



A Public Agency

EXECUTIVE DIRECTOR'S REPORT

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
Date: September 24, 2020 Board of Directors Meeting
Subject: Executive Director's Report

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

1. **SBWMA Receives Major Solid Waste Industry Award: “2020 Public Agency of the Year”**

The Solid Waste Association of North America’s (SWANA) Gold Rush Chapter just recognized the SBWMA for its innovative industry and legislative leadership, environmental stewardship, and facility/program excellence as its **2020 Public Agency of the Year**. This extraordinary award is the consummate definition of a team effort. This team spirit begins at the very top of our organization with strong leadership by our Board, Committees and TAC, as well as extraordinary contributions by our Agency Staff, our reliable operations contractors--the men and women of Recology and South Bay Recycling, and our many, many other regulatory, financial, legislative and technical partners.

This is a meaningful peer-based recognition during a historically challenging year. A job well done everyone!

2. **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 businesses that are open as regularly scheduled. One Recology field worker has been diagnosed with COVID since March and appropriate quarantine measures were taken. We wish this individual and his family the very best of luck in their fight.

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

All franchised supported operations at the Shoreway Transfer Station and MRF continue uninterrupted. Three SBR operations workers have been diagnosed with COVID since March and appropriate quarantine measures have also been taken. Again, we offer our sincere well-wishes to these folks and their families as they battle this dreadful virus.

Preceding the SIP order, both Recology and 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.

SBWMA Administrative Program Staff Ops:

All Staff continues to work remotely from home or, when needed, at Shoreway as our administrative offices remain closed and will be closed at least through December 2020. All regular meetings continue to occur, and Staff remains in contact with all Board/TAC members, contractors, and Agency/industry partners, as needed.

3. Administration & Finance:

a. **Recology and SBR Compensation Applications**-*To be considered today*

b. **CY 2021 Budget**

The Calendar Year 2021 budget is under development for Finance Committee review on October 6th, with a further Board/TAC Study Session review of the draft budget at the October 15th Joint Study Session. Remember, this is the Agency's very first calendar-year budget as we transition from our historical July 1st through June 30th fiscal year format to better align with all major contracts and the member agency's rate setting calendars. Thank you John Mangini and Grant Ligon for making this significant step happen, especially on the heels of the Recology and SBR 2021 Comp App reviews. Your stellar efforts must be acknowledged!

4. Committee Updates:

a. **Finance Committee Meeting** (no meeting held)

b. **Legislative/Regulatory Committee** (September 8th)

The Agency's legislative and regulatory lobbyist, EEC, represented by Principal Reed Addis, gave an update on the conclusion of the 2019-2020 legislative session that ended August 31. Since the State Legislature suffered many setbacks and redirections due to the COVID-19 pandemic, many bills did not make it to the Governor's desk for consideration, including two plastics bills (AB 1080/SB 54) that failed to gain enough votes to make it out of their respective houses.

c. **Pub Ed/Outreach Subcommittee** (no meeting held)

d. **Technical Advisory Committee** (September 10th)

The TAC reviewed the 2021 Compensation Applications from our contracting partners, Recology and South Bay Recycling. TAC members discussed the new change in 2021 for Recology's Service Level Adjustment and its impacts on the rate setting process.

e. **Zero Waste Committee** (no meeting held)

5. Collection and Recycling Program Support and Compliance:

a. **Town of Atherton Update**

At its September 16, 2020 Council Meeting, The Town of Atherton voted to approve withdrawal from the SBWMA and the payment of the \$2,203,016 exit costs that were approved by the SBWMA Board

at its August BOD meeting. With the SBMWMA's receipt of Atherton's final payment noted above, Atherton will have satisfied all items identified under Article 15.1.a and b of the *Second Amended and Restated Joint Exercised of Powers Agreement of the South Bayside Waste Management Authority*. The final procedural step for exit (Article 15.1.c) requires Atherton to secure "The approval of such withdrawal by a 4/5 affirmative vote of the equity members". Therefore, Atherton's Town Manager will be directly contacting each city's elected body and/or staff to agendize this matter during the next few weeks in an attempt to confirm this final vote before December 31st.

The Town of Atherton has been a longtime valued member of our Agency and we respect their decision.

b. Community Outreach and Environmental Education

i. Environmental Education Update

The Environmental Education (EE) team recently released a compiled booklet of all student lessons developed so far. The booklet includes about 75 pages of distance learning material that focuses on waste reduction and the 4R's. You can find the [full booklet](https://rethinkwaste.org/teachingtools) on our website at: rethinkwaste.org/teachingtools.

The team also finalized a 20-minute long video presentation that will be used as a substitute or supplemental resource for in-person presentations and assemblies usually offered to schools. Virtual classroom presentations for schools participating in the In-Schools Program are expected to begin in October.

The EE team continues to collaborate with San Mateo County's Office of Education (SMCOE) and other community partners and agencies on a range of projects. The team co-authored a COVID-19 Pandemic Recovery Solid Waste Management Companion Guide with the SMCOE and County's Office of Sustainability. The guide will be distributed County-wide and serve as a reference for all school districts as they re-open campuses.

ii. Shoreway Tours Have Gone Virtual!

Staff has been hard at work to reimage its popular Shoreway Facility Tours program and is excited to have recently launched a virtual version of tours for schools, business groups, and the general public. Public tours will occur the first and third Thursdays of the month with two times slots (10 a.m. and 6 p.m.), while group tours will occur Monday-Friday at 10 a.m. and/or 1 p.m. There were 20 signups for the first Public Tours day on September 17. The virtual tours are a hybrid of pre-taped video segments and live virtual discussion and active engagements with Staff. You can schedule a tour today at: rethinkwaste.org/tours

iii. Fall Activities

Staff is currently in the development stages for a Fall version of its "Rethink Recycling Day" and will be launching its school Fall Poster Contest in early October. Be on the lookout for communications about both in the upcoming weeks.

6. Shoreway Operations and Contract Management

The Agency-own Shoreway Environmental Center 16-acre site has continuously provided a critical solid waste base of operations for our community since 1977. To meet current and anticipated future program needs, contractual deliverables and mandated compliance requirements, we've got many facility improvements and large-scale infrastructure projects in the planning and/or implementation queue. Here are updates on some of our larger projects:

a. MRF Phase I Upgrades Project

Installation of the MRF Phase I upgrades was completed in late July by Bulk Handling Systems (BHS) on-schedule and on-budget. Currently, the sort system equipment is being "tuned" and Staff is collecting data about its performance, but preliminary results show an improvement of 20% increased productivity and a capture rate of +95% all the batteries entering the system. Additionally, labor overtime has been significantly reduced, which is projected to save the SBWMA over \$400k per year. These strong project savings and productivity increases were all part of the project's economic justification models and ROI projections that were carefully reviewed and approved by our Finance Committee and Board.

b. O2E Pilot Project

As previously reported, the O2E Pilot installation was completed in mid-February and was planned to start operations in March. COVID-19 and the Shelter-in-Place order dramatically decreased the commercial food waste (SSO) deliveries to Shoreway and forced a postponement of the project start up. Staff has developed a new "limited operations" plan using organic waste sorted from waste processed through the MRF sort system. We hope that this approach will provide enough feedstock materials for the O2E project operations. More will be reported on the success of this "work around" at the November Board meeting.

c. The Stormwater Project

The Stormwater Treatment project was approved by the Board at the November 21, 2019 meeting with a not-to-exceed \$250k amount and was installed over the summer in preparation for the rainy season. This project was managed by SBR/Recology Staff and has been completed within the dollar amount approved by the Board. The responsibility for payment for this system is still being disputed and Staff will report back on the recovery of costs for this project.

d. Zero Emission Vehicles (ZEVs) – Project Status Update

For the past year, a joint Staff/Recology workgroup has been working on evaluating and investigating the feasibility of alternative fuel types for Recology's upcoming fleet transition planned for 2022. Since the California Air Resources Board (CARB) issued its first ruling directed at heavy trucks (including solid waste collection vehicles) requiring future purchases of zero emission vehicles (ZEV) and with more rules expected, the workgroup has moved to evaluate the feasibility of ZEV trucks in the service area. All this work requires significant planning of the required battery charging infrastructure and would double the site's current electrical power consumption. There are two major components to this project:

1. Evaluating, selecting and acquiring an electric-powered fleet to coincide with Recology's planned vehicle replacement schedule as agreed to by all parties in the Restated and Amended Franchise Agreement the begins on January 1, 2021.

2. Evaluating, selecting, designing and building out the Shoreway Facility infrastructure to properly recharge these new vehicles in time for their arrival, which is currently estimated to begin with Recology's delivery of two pilot vehicles in January 2022.

Fleet Upgrades--Timing & Costs:

As previously noted last month, Recology has committed to providing the SBWMA with two pilot ZEV vehicles in January 2022 from its preferred manufacturer. A total of 54 heavy trucks will need to be bought between 2024-2026 according to Recology's fleet replacement schedule and CARB requires a minimum of five trucks from this group be ZEVs. The degree of aggressiveness in purchasing ZEVs – a new, yet to be proven technology - will be determined by the Board.

It is important to also note that the restated and amended Franchise Agreement includes a \$54M assumption to completely replace Recology's entire fleet of 144 vehicles using historic renewal diesel technology purchase and maintenance models that were known at the time of our negotiations in 2017. The SBWMA will be responsible for all extra purchasing and operating costs for the ZEV's (which currently have a higher purchasing price than equivalent diesel vehicles, but the expected lifecycles are still about 20-30% higher assuming they can be an equal replacement for conventional trucks) beyond what was included in the new Agreement. Additional costs are expected and include installation of power station infrastructure for the ZEVs.

Facility Upgrades--Process:

The Shoreway facility will require significant capital upgrades to enable industrial scale refueling of ZEVs. Our electric utility, PG&E, has a subsidy program (EV Fleet) for the charging infrastructure of heavy truck fleets, such as Recology's. Participation in the EV Fleet program requires actual evidence of purchase of ZEVs or a letter of commitment to purchasing at least 4 ZEV trucks by 2024. The program will subsidize the design and installation of charging infrastructure for up to 25 trucks. We are investigating our eligibility and will report back to the Board accordingly. We understand that the program is very popular and is selling out fast. Since the Board would need to vote on issuing a letter of commitment for at least the minimum number of trucks, it is unlikely we can act fast enough before the program is oversubscribed and the available money runs out.

Project summary—to date

One thing our workgroup has learned during this process is that timing is everything. Our Agency's interests appear to be slightly ahead of the curve from a vehicle design, manufacturing and market perspective, and slightly behind the curve from the PG&E EV Fleet subsidy standpoint. Obviously, we're all working hard to find the intersection between these two tracts. We'll continue to seek direction from the Zero Waste Committee, as well as the SBWMA's Finance Committee and, of course, our Board prior to all project milestones.

e. Airport Land Acquisition Project Project Background

The 16 acre SBWMA property is intensively utilized. The property sites all operations for waste collection, secondary materials recovery, and transfer of waste and recovered materials for landfilling or processing elsewhere. It is difficult to develop additional material recovery operations, such as the O2E project, on the site without restricting other existing operations. Moreover, the changing regulatory environment may require additional operations be sited to enable us to continue with existing processes. Two examples include: BAAQMD's proposed Rule 13-2, which may force us to

enclose the transfer station to install a biofilter and would require nearly an acre. Secondly, the State's goal for carbon neutrality (AB 32 and Executive Order B-30-15), which is expected to require additional processing of waste and recovery of biodegradable materials.

Project Activity

In the summer of 2019, I approached the San Mateo County Manager to state our Agency's conceptual interest in securing long-term access to the County-owned land that's immediately adjacent to our facility, with SBWMA preferring to purchase said property. The County Manager and Staff, while quite receptive and supportive of this concept, quickly responded with a list of constraints they believed would need to be addressed before any consideration for the use or sale/lease of the land. The primary constraints were securing Federal Aviation Administration (FAA) authorization to proceed and wetlands considerations, as the land's proximity is in the San Carlos airport flyover airspace.

In October 2019, Common Goal Consulting Group, Inc. was hired to perform an early assessment regarding the wetlands and airspace issues. While the assessment was limited, the environmental and aviation professionals indicated that SBWMA utilization of the land appeared feasible.

The SBWMA's 2020 adopted budget allocated \$150k in seed money to further study potential feasibility of this land acquisition and/or access. Recently, we were informed that another portion of the Airport land, currently leased by SVCW for their pipeline tunnel project, would be available in 2023. However, this land does not have a border in common with the SBWMA property, but is very close. Since that land is currently leased and being used in ways similar to our potential use, the feasibility risk is much lower than developing the adjacent portion of the property. We are currently exploring the feasibility of utilizing all or a portion of the SVCW leased area.

f. Shoreway Facility/Site – Master Planning/Feasibility Project

During the extensive technical planning sessions cited above, as well as our routine facility planning reviews, Staff concludes that our site requires an integrated assessment of our entire operations and site layout needs to address future environmental mandates, diversion requirements and local market conditions. These factors may warrant redesign considerations of a portion or all of our facility site, while also factoring in the potential availability/access of new land from the County. Therefore, I will propose a site master planning/feasibility project for Board consideration at the November Board meeting in conjunction with the consideration of the CY2021 Budget. If approved, this work will commence immediately with all milestones being reported out to the SBWMA's Executive, Finance and Zero Waste Committees prior to final Board review.

As you can see, there are no shortage of professional challenges nor work being done here at the SBWMA! Seriously...who ever said that the solid waste world was boring? Not me.

Respectfully submitted,



Joe La Mariana
Executive Director