



MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
March 25, 2021– 2:00 p.m.
Via Zoom Tele or Video Conference Only**

Call to Order: 2:01PM

1. Call to Order/Roll Call

Agency	Present	Absent	Agency	Present	Absent
Belmont	X		Redwood City	X	
Burlingame	X (2:15)		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	
Menlo Park	X				

All Members and public participated by Zoom Video or Conference Call

2. Public Comment

None

3. Adjourn to Closed Session

Pursuant to Government Code § 54956.8 – Conference with Real Property Negotiators

Property: 225-333 Shoreway Road, San Carlos, California 94070

Agency negotiator: Joe La Mariana, Executive Director

Negotiating parties: Recology San Mateo County and South Bayside Waste Management Authority Under

negotiation: Price and terms of license

4. Call to Order/Roll Call (Public Session)

Call To Order:2:20

Agency	Present	Absent	Agency	Present	Absent
Belmont	X		Redwood City	X	
Burlingame	X		San Carlos	X (3:05)	
East Palo Alto	X	X(3:05)	San Mateo	X	
Foster City	X	X(3:05)	County of San Mateo		X
Hillsborough	X		West Bay Sanitary District	X	
Menlo Park	X	X(3:55)			

5. Public Comment (Public Session)

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.

1. Mario Puccenilli, Group Manager for Recology's South Group, addressed the recent news that Recology has reached a settlement with the City of San Francisco City Attorney to correct a mistake in the 2017 San Francisco rate calculation. He noted that neither the mistake or the settlement affects any other customers in any other Recology service area and is specific to the San Francisco rate making process. He added that the compensation process for the SBWMA Recology San Mateo County (RSMC) is completely different than that in San Francisco. RSMC has a fixed cost annual compensation methodology in which the revenue belongs to the 11 member agencies and is reviewed by the SBWMA and their external reviewing independent contractors. He also noted that Recology is prioritizing making the San Francisco customers whole, but that they know they have a lot of work to do to regain their customers' trust, and with this mistake they have fallen short of their broader communities' expectations. They are implementing internal improvements as well as revised processes throughout the organization aiming to ensure that a mistake like this will never occur again. He added that there are changes to the Recology leadership, a new CEO Sal Coniglio and a new Board Chair and Board Members, and he will be assisting in San Francisco until a permanent Regional Manager is named. They remain committed to providing quality service to the residents and business in the SBWMA service area and the SBWMA member agencies to support their sustainability goals.
2. Doug Silverstein gave an update on Circular San Mateo County who is pushing to pass the County's Disposable Food Serviceware Ordinance. He noted that they are still looking for more cities to partner on the ordinance including those in the SBWMA service area.

6. Executive Director's Report

Executive Director La Mariana noted that there are some major contract items coming up. One, item 10A on today's agenda will set the work plan for the Agency's second largest contract, the operations agreement RFP process which is currently held by SBR. Two, the contract for construction and demolition of C&D material disposal will expire in January of 2022, so there will be an RFP for that processing agreement in the near future. Three, the organics processing contract with Newby Island in Milpitas is expiring at the end of 2022 but does have a couple of one-year options that will affect the RFP timing on that project.

He then gave an update on decisions that Member Agencies will need to make. One, in February of 2020, the SBWMA Board approved recommended changes to the Joint Powers Agreement (JPA) language that was advised by legal counsel due to some changes in law. Two, agenda item 7C on today's agenda is the recommended Franchise Agreement amendment one item to add a 4th bulky item collection/abandoned waste route to the member agency's franchise agreement. Staff is hoping to bundle these two items together and bring them out to the member agencies together for councils' action. After the JPA language amendments are approved by the member agencies, there will be a second decision at the SBWMA Board level to specifically approve a new purchasing policy that matches the County of San Mateo's policy. Lastly, in the fall there is likely to be a second franchise agreement amendment because of SB1383 requirements, staff will be working with Recology to expand their services to include auditing and contamination monitoring, and those recommended changes will also need to be approved at the member agency level.

He then made the following announcements:

- Staff has an extended an offer and it has been accepted by TJ Carter who will start work with the SBWMA on April 19 as a Program Manager II working on SB1383 implementation.
- He addressed the Recology San Francisco news, and commended Mario Puccinelli for addressing the situation during public comment. He noted that the SBWMA’s compensation application process is different because: One, this is a fixed price contract through the end of 2035. Two, the compensation application review process includes internal staff, member agency staff, and 3rd party independent audits of both contractors, and the SBWMA. And this year, staff will add an independent 3rd party peer review of the staff’s work on the compensation application.
- The first annual Board/TAC retreat will be April 22 from 1:30 to 4:30.
- The County is not currently interested in a long-term lease, only a short-term of between 3-5 years. This does still assist with the SBWMA’s project to replace the underground storage tanks.
- April is Earth month, there is a lot of activities, events and contests going on and he encouraged Board Members to go to the website for more details.
- Lastly, the Agency’s lobbyist EEC has secured a meeting with Rachel Wagner the new Director of CalRecycle on April 14 at 2PM with the regional group Zero Waste Now that RethinkWaste initiated to have a larger voice on environmental issues in Sacramento.

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 January 28, 2021, Board of Directors Meeting
- B. Resolution Authorizing the Execution of a Three and One-Half Year Contract with DTE Networks for Information Technology Services, for \$43,238 per term year, for an Overall Total Contract Not-to-Exceed Amount of \$151,333, plus CPI Adjustments beginning January 1, 2023
- C. Resolution Recommending Amendment One Modifications to the Member Agency Franchise Agreements with Recology San Mateo County to add a 4th route to the Bulky Item Collection and Abandoned Waste Collection program for an annual operating cost not-to-exceed \$631,371 in year one with contractually allowable adjustments in future rate years, with the 4th route to begin operating on January 1, 2022
- D. Resolution Approving SBWMA Committee Appointments
- E. Approval of Quarterly Investment Report for the Quarter Ended December 31, 2020

Chair Aguirre acknowledged and thanked all the Board Members who have stepped forward to be a part of the committees.

Motion/Second: Brownrigg/Hurt

Roll Call Vote: 9-0-0-2

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
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			
Menlo Park	X								

8. Administration and Finance

A. Report on Self Insurance Study

Executive Director La Mariana introduced the item and noted that since the fires at the facility in 2016 there has been an extraordinary effort to harden the facility to make it safer and less vulnerable to fires. RethinkWaste has also been recognized as a national leader in this regard - speaking at conferences about what the Agency is doing as the industry has recognized batteries as a threat. And every year since the fire there have been escalating insurance premiums, so staff at the request of the Finance Committee and the board has researched self-insurance.

Staff Mangini gave a Power Point presentation on the self-insurance study and considerations and input.

Vice Chair Bonilla noted that the presentation mentioned in the event of the fire suppression systems not working there would be larger loss, he asked what types of things would cause all of the fire suppression hardening that has been put in not to work other than power failure which would cause the machinery to stop as well, but that sensors that would shut the machinery off if they sense fire or smoke would be a good idea.

Staff Mangini answered that he didn't know if those types of sensors were currently installed, but if not, staff could look into them and report back.

Member Brownrigg commented that he had the impression that self-insurance meant there was no insurance whatsoever. He asked for confirmation that self-insurance is actually the delta between the maximum insurance coverage and the maximum possible loss, so it's just the \$10M difference.

Staff Mangini answered that that would be one level of self-insurance, but there are different levels.

Peter Brown of Risk Strategies answered from a scenario where RethinkWaste was completely uninsured. He noted that RethinkWaste is funding for probable maximum loss and is therefore already self-insuring already. He noted that a catastrophic loss is estimated at \$70M and that RethinkWaste is insured for \$60M, that leaves \$10M in uninsured exposure. He noted that because of the hardening of the facility, RethinkWaste can start looking at risk more creatively. He talked about the option of using a captive which is a formal way of self-insuring to be able to manage risk more effectively.

Member Brownrigg noted that he was worried about having another major catastrophic event and insurance is not offered by any carrier, and no longer an option, he was worried about what the agency would be confronted with, and how much money would need to be raised through the current rate structure.

Executive Director La Mariana thanked the Finance Committee for the technical and directional leadership in exploring self-insurance as an option, and that staff continues to do work to capture batteries and minimize risk. In this year's approved capital budget there are funds to install a large-scale water deluge tank for further hardening of the facility. And staff has initiated SB 289 which is a battery take back bill to go upstream to capture batteries before they even get to the facility.

Member Royse asked how the reserve number was determined and how much is added each year.

Staff Mangini answered that each year reserves are a percentage of the total expenses of the operating budget, which is currently 9% of expenses.

Member Royse noted that it seems low, and he wanted to understand it better. Executive Director La Mariana said that the Board with input from the Finance Committee determines the reserve number so it's up for discussion each year.

Member Royse asked if the reserve balance is connected to the probable loss number or independent. He also asked if there was a limit on the deductible.

Staff Mangini noted that is a coincidence that those two numbers are close. He also noted that there are many different options and variables when it comes to coverage and deductibles which need to be evaluated by the finance committee to make a recommendation to the Board.

9. Collection and Recycling Program Support and Compliance

No Items

10. Shoreway Operations and Contract Management

- A. Approval of a Multi-year Contract with HF&H Consultants in the Amount of \$295,254 for Professional Services to Aid the Authority in the Process of Developing an RFP and Subsequent Contract Commencing January 1, 2024, for Operation of the Shoreway Recycling and Disposal Center, including Approval of the Agency Work Plan for the Process

Executive Director La Mariana gave an overview of the timeline, noting that the Board will be making a decision to award the site Operations contract by the end of 2022.

Staff Ligon gave an overview of the staff report and the work plan, and the work plan timeline. He noted that there would be two committees needed: 1) a TAC Member Ad Hoc Evaluation Committee to evaluate the proposals, and 2) and Board Member Ad Hoc Selection Committee.

Member Hurt asked if there was an estimate as to how much staff time would be required for the process and to complete negotiations. She noted that \$300K is a lot of money and she would like to understand if this is a good value.

Staff Ligon noted that this was a key part of negotiations for the RFP Consulting contract because there hasn't been a Management Analyst position in the past to manage the RFP process and contracting, so there is a plan to have staff day to day involvement in the process. While there haven't been specific hours allocated there is a general understanding that there will be more staff hours allocated than in past RFP processes.

Executive Director La Mariana noted that this would be a major initiative for staff especially staff Ligon's time as the main point of contact and acknowledged that is a major piece of technical work for a major contract. He also noted that they negotiated HF&H's original proposal cost down after allocating some of the work to staff.

Member Rak asked if allocating some of the RFP work to staff would mean that there would be things generally on Staff Ligon's plate that he wouldn't be able to get done.

Executive Director La Mariana answered that he is comfortable with the allocation of staff time, and that this contract is a priority, and that it falls on him to allocate staff resources.

Chair Aguirre asked if the Ad Hoc committee would be just Board Members or Board and TAC Members.

Staff Ligon answered that the evaluation committee would be comprised of TAC Members and the selection committee would be mposed of Board Members.

Chair Aguirre encouraged Board Members who are not on any committees to volunteer for this one.

Motion/Second: Bonilla/Dehn

Roll Call Vote: 8-0-0-3

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
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			
Menlo Park	X								

B. Shoreway Environmental Center Project Update

Staff Gans gave a PowerPoint presentation updating the Board on the Agency’s Shoreway capital projects.

Member Brownrigg asked for confirmation that the big drop off in commercial food waste that led to the Organics-to-Energy pilot not to commence comes from the fact the people aren’t eating in restaurants, but ultimately the goal is to be able to pick residential food waste out of the garbage. He wondered if it was worth trying to implement that system sooner than expected due to the drop off in commercial tons.

Staff Gans answered that source separated organics (SSO) is solely commercial food waste, but yes, the goal is to be able to use the system to get food waste out of the black carts. Staff Gans noted that they would be working on black cart food retrieval over the next 6 months. The system is designed to extract organic material out of the garbage that is the goal of the full system, but in order to get started with the pilot a critical mass of about 100 tons a day is needed. The plan was to use SSO as the bulk of the material in the Organics-to Energy pilot and then add in different material streams to prove out the concept. He noted that as part of MRF Phase I, they have installed a small-scale black cart sorting system to prove out the concept of sorting garbage, that that concept work will be taking place over the next 6 months.

Member Brownrigg commented that he is focused on keeping material out of landfill, but also in compliance with SB1383’s overly prescriptive approach that he hopes to be able to avoid through the Organics-to-Energy system.

Executive Director La Mariana complimented Staff Gans and Dwight Herring for all of their hard work on the projects despite the Covid overlay. He also thanked Staff Mangini, KNN and the Finance Committee for their work in financing the projects. He also commented that the segment of workers that is likely to be impacted by the implementation of robotics is the VRS workers not the Local 350 workers.

Staff Gans asked if there was a Board Member who might be willing to help staff work with the City of Sunnyvale to recruit tonnage from their facility, they’ve been trying for over 6 months and have hit a deadlock, and their material could really help move the pilot project along.

Board Member Brownrigg noted he would help staff move up a level with the City of Sunnyvale.

Member Taylor noted that she wanted to make sure job loss was addressed before approvals went in to place for any robotic additions to the facility and noted that she was in favor of adding shredding. She was then absent at 3:55PM.

11. Public Education and Outreach

No Items

12. Informational Items Only (no action required)

- A. 2021 Finance and Rate Setting Calendar
- B. Check Register Detail for January and February 2021
- C. Legislative Session Update

Executive Director La Mariana asked Board Members to really pay attention to the Legislative Session Updates as there is an extraordinary effort going on in this area.

- D. 2021 Meeting Planning Guide

13. Board Member Comments

Vice Chair Bonilla announced that he will be receiving an award from Sustainable San Mateo County for sustainability efforts he's been doing for many years in the County, and he will be highlighting the SBWMA as an organization doing great things.

14. Adjourn 4:01PM