Rethink waste
South Bayside Waste Management Authority
A Public Agency

MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
November 17, 2022– 3:00 p.m.
SVCW 1400 Radio Road, Redwood Shores, CA 94065 OR
Via Zoom Tele or Video Conference

Call to Order: 3:01 PM

1. Call to Order/Roll Call

Agency	Present	Absent	Agency	Present	Absent
Belmont	X		Redwood City	X (3:45PM)	
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
Menlo Park	X				

2. Public Comment (Closed 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.***

None

3. Executive Director's Report

Executive Director La Mariana welcomed everyone to the meeting. He noted that he would be taking an extended leave for the next 3 weeks and the three members of senior staff would be acting as executive director in his absence on a rotating basis. He then made the following announcements.

- With gratitude for 2022: He thanked the Executive Committee and staff for their work and support this year. He announced that this is Member Bonilla and Member Groom's final meeting with the Agency, and he thanked them for their service and support. He congratulated the board members who recently won reelection: Cecilia Taylor, Menlo Park; Michael Brownrigg, Burlingame; Ruben Abrica, East Palo Alto; and Adam Rak, San Carlos. There will be some turnover on the Agency Board and Executive Committee in 2023, so staff is planning Shoreway tours early in the year, to facilitate onboarding with the work the Agency is doing. He also noted that as Board Member's councils are appointing their Agency's Board Members for 2023 it's important that each Member Agency appoint a Board Member and an Alternate as well as provide cell phone numbers and full contact information. He also thanked the 2023 TAC members, RethinkWaste staff and contracting partners SBR and Recology. Finally, he thanked the staff at Silicon Valley Clean Water (SVCW) for allowing RethinkWaste to host this meeting at their facility.

- He noted that staff member (Fellow) Chiara Barausky da Silva has recently left the agency.
- Staff continues to monitor the Zolly legal case regarding local franchise fee collection eligibility and will continue to update city staff and Board Members as this continues to develop.
- At their January meeting the Finance Committee will have additional discussions regarding the financial feasibility, benefits and risks involved with setting up a Captive insurance for the agency. Should they recommend moving it forward, that will be a Board decision item at the end of January. This concept appears to help control ever increasing insurance costs in the long term.
- He will be working with Evan Boyd of Recology on the site licensing agreement, which will be on a board agenda for execution early in 2023.
- Staff is expecting a cost proposal from Recology by February 17, regarding their anticipated SB 1383 compliance costs, which will be another board decision item in early spring 2023.

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*.

A. Approval of the Minutes from the October 27, 2022, Board of Directors Meeting

B. Approval of the RethinkWaste Board of Directors 2023 Meeting Calendar

C. Resolution Approving a 2-Year Contract with Environmental and Energy Consulting (EEC) for a not to exceed amount of $144k for Legislative Policy Advocate Consulting

D. Resolution Approving a One Year Contract with Royal Coach Tours not to exceed $60,000 with an optional two one-year extensions for a total contract award not to exceed $180,000 for Shoreway Tours Bussing Services

E. Resolution of the SBWMA Board of Directors finding that meetings of the Board of Directors, Technical Advisory Committee, and all Board appointed Brown Act Committees held via hybrid formally protects against the ongoing and imminent health and safety risks posed to COVID-19 and determining that all such meetings will continue to be held in hybrid format to allow attendance in person or remotely pursuant to California Government Code section 54953(E)

Motion/Second: Royse/Froomin
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								

5. Administration and Finance

A. Resolution Approving the FY2023 Operations Budget and Capital Improvement Plan Budget

Staff Mangini gave a presentation noting that this item was reviewed by the board in October and also reviewed by the Finance Committee. He noted that there is one small change since this was presented in October, and that is to provide a COLA increase for one of the staff members who has been at the top of their salary range since 2019. That change resulted in a $6,000 change in the budget. He noted that the total operating expense is going up $4.2M which is 9%, so in response to that the tip fees need to be raised between 3.5 and 6.9% to co meet bond covenants and cover those increased costs. He noted that commodity revenue has been identified as an area of risk in this budget, , and the Agency has always taken a conservative approach when estimating these numbers. But even with the conservative approach in 2022 the estimated commodity revenue was $7.2M, which is down sharply from the actuals. So, the proposed 2023 budget is very conservative but there may need to be a mid-year budget adjustments if commodity market rates continue to fall. He noted that a mid-year budget adjustment would either consist of increasing tip fees further, cuts to control costs or dipping into emergency reserve balances to meet bond covenants.

Executive Director La Mariana added that commodity revenue is an important source of revenue for the agency - about 12%, so staff will track that, and keep the Board and Finance Committees updated. He also noted that healthy reserves are an important goal of the Agency, and the Agency does have healthy reserves, and the Board may decide to dip into the emergency reserve to cover the bond covenants should the markets not recover. He noted that Staff Mangini warns against drawing from reserves frequently, because it could have a negative impact on the Agency's ability to borrow in the future, and the Agency does need to look at what the facility will look like in the future, and the site optimization study recommendations come with big price tags. So, the Agency does want to be in the strongest possible borrowing position. Lastly, he noted that this budget recommends a newly created position for a facility engineer to take some of the workload off Staff Gans' desk as he will have some high priority projects over the next few years.

Member Royse asked what kind of leeway is there on the bond covenant.

Staff Mangini answered that the required ratio is 1.4% and the budget is 1.5%. He noted that the $2M host fees paid to the City of San Carlos are host fees which are excluded from the bond covenant calculation so that is helpful in determining bond covenants.

Member Royse asked if there were any one-time revenue payments included in the bond covenant test.

Staff Mangini answered no, the Atherton payment was excluded from the test.

Member Froomin reiterated his request from the October meeting that principal debt payments be included as part of the upside for bond covenants in the future.

Staff Mangini answered that staff is mindful of this request and he would bring this request to the Finance Committee for further discussion.

Member Royse asked with the increases of expenses going in to 2023 is there a risk of not meeting the bond covenant.

Staff Mangini answered that the Agency needs about $500,000 in net revenue to cover that bond covenant. This budget is close, but he constructed the budget with an eye towards controlling tip fees as much as possible.

Member Royse asked regarding the increase in the Shoreway Operations costs, if the Agency is still projecting to meet the ratios over the next couple of years.

Staff Mangini answered that the contract doesn't go into effect until 2024, so he would be doing those tests in early fall of next year, to see what kind of tip fees are needed to cover that bond covenant test.

Motion/Second: Froomin/Rak
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								

6. **Collection and Recycling Program Support and Compliance**
No Items

7. **Shoreway Operations and Contract Management**
   A. Approval of a Successor Agreement for the Operation of the Shoreway Environmental Center to Commence January 1, 2024; and Finding that Approval of the Agreement is Exempt from Review under the California Environmental Quality Act Pursuant to Guideline Section 15301, Existing Facilities

Executive Director La Mariana introduced the item and thanked the internal team, the two proposers and the ad hoc Board and TAC sub-committees for their work over the last two years on this. He then gave a historic overview of the process timeline. He noted that the Agency is in the fortunate position of having two highly admired and respected operators that are well known and proven in our marketplace and that gives him a lot of confidence going forward. He emphasized that staff recommendation is not a statement of respect or lack thereof for the current operator, the recommendation is based on the terms of the contract and what's right for the rate payers. He introduced the ACI team of Chris Valbusa and Jeff Dobert to give a presentation on their proposal.

Chris Valbusa, CEO of Alameda County Industries (ACI), gave a presentation highlighting South Bayside Industries (SBI) a subsidiary of ACI's proposal. He introduced the management team and thanked the board for the opportunity to be a part of the process and to make their presentation.

Member Brownrigg asked for clarification on the process of when questions could be asked of the proposers.

Executive Director La Mariana answered that both proposers would present first, followed by a presentation by Tracy Swanborn highlighting staff's perspective that would perhaps answer some of the questions that might arise during the contractor's presentations.

Executive Director La Mariana thanked ACI for their presentation. He noted that both proposers are joint ventures. SBR already exists and SBI will be formed should the contract be awarded to them. He then introduced the SBR team of Dan Domonoske and Carl Mennie to present on behalf of SBR.

Dan Domonoske Vice President of Potential Industries gave a presentation highlighting SBR's proposal. Followed by Carl Mennie Vice President of Recology who presented on the rate impacts if SBR was selected.

Vice Chair Bonilla thanked SBR for their presentation and introduced Tracy Swanborn of HF&H Consultants, who then gave a presentation providing highlights of the two proposals, the differences between them, and went over the costs and the rate impacts of each contract. She also talked about why both proposers' costs are significantly increased over the current costs and estimated average rate increases with both contracts. She concluded the presentation by recapping the staff report recommendation which is to approve the agreement with ACI for a 12-year term which is a total annual contract value of $33M, and if extended to 14 years $38M per year. She noted that ACI has committed to 100% revenue, they have experience with Local 350, they are committed to retaining the CBA employees, and offering hybrid vehicles for a portion of the transfer fleet.

Member Royse asked if the recommendation came from the Ad Hoc Sub Committee or staff.

Tracy Swanborn answered that the committee gave feedback but ultimately the recommendation is from staff.

Member Royse asked for clarification on the CBA salaries which are 50% of the total contract costs, and where the risks are on the CBA agreements with both proposers.

Tracy Swanborn explained that with the ACI contract, every year the actual change in wages and benefits that is part of the CBA agreement would get passed through to the contract. With the SBR contract two of the CBA agreements expire in the first couple of years of the operating agreement, so for the first few years of the operating agreement the CBA increase will be based on CPI. In year 4 after those CBA contracts have been renegotiated there is a true up to match up with the current CBA agreements. After that the SBR agreement is CPI again, but there is one other opportunity in the contract at a year to be determined by SBR's to request for another true up adjustment.

Member Royse asked if analysis was done on exposure risk.

Tracy Swanborn answered yes the estimated risk is $1.15M rate impact. She explained that they analyzed this risk by modeling what each contract would look like regarding CBA increases so an annual rate impact could be determined. They looked at a 10-year cycle, and each year made assumptions on what that CBA increase might look like. When each of the CBAs expires, they set a 7% bump in that wage and benefit cost for ACI, and then did CPI after that initial bump. The agreements are expiring at different times. So over that 10-year period they assumed a bump for two of the CBAs in year one, and then a bump in year three for the other CBA. For the SBR Contract, in rate year four there is a true up. And for the ACI contract, a couple years down the road, they plugged in additional 7% bumps for the other CBAs.

Member Froomin commented that ACIs agreement has a 12% cap, and SBRs doesn't have a cap because of the true up process.

Tracy Swanborn answered that is correct, the savings in the SBR agreement come during the CPI years, as there are no retroactive adjustments, but in the true up years it would bump up to what is negotiated in the CBA agreement.

Vice Chair Bonilla commented that recently CPI has been coming in very high and a lot of CBAs haven't come up to that level because of their negotiations scheduled, so he asked if CPI would be paid even if the CBA negotiated rate is less.

Tracy Swanborn stated that for SBR in the first few years of the agreement, we will be paying whatever is in the then current CBA. For example, the operating personnel CBA that expires in 2025 those rates are already on the books so the SBWMA will be paying a CPI adjustment on those wages and benefits for the first three years on the contract until the true up in year four.

Member Froomin asked if CPI is high could the SBWMA pay more money than what is in the CBA agreement.

Tracy Swanborn answered yes, but added the unions are going to be watching that inflation rate very closely as well and will try to make up for it as evidenced by the large 7% increase recently negotiated by Teamsters Local 70 in Oakland.

Member Rak asked if the $1.15M rate impact was modeled over the 10-year contract or the 12 year ACI contract.

Tracy Swanborn answered that both were modeled over 10 years so that the comparisons would be equal.

The group discussed the differences between the two contracts commodity revenue noting that ACI does not have a guarantee but 100% revenue comes to the agency. SBR's agreement has is 90% revenue coming to the agency with a $4.7M per year guarantee. In the last 4 years the lowest amount of revenue realized was in the $6M range.

Member Brownrigg commented that he was struggling with what incentives exist for the management team of either company to control costs. One contract has a 15% profit margin and the other a 13% profit margin. He asked how profit is constructed in the contract. If it's just 13 or 15 points above costs, then neither company has incentives to control expenses.

Tracy Swanborn answered that they are not guaranteed profit on top of expenses. Compensation is based on per ton service fees, that are subject to the annual compensation mechanism. Incentives around negotiating are a little bit differently for each company because the CBA mechanism is different. ACI has a pass through of their costs, so their incentives are different. They have other agreements with local 350 as well as other union agreements in the Bay Area. Companies are usually very cautious about precedents that they might set in their negotiations with each of their labor agreements, because that often can have a domino effect on their negotiations with the other labor agreements in other jurisdictions. With SBR because they are getting CPI in several of the windows, their wage and benefits will only increase as the Bay Area CPI index for wages also increases. So, they have a different type of incentive, because they're only going to get that CPI.

Member Brownrigg responded that expecting fair negotiations because of limitations in other jurisdictions doesn't give him as much comfort as if those limitations existed in this agreement, there need to be incentives in the agreement to either control costs or increase revenue. And even on the commodity side where SBR has offered 10% does that really incentivize them to try and divert more. So, he was still struggling with incentive. He then asked if staff or a professional in the room could tell the board what the correct head count should be, since that seems to be the single most important difference between the two agreements.

Tracy Swanborn answered that getting to the right answer on headcount is a complicated scenario. Both companies have extensive experience operating solid waste facilities. SBR knows this one inside and out, and ACI operates 3 similar facilities in the bay area. Both companies have the professional expertise to make independent assessments of what head count they need. There is a 17% increase in head count with the ACI proposal and a 30% increase in SBR's staffing proposal. With either agreement there is a tremendous level of additional staff that will be provided to bring the service levels up above where they are currently. The labor cost difference between the two contracts is $1.1M. If ACI underestimated their staffing levels, and need to bring those costs up it would be a $1.1M hit to their profit level. The only way that they could come to the Agency to recoup those costs would be if there is an extension or if they could demonstrate it's warranted by increased tonnage.

Executive Director La Mariana gave a historical perspective on staffing at the facility. He noted that when the current contract was put out to bid in 2009, SBR's then-proposal included headcount that was significantly lower than any of the other proposers, so he thinks the head count number has been really low for a really long time. SBR has gotten the core job responsibilities accomplished during this time, but there are other areas that could have had improved service. He didn't have a specific staffing number but relying on the expertise of two proven facility operators to come up with a number. In both cases they recommended increasing staffing numbers from current levels to improve service and address critical gaps in coverage.

Member Froomin asked if there were any provisions in either contract on the opposite side of staffing. He asked, "if the operator realizes they don't need these many positions, is there a true up for the Agency"?

Staff Gans answered that there is a provision in the CBA agreements where basically no reduction in headcount is allowed regardless of a change in operations. Once the new number is set in the contract, that's the new number and it can't be reduced.

Member Froomin asked if there was a way to add some positions at the beginning of the contract and test the effectiveness before adding more positions so there is a ramp up, and if not needed positions wouldn't be hired.

Staff Gans answered that his understanding was yes, but once a new number is established between the contractor and the respective collective bargaining unit, no staff reductions are allowed.

Rob Hilton clarified if positions are never hired then the agency could recoup those costs in the cost-based review in year four. Only if the positions were never hired, once a position is hired, then it's subject to the limitations in the CBA.

Member Froomin asked for clarification particularly from ACI to make the Board feel comfortable they've got the right number of positions in their proposed contract.

Tracy Swanborn noted that ACI specified a minimum headcount number that is very close to the current headcount, so they had that data point. Then they were invited to visit the facility and observe the operations as well as their own expertise from running similar facilities to make a judgement on proposed staffing.

Chris Valbusa of ACI added that ACI looked at the minimum headcounts that were required in the cost proposals, then visited the facility to understand the operational needs. He noted that the same number of drivers are proposed in both proposer's agreements, the differences are in operations. ACI operates similar large solid waste facilities in the Bay Area, and they understand how many people it takes to run the operations. It is 16 more people than what is currently at the facility. He noted that their Sunnyvale facility has more tonnage and is a little bit bigger than the Shoreway Facility, and the South San Francisco Facility is the same size and scope as Shoreway so they know how many people it takes to operate and maintain that facility. They looked at throughput, acreage, the square footage, how much land needs to be maintained, what maintenance needs to happen etc.

Member Brownrigg asked Mr. Valbusa to address what incentives are in the ACI agreement for keeping wage increases at less than 12%. He noted that it reads as though there's no reason not to just pass though the 12% annually.

Chris Valbusa answered that as was said before they have neighboring union agreements at other facilities, and the last thing they want to be doing is negotiating against themselves when we renegotiate those agreements that is our biggest incentive to make sure that we're paying a fair and marketable wage, but not a higher wage.

Member Brownrigg asked if these other agreements don't have the same 12% cap, because it felt to him like those other agreements have more protections for those agencies than are being offered here.

Chris Valbusa noted that in the other agreements they also have a collections contract, so they have to go to Councils and explain the numbers and justify them. He stated that the incentive comes from being beholden to the rate payers, customers, and partnerships formed that the local ownership and communities.

Member Froomin asked if other agreements have similar 12% caps.

Chris Valbusa answered that it varies some agreements have actual numbers written it, some have CPI limits.

Member Royse asked SBR to justify their 31 positions.

Dan Domonske commented that SBR has 12 years of experience running the facility, including the onerous additional requirements for cleaning, and maintaining the facility. The SBR proposal includes 8 people and the ACI proposal has 4. He thought that ACI might not be as familiar with what it takes to meet the cleaning and maintenance requirements in the agreement. He clarified that in both the future agreement and the current agreement there is a staffing plan with a requirement to properly staff based on that plan. There have been times when SBR has been given a limited window to achieve full staffing at these transition points but has never been understaffed. He also believes another area of difference in the agreements is in the MRF. The ACI agreement has fewer people in the MRF, and he thought that it was because they didn't have the expertise to understand the VRS program. That program is responsible for the pre-sort, and if things don't get properly sorted it can result in downtime of the facility, so SBR has included additional people in the MRF because SBR has the expertise to understand the limitations of the VRS program and ensure that SBR is adequately staffed.

Member Rak asked for clarification on the 10% service discount.

Tracy Swanborn explained that in the contract there is a tonnage level set at roughly the current tonnage volumes the facility is receiving. ACI has offered a discount of 10% for tonnage at the transfer station and the MRF above that level as efficiencies are achieved with additional tonnage. She further explained that the cap on tonnage translates to $210,000 in the first year of the ACI contract and would change proportionally year over year with the annual change in per ton fees. She also noted that it's not a guaranteed difference, the Agency will only see that $210,000 benefit if the tonnage volumes are achieved.

Member Rak asked if the previous discussion regarding the risk with the CBA agreements takes into account the differential between the two proposers' numbers of employees.

Tracy Swanborn answered that yes, and actually both HF&H, and the two proposers modeled out their total wage and benefit cost over the life of the contract, so that $1.15M risk did take both contracts into account.

Member McCune commented that it's difficult to make a calculation when there are so many future uncertainties. He asked HF&H to provide some possible future scenarios with different variables, high inflation, low tonnage etc. He noted that there may be different future scenarios that one company is a better financial decision, and other future scenarios where the other company is a better financial decision.

Tracy Swanborn responded that with a volumes scenario the annual cost is tied to the per ton rates for the transfer station and MRF. ACI has a lower per ton rate on the table so regardless of volume of tonnage the annual cost will still be lower for ACI. With an inflation scenario the contract has a CPI mechanism for all of the costs outside of the CBAs. With the wages scenario, the CBA differences that was discussed earlier is the modeling they performed, it's possible that it could be a little more extreme than what was modeled, but they've not seen anything higher than what they modeled.

Rob Hilton added that HF&H tested several combinations of these various levels and there are very few likely scenarios where the ACI agreement cost would go above the SBR cost over the term of the contract. It would take something really substantial like an 8% wage and benefit increase every year, or a sustained commodity market crash, to make up the difference in cost between the two contracts.

Member Froom asked for an explanation of what the performance bond and corporate guarantees are.

Tracy Swanborn explained that SBR is a joint venture between Recology and Potential Industries, so having a corporate guarantee from those two entities to support the SBR agreement is a logical arrangement for that kind of contract situation. South Bay Industries (SBI) is going to be an entity formed with the same shareholders as ACI, so because it's not a joint venture they don't have parent companies, a corporate guarantee didn't fit that kind of contract framework. When this was understood the RethinkWaste legal team did a lot of work to understand the structure of the ACI organization, and with that understanding negotiated an increase in the performance bond of 25%. Legal counsel and the risk management team felt very comfortable with having the higher performance bond. So, it's the nature of the type of organization dictating the type of failsafe should a catastrophe happen.

Carl Mennie of Recology wanted to follow up on the corporate guarantee and share a real-world scenario. He noted that the Agency has benefited from a corporate guarantee with the current contract with SBR without knowing about it. He noted that this large increase that is happening through this process means that SBR has been losing cash for several years now, so our member companies have contributed $8.2M to keep SBR afloat since 2020. Had there not been a corporate guarantee the options would have been to turn to bankruptcy or rely on performance bonds.

Member Brownrigg commented that he'd like to hear other board members' perspectives on this decision. He noted that this is obviously a highly consequential decision, and he finds himself torn between the two, and that he is mostly torn on the question of incentives around controlling cost increases. He felt like ACI's contract might be like going in at the low bid and then getting a bunch of change orders which no longer make them low. But, going in with a lower number of staff and possibly ratcheting up is a better option than going in with a high number of staff with no option to ratchet down. So he's leaning towards ACI, but not wholly comfortable about it, and is curious how other Board Members look at it.

Member Froomin commented that he is uncomfortable with the 12% cap, 12% seems high, but to some extent that high risk exists on both sides with the true up years in the SBR contract. He noted that he's less concerned about the number of employees given their years of experience. But with 50% of the total cost in staffing he agreed with Member Brownrigg about it being easier to go up than down. He added that the style of the presentations carried weight for him as well, and that he was leaning towards the staff recommendation.

Member Royse asked if the Agency would be the only client of the new ACI entity being formed.

Tracy Swanborn answered yes, ACI's model is that for each contract that they engage in with different jurisdictions they enter into, they form a separate corporation for that jurisdiction.

Member Royse commented that numbers and the answers to the questions posed by the Board today seem to support ACI. Yet, he still had uneasiness about it, and he wasn't sure why. But he did think there was less exposure to the Agency with the ACI agreement than the SBR agreement.

Member McCune commented that staff has looked at the numbers and in a wide range of future scenarios and is convinced that ACI is mostly likely to be successful in the widest range of those scenarios, so he was leaning towards ACI, noting that the incumbent had done well.

Member Rak asked who was on the Board subcommittee that reviewed staff's findings. The Board sub-committee consisted of Board Vice Chair Bonilla, Board Chair Aguirre, Board Member Froomin and Board Member Taylor.

Vice Chair Bonilla explained that he had a lot of faith in the staff and the consultants, and the bottom line is that the dollars make a big difference. There is a significant difference in the number of workers, but he trusted the experience of both contractors, and didn't think there would be a lot of change orders with the ACI agreement, this is big business and there a lot of other protections in place.

Member Rak commented that knowing SBR had to go into their pockets to cover some costs over the last few years, he was warry of getting into a situation with change orders and the new entity as the world is changing everyday and new costs are being added and that gives them the opportunity to re-open the contract.

Vice Chair Bonilla added that the proposal is already 50% over the current contract, which gave him comfort on the change order issue.

Chair Aguirre noted that she wanted to add her comments at the end, she noted that it's been a long process, and it wasn't in any way rushed. She thanked the committee who has worked on this for the past two years and thanked the proposers for the great work they do in the community. She noted that she was very happy with what the staff has been able to recommend and looking at all sides of the options. At the end of the day, we all have to think about the folks that the Board is representing and how we are able to protect our constituents and our communities as we move forward. She added that given what the consultants and both the proposers presented, she stated "I think we have the best deal as we move forward with the staff's recommendation".

Member Froomin made a motion to approve resolution 2022-54A, the staff recommendation for a contract with ACI on behalf of SBI.
Member Rak seconded the motion.
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. Public Education Outreach and Legislation

A. Resolution Approving appointments of one Board Member and one TAC Member to the Public Education & Outreach Committee in 2023

This item was continued to the next Board meeting in January when there will be some new board members.

9. Informational Items Only (no action required)

A. Update on the Status of SB 1383 Implementation and Compliance
B. Update on the Status of the Underground Storage Tanks Removal Project
C. 2022 Finance and Rate Setting Calendar
D. 2023 Meeting Planning Guide

10. Board Member Comments

Member Froomin thanked SBR for the work they've done for the Agency for the last decade, and that he looked forward to working with them through the transition and thanked them for their service. He also thanked staff as he has been submitting a lot of questions and he appreciated them getting responses to him.

Board Members Rak and Brownrigg echoed Member Froomin's comments.

Chair Aguirre thanked Vice Chair Bonilla for acting as chair at today's meeting and noted that the Agency will miss him as he steps away from public service in 2023.

Executive Director La Mariana added that this has been a very difficult and challenging decision. He noted that he has tremendous professional respect for his colleagues at SBR and Recology wanted to express how important those professional relationships are to him personally. He hopes SBR understands the process and how we got to this decision.

The Board adjourned to closed session at 5:24PM

11. Adjourn to Closed Session:

A. Pursuant to Government Code Section 54957-Public Employee Performance Evaluation-Executive Director

B. Pursuant to Government Code Section 54957.6-Conference with Labor Negotiator-Agency Designated Representative: Jean B. Savaree; Unrepresented Employee: Executive Director

12. Adjourn 5:48PM