



**MINUTES**

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE BOARD OF DIRECTORS  
June 24, 2021– 2:00 p.m.  
Via Zoom Tele or Video Conference Only**

**Call to Order: 2:03 PM**

**1. Call to Order/Roll Call**

Agency	Present	Absent	Agency	Present	Absent
Belmont		X	Redwood City	X	
Burlingame	X		San Carlos	X(3:35PM)	
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**

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](mailto:rethinker@rethinkwaste.org).**

None

**3. Executive Director's Report**

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

- As reported earlier two Finance Committee members are retiring. Since the packet went out two new Finance Committee members have been appointed. Rebecca Mendenhall, Administrative Services Director of San Carlos, and Rich Lee, Finance Director in San Mateo will both join the committee.
- 8 Member Agencies have approved Amendment One to the Franchise Agreement which formally ratifies the Joint Powers Authority Master Agreement regarding the addition of a 4<sup>th</sup> bulky item collection route beginning in January 2022. There are 3 member agency's elected bodies are still scheduled to consider this item, but 8 is the majority needed to approve this change.
- 8 Member Agencies have also approved the JPA language amendments that were approved by the SBWMA Board last spring, and staff is taking appropriate action to move forward on that as well. Remember, this item was paused due to COVID quarantine priorities.
- This fall staff anticipates presenting a second proposed amendment to the Franchise Agreement for Board and elected body consideration is to expand Recology s services to comply with SB 1383

technical requirements on behalf of our Member Agencies. Currently, staff and Recology are working on costs and services.

- There will be a Zero Waste Committee meeting on July 22 at 12N before the July Board meeting at 2PM.
- Staff is actively working on the Operations RFP, the RFP document will be released in October, and responses are due back in January. The early part of the spring 2022 will be the review process at both TAC and Board levels.
- He pointed out agenda item 9A and complimented Staff Au and Staff Rosales on this document that summarized 2020, especially considering what a crazy year 2020 was.

#### 4. 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.*

- Approval of the Minutes from the March 25, 2021 Board of Directors Meeting
- Approval of the Minutes from the April 22, 2021 Board/TAC Retreat
- Resolution Approving Extension of the MOU with Silicon Valley Clean Water for Organics-to-Energy Material Processing
- Resolution Approving Extension of the MOU with Central Marin Sanitary Agency for Organics-to-Energy Material Processing
- Resolution Accepting the Findings from the Audit of Contractor’s Financial and Operational Reporting in 2020 by R3 Consultants
- Approval of Quarterly Investment Report for the Quarter Ended March 31, 2021

Motion/Second: Brownrigg/Bonilla

Roll Call Vote: 7-0-0-4

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								

#### 5. Administration and Finance

- Appointment of Ad Hoc Selection Committee (AHSC) to Review and Recommend to the Board, the Terms of a Request for Proposals (RFP) Regarding the Selection of a Contractor to Operate the Shoreway Recycling and Disposal Center Commencing January 1, 2022.

Executive Director La Mariana gave an overview of the staff report, noting that the TAC level evaluation committee mentioned in his Executive Director’s report will review the technical aspects of the RFP documents. A three Member Board level committee is needed to review the responses and recommend a selection to the Board. He asked three Board Members to volunteer and noted it would be 4-5 meetings over the next year.

Chair Aguirre asked for an explanation of why the committee was added on to the committee list, and why it’s important.

Executive Director La Mariana explained that having elected officials review the RFP responses and make a recommendation would represent integrity and transparency in the public procurement process.

The following Board Members volunteered to serve on the committee:

- Member Brownrigg, Burlingame
- Member Bonilla, San Mateo
- Member Froomin, Foster City
- Member Taylor, Meno Park

Motion/Second: Royse/Froomin

Roll Call Vote: 7-0-0-4

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. Resolution Approving Fiscal Year 2021-2022 Property Insurance Coverage

Staff Mangini gave an overview of the renewal process for Shoreway insurance for July 2021-June 2022. He noted that staff asked the broker Risk Strategies to look at varying levels of coverage and varying levels of deductibles. The Finance Committee reviewed these scenarios and gave the direction to insure for 80% of the total replacement value of the assets on site, for a total of \$65M in coverage. In past years the coverage has been about \$60M in coverage. The \$65M coverage level in Policy Year 2021/22 has been quoted to bean annual premium of almost \$1.7M.

Member Brownrigg commented that the Finance Committee opted not to insure for 100% of the replacement value scenario, but to strike a balance between protecting against bad outcomes, but not a catastrophic event, because a catastrophic event was several hundred thousand dollars more and \$1.7M is already a lot of money.

Vice Chair Bonilla asked what fund the \$1.7M deductible would come from.

Staff Mangini answered there is currently a \$5M reserve fund, and he expected the Board to make a decision to cover the deductible with the emergency reserve fund.

Motion/Second: Royse/Brownrigg

Roll Call Vote: 7-0-0-4

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								

### C. Review and Recommendation of Approval Mid-Year Review and Adjustments and the FY2022 Budget Forecast

Staff Mangini gave an overview of the staff report and reminded the board that the JPA is now on an annual financial year with the calendar year. He noted that net income to reserves is projected now to be almost \$700,000 which is mainly due to stronger than expected commodity revenues. Regarding the agency's projected expenses, there have been some pluses and minuses versus the adopted budget, most notably the reduced cost of implementing SB 1383, which is trending to be about \$500,000 less than expected. And an increased

cost is SBR's compensation anticipating that the Board will approve costs later in this meeting to cover additional Organics-to-Energy pilot costs. He noted that this approval also approves a forecast for 2022 that includes a tipping fee increase of roughly 2% in 2022 that allows staff to calculate the revenue requirement by Member Agency.

Member Froomin asked why the actual costs for implementing SB 1383 are so much lower than projected.

Staff Mangini noted that those projections came on the conservative approach on advice from consultants, but with the addition of one staff member staff has taken on quite a bit of the load, and less consultants have been needed thus far and some of the expected expenses are now projected for next year.

Member Froomin saw a similar number estimated for ongoing costs in the MOU discussion later on the agenda. He wondered if the estimated costs in the MOU were too high, how would that get reconciled with the Member Agencies.

Executive Director La Mariana added that as staff is getting deeper into the planning and implementation, we are learning more and more about what the actual costs are, and they will be reported out regularly through both program updates, and in specific line items in the budget. He noted that it wouldn't include individual Member Agency staff time and hard costs at the Member Agency level, because the SBWMA budget is regional for the entire JPA. He added that in the planning phase of SB 1383 staff heard very loudly from the Board that they wanted the JPA to centralize any tasks that could be centralized, but there are a handful of tasks that the Member Agencies need to retain for a variety of reasons.

Staff Mangini added that if costs are reduced it increases net income to reserves and that money goes into reserves but thought that if the Board wanted to reduce tip fees for the remainder of the year and reduce the net income to reserve number some of that money could be reclaimed back to the Member Agencies.

Member Bonilla made a motion to approve staff's recommended changes to the mid-year budget and approve the calendar year 2022 projections.

Motion/Second: Bonilla/Brownrigg

Roll Call Vote: 7-0-0-4

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								

D. Resolution Recommending approval of the Implementation of SB 1383 Memorandum Of Understanding to the SBWMA Member Agencies

Staff Carter gave a PowerPoint presentation on the SB 1383 Memorandum Of Understanding (MOU) agreement with the SBWMA and the Member Agencies for implementation of SB 1383 Regulations. The presentation gave an overview of what requirements the SBWMA staff would take the lead on and what was included in the proposed MOU, and what requirements the Member Agencies would be responsible for and were not included in the MOU. He noted that a final ordinance needs to be in place by January 1, 2022.

The Board discussed costs associated with the MOU. Executive Director La Mariana noted that if there is a scenario where a Member Agency feels like the MOU isn't working for them the remaining program costs would

be allocated proportionally to the remaining member agencies using the same methodology based on tonnage as the rest of the operational costs. He also noted that staff would do everything in their power to reduce costs.

The Board discussed the procurement requirements of SB 1383. Member Brownrigg asked if a city is required to buy compost from the SBWMA in an amount that is proportional to the amount of organic material they produce. Staff Carter answered that it is based on a formula from Cal Recycle, but that it is proportional to population, he also noted that the requirement is not necessarily to purchase from the SBWMA but to purchase from any avenue that a city can to meet their specific procurement requirement amounts and meets SB 1383 standards, it can be compost, mulch, bio-gas etc.

Member Brownrigg asked if the Organics-to-Energy program is successful, can that be counted toward all the member agencies quota. Executive Director La Mariana commented that it's currently unknown how the Organics-to-Energy program could affect the procurement requirements of SB 1383. He noted that the procurement requirements were one of the components of the bill, that this agency, and others in the industry spoke against loudly on, but the requirements didn't change when it became law. The amounts are staggering in terms of what needs to be brought back into the jurisdictions. Member Brownrigg asked if the legislative committee could look into the issue further.

Member Brownrigg commented that complying with SB 1383 presents an opportunity for staff to speak to member agency councils and residents about the value that is created by being part of a JPA and working on compliance together. He added that if it can be documented it helps them speak to residents about why their rates are going up, but maybe won't be going up as much as they would. He suggested a case study of a medium city outside of a JPA versus a JPA member agency to look at the difference in costs.

Chair Aguirre asked who is responsible for the procurement requirements. Executive Director La Mariana answered that now that SB 1383 is a law, Cal Recycle and CARB are the designated enforcement agencies. Staff has gotten a hard line response from both agencies in that they don't feel it's within their jurisdictional authority to change the procurement quantity requirements. Ultimately, each Member Agency is responsible for compliance of SB1383's procurement requirements.

Member Froomin asked about the procurement requirements for cities to buy recycled paper and other items, noting that typically these items are more expensive than traditional items, but he wondered if these were two different procurement requirements in the law. Staff Carter answered that there is a paper product component to the law, which requires jurisdictions to purchase paper products with a certain percent of recycled content. The second part of the procurement requirements is what we've been talking about today where a jurisdiction must purchase compost, mulch or bio-gas per that mathematical equation, but does not need to be applied within in the jurisdiction's limits. Member Froomin commented that it is wasteful of taxpayers' dollars to require cities to purchase it whether they need it or not.

Vice Chair Bonilla commented that it's very clear this a huge lift but agreed with Member Brownrigg that he is lucky to be a part of the JPA to help manage the compliance process.

The Board then discussed the complaint process laid out in the MOU. Member Froomin noted that the SBWMA would support member agencies in the support process but wondered what that support would look like. Executive Director La Mariana answered that a key component of what support looks like is still in negotiations with Recology and what will become Amendment Two to their scope of services, but staff will be providing the data to the member agencies to support the action that would be taken by code enforcement or public works. He also noted that variances would follow the same protocol, but Cal Recycle is indicating that they expect less than 10% variance exemptions.

Member Froomin asked what the difference between the MOU, and Amendment Two to the Franchise Agreement. Staff Carter answered that the MOU identifies roles and responsibilities between the SBWMA and the member agencies. Amendment Two is to the franchise agreement with Recology and identifies their expanded scope of services required to comply with SB 1383.

Motion/Second: Bonilla/Froomin

Roll Call Vote: 7-0-0-4

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								

**6. Collection and Recycling Program Support and Compliance**

- A. Consideration of Two-Year Extended License Agreement with Recology San Mateo County for Use of a Portion of SBWMA’s Shoreway Environmental Center Property

Executive Director La Mariana gave an overview of the staff report and noted that the agreement has existed for 10 years, expired at the beginning of 2021, and both parties agreed to a 6 month extension in January, which expires at the end of June. The agreement gives the SBWMA protection and indemnity and ensures that the contracted party who has been granted use of a portion of the Shoreway property acts responsibly. Over the last 6 months Recology has expressed concern over some of the large-scale projects that are planned for Shoreway, but not yet fully defined, so staff is now recommending keeping the key components in place for another 2 years, and during that time staff will look at how Shoreway site plans will affect Recology’s ability to operate at Shoreway.

Motion/Second: Brownriggg/Dehn

Roll Call Vote: 7-0-0-4

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								

**7. Shoreway Operations and Contract Management**

- A. Resolution Approving an RFP and Workplan for a Construction and Demolition Debris Processing Agreement

Staff Ligon gave an overview of the staff report. He noted upon approval the RFP will be released tomorrow, and staff is on pace for finalizing the contract in September.

Member Froomin commented that increases are based on CPI, and he thought the economy is moving around a lot, and he thought it would be good to have a floor and ceiling on the CPI to protect costs from going too high and protects the vendor from not making any money.

Executive Director La Mariana responded that staff would take the suggestion into consideration as they move forward with the contract.

Motion/Second: Dehn/Froomin

Roll Call Vote: 7-0-0-4

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. 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

Executive Director La Mariana commented that the pilot has been a long-time coming, and that staff has been working towards it for 3 years. The total cost of the pilot equipment is \$5.25M. The goals of the pilot were to 1) confirm the technical proof of concept of the outtake material from processing, early reports from the wastewater treatment plants are that the material is very well received. 2) to understand the operational requirements of running the organics-to-energy equipment and processing the material. In 2019 the cost projections were best guess scenarios, and staff has since learned that the organics-to-energy pilot requires more labor than expected. 3) To be as revenue neutral as possible to the cost paid for offsite green waste processing, and 4) to be able to deliver an exemption for the SB 1383 standard compliance model. Staff has since learned that it doesn't look like the project will comply with SB 1383 requirements, but still hopes that the economic benefits over off-site processing will pan out. But the pilot is requiring more labor than expected and the material is more contaminated than expected. Should we move forward with the full program staff will work with Recology to get cleaner material, but there hasn't been an opportunity for that yet.

Staff Gans noted that in July there will be a full technical and financial discussion, but the pilot hasn't run long enough to have that discussion yet. This is a request for additional funding to run the pilot for the remainder of the year. The reason additional funding is needed is that all the material has had to be presorted before it could go into the machine, because it's more contaminated than expected and that has had a big labor impact. He added that at this point it looks like the costs will be comparable to the status quo option of offsite processing of food waste but offers a greener pathway to get energy out of the material.

Executive Director La Mariana noted that the Finance Committee and Executive Committee have reviewed this and are on board with going forward.

Member Dehn asked as the restaurants return to operation can we expect less contamination or is this an educational issue.

Staff Gans answered that the material was surveyed before COVID and summarized that the designated loads are about 50% food waste, and the other 50% is paper, cardboard, and landscaping material. So, the material is organic the collection program is working, but it's not conducive to the material. As the material returns, we expect the material amount to increase but the ratios to stay the same.

Member Froomin asked for the follow up July report to include if there was revenue generation potential in the future noting that energy has value, and if the material is being used to create energy there should be a value, and if they report indicates energy is being created, we need to explain to residents why there is no value in that energy. He also wondered with the extra \$500,000 that was being approved today, is the project still cost neutral.

Staff Gans noted that there is a cost to process the material at the wastewater treatment plants before that plant can turn it into energy. That cost and economic analysis still needs to occur, the pilot has only been running for

a month, so the data isn't ready yet. He also noted that even with this additional labor cost, it's still cost competitive with composting cost so it's revenue/cost neutral.

Member Rak now present 3:35PM

Executive Director La Mariana noted that the aspirational goal is to be revenue neutral with the cost for organics waste processing. It costs \$69/ton to process clean green waste material. To process food waste is \$85/ton. So, when staff is talking about food waste, we are targeting the \$85/ton price because food waste is what is being used as feedstock for the organics-to-energy program. He also noted that industry wide the cost to process food waste and green bin material is increasing, and one of our two contracts is expiring in a year and half. Lastly he noted that in the discussions with Recology regarding expanding services for SB 1383, this is a highly related subject to get to a place where there could be just a food waste route, as opposed to a commercial organics route as the program is laid out now.

Mike Kelly of Recology clarified that the customers are utilizing the program as designed, the material that being delivered isn't contaminated, it just doesn't meet the operational requirements as delivered with the Orex press equipment. Executive Director La Mariana concurred with Mr. Kelly's clarifying statement.

Public Comment by Ricki McGlashan: She noted that the contamination issue is on people's minds and wondered if there was an educational component to better utilize the program. She thought it was weird to accept the fact that what was being collected is more than can be used.

Member Brownrigg commented that these are very important questions, and noted that this is a pilot, and it's regrettable when investments don't work out, but the Zero Waste Committee and the Board will have the opportunity to analyze and place further capital, but the Board is committed to this no matter what.

Motion/Second: Froomin/Bonilla

Roll Call Vote: 8-0-0-4

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								

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

Executive Director La Mariana gave a verbal report noting that SBR has had a 10 year relationship with San Mateo County's Vocational Rehabilitative Services (VRS) program to provide sorters at the facility. About 8 weeks ago, SBR was given notice that as of June 30 the County was going to discontinue the relationship with VRS. Since that time, Dwight Herring of SBR working with the County came to a verbal agreement to extend the services through the end of the year.

Dwight Herring of SBR added that he and Dan Domonoske had a conversation with Ken Cole, Director of the County's Human Services Agency, to understand what the issues are. He now has a verbal commitment to extend the program through the end of the year and has agreed that between now and the end of the year, SBR will work with the county to make the program more robust and beneficial to the County. He thought if they could make that happen, he anticipated that the program would be able to continue past 2021. He would keep the SBWMA staff updated on how things are progressing.

Vice Chair Bonilla thanked Dwight Herring for his efforts.

Member Froomin commented that he would like to see staff explore other sources of labor for those services to ensure that if agreement can't be reached with the County, Shoreway can stay flexible.

Member Rak wondered what the notification period for extending or canceling is going forward, so that if this situation does arise again there is a bit more notice.

**8. Public Education and Outreach**

No Items

**9. Informational Items Only (no action required)**

A. Review of SBWMA 2020 Annual Report

Executive Director La Mariana noted that he called this item out during his Executive Director's report.

B. 2021 Finance and Rate Setting Calendar

C. Check Register Detail for March, April and May 2021

D. Update on Technical Consulting Contracts

E. Legislative Session Update

F. 2021 Meeting Planning Guide

**10. Board Member Comments**

**11. Adjourn 3:56PM**