



SHOREWAY OPERATIONS AND CONTRACT MANAGEMENT

STAFF REPORT

To: SBWMA Board Members
From: Grant Ligon, Sr. Management Analyst
Date: June 24, 2021 Board of Directors Meeting
Subject: Resolution Approving an RFP and Workplan for a Construction and Demolition Debris Processing Agreement

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2021-19 attached hereto authorizing the following action:

Authorize the Executive Director to approve RFP and Workplan for a Construction and Demolition Debris Processing Agreement.

Summary

The SBWMA's Agreement with Zanker Road Resource Management, Ltd. (Zanker) in San Jose for Construction and Demolition (C&D) Debris processing services expires January 31, 2022 following initiation on February 1, 2017 and execution of three (3) 1-year extensions. The SBWMA needs to promptly issue a new Request for Proposals (RFP) to uncover all potential bids for providing those services from the period February 1, 2022 to December 31, 2026 (with five 1-year extensions to be automatically executed afterwards, unless the SBWMA elects to cancel each one prior to its initiation). The proposed SBWMA RFP for C&D Debris Processing Services (**Attachment A**) timeline and logistics description is complemented by the Agreement for C&D Debris Processing Services (**Attachment B**). The timeline specifies receipt of proposals on July 23, 2021, after which (similar to the Landfill RFP review process) a Technical Advisory Committee (TAC) Member-based Evaluation Committee and a three-member ad hoc Board Member Selection Committee can evaluate and then staff will recommend the best proposal in time for Board approval during the September 2021 Board Meeting.

Background

Self-haul customers deliver C&D debris from commercial and residential clients in the SBWMA service area to the Shoreway Environmental Center. South Bay Recycling, Inc. (SBR) transfers this C&D debris to Zanker's San Jose C&D Debris Processing Facility. The current C&D Debris Processing Agreement with Zanker is a 3-year agreement that expired January 31, 2019 and was automatically extended for three (3) additional 1-year terms (at the SBWMA's discretion). Under the current agreement, Zanker is compensated on a per-ton basis and the per-ton rate is subject to adjustment annually by of the CPI using a national index. The current tipping fee rate is \$74.33 per ton, and is subject to a regulatory pass-through fee of \$100 per ton assessed for Treated Wood Waste. The cost of transportation is paid to SBR by the SBWMA and is separate from the tip fee rate.

Proposed RFP and Selection Process

In preparation for the January, 31, 2022 expiration of the SBWMA's Agreement with Zanker for C&D Debris processing services, SBWMA needs to initiate a competitive RFP process with the below elements.

Process Schedule	
Activity	Date
SBWMA releases RFP online	June 25, 2021

Process Schedule	
Activity	Date
Deadline to submit written questions and comments by 3:00 pm PDT	July 8, 2021
Pre-proposal conference at 11:00 a.m. if requested	July 9, 2021
SBWMA will issue response to written questions and RFP addendum (if necessary), to be posted on the SBWMA's RFP website	July 16, 2021
Proposals Due by 4:00 pm PDT	July 23, 2021
SBWMA requests clarification of proposals	July 29, 2021
Interviews with and Committee review of short-listed Proposers	August - September, 2021
SBWMA Board discussion on next steps	September 25, 2021
C&D Debris Processor(s) commences providing services	February 1, 2022*
* C&D Debris Processing services may be initiated earlier if an alternative start date is agreed upon.	

Upon receipt of the proposals, SBWMA staff and the two aforementioned Committees - will assess the proposals focusing on qualifications, technical performance, future capacity and numerous regulatory considerations. SBWMA attorney will also review the proposers' past performance record based on proposer-submitted 5-year history of litigation, regulatory actions, fines, penalties, settlements, and damages.

Fiscal Impact

The SBWMA will pay Zanker \$74.33 per ton in 2021 and is a direct pass-through to the end-users through the SBWMA gate rates. These tipping fees, which vary by material type and annual tonnage level.

Attachments:

Resolution 2021-19

Attachment A [Addendum #1, SBWMA RFP For Construction and Demolition Debris Processing Services - Available online only at www.rethinkwaste.org](#)

Attachment B [Proposed SBWMA Agreement for C&D Processing Services - Available online only at www.rethinkwaste.org](#)



RESOLUTION NO. 2021-19

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE AN RFP AND WORKPLAN FOR A CONSTRUCTION AND DEMOLITION DEBRIS PROCESSING AGREEMENT

WHEREAS, on January 31, 2022, the South Bayside Waste Management Authority (SBWMA) Agreement with Zanker Road Resource Management, Ltd.'s San Jose C&D Debris processing facility expires; and,

WHEREAS, SBWMA staff recommends putting forth a Request for Proposals (RFP, using Attachments A and B) for C&D Debris Processing to manage the approximately 50,000 tons per year sent to Zanker's facility for the years 2022-2026 (with the possibility of five 1-year extensions made at the same terms and conditions at SBWMA's sole discretion), by soliciting bids and then performing staff review, to facilitate bid selection in time for the September 2021 Board of Directors Meeting;

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby authorizes the Executive Director and SBWMA staff to implement the RFP to obtain bids for five-year C&D Debris Processing Agreement with up to five-years of extensions.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24th day of June, 2021.

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				
Menlo Park									

I HEREBY CERTIFY that the foregoing Resolution No. 2021-19 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 24, 2021.

ATTEST:

Alicia Aguirre, Chairperson of SBWMA

Cyndi Urman, Board Secretary

STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Senior Operations and Engineering Manager
Date: June 24, 2021 Board of Directors Meeting
Subject: Resolution Approving a Contract Amendment in the amount Not-to-Exceed \$500,000 with SBR for Continued Operation of the Organics-to-Energy Pilot through December 31, 2021

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No 2021-20 attached hereto authorizing a Contract Amendment in the amount Not-to-Exceed \$500,000 with SBR for Continued Operation of the Organics-to-Energy Pilot through December 31, 2021.

Summary

The O2E Pilot project was restarted in April 2021 after a yearlong suspended due to COVID/Shelter in Place Health Orders and the resulting reduction in food waste collection volumes. The goal of the O2E Pilot is to determine the technical and financial feasibility of the O2E approach to handling commercial food waste.

Since the project was restarted, over 50 tanker loads of liquid organic slurry (aka. food waste slurry) have been produced and shipped to WWTPs (SVCW and CMSA) for digestion into biogas and energy. Preliminary receiving/testing by both WWTPs has been very positive, and the O2E system is demonstrating that the food waste slurry is meeting the quality expectations of our partner WWTPs.

The financial and operational feasibility of the project is currently being assessed and more runtime is needed to collect operational data. Preliminary information appears to show that the materials handling cost through O2E are comparable to the current cost of composting.

To-date, during pilot operations, the project has encountered several significant expected challenges that have escalated the pilot's costs including:

1. Increased labor costs due to the extended "stop/go/stop/go" operations due to the COVID quarantine situation.
2. Expanded operating staff training time due to the first team of three SBR employees exercising their right to return to their previous assignments after completing extensive O2E technical training. Working within established collectively bargained bidding protocols, these three positions were replaced and also received extensive technical training regarding the operation and maintenance of this highly specialized equipment. This second team appears to be a strong mutual fit for the project going forward.

3. During the first eight weeks of pilot operation, significantly more labor has been required than originally budgeted in the 2019 Agreement with SBR.
4. Higher than expected contamination in the inbound loads of commercial organics, resulting in additional equipment and labor to pre-sort the inbound loads.

The 2019 Agreement with SBR provided a total of \$104,798 in funding. Given the above-described circumstances, staff is requesting \$500,000 in additional funding to continue the Pilot through December 31, 2021. This funding request was considered in June by the Finance Committee and was recommended for Board approval.

Analysis

In February 2019 the Board approved a \$104,798 agreement with SBR for operation of the O2E Pilot project. The O2E project was originally begun in February 2020 but operations were suspended due to COVID/Shelter in Place which caused a reduction in collected food waste volumes. The project was restarted in April 2021.

The purpose of the O2E Pilot is to determine the operational and financial feasibility of processing Commercial Food Waste at Shoreway and sending the organic liquid slurry to local WWTPs for green energy production.

The recent operating results indicate that the project is both operationally and financially feasible and comparable in cost with the current practice of sending food waste to composting. Staff will report further on the details of these aspects to the Zero Waste Committee and the full Board at their July meetings.

Conclusion

Based on the successful project startup and operations, Staff is recommending the Board approve additional funding in the amount of \$500,000 for the continued operations of the O2E Pilot through calendar year 2021. The original agreement with SBR for the operations of the O2E had a budget amount of \$104,798. The Finance Committee considered this funding request at its June 8th meeting and strongly recommended that the additional funding be approved by the full Board at the June meeting in the amount \$500,000 to complete the pilot operations through 2021.

Background

The O2E Pilot Project was restated in April 2021 and has been operating for nearly over two-months. Pilot project milestone dates include:

- May 2018, OREX transferred from Recology SF to Shoreway
- February 2019, Agreement with SBR for 6-month operations of the O2E Pilot
- July 2019, Building Department design approval.
- September 2019, electrical -feed installation from existing transformer
- November 2019, Shredder and OREX installation complete
- November-January 2020, Polishing System Installation
- February 2020, System Commissioning
- Pilot installation was completed on February 14th, 2020 by Anaergia
- March 2020, system training was halted and O2E project was suspended due to Shelter-in Place
- April 2021, project was restarted, and liquid organic slurry has been shipped to SVCW and CMSA

Fiscal Impact

The O2E project operations expenses are reimbursed to SBR by the SBWMA. In 2019, the project operating budget was estimated at \$104,798 for 6-months of operations. The actual operations cost has been higher than originally forecast for the reasons cited above and an additional not-to-exceed \$500,000 is being requested to continue operations through December 31, 2021.

The higher cost of the pilot project operations has been included in the SBWMA mid-year adjusted budget that was reviewed and approved by the Finance Committee on June 8th 2021 and is proposed for Board consideration today in item 5C. Since the cost of handling food waste through the O2E is expected to be similar to the cost of composting, these operations are projected to be revenue neutral.

Attachments:

Resolution 2021-20



RESOLUTION NO. 2021-20

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS RESOLUTION APPROVING A CONTRACT AMENDMENT IN THE AMOUNT OF NOT_TO_EXCEED \$500,000 WITH SBR FOR CONTINUED OPERATION OF THE ORGANICS-TO-ENERGY PILOT THROUGH DECEMBER 31, 2021

WHEREAS, the SBWMA Board approved a contract amendment with SBR in 2019 for the operations of the Organics to Energy Pilot project to process commercial organics into energy at local WWTPs as an alternative to sending this material to composting ,

WHEREAS, the O2E Pilot project was restated in April 2021 after being delayed a year due to COVID/Shelter in Place and a subsequent reduction in commercial organic feed stock,

WHEREAS, after nearly two months of pilot project operations the originally budgeted funds of \$104,798 that was budgeted in 2019 has been consumed and additional funds are required to complete the pilot operations through 2021,

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby approves this resolution approving a contract amendment in the amount of not-to-exceed \$500,000 with SBR for continued operation of the Organics-to-Energy Pilot through December 31, 2021.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 24th day of June, 2021, by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont					Redwood City				
Burlingame					San Carlos				
East Palo Alto					San Mateo				
Foster City					County of San Mateo				
Hillsborough					West Bay Sanitary Dist				
Menlo Park									

I HEREBY CERTIFY that the foregoing Resolution No. 2021- 20 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on June 24, 2021.

ATTEST:

Alicia Aguirre, Chairperson of SBWMA

Cyndi Urman, Clerk of the Board



Agenda Item 7C

Update on San Mateo County's termination of the VRS program contract with SBR

No Staff Report Discussion item only at the June 24, 2021 Board Meeting