



MINUTES
 SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 MEETING OF THE BOARD OF DIRECTORS
 June 25, 2020– 2:00 p.m.
 Via Zoom Tele or Video Conference Only

Call to Order: 2:03PM

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	

Alternate Member Eric Rodriguez represented San Mateo
 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).

No Report from closed session

4. Call to Order/Roll Call (Open Session) 2:19PM

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	X3:01PM	San Mateo	X	
Foster City	X		County of San Mateo	X	

Hillsborough	X		West Bay Sanitary District	X	
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5. Public Comment

Doug Silverstein of the Thrive Alliance described their project researching the impact of single use plastics in San Mateo County. They are working to connect non-profits, governments and community to define the challenge of single use plastics to the San Mateo County community and find common ground to reduce single plastics use in the County. He asked Board Members to comment on their research when it is ready, and to potentially work with Thrive Alliance to address the issue collectively.

6. Executive Director’s Report

Executive Director La Mariana gave a report on the subcommittee meetings that have taken place since the staff report was written.

- The Pub Ed Committee met to discuss social media, lithium ion battery outreach and the 3-year public education plan that will be before the Board in September for consideration for approval.
- The Zero Waste Committee met and got an update on the two capital projects happening at Shoreway MRF: upgrades phase I, and the Organics to Energy (O2E) project. He noted that the MRF phase I equipment installation project is on schedule. The O2E project is fully installed but because of the shelter in place there is not enough source material for it to be economically viable to begin operations. He noted that when this system is operational and safe he invited Board Members to tour the facility and see the new equipment.
- The Zero Waste Committee also discussed the possibility of acquiring access to County property that is immediately adjacent to the Shoreway property. All of the new projects and mandates have major impacts on the space-planning footprint requirement on our site, and getting access to additional land is vital to alleviating space constraints at Shoreway.
- Lastly, the Zero Waste Committee discussed the logistics and financial implications of replacing Recology’s existing fleet with electric collection trucks starting in 2024.

A. Discussion of COVID-19 Impacts

No Discussion of the staff report

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 May 28, 2020 Board of Directors Meeting
- B. Resolution Accepting the Findings from the Audit of Contractor’s Financial and Operational Reporting in 2019 by R3 Consultants

Motion/Second: Brownrigg/Hurt

Roll Call Vote: 12-0-0-0

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton	7B		7A		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. Review Coverage and Premium Options for the Shoreway Environmental Center's Property/Fire Insurance Policy for FY20/21

Staff Mangini introduced the item and gave an overview of the staff report. He noted that at the May Board meeting the Board approved a premium of \$1.4M but it was only for \$45M in coverage. At that time, all of the quotes for layers of coverage were not yet fully quoted. Our insurance broker recommended a maximum loss analysis on coverage amounts. After the full quotes were presented and maximum loss study, staff is now recommending \$60M in coverage at a \$1.5M deductible for FY20/21.

The Board discussed the coverage terms, and Staff Mangini noted that the coverage terms are the same, just the premium and deductible have increased.

The Board discussed self-insurance, and Staff Mangini noted that there wasn't time to do a self-insurance analysis before this renewal period, but staff will be doing that analysis before the next renewal period.

Chair Benton asked if the investments made to reduce batteries at the facility and make the facility safer from battery dangers has made any difference in the premium amount. Staff Mangini answered that the premium quotes we received are related to battery fires at MRFs around the country regardless of what kind of hardening of the facility has been put in place. Chair Benton asked staff to research this to try and validate some of the investments made.

The Board discussed a total loss analysis, and self-insurance. There are three total loss event risks to the facility - fire, a plane crash from the airport, and a seismic event. Insurance doesn't cover a seismic event but does cover fire and airport. Staff Mangini added that some time ago an analysis was done, and the Board made the determination that seismic insurance was too costly and that has continued to remain the position of the agency. Staff Gans added that risk of a catastrophic fire that wipes out multiple buildings is pretty low due to the setup at Shoreway. But he added that in a world of self-insurance any investment made to harden the facility is money well spent.

Motion/Second: Rak/Dehn
12-0-0-0

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 the FY20/21 SBWMA Budget and 6-Month (July 1, 2020 – December 31, 2020) Transition Budget and Capital Budget

Staff Mangini gave a PowerPoint presentation which highlighted the changes from the draft budget that was presented in May. He noted that this was a presentation of a 6-month budget as well as full FY20/21 budget so that tip fees could be projected. Given the current economic situation and Recology's 2021 compensation increase, he took a conservative approach and did not pace revenue increases with expenses increases this year. He added that this budget includes tip fee increases for public drop off beginning July 1.

Member Brownrigg noted that he supported the staff work invested in this budget and appreciates the work. He commented that he hoped the Organics-to-Energy project would help save money with the increase in organics processing cost. He also commented that as an agency in the next budget cycle the Board needs to look at some of these large capital expenditures coming up and look at how to rebuild reserves to support those capital projects.

Member Widmer complimented Staff Managini on the budget presentation. He noted that he would like to see the operations side projected out 3 years similarly to how capital was projected out.

Motion/Second: Widmer/Groom
Roll Call Vote: 12-0-0-0

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			

9. Collection and Recycling Program Support and Compliance

No Items

10. Shoreway Operations and Contract Management

- A. Resolution Authorizing the Executive Director to Execute a Contract with Tanner Pacific for Construction Management services at the Shoreway facility for FY20/21

Staff Gans gave an overview of the staff report and noted that Exhibit A is a place holder list and number of anticipated costs and projects for FY20/21.

Member Widmer commented that the exact number in the staff report doesn't seem like an estimate. Staff Gans answered that each of the projects listed has an estimated number of hours, and the total number is their hourly rate multiplied by the estimated hours.

Motion/Second" Widmer/Aguirre
Roll Call Vote: 12-0-0-0

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 Organics Processing Agreement with Recology-BVON for a Five Year Term, 2021-2025, at a cost of approximately \$5,437,238

Executive Director La Mariana gave an overview of the staff report, noting that there was only one response to the RFP, and there is an extremely high differential between the current price and the new price, but the cost increase reflects where the market is today.

Staff Ligon gave a summary of the RFP process, noting that there are very few large compostprocessors in our geographic area that currently have capacity to receive the SBWMA material,

thus only one proposal was received. The RFP was delivered to 16 different composting facilities in the greater Bay Area/Northern California region. He summarized the large financial impact of the new contract and noted the key points in the agreement regarding the new contamination standards. He explained that the Board may need to re-evaluate reinstating quarterly contamination monitoring to ensure that the least contaminated material is being sent to BVON, so the lowest rates will be charged.

The Board discussed the contamination monitoring that was removed from the budget. Executive Director La Mariana noted that when the Board eliminated contamination monitoring it was about \$40,000 for two audits per year. He added that this is an opportunity to re-evaluate and reactive it on a limited scale to ensure locally the higher price is not triggered, but he thought the language in the franchise agreements also had the ability at the collection agency level for reconciliation of contamination issues and that staff would look to the Board for direction. Chair Benton noted concern that there is a 2% difference between the Franchise Agreement maximum contamination of 10% and the BVON number of 8% after the first year. Executive Director La Mariana agreed and noted this was a key negotiating point. He added that staff will be looking to Recology's Zero Waste specialists to work with the commercial customers to clean up their material so that it is an acceptable level of contamination. and staff would work with SBR to be as in sync as possible with all of the contracting partners that handle the material to ensure that it would be acceptable to BVON at the lower price level, Chair Benton directed staff to discipline customers that food waste is food waste.

The Board discussed the current contract with Newby Island which is receiving about 40% of the green bin material. Member Widmer asked if a similar cost increase could be expected in 2022 when that contract expires. Executive Director La Mariana couldn't forecast the future Newby costs, but thought at least for the food waste portion of the tonnage it would be an advantage to do preprocessing on site.

Member Widmer asked if there was a possibility of adding tons to the BVON contract if Newby increases their costs this much in 2022. Staff Ligon answered that the agreement states up to 300 tons a day.

Member Hurt asked if there was an opportunity to have an extension on the current contract for a limited amount of time. She also asked if there was time to do a second RFP and see if there were additional responses. Executive Director La Mariana answered there was an extension clause in the current agreement that was by mutual agreement, but Recology declined. He also noted that staff feels pretty confident that a second RFP would result in the same response but noted that that there is movement at the state level to bring more capacity in processing facilities to the state.

The Board discussed the termination clauses in the contract, wondering if 5 years was too long given the potential for other facilities to be permitted during that time. Staff Ligon noted that there 15 different termination clauses in the agreement all for cause. Member Rak commented that he would like to see as much flexibility as possible around termination because he is concerned about the large price increase. Executive Director La Mariana noted that there are no unilateral outs in the contract, but staff would seek additional opportunities along the way. Staff Ligon added that there is a minimum of 30,000 tons per year that would have to be delivered to BVON, versus 72,000 tons planned in the first year of the contract, so there is a pretty big delta opportunity if the Organics-to Energy scale up and other opportunities arise to allow for decreasing the amount of tons sent to BVON. Member Rak encouraged staff to look at ways to reduce costs throughout the term of the contract.

Salvatore Coniglio Group Manager of Recology thanked the Board for the opportunity. He noted that the process has been very fair and transparent. He also added that so much has changed with composting facilities and regulations over the last few years. He addressed the contamination discussion noting that it is in Recology's best interest to create a clean feedstock because they are

creating a product that is going back into the earth and to farms. Which is why the industry is really trying to push down the level of contamination with commercial organics collection.

Chair Benton asked if consultants that staff has worked with in the past have noticed this type of increase with all of their solid waste clients. Executive Director La Mariana noted that staff has reached out to both R3 Consultants and HF&H Consultants (both of whom do a lot of work for our Agency/ies) and both have confirmed that this is where the market currently is and actually thought prices could go higher as the facilities work to meet the new regulations.

Member Widmer moved to approve the contract but proposed to reinstate contamination monitoring. Chair Benton noted that the motion would only approve the contract, and contamination monitoring would be a future decision.

Motion/Second: Widmer/Brownrigg

Roll Call Vote: 12-0-0-0

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			

Member Hurt directed staff to closely look at and take notes as to how the contract is moving along since the termination is for cause.

11. Public Education and Outreach

No Items

12. Informational Items Only (no action required)

- A. 2020 Legislative Session Update
- B. 2020 Finance and Rate Setting Calendar
- C. Check Register Detail for May 2020

Member Widmer commented that the check register is improved since the transition to Redwood City and complimented their team.

- D. Quarterly Technical Consulting Contracts Update
- E. Potential Future Board Agenda Items

13. Board Member Comments

Chair Benton asked for the schedule for the remained of the year. Executive Director La Mariana went over the calendar for the remainder of the year. He didn't think there was a need to have a July Board meeting so the Board would meet again in September. The October meeting would be a study on the calendar year 2021 budget, and the final SB1383 regulations, and the final Board meeting of the year would be the third week of November.

14. Adjourn 3:44PM