintain employment for 10- 14 Shoreway facility workers (sorters, spotters, and scale operators) that would have otherwise been furloughed due to lack of work. My approval was rendered after consulting with the SBWMA Executive Committee and Agency Counsel. I reported out to the Board regarding this decision at the April 23<sup>rd</sup> Board meeting.

**Table 2. Shoreway C19 Projects (manhours and expense through April 1)**

Category	Man Hours	Labor Expense
Completed	1,352	\$ 82,253
In Progress	46	\$ 2,586
On Standby	28	\$ 1,630
<u>Canceled</u>	<u>69</u>	<u>\$ 491</u>
<b>Total to Date</b>	<b>1,494</b>	<b>\$ 86,961</b>

These workers were reassigned on March 17<sup>th</sup> to complete necessary maintenance and cleaning projects at Shoreway. (**Table 2** presents the status of projects at the site, the man-hours and dollars associated with the labor projects).

During the roughly 1½-months that the workers were assigned to maintenance projects, many important projects have been completed that have improved the appearance, operations and safety at the Shoreway facility.

Examples of these projects include: (See photos of completed projects in **Attachment A**)

- restriping the pavement for parking and vehicle travel onsite
- painting safety bollards, curbing, and signage
- pressure washing the TS and MRF skylights
- pressure washing and painting the interior and exterior walls of the transfer station
- improve the onsite educational tour route

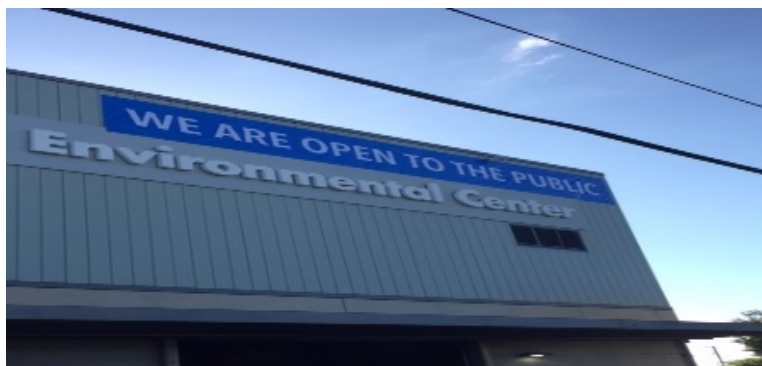
On May 4<sup>th</sup> the shelter-in-place directive was lifted for certain categories of work and the Shoreway Facility was reopened for public/self-haul customers. As a result, these workers have mostly return to their normal work roles.

On May 13, I approved second, one-time SBR request to maintain employment for four (4) furloughed SBR drivers to perform several additional site maintenance projects, including re-striping the Recology portion of the site and general landscaping projects. Anticipating this request, I again advised the Executive Committee and agency Counsel of my decision prior to approving this request. This approval was made with the stipulation that this work does not exceed my internal signing authority of \$50k.

Upon agency request, SBR provided a loss work report (**Attachment B**) for the four drivers that SBR furloughed on April 14<sup>th</sup>. Of the 96 total workdays during this reporting period, for the affected SBR employees, 19 days actually resulted in loss work, or 19.7%. This report confirms SBR’s commitment to mitigate the economic impacts of the furlough for these affected drivers by calling them back to work to fill sick and vacation days, and to assist with greater workloads.

**Shoreway Facility Reopens to the Public**

The Shelter-in-Place order allowed the Shoreway facility to re-open to the general public on May 4<sup>th</sup>. The Executive Committee, Staff and SBR understood it would be a slow process to rebuild the pre-COVID volumes of our operations. The first two weeks confirmed this theory with either flat or modest increases in all categories of materials, as reflected in **Attachment C**. We welcome the continued growth of these volumes during the next few months as our community regains its vigor.



*5' x 40' Sign installed on May 15, 2020*

**Analysis**

**Table 3** below illustrates the lost revenue and cost avoidance estimates measured by the volume decrease from the period of March 1 to March 15 compared to April 1 to April 15. The volume measures a 10-workday and 2-weekend days in each period. The high and low estimate is based on a range of density in yards/ton for Self-Haul material.



**Table 3**

<b>Shelter-in-Place Estimated Monthly Income Loss (due to volume decrease)</b>		
	<b>Low</b>	<b>High</b>
Self Haul Lost Revenue / Mth	813,827	813,827
Self Haul Cost Avoidance / Mth	580,681	520,124
<b>Self Haul - Net Income Loss Range / Mth</b>	<b>233,146</b>	<b>293,703</b>
Franchise Lost Revenue / Mth	349,984	349,984
Franchise Cost Avoidance / Mth	248,808	248,808
<b>Franchise - Net Income Loss Range / Mth</b>	<b>101,176</b>	<b>101,176</b>
<b>Total Net Income Loss Range / Mth</b>	<b>334,322</b>	<b>394,879</b>
<b>FY2020 Est Impact (3.5 months)</b>	<b>1,170,127</b>	<b>1,382,076</b>

**Fiscal Impact**

The Shelter-in-Place Order is estimated to have a negative impact on Agency net income in the range of \$334K and \$395K per month. If inbound material volume continues at the rates tested, the impact on FY 2020 net income is estimated be between \$1.2M and \$1.4M.

**Attachments:**

Attachment A – Shoreway Project Photos

Attachment B---SBR's Furloughed Drivers Loss Work Report

Attachment C---SBR's Tonnage Report by Material Category (5/4-5/17/20)

**Cleaning TS and MRF Roof Skylights**



**Painting Transfer Station walls traffic lanes, curbs & bollards**





**Group Hours**  
**Hours - 03/17/2020 to 05/16/2020**

<b>M</b>	<b>I</b>	<b>O</b>	<b>Note</b>	<b>Edit</b>	<b>Shift</b>	<b>Time in</b>	<b>Time out</b>	<b>Job Code</b>	<b>Hours</b>	<b>Day total</b>	<b>Week total</b>
<b>5233452 - JOHN T APODACA</b>											
X			X			Tue 4/14/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Wed 4/15/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Thu 4/16/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	24:00*
<b>5789590 - SCOTT PIMENTEL</b>											
X			X			Tue 4/14/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Wed 4/15/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Thu 4/16/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	24:00*
X			X			Wed 5/6/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Thu 5/7/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Fri 5/8/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	24:00*
<b>5789637 - KEVIN M FLOYD</b>											
X			X			Tue 4/14/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Wed 4/15/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Thu 4/16/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	24:00*
X			X			Mon 5/4/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Tue 5/5/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Wed 5/6/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Thu 5/7/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Fri 5/8/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	40:00*
X			X			Mon 5/11/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	
X			X			Tue 5/12/2020 9:00 AM	Time sheet	9980 - No work / No pay	8:00	8:00	16:00*

**SBR Inbound Volume Analysis**  
**Week over Week**

		COMMERCIAL				RESIDENTIAL				FRANCHISE COMBINED			
		C&D	ORG	MSW	RECY	C&D	ORG	MSW	RECY	C&D	ORG	MSW	RECY
Week Ending 5/10	Tons per Day	30	243	1,130	275	-	1,920	1,757	1,059	30	2,163	2,887	1,334
	Tons per Day	6	49	226	55	-	384	351	212	6	433	577	267
Week Ending 5/17	Tons per Day	36	245	1,191	313	-	1,956	1,825	1,058	36	2,201	3,016	1,371
	Tons per Day	7	49	238	63	-	391	365	212	7	440	603	274
	% Variance	21%	1%	5%	14%	0%	2%	4%	0%	21%	2%	4%	3%
										<b>NON-FRANCHISE/JPA</b>			
Week Ending 5/10	Tons per Day	35	43	111	-	7	9	22	-				
Week Ending 5/17	Tons per Day	115	72	152	-	23	14	30	-				
	% Variance	233%	67%	37%	0%								
										<b>PUBLIC/SELF-HAUL</b>			
Week Ending 5/10	Tons per Day	568	280	355	-	114	56	71	-				
Week Ending 5/17	Tons per Day	615	379	369	-	123	76	74	-				
	% Variance	8%	35%	4%	0%								