



MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
May 28, 2020– 2:00 p.m.
Via Zoom Tele or Video Conference Only**

Call to Order: 2:04PM

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	X2:40PM	San Mateo	X	
Foster City	X		County of San Mateo	X	
Hillsborough	X		West Bay Sanitary District	X	

All Members and public participated by Zoom Conference Call

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. **Speakers may also submit comments via email prior to the meeting by sending those comments to rethinker@rethinkwaste.org.**

None

3. Adjourn to Closed Session: Pursuant to Government Code Section §54956.9 – Conference with Legal Counsel – Anticipated Litigation (one case).

The Closed Session was cancelled

4. Call to Order/Roll Call (Open Session) (2:04PM see roll call above)

5. Public Comment

None

6. Executive Director's Report

Executive Director La Mariana welcomed all to the meeting and gave the following updates:

- The Shoreway Environmental Center Transfer Station reopened to the public on May 4. He noted that since the reopening tonnage has been modest and noted that tonnage is down about 20% from this time last year, but there has been an incremental increase each week the facility has been reopened.
- The Organics-to-Energy Pilot (O2E) is ready and waiting for material to come back. Even without a return of Source Separate Organics material to allow the pilot to begin, we believe that the pilot will be running in July or August, when the MRF Phase I equipment installation will be complete and part of that equipment will be able to pre-sort garbage loads through this equipment and remove food waste for inclusion in the O2E pilot.
- MRF Phase I installation is right on schedule and should be completely installed by the end of July.
- Staff and Counsel are working on a response letter to the Town of Atherton regarding their notice of intent to withdraw from the JPA, that should be distributed to the Town by the next Board Meeting.
- SBR has requested a compensation adjustment, which was presented to the Finance Committee on May 12. Staff is further vetting the financial impacts of the requests and a formal response letter from the Agency to SBR will be distributed soon. He added that this request has not been factored into the budget presented today. After SBR's response to the Agency letter cost impacts would be included in the final budget presented to the Board in June.
- He addressed the Draft Budget presentation on agenda item 8C noting that this budget transitions the agency from a Fiscal Year to a Calendar Year budget cycle, so there will be an approval of a 6 month budget July 1, 2020 – December 31-2020 and in October there will be a Board and TAC study session to review the Calendar Year budget for 2021.

A. Discussion Cost impacts of COVID-19 Shelter-in-Place Order

Executive Director La Mariana noted the staff report covered the known current COVID19 costs and impacts. He noted that since the staff report was written Recology has also come forward with some incurred costs due to COVID-19 that include hard costs for equipment and supplies and additional labor for individuals who are cleaning the trucks and dispatch center every night. He suggested a future Board action item to pay for these costs from the emergency reserves.

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. Approval of the Minutes from the April 23, 2020 Board of Directors Meeting
- B. Resolution Approving Calendar Year Financial Statements for 2019
- C. Resolution Approving Revised SBWMA Investment Policy for 2020
- D. Approval of Quarterly Investment Report for the Quarter Ended March 31, 2020
- E. Resolution Confirming and Ratifying the Declarations of a Local Emergency by its Member Agencies and Proclaiming a Local Emergency Within its Jurisdiction

Motion/Second: Brownrigg/Bonilla

Roll Call Vote: 9-0-0-3

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			

8. Administration and Finance

- a. Resolution approving the Work Plan Transitioning the South Bayside Waste Management Authority's Financial Systems from a Fiscal Year Accounting Period Ending June 30, to Calendar Year Accounting Period Ending December 31

Staff Mangini gave an overview of the staff report, and background of why the transition. He noted that the budget being presented at 8C would be a 6-month budget and a full fiscal year budget is needed to project the tipping fees for the Member Agency rate setting process. There is a \$4,400 fee in the Redwood City Contract to cover the costs of the one-time transition. He added that the Calendar Year budget will be presented to the Board in October and will include additional COVID-19 impacts as well as SB1383 costs that are not included in this budget presentation.

Motion/Second: Bonilla/Groom

Roll Call Vote: 9-0-0-3

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 Approving Property Insurance for FY20/21

Executive Director La Mariana gave an overview of the staff report, and history of the costs of property insurance for the Shoreway site during the last 5 years. He noted that staff is planning for \$1.5M in premiums for policy year 2020/21 with a \$1M deductible and added this is a first step towards self-insurance for the Agency. Finally, he added that the list of insurers who've decided to exit the marketplace continues to grow since 2016 when it was around 5 and this year is over 30.

Staff Managini added that the recommendation for today's approval is only for \$45M in coverage, and normal total coverage is \$60M. Staff is recommending approval of what has been quoted so far with the caveat that further options will be explored in the next month and any modification to recommendations will be brought to the Board in June. At the risk of not being insured at all because coverage ends on June 30, staff recommends taking this interim step.

John O'Neill of Risk Strategies noted that his firm has specialization in the waste industry and this year has been particularly difficult across the industry because of loss in the industry. They took a different approach this year to get insurance quotes. They did a probable maximum loss and a possible maximum loss analysis to see if the full \$60 in coverage is needed. They approached over 50 different insurers and what is presented today is who responded and as with last year it is layered coverage. His firm is also looking into creating a captive insurance company with respect to waste facilities, and doing some actuarial studies and gathering information as to what that might look like, so next year the answer to these continued rising insurance costs might be captive insurance.

Member Brownrigg asked at what point the Agency needs to make the self-insurance decision, and how is that decision made.

John O'Neill answered that a captive approach would be a pooled approach and will hopefully create enough strength in the industry that there will be insurers.

Member Brownrigg noted this was a subject the Board would have to come back to.

Executive Director La Mariana commented that staff continues to work on AB1509, currently on hold due to COVID-19. He is also going to give technical testimony on SB1156 both of which are Lithium Ion battery legislation that have a lot of industry support to create a responsible flow for handling Lithium Ion batteries at end of life.

Chair Benton concluded by noting that the Board is being asked to approve a \$1.38M premium with a \$1M deductible for \$45M in coverage.

Motion/Second: Bonilla/Dehn

Roll Call Vote: 8-0-0-4

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			

a. Review of draft FY 20/21 budget and 6-month (July 1, 2020 – December 31, 2020) Transition Budget and Cap-Ex Review

Executive Director La Mariana introduced the item and noted that the Finance Committee directed staff to remove most of SB1383 associated costs from the 6-month budget. The SB1383 regulations are not final, so the finance committee asked to delay putting expenditures related to SB13813 into the budget until the regulations are final. As a result, SB1383 costs will be a discussion item at the October study session once the regulations are final.

Staff Mangini gave a PowerPoint presentation on the draft budget for FY20/21 including the 6-month budget for July 1 – December 31, 2020.

The Board discussed the proposed tip fees. Member Rak asked if the tip fees would be readjusted after the 6-month budget or if they would be kept on an annual basis. Staff Mangini answered that there is a proposed tip fee increase to the public recommended on July 1 of 2020, but the Franchise tip fees would remain on an annual calendar year basis. He added that the public tip fees increased to the public in July would carry forward in 2021.

Chair Benton asked for further explanation as to why green waste processing costs have gone up so much. Executive Director La Mariana noted that about 120,000 tons of green waste come to the facility each year. The organics-to-energy project aims to divert the food waste portion of that, which is the most expensive material to process at the offsite processors. He then answered that there are two offsite processing contractors who process the green waste, 55-60% of the material goes to a Recology facility in the central valley, that contract expires on December 31, 2020. An RFP has been issued, and staff is still evaluating and reviewing those responses and expect to have that contract to the Board for a decision June. However, the responses show a significant step up in processing costs, so that step has been factored into the budget presented today.

The Board discussed the continued budget item of sharing sort labor with SBR at about \$450,000 per year (the agency's portion). Executive Director La Mariana added that with the MRF Phase I equipment upgrades, the expectation is that this expense will go down.

Executive Director La Mariana continued the PowerPoint presentation discussing Agency administrative expenses related to public education, long range plan programs, and Member Agency compliance support.

Staff Gans then gave an overview of proposed capital projects projected for the next 18 months.

Chair Benton asked if there was money budgeted in 2021 for the Organics-to-Energy scale up. Staff Gans answered that the money is in reserve in the 2021 budget so that the partners in the pilot have assurance that the Agency Board is committed to the project, but he didn't see spending money on equipment in the next fiscal year, but could spend money on designs and proof of concept, once there are good indications from the pilot. Staff Mangini noted the 5-year capital plan is in attachment A.

Member Hurt asked what areas of the budget could be impacted by the potential Atherton exit. Staff Mangini answered that the fiscal year budget doesn't have anything built in for Atherton, but when the calendar year budget is presented in October staff will have a better understanding of where the process is and can adjust the calendar year budget accordingly.

Executive Director La Mariana and Staff Mangini asked Board Members to reach out to them between now and the June meeting to go over anything before the June budget approval.

9. Collection and Recycling Program Support and Compliance

No Items

10. Shoreway Operations and Contract Management

A. Resolution Approving a Contract with GreenWaste Recovery, Inc. for a not-to-exceed amount of \$203,037.12 for Limited Time Recyclables Processing

Staff Ligon gave an overview of the staff report and noted that the MRF needs to be down for a few days for installation of the MRF Phase I equipment. So, an RFP was issued for recyclables processing for the days that the MRF will be down, and this resolution approves the recommended contract with GreenWaste Recovery for temporary recyclables processing.

Executive Director La Mariana complimented the staff and technical team involved in accelerating the MRF Phase I installation to take advantage of the COVID-19 shutdown and slow return to normal tonnage.

Motion/Second: Rak/Brownrigg

Voice Vote: 8-0-0-4

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 Authorizing the MRF IPS Baler Refurbishment Project for a Not-To-Exceed amount of \$156,794

Staff Gans gave an overview of the staff report and noted that the baler is an important piece of machinery in the MRF that has worked admirably for the last 10 years but now needs refurbishment. He added that this is a planned project that takes advantage of the MRF being down for the equipment installation, and has cost avoidance of needing to shut down the MRF again if the repair were to happen later and send material to offsite processors a second time.. The repair will be paid for out of the equipment reserve fund.

Motion/Second: Groom//Mahanpout

Voice Vote: 8-0-0-4

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. Public Education and Outreach

No Items

Chair Benton asked Staff Hashizume to discuss the schools program event on 5/29/20. Staff Hashizume noted that there would be a virtual celebration on 5/29/20 to recognize the trash to art contest winners, she added that if any other Board Members would like to join staff would get you the Zoom information.

12. Informational Items Only (no action required)

- A. 2020 Legislative Session Update
- B. 2020 Finance and Rate Setting Calendar
- C. Check Register Detail for April 2020
- D. Potential Future Board Agenda Items

13. Board Member Comments

Executive Director La Mariana complimented staff, Recolgy and SBR for their creative work during this time. He also noted that the June 12, 2020 TAC meeting is cancelled due to lack of a quorum. Lastly, he noted the City of San Mateo has asked him to sit in with their sustainability and public works commission to talk about the general state of affairs with the Agency and how COVID-19 has affected the Agency.

14. Adjourn 3:29PM