



MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 MEETING OF THE TECHNICAL ADVISORY COMMITTEE
 August 10, 2023 at 2:00PM.

San Mateo County Transit District, 1520 San Carlos Ave. 4th Floor Dining Room, San Carlos CA 94070

Call to Order: 2:01PM

1. Roll Call

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				

Member Brown of Belmont had a just cause exemption for childcare and the Committee voted all in favor to allow remote participation.

Fatima Kahn represented East Palo Alto

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so.

Each speaker is limited to two 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.

None

3. Executive Director's Report

Executive Director Joe La Mariana welcomed everyone to the meeting and made the following announcements:

- He congratulated Joanne Nghiem who has been promoted to Associate Engineer for RethinkWaste.
- The statewide CRRA (California Resource and Recycling Association) conference will be held at the Burlingame Hyatt next week. RethinkWaste is a co-host for the event and Lisa Goldman, the City Manager of Burlingame and Board Chair Alicia Aguirre will both be speaking at the event.

- There will be a final presentation with SCS Engineers on the Site Optimization Study will be presented at the September 28 Board Meeting.
- The Zero Waste Committee met last week to discuss the fuel source going forward for the commercial fleet of vehicles. And the logistics for the transfer of these vehicles to alternative fuels. He added that for the first-time hydrogen was discussed as a possible alternative fuel source.
- Closed Session conversations have been going on with the Board members regarding the future office location for the RethinkWaste administrative staff. The current lease with the City of San Carlos will not be extended beyond June 30, 2024. He can now disclose that there is a space available for purchase in San Carlos, that the agency is contract on, and he is working down a list of contingencies. One is per the language of the JPA at least 8 of the 11 member agencies approve this purchase. The building is an empty shell, so it is ambitious to have it completely ready by June 30, 2024.
- He noted that having the staff not relocate on the site as in the original site optimization study does free up some space and cars because there is 17.5 fewer people that would need space on site.

Member Tong asked if there are emissions calculations for the different types of fuels that are being considered for the fleet.

Executive Director La Mariana answered that he knew work was being done, but he didn't have the calculations yet.

Member Clark followed up that she would like to understand the difference between the decibel level with the types of fuels as well.

Carl Mennie VP of Recology noted that Recology had an EV pilot garbage truck earlier this year, and that it was very quiet, but in about five and a half hours the route had to be completed, and the truck needed to be back to be charged. Recology expects manufacturers to make improvements, and they are a couple of years away from having to buy collection trucks, so there is the expectation that there will be reasonable improvements in those couple of years and cost should come down as well, but there is a bit of speculation involved at this point.

Executive Director La Mariana noted that staff sees this as happening in phases. In the next two to three years phase one will be supervisors' pickup trucks converted to EV. Two to four years after that about 50 collection vehicles in a lighter collection route classification will be phase two, and phase three would coincide with the end of the franchise agreement and the CARB requirements in 2035.

Lastly, he introduced John Zirelli, his first day will be Monday as the General Manager at Recology San Mateo County.

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 TAC, 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 March 9, 2023, TAC Meeting

Motion/Second: Lee/Machida

Roll Call Vote 10-0-0-1

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. Staff Update SB 1383 Implementation

Staff Carter gave the following SB 1383 updates. Starting with the current SCS Engineers Contract for SB 1383 route reviews reporting and waiver management is complete at the end of this year, so our staff is working with Recology toward the transition of those SB 1383 support services long term.

Route Reviews/Contamination Monitoring

Staff Carter started by answering a question that was posed at a previous TAC meeting regarding how jurisdictions have the right to inspect containers.

Counsel Savaree noted that people do not have the right to privacy in trash that they put out on the street. There was a US Supreme Court 486 U.S.35 decision in 1988 the United States vs. Greenwood that held that once you have put the containers on the street you have no right to privacy.

Member Brown asked that staff send that out to the TAC so that they have a record of it.

Staff Carter then gave an overview of the scope of the route reviews that SCS is currently conducting, and showed examples of the tags that the inspectors are leaving when they inspect individual containers.

Member Clark asked how the contamination is looking in these reviews.

Staff Carter answered that he saw a lot of plastic bags and plastic film as the main contamination in recycling and compost bins when he joined the review teams this week particularly at multi-family properties. He noted that by the end of September there will be a report on the complete results of the route reviews.

Member Johnson went on the route reviews in the City of San Mateo the morning of the meeting and noted that if we can get multi-family and commercial to look as good at residential we'll be in really good shape, and he learned that people can properly sort because home owners are doing it, we just need to educate that the same behavior needs to be everywhere you go, not just at home.

Member Tong asked if there is an expectation that once Recology takes over the route reviews the issues around not being able to find containers will improve.

Staff Carter answered yes, he thought that would be a strength Recology would bring to the project with inherently more intimate knowledge of the generators.

Staff Au added that a proper sorting campaign kicked off two weeks ago. It is a multi-year campaign with multiple outreach touch points there is a new page <https://rethinkwaste.org/sort/> with videos that are being rolled out through social media, bus ads, social media, and many others. The focus on the proper sorting campaign is based on the results of the route reviews.

Executive Director La Mariana noted that SB 1383 has allowed for the continuity of proper sorting statewide due to uniform requirements. CalRecycle is looking at doing some statewide campaigns to address proper sorting education as well.

Member Mello asked under what circumstances could Recology reject a container.

Mia Rossi of Recology answered that if there is 10% contamination in the recycling bin and 20% in the trash bin Recology can reject collection of the container per the franchise agreement.

Member Micheal noted that the City of Burlingame is looking into partnering with Ridwell on the collection of plastic bags and plastic film and she wondered if the agency had looked into that as an option.

Executive Director La Mariana noted that their business model concentrates on items that are not in the franchise agreements, and that there is nothing formal the agency intends to do to create a relationship, but we are interested in seeing if their business model is sustainable.

Recology noted that we don't know what they do with their material, we don't endorse or discourage.

Staff Carter noted that all member agencies will receive individual data from the route reviews by the end of September.

Outreach and Technical Assistance

Staff Carter gave an overview of the work that SCS Engineers is doing to get non-compliant accounts to have all 3 containers and become compliant with SB 1383. As of June, there remains about 3800 non-compliant generators in the service area. Staff is looking at the remaining funding for SCS contract and how can we get these generators over the hump before enforcement starts in January. He then gave an update on waivers, noting the to date 1600 waivers have been approved, there are 300 additional requests in queue. No waivers have been approved for multi-family complexes or physical space constraints.

Member Johnson asked if all 3800 non-compliant generators had been contacted.

Staff Carter answered yes, just on the SCS Engineers side they have made 8800 contact attempts including phone calls, emails, and a few site visits. 4000 letters have been sent to generators as well. All of the member agencies will be able to login to Routeware and see all the contacts that have been made when it comes to enforcement next year. All the generators on the list have received at least 3 contract attempts.

Enforcement

Member Clark asked what happens if someone flat out refuses, as she couldn't see our agency putting a lean on a property or something like that.

Staff Carter noted that enforcement responsibly falls to the member agencies. So, as we head towards enforcement in 2024 there will be a handoff to the member agencies for enforcement with support from RethinkWaste staff. He added that the regulations require that within 60 days the generator needs to receive a notice of violation and if there is no response from the notice the member agency needs to move forward with enforcement, and there is a very clear escalation protocol. He then gave an update regarding the

language in SB 1383 regarding enforcement and contamination penalties. Staff will be working on template materials to further guide enforcement, and he will have that update at the September TAC meeting.

Grant Funding

Staff Carter noted that Cal Recycle is going to have another round of grant funding and is offering noncompetitive SB 1383 local assistance grants at a base line of \$75,000 per jurisdiction with a potential for more based on population. He noted that the application does require a narrative proposal, and a resolution. The largest change is that if you are part of a JPA the JPA can now apply on their member agencies' behalf, even if it's just a portion of the member agencies.

Member Johnson noted that he would like to see more research on if the JPA applied on the cities' behalf if the projects and the reporting would all have to be service area wide.

Chair Lorenz noted that procurement is the goal, so the service area wide if there are projects staff can suggest to meet that goal then she would be interested in having that discussion. She asked staff to come back to the September meeting with possible projects if the JPA applied for the grants.

Gordon added that templates for enforcement on a larger scale might be something that the grant money could be applied to.

Tj noted that if anyone had any further thoughts on the grant application to reach out to him.

6. Preview of the 2024 Contractor Compensation Application and Rate Adjustment

Staff Mangini noted that the draft report on the revenue requirement is due out tomorrow, but the TAC was meeting today, so we wanted to preview it for the TAC today for preliminary discussion on the large rate increase because of two factors. One, the new SBI contract beginning January 1, 2024, as a result of the RFP, which is driving disposal and operations costs up, and two, something that hasn't happened in a while Recology's compensation is going up as well because of index based and service level adjustments. He handed out a DRAFT table 8 report and asked for specific feedback from member agencies if there were questions or thoughts that needed to be included in the report. He noted an increase in disposal and processing fees of 25%, and the total estimated increase in the revenue requirement is 11-12%. He noted that Recology submits a special compensation application to the City of Belmont, and they calculate their rates differently, so Belmont's final numbers will be different. Additionally, this is based on the allowances in the franchise agreements, so these numbers do not reflect Recology's request for special circumstances reimbursement for Covid-related expenses.

Executive Director La Mariana gave a reminder of the history of this process, and the RFP which clearly resulted in a market true-up. He invited Dwight Herring of SBI to give a summary of their RFP proposal and the economic drivers behind these large cost increases. He noted that staff would be putting together some talking points for the member agencies to talk about the rationalization and drivers for these increases with constituents and elected officials. And reminded the committee members that staff had advised during the rate setting process last year to build in a reserve to last year's rates so that this year's impact wouldn't be such a large hit. He noted that some agencies had done that, and some had not.

Dwight Herring of SBI noted that while the RFP process that ended in 2022 would result in a new agreement with either proposer would result in significant cost increases when compared to the current agreement's cost

structure, SBIs cost proposal and related rate impact over the term of the agreement were projected to be substantially less than SBR's and is the more cost-effective option and offered the best value to SBWMA ratepayers. He noted that some of the notable cost drivers include:

- Increased profit level above the current agreement of approximately 8%, due to pricing for risks associated with the current environment (labor market, recycling market, pandemic, supply chain issues etc.)
- Increase in headcount resulting in associated wage/benefit increases.
- Alignment of wages and benefits to rates in the Local 350 Collective Bargaining Agreements (CBAs)
- Labor cost increases due to increased staff tenure.
- Depreciation cost increases reflecting purchase of new facility rolling stock and equipment.
- Operation and maintenance costs reset since existing agreement compensation indices did not keep pace with actual costs.
- Repair and maintenance cost increases due to aging equipment at the Shoreway Environmental Center
- Fuel cost reset since existing agreement compensation indices did not keep pace with actual price.
- Stormwater capital improvement allowance/funding for future related infrastructure projects
- Mandated quarterly SB 1383 sampling costs to comply with regulations.
- Pricing reflecting current risks (e.g., inflation, labor market, commodity markets, supply chain)

Member Clark asked if there were any reserves that could be used to buy down the increase in processing costs.

Executive Director La Mariana noted that there are reserves, they are designed reserves, but we have not contemplated using the reserves for this purpose. Typically, the member agencies hold their own reserves for rates.

Staff Mangini noted that there is a rate stabilization reserve and staff could do some analysis on using this reserve to help the board make a decision about whether or not to use that reserve. He also noted that there is a mechanism in the amended and restated franchise agreements, called cap and carry forward that allows for the capping of increases at 5%, and that is a decision that would be made at the time of rate setting by the governing body.

Executive Director La Mariana thought this would be a great time to consider activating that clause in the franchise agreement, it would roll any increases above the 5% to the following year, and staff is not expecting this big step up again that is happening with this contract reset.

Member Brown asked if a member agency does elect to cap it, are there any assurances that there won't be an even bigger increase next year or over the next couple of years.

Executive Director La Mariana, noted that this current transition of the operations agreement is a really large step up, and we can reasonably forecast that we won't have another large step-up next year, because at that point the contract will fall into a more standard CPI based increase methodology.

Staff Mangini did note that in the SBI contract there is a clause to adjust labor next year for the CBA agreement they are negotiating this year, so that will be an escalator outside of CPI next year, but it won't be on the magnitude of this step up.

Carl Mennie added that the disposal that's built into the rates falls outside of the contractor's compensation, and therefore is not part of the 5% cap, so even if the compensation is capped at 5% there will still be a large disposal increase.

Staff Mangini and Executive Director La Mariana offered assistance to the member agencies to walk through table 8 and attend city council meetings and study sessions where rate decisions are being made.

Lastly, Executive Director La Mariana went over the timeline for the remainder of the rate setting process.

Member Johnson noted that San Mateo would be taking their rate adjustments to council before the SBWMA Board meeting in September when they discuss these rate impacts, and that timing was necessary to meet the January deadlines. He asked if the Board is aware of the increases even though they don't have the final numbers.

Executive Director La Mariana answered yes, it's been discussed at several meetings, and is no record in the minutes several times so it should not be a surprise to them.

7. Debrief on SB 1383/EAR (Electronic Annual) Reporting

Member Johnson now absent 3:48PM

Staff Carter noted that on August 1, the Cal Recycle Electronic Annual report was submitted to Cal Recycle. Due to 2022 being the first full year of SB 1383 there were some new pieces that were integrated into the report. So, he wanted to offer this space to offer feedback on the process of collecting information, and the timeline for the reporting.

Chair Lorenz noted that the request for information (RFI) timeline was fine, the draft comes later and later each year and there isn't enough time to turn around a review. She asked for at least two weeks for review turnaround. She also asked for a receipt that the report from Ascent Environmental that the report was submitted on time.

Staff Carter noted that on member agencies receiving the draft reports, that the contractor is collecting data from all of the member agencies and if a member agency is not as quick to respond to the RFI all of the member agencies collectively wait. He noted that staff will try to gear everyone up earlier so that when the RFI comes the member agencies would be more ready to respond.

Chair Lorenz also asked for an improved list of what would be included in the reporting.

Vice Chair Lee asked if there was a reasonable expectation that the report would remain relatively the same now that the SB1383 questions have been included. Because then the RFI could come out even earlier than June 15.

Member Clark added that in the last four years it's been different questions each year, because the report has a different focus.

Staff Carter noted that staff provided feedback to CalRecycle last year on the challenges of the report. And that some container collection numbers will be included as well as C&D and MWELo, and staff can continue to follow the same pattern we sent this year where we can send a preliminary request with what is known with the caveat that after June 15 there may be an additional request. He also noted that he would let the member agencies know what date he would be doing the date pull from Recyclist for the reporting.

7. Contractor Updates

Recology

Carl Mennie of Recology gave the following updates:

- Staffing changes
 - Mia Rossi has been promoted to Community Relations Manager
 - Alex Rinear has been promoted to Zero Waste Manager
 - John Zirelli will be the new General Manager starting August 14

SBR

- Phil Couchee acknowledged the July 26 roll over of a fully loaded big rig on the Southbound 101 onramp and Holly. The accident happened just after noon, and staff and emergency crews were out there until about 7:30PM to clear it, and there were no injuries.
- He also acknowledged his crew for their exceptional response to a fire up the line in the recycling equipment a few weeks ago. The crew did a great job getting the fire out quickly and following emergency procedures.
- Lastly, he noted that SBR is working consistently on the transition to SBI, and we are working toward the transition as planned.

9. TAC Member Comments

10. Adjourn 4:03PM