



MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 SPECIAL MEETING OF THE BOARD OF DIRECTORS & BOARD/TAC STUDY SESSION
 OCTOBER 15, 2020– 2:00 p.m.
 Via Zoom Tele or Video Conference Only

Call to Order: 2:00PM

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	

All Members and public participated by Zoom Video or 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**

Member Bonilla commented that at the last meeting there was a discussion about the reduction of work force at SBR. He noted that the letter Executive Director La Mariana received from SBR had stated the layoff date was going to be Sunday, September 27. The Board meeting was on Thursday September 24, and the next day on September 25 the layoffs occurred. At the meeting Mr. Herring agreed that he would talk to his board about the layoffs but given the timing Member Bonilla didn't know if that had happened. Executive Director La Mariana responded that the SBR Board had met on Thursday night after the SBWMA Board meeting and gave Mr. Herring direction and the results of that direction happened on Friday morning.

3. Executive Director's Report

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

- Last Tuesday, each of the 10 cities with support from staff and our outside technical consultant submitted their Cal Recycle Electronic Annual Reports (EARs).
- Virtual tours of Shoreway have begun which are partially live and partially pre-recorded, and the same virtual learning is also happening for the in-schools program. He congratulated staff Hashizume and her team on getting these virtual programs up and running.

- The SBWMA's 2020 Rethink Recycling Days will be taking place virtually on November 7 and November 14, as well as the poster contest, and he invited member agencies to help get the word out about these virtual events.
- The Town of Atherton's JPA exit request has now been approved by the West Bay Sanitary District, so they need 8 more member agencies to vote yes on their exit.
- He reminded Board members that in November the Board meeting will be on November 19 (the third Thursday), and that it will be the final Board Meeting of the year. He added that it will be a packed agenda and asked board members to allot two and half hours to get through the agenda (2-4:30pm).

4. Consent Calendar

No Items

5. Collection and Recycling Program Support and Compliance

A. Resolution Approving SBWMA Amended Final Report Reviewing the 2021 Recology San Mateo County Compensation Application (Continued from September 24, 2020 Meeting)

Executive Director La Mariana noted that were 3 items called out at the September Board meeting that staff was directed to get resolution on before this item was brought back to the board for consideration of approval. Those items are:

- 1) The County of San Mateo identified two accounts that were mis-applied to their ledger but should have been assigned to the cities in which the parks are. These are the Cities of Menlo Park and San Mateo. After meetings with all three member agencies and Recology, we've gained consensus and addressed this issue. Board Member Groom noted that County staff is satisfied with the resolution. TAC Chair Murray from San Mateo noted that they are also satisfied. Executive Director La Mariana also confirmed he received additional approval from TAC member Lucky that this outcome was satisfactory to the City of Menlo Park.
- 2) Board Member Hurt expressed concerns about the way the City of Belmont's revenue requirement was displayed in table 8. He noted that Belmont does calculate their rates differently per article 11 of their franchise agreement than the rest of the member agencies, which was leading to the concern. He added that staff John Mangini had worked hard with Belmont staff to get satisfaction on their part, while honoring the integrity of the financial reporting system. Member Hurt thanked staff and noted the Belmont is satisfied with the results and she feels able to tell her rate payers exactly what the number is, with accountability and integrity. TAC Member Brown requested that the maker of the motion change the last two numbers in Belmont's column in table 8 from 89 to 98, then the table would be correct.
- 3) The third item is the \$386K/year of indirect costs that Recology identified as costs that they would incur after January 1, 2021 and beyond related to the Town of Atherton's exit. Mike Kelly, General Manager of Recology San Mateo County, noted on behalf of the employee owners of Recology San Mateo County, that they appreciate the opportunity to continue the partnership and providing service to the customers of the SBWMA service area, and they look forward to servicing those customers for the next 15 years and beyond. Executive Director La Mariana added that it is staff's recommendation to deny this request, based on the provision that there is no contractual language in the franchise agreement to allow these costs to be allocated back out amongst the remaining 11 member agencies.

Chair Benton clarified that the compensation application's total that the Board is being asked to approve today is the same as last month, except for several small changes amongst the member agencies on the reassigned accounts. These minor adjustments do not include any additional compensation to Recology. Executive Director La Mariana confirmed that the total dollar amount is the same, but a total of about \$8,000 has been moved between the County of San Mateo, Menlo Park, and the City of San Mateo due to the reassignment of two accounts.

Member Bonilla commented that he is in favor of approving the 2021 compensation application but has some concerns about the operating costs and asked staff to bring the operating costs back for discussion at the Board level.

Member Rak agreed and asked staff to bring an operating expense discussion back to the Board.

Member Brownrigg made a motion to approve the staff recommendation and the rates as called out and amended to reflect the \$9 difference in the Belmont number. He added that it is always healthy to look at the underlying operation expenses and asked staff to help the Board dig into that in the next budget cycle.

Member Hurt seconded the motion

Roll Call Vote:10-0-0-2

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			

Chair Benton commented that he appreciated the position Recology took today on the matter.

6. Adjourn Special Board Meeting 2:25PM

7. Roll Call – Board/TAC Study Session

CTO: 2:25PM

Roll Call Board:

Agency	Present	Absent	Agency	Present	Absent
Atherton	X	4:11PM	Menlo Park		X
Belmont	X		Redwood City	X	
Burlingame	X		San Carlos	X	3:46PM
East Palo Alto		X	San Mateo	X	
Foster City	X		County of San Mateo	X	
Hillsborough	X		West Bay Sanitary District	X	

Roll Call TAC:

Agency	Present	Absent	Agency	Present	Absent
Atherton	X		Menlo Park	X	3:30PM
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	

8. SB 1383 Compliance Planning Update

Presentations by CalRecycle and HF&H Consulting

Executive Director La Mariana introduced the item and gave background and overview for the discussion. He noted that it permeates every aspect of the solid waste industry and is meant to target reducing organic material going into landfills. He then introduced Cara Morgan, Branch Chief and Senior Marketing Officer for the State's Solid Waste Program compliance/enforcement agency, Cal Recycle. Tracy Swanborn of HF&H Consultants will follow with a presentation about the SBWMA specifics to comply with the law, and then a question and answer period.

Cara Morgan gave a PowerPoint presentation overviewing SB1383 and noted that last Friday the final regulations were submitted to the office of administrative law and that approval was expected within 30 days.

Tracy Swanborn of HFH Consultants gave a presentation overviewing the SBWMA preliminary compliance plan including the timeline for SBWMA compliance, SBWMA compliance approach plan and the Agency and member agencies' next steps.

Executive Director La Mariana noted that HF&H's assignment was to prepare a gap analysis of the Agency's current capabilities versus what the law requires and identify the gaps in the form of a high-level action plan. He also noted that it currently doesn't make sense to run the Organics-to-Energy (O2E) pilot project because the tons needed as feedstock for the pilot have dried up due to the COVID shut down. Staff still strongly believes in the project and is working on some technical alternatives (the Organics-to-Energy (O2E) pilot project) that will hopefully be able to take place in late fall and act as proof of concept. He also added that the SBWMA is working in a very collaborative effort with the County on edible food recovery to be in compliance with the law.

Cara Morgan commented it's currently hard to know what the costs are going to be without any implementation history, but it's no question that this law is a big lift for all jurisdictions. She appreciates all the work that the SBWMA is putting into the planning and preparing.

TAC Member Murray asked if option 2 and the O2E are working why would enforcement be necessary.

Tracy Swanborn answered that member agencies will still need to enforce single family customers to make sure they are properly participating and separating their materials, ensure that multi-family complexes all have the two containers and are properly separating, and enforce the edible food generators and food recovery organizations. So, option 2 and the O2E will make it easier, but there is still going to need to be an enforcement component to the program.

TAC Member Tong wondered if since Peninsula Clean Energy (PCE) is in San Mateo County, and is procuring electricity from renewable sources of biogas, if that could be an energy mix that could help with SB1383 compliance.

Tracy Swanborn answered that HFH didn't explore those as part of the compliance plan, but it could be something that is viable. She noted that the regulations require some very specific criteria about the source of the renewable gas it has to come from the digestion of organic waste, so the source is key to having it qualify.

Staff Southworth commented that our Agency would like to link the electricity consumed by the zero emission vehicles in the fleet with the organics being processed on site, but thought that staff would need to create their own way of accountability for the energy produced by the organic waste.

Member Bonilla asked staff and Cal Recycle to look into this possibility further with PCE, noting he was a Board Member for PCE as well and thought that energy created by the O2E project could be directly consumed by the Recology Fleet.

Cara Morgan answered that the SBWMA should strategize with the Cal Recycle procurement team and dig in deeper on SBWMA specifics. She added that they are getting close to completing their calculator tool and offered that the SBWMA could be one of their first testers that would allow the SBWMA to look at the numbers and work out more specifically costs, and which compliance direction to go in.

TAC Member Rodericks asked how food generators would be defined, wondering if food trucks and cafeterias at schools would be included.

Tracy Swanborn answered that the regulations define large generators in 2 categories. Tier 1 generators that have to comply starting January 1, 2022 includes supermarkets, grocery stores and wholesale food distributors, and tier 2 generators which have to comply starting January 1, 2024 includes restaurants with 250 seats or 5,000 square feet, hotels and health facilities that have their own food service, and event venues.

Cara Morgan answered that public schools are considered a local education agency and therefore the local agency only has to provide education and outreach, the education agency has to establish the edible food recovery program. She did note that private schools would be regulated by the local agency, but size wise would likely not be subject to the edible food recovery requirements.

Chair Benton asked if Cal Recycle would be working with the large chain grocery stores at the corporate office on compliance.

Cara Morgan answered yes, they have been a part of the regulatory process and their associations are helping get outreach to their membership.

Member Hurt asked if there was any talk regarding editing the timeline or offering fiscal support given the pandemic and public agencies are very strapped.

Cara Morgan answered that Cal Recycle understands what jurisdictions, residents and business are going through at this time, but unless there is a statutory change the overall timelines will not change. However, Cal Recycle has flexibility in enforcement action, and does not have to take enforcement on a jurisdiction that is not fully compliant. So, in August Cal Recycle released compliance guidelines noting that they would look at the totality of a jurisdiction's situation. She added that the law allows for additional time if there is an initial corrective action plan that could allow for an additional two and a half years before implementation. Additionally, if there are jurisdictions having issues with their infrastructure like the O2E project not having material to run, that could allow an additional 12 months. So, there is potentially a three- and half-year window before corrective action would occur. She added that Cal Recycle is about compliance assistance first, and corrective action in egregious situations. She also added that as far as funding resources, there is no new funding being proposed beyond the infrastructure funding that they already have.

Member Hurt added the Belmont is going to struggle with enforcement which will be expensive and time consuming and Belmont is already struggling with a \$9M shortfall with COVID.

Chair Benton added that he hears that Cal Recycle wants to be reasonable, sensitive and assist, but that those are very subjective, and asked if there was anyone on the legislative side that was looking at ways to give the jurisdictions relief.

Cara Morgan noted that she wasn't aware of anything currently.

Vice Chair Aguirre asked if liability issues regarding edible food recovery have been addressed in that portion of SB1383.

Cara Morgan answered yes it has been addressed and best management practices will be provided, and measures that add additional protections for those involved in the safe re-distribution of edible food. Additionally, there are state laws that protect the businesses.

Vice Chair Aguirre asked how far along are the negotiations with Silicon Valley Clean Water (SVCW).

Staff Gans noted that limited start up and training is scheduled now for November on the O2E pilot and noted that there was a staff reporting updating the Board on the O2E progress in the September Board packet. He answered the SVCW is doing an internal economic analysis, that he didn't think was going very well, but was waiting for those results. And there are 4 other Waste Water Treatment Plant (WWTP) agencies interested in partnering with us, so he hoped to put it all together with multiple agencies.

Executive Director La Mariana concluded that staff would work with Environmental and Energy Consulting (EEC) on Chair Benton's direction.

Reed Addis, Principal of EEC noted that it is the end of a session and a new session wouldn't start until January, so he wasn't aware of any legislator who were ready to take this on, but there are a lot of questions going to the governor's office about modifying the implementation schedule and addressing some of concerns raised today.

9. Review of the Draft CY 2021 Operating Budget and Capital Expenditures

Staff Mangini gave a PowerPoint presentation overview of the draft calendar year 2021 budget. Staff Gans joined in to give an overview of the capital improvement projects plan, noting that 2021 is primarily planning for projects in 2022 where roughly \$10M is planned for projects.

Member Groom asked if there would be a separate line item for SB1383 expenditures with each budget report out during the year so the Board could keep tabs on that.

Staff Mangini replied that we will definitely track those costs and report out to the Board. Executive Director La Mariana added that line 65 on the expenses spreadsheet is where staff has called out SB1383 expenses and where they will be tracked.

TAC Member Tong asked for clarification on where the actuals from the last fiscal year could be found in the attachments.

Staff Mangini answered that in attachment A there is a detail of the FY2020 actuals year ending June 30, 2020 which are unaudited at the moment, so they are preliminary.

Chair Benton encouraged Board and TAC Members to review this preliminary budget between now and November and get questions to staff ahead of time. He reminded the Board that November is going to be a very heavy agenda, and he hoped to get through this item quickly given it would be the second review of the budget.

10. Discussion on PG&E EV Fleet Subsidy Grant Program Request

Executive Director La Mariana noted that based on comments made by Chair Benton at the September Board meeting, staff is looking very aggressively at identifying subsidy opportunities for converting a portion of the Recology fleet to electric zero emission vehicles (ZEV). These subsidy programs could help defray costs in the transition of the fleet. Staff has worked with Recology in a sub work group and has identified at least 6 vehicles that can be converted to ZEVs by 2024, and potentially up to 24 vehicles. He added that the PG&E subsidy caps out at 24 vehicles, and there is an aspirational goal of replacing 54 trucks in the Recology fleet. He also added the Mike Kelly would want to note that right now the technology is lagging and replacing a current collection vehicle with a ZEV collection vehicle is not a one-for-one replacement because the technology is such that the battery takes up too much space and one electric truck does not do the same amount of work as one of the current diesel-powered trucks. He added that technology must improve, and productivity must improve. In mid-spring there will be an approval item up for Board consideration with an official letter of intent to PG&E to participate in their subsidy program.

Chair Benton asked if cutting this discussion short would hamper the ability to apply for grant and subsidy money.

Executive Director La Mariana answered when this item was put on this agenda it was with the understanding that the letter of intent would need to be approved at the November Board meeting, but what staff has learned from PG&E is that we can get in the queue now, and have the formality of the letter done in 5-6 months, thus the estimated spring approval date.

11. Board Member/TAC Member Comments

12. Adjourn 4:11PM