



MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 STUDY SESSION OF THE BOARD OF DIRECTORS/TECHNICAL ADVISORY COMMITTEE
 September 9, 2021– 2:00 p.m.
 Via Zoom Tele or Video Conference Only

Call to Order: 2:02 PM

1. Call to Order/Roll Call

Board Members

Agency	Present	Absent	Agency	Present	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 District	X	
Menlo Park	X				

TAC Members

Agency	Present	Absent	Agency	Present	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 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.**

None

3. Executive Director's Report

Executive Director La Mariana welcomed everyone to the meeting and gave the following updates:

- Staff is facilitating SB 1383 study sessions with the Member Agency's elected bodies by request, and they expect to engage in this education with all the member agencies.
- Staff is currently working on two important and high-profile documents. One for the processing of C&D Material that is brought to Shoreway, and the contract as a result of that RFP will be on the September Board Meeting agenda.
- The second is the Operations Agreement RFP staff will be presenting the documents that will be a part of the RFP to the Board for approval at the September Board meeting, and if approved the RFP would be released into the marketplace in October. Responses to the RFP would be due in January, followed by a thorough and collaborative review of the proposals with a recommendation to the Board on the award of the contract in the fall of 2022
- Today's study session will be on the contractor's compensation applications for 2022. Overall, Recology's adjustment for the 2022 rate year is based on the fixed cost contract with CPI-based adjustments is 1.6%, and SBR's is 3.2%. Details will be discussed at agenda item 4.

4. STUDY SESSION: 2022 Contractor's Compensation Applications

- A. Review of the SBWMA Draft Report Reviewing the 2022 Recology San Mateo County Compensation Application.

Staff Mangini gave a PowerPoint presentation reviewing the compensation application and the total revenue requirement for each Member Agency for 2022. He noted the revenue requirement includes the Recology costs, disposal costs, Member Agency fees for administering the programs. He noted that overall, the increase for 2022 is 1.6% and includes the 4th bulky item collection/abandoned waste route but excludes Recology's request for COVID related expense reimbursements. He also noted that the cost for Belmont is a place holder because Belmont has a unique methodology for compensation directly with Recology and those numbers are not yet available. He also noted that these numbers exclude the costs for anticipated additional services by Recology for SB 1383 compliance, staff is still in discussion on that. He also noted that staff contracted with a 3rd party RRS Consulting this year to do the detailed work of the service level calculations to make sure the methodology set forth in the contract is followed.

Executive Director La Mariana explained why staff elected to use a 3rd party consultant this year. He noted that some board members expressed concern with the serious issues with Recology in San Francisco that caused staff to rethink how to approach this part of the review. Staff thought it was very important to engage an independent 3rd party industry expert to look at the calculations to independently corroborate and verify them. He introduced Michael Timpane of RRS consulting.

Michael Timpane gave an overview of the RRS process to complete reviewing and verifying that the calculations tied to the compensation application.

Executive Director La Mariana gave a more detailed overview of the Recology request for additional compensation amount due to additional COVID costs. He noted that while staff is sympathetic to this request, there were opportunities for reimbursement at the federal level, and staff is not going to recommend approval of those costs. He thanked both Recology and SBR for their service, noting that they performed seamlessly during a very challenging time.

Member Brownrigg commented that the total amount is \$220,000 worth of PPE, and that he was sympathetic to the request by Recology noting that these essential workers were required to work during an unknown pandemic, and he thought the SBWMA was obliged to provide that PPE to them, and he was in favor of reimbursing them for the PPE.

Member Froomin asked for further explanation of Table 8, so he could find the bottom line of what each community needed to raise rates to next year.

Staff Mangini noted that it's the F3 line on table 8, but that said it's tricky because if you did adjust to that number your city's revenue would most likely be higher than it needs to be. He gave a specific example for Foster City and offered to sit down with each Member Agency to discuss their rate setting process.

Member Froomin then asked for clarification on Recology's additional compensation request, noting that he understood the PPE cost, but wanting more clarification on the computers and equipment cost.

Mike Kelly of Recology noted the County required any employee who had the ability to work from home, to work from home, in order for our employees to work from home computer equipment internet etc. had to be purchased so they could continue to provide their customer service duties from home.

Member Bonilla commented that employers are required to provide PPE under normal conditions by state law but noted that these are extraordinary conditions.

Mike Kelly agreed that this was an extraordinary condition, and that Recology had significant challenges as a result of the pandemic including staffing shortages, and while other industries were able to offer alternative services or reduce staff during the pandemic Recology offers an essential service that was mandated to continue happening. All of the costs submitted are valid and related to the pandemic, and are above and beyond what is normal, and he thought their request is fair and should be considered based on the catastrophic event clause in the contract. He also noted that the additional cost is less than 2/10 of 1%.

Chair Aguirre asked if Recology solicited support from all of the other government agencies that were offering support to businesses during the pandemic.

Mike Kelly answered that Recology tried through their legal department and through local government, but because of the size of the company and the industry Recology didn't qualify for funding.

Chair Aguirre and Vice Chair Bonilla asked for Board feedback on this item.

Member Hurt noted that she wanted to do more research and understand the numbers better before supporting the additional cost but wants to support safety in the workplace. She expressed concern about the rate payers paying for this cost if Recology was making profits.

Member Froomin asked if Recology was able to assess a reduction in costs at the work site with people working from home.

Mike Kelly answered no because while staff was reduced there were still people onsite every day, and most of the utility costs comes from the operations not administration.

Member Froomin commented that he could see some level of disposable items that were necessary for the pandemic being reimbursed, but less inclined to pay for the computer costs that can be maintained and used into the future unrelated to the pandemic.

Member Dehn commented she has mixed feelings about the issue.

Member Bonilla asked staff to look at the difference in the cost for the PPE versus the computers and include the

safety equipment in the final report that the board approves.

TAC Member Clark asked why this issue wasn't brought up until the compensation application process, and PPE is likely going to be an ongoing expense with everyone masking, if approved would this be an ongoing cost.

Mike Kelly answered that section 11.05 of the contract notes that Recology is supposed to include costs in the compensation application if a request is being made.

TAC Member Pegueros asked what the driver in the reduction in fuel costs was which somewhat negates the impact of increases in other line items.

Mike Kelly answered that is based on a 12-month average of the fuel index, and most of the year fuel costs were lower, it's just beginning to increase in the last part of the year, but fuel is very volatile so not predictable.

TAC Member Pegueros asked to what extent have the costs been impacted by the decrease in commercial disposal due to the pandemic.

Mike Kelly commented through the service level adjustment process Recology's compensation will be reduced as a result of less services provided based on a three-year rolling average.

Executive Director La Mariana concluded that staff will very likely come to the September 30 board meeting with a recommendation to split the pandemic costs and recommend including the disposable items but not the reusable computer items. He then gave a brief update on SB 1383, noting that staff has been working diligently with Recology and they do not have full agreement on all the negotiation issues. There might be a scenario that they aren't able to come to an agreement, and if that is the case staff will need to look to the outside marketplace for similar support services. The member agencies are responsible for complying with the mandate, therefore the SBWMA has to provide those technical services for the Member Agencies one way or the other.

B. Review of the SBWMA DRAFT Report Reviewing the 2022 South Bay Recycling Compensation Application

Staff Mangini talked through the key points of the operations agreement compensation application. He noted that this is a straightforward 100% indexed adjustment that overall means a 3.2% increase in 2022. He noted that there is one area of the agreement that is not indexed based and that is the reimbursement for the cost of the vocational rehabilitative services (VRS) staffing who provide sorting services at the facility. That portion of the contract is more of a cost-plus model, and with the new contract with VRS SBR will be increasing the pay to the staff to \$18/hour from \$17.52 starting July 1, 2021, as well as an increase in the VRS administrative fees which is based off of the hourly rate.

Executive Director La Mariana acknowledged SBR's efforts, the SBWMA relies on them to operate the facility just as much as the SBWMA relies on Recology for the collection. The SBR agreement is more straightforward because the Recology Franchise agreements are 11 separate agreements between the member agencies and Recology. But the operations agreement is an agreement with the SBWMA directly.

5. Board Member/TAC Member Comments

6. Adjourn 3:13PM