



A Public Agency

CONSENT CALENDAR

DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 MEETING OF THE BOARD OF DIRECTORS
 September 26, 2024– 2:00 p.m.
 San Mateo County Transit District Offices
 1250 San Carlos, Ave. San Carlos, CA 94070

Call to Order: 2:02 PM

1. Call to Order/Roll Call

Agency	Present	Absent	Agency	Present	Absent
Belmont	X		Redwood City	X (2:20PM)	
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

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 opened the meeting by thanking the contractors and staff for their work on the new administrative office, and he gave a list of the remaining meetings that will take place in the new administrative office space, including the October Board DRAFT FY2025 Budget and 2025-2034 Long Range Plan study session and the November 21 Board/TAC appreciation lunch. He gave the following updates:

- The public spaces team has been working with the City of San Mateo to get collection bins for all three streams of material in the downtown area.
- The annual Rethink Recycling Day poster contest is open, and submissions are due October 11.
- The Governor has signed many new bills into law that the legislative committee has been tracking. He noted that SB1053 is a hardening of the plastic bag ban, SB1280 requires one pound propane cylinders to be refillable, and SB 1046 which will help small and medium compost facilities get sited.
- There are some notable projects currently at Shoreway: One, the Fike Fire suppression system should be fully installed by the end of October. Two, the first week of October the Underground Storage Tank project breaks ground and will be quite impactful to the contractors. Three, before the rainy season

starts the first phase of the site signage project will take place.

- In January there will be a study session on Zero Emission vehicles. Recology just piloted a hydrogen truck, and there is a distinct advantage with hydrogen trucks in that they are a 1:1 replacement for the diesel trucks' payload.

Vice Chair Brownrigg asked to run the Zero Emission Vehicle study session items through the Zero Waste Committee before the full board meeting if time allows.

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 June 27, 2024, Board of Directors Meeting
- Resolution Accepting the Findings from the Annual Operational and Financial Systems Audit for 2023
- Resolution Approving an Updated Conflict of Interest Code
- Resolution Authorizing the Execution of a Two-Year Contract with The City of Redwood City for Finance and Accounting Services
- Approval of Quarterly Investment Report for the Quarter Ending June 30, 2024
- Arbitrage Report and IRS Liability

Motion/Second: Froomin/Romero

Voice Vote: All in favor 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

- Resolution Approving the FY2025 Budget Forecast with 2025 Member Agency Tip Fees

Staff Mangini gave the background and overview of this item noting that staff and the Finance Committee recommend a 7% increase in tip fees for 2025.

Member Loraine asked if the Finance Committee also reviewed the rate stabilization, and if yes, what was the finding.

Staff Mangini answered that the finance committee did review it, and there is a clause in the bond indenture that requires a rate stabilization reserve to ensure bond covenant ratios are being met. So, the direction from the finance committee was to leave it as is, but the reserve policy is reviewed annually by the Finance Committee, so it will come back up for review again.

Member Brownrigg commented that the tip fee math is that it's less than \$0.09 per pound, so while no one likes to see rates going up, it's still a pretty efficient operation.

Member Aguirre now present 2:20PM

Motion/Second: Royse/Romero

Voice 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								

B. Resolution Approving Agency’s Responses to 2023-2024 Civil Grand Jury Reports titled “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts” and “The State of Compost Compliance in San Mateo County.”

Executive Director Joe La Mariana gave a background of the 2 Civil Grand Jury reports that relate to the Agency’s sphere of work and require a response.

Staff Au gave an overview of the Agency’s response to the “state of compost” report, noting that it is a reflection of all of the work the Agency, the County, Recology and the Member Agencies are doing.

Member Royse asked if there are any procedure changes that will be made going forward as a result of these two reports, and specifically on the “financial controls” report has the agency adopted any risk management to ensure that policies are adopted to cover major risk.

Staff Mangini answered no, but he could reach out to the Member Agencies to see what they are doing.

Member Royse commented that there is a great best practices document that has been developed by the Governmental Accounting Organization of the US, and there is an internal control template that he thinks will help highlight the Agency’s biggest exposure areas and develop a mitigation strategy if something happens. He suggested bringing this up at a future Finance Committee meeting to discuss the pros and cons.

Member Froomin asked if contact has been made with all the multi-family and commercial accounts to ensure compliance with SB 1383.

Staff Au answered yes, all customers have been reached out to in some form.

Member Froomin noted that he would like to see that added to the letter, so that it’s clear that these things have already been done and they’re not new. He also wanted the letter to reflect that RethinkWaste was responding on behalf of the Member Agencies, so they don’t also need to respond. He also wanted to include some education in response number 8 on the letter that narrowing bins isn’t as simple as it sounds there are trickle down logistical and cost concerns.

Staff Au responded noted that particular response required a collaborative effort to create a comprehensive answer.

Member Foomin commented on the “internal controls” report that he was concerned that all the responses say will be implemented, and he was under the impression that the Agency was already doing these things.

Staff Mangini agreed that we are doing part of what is recommended already, but it may not be documented unless it’s going into a packet. He added that there is no assessment of internal controls outside of the 3rd party auditors, and he thought a full assessment of internal controls was appropriate.

Member Froomin suggested changing the letter so that it clarifies which items in the report the Agency is doing now versus those that are intended to be worked on going forward.

Executive Director Joe La Mariana noted that staff will take the feedback and modify the responses accordingly.

Vice Chair Brownrigg motioned that the resolution be approved to allow staff to amend the letters as follows: 1) “The State of Compost” response include that the answer is on behalf of the Member Agencies where appropriate. 2) Update the response on “Internal Controls” report to get credit for the things already being done.

Member Froomin seconded the motion.

Voice 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								

6. Collection and Recycling Programs Support and Compliance

A. Resolution Approving the SBWMA Final Report Reviewing the 2025 Recology San Mateo County Compensation Application

Staff Mangini gave a PowerPoint presentation overviewing the Recology Compensation Application and review process. He noted that the overall increase in compensation for 2025 is 3.5%. The increase is primarily index based; additionally, there is a service level adjustment.

Vice Chair Brownrigg asked for an overview of the incentive and disincentive line in the Compensation Application.

Staff Mangini noted that there are certain items in the franchise agreements that lead to incentive and disincentive payments or charges to Recology. A negative number means that Recology pays the agency, but diversion went up. So, there was an increase in both incentive and disincentive payments.

Executive Director La Mariana added that if there is a positive payout Recology has done a good job and they’ve earned it. He reminded the board that Recology had a data breach that affected customer service and that affected some of the numbers, but they did a good job recovering from that.

Motion/Second: Froomin/Romero

Voice 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								

7. Shoreway Operations and Contract Management

A. Resolution Approving the SBWMA Final Report Reviewing the 2025 South Bayside Industries Compensation Application

Staff Mangini gave an overview of the report and explained the process of SBI's compensation noting that it is mostly index based but there is a component where collective bargaining agreements (CBA) are passed through. The total increase for 2025 is 3.1%.

Member Royse asked if this report was reviewed by the TAC.

Executive Director La Mariana answered yes both compensation applications were reviewed by the TAC. He noted that the SBI contract is a direct contract between RethinkWaste and the contractor. The Recology franchise agreements are between the Member Agencies and Recology and RethinkWaste assists in the contract administration representing the Member Agencies' interests.

Motion/Second: Royse/Aguirre
 Voice 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								

B. Resolution Approving the MRF Sort System Infeed Refurbishment Project for a not-exceed amount of \$310,7885.

Staff Gans gave an overview of the staff report, noting that this is a wear part that lasts about 7-10 years and needs to be repaired because the MRF is 15 years old. He also drew attention to the fact that the equipment reserve fund is almost empty and more of these wear part repairs will be due in the coming years due to the age of the MRF.

Executive Director La Mariana added that in regard to the reserve, that there will be a recommendation in the budget to replenish that reserve. The recommendation from a few years ago was to replenish at \$400,000 per year, but as the MRF has gotten older the dollars have gotten larger, so the recommendation will be to be more aggressive.

Member Brownrigg asked why the green bond funds couldn't be used for this purpose.

Executive Director La Mariana answered that staff has discussed that, and there will probably be some version of that in a staff recommendation in the draft budget presentation.

Member Aguirre commented that a reserve is to build up for unexpected expenses not to back fill a budget line item, and she wondered why this item wasn't a budget line item.

Executive Director La Mariana answered that there are five or six different reserve line items, and this item is a line item in the specific equipment reserve, but it's not in the operating budget.

Member Aguirre commented that a reserve shouldn't be a budget item, that was not her understanding of what a reserve should be.

Chair Brownrigg commented that there is a classic reserve like a piggy bank for a rainy day, and then there is this reserve which is more like a sinking fund.

Executive Director La Mariana concurred and noted that 5 of the 6 reserve categories operate as a rainy-day fund, but this one is specifically for equipment replacement.

Member Aguirre concluded that maybe it shouldn't be called a reserve.

Member Froomin noted that the staff report refers to it as the equipment replacement fund, which is an appropriate name. He added that he has a serious concern about an equipment replacement fund that has about \$500,000 left in it, where there are millions of dollars' worth of equipment on site. He thought this should be a top priority item next year.

Member Royse noted that these documents are used to classify financial position, and he thought it should be called replacement fund that is used to build for expenses, so that it's clear for anyone reading it.

Vice Chair Brownrigg noted that it's appropriate during the capital improvement plan discussion to talk about how we are going to save for large equipment replacement, so that rate payers aren't seeing large increases year after year.

Member Romero asked if there was a solid waste industry standard for equipment replacement funds.

Staff Gans noted that the fund was built originally on the obsolescence of equipment and their replacement cost. The fund originally had several million dollars in it, it was a long spreadsheet with a several year wind down. Now is the end of the wind down and it's time to look toward the next wave of equipment and build a new schedule. He didn't think there was an industry standard, the fund was set up using the equipment manufacturers' recommendations on life of the equipment.

Member Romero asked staff and the finance committee to put together a longer-term replacement schedule.

Member Dehn added that there should be replenishment goals for all the reserves or funds that are reviewed on an annual basis.

Executive Director La Mariana noted that there now is a rolling list of equipment that is newer, so the schedule is not as easy to put together as it was when everything was new, but staff will have some analysis on this in the 2025 budget discussion next month to talk about a replacement reserve and how to fund it.

Member Nash asked staff to explain what has been done to this point.

Executive Director La Mariana answered that at finance committee direction there was a five-year plan to put \$400,000 a year into the equipment replacement reserve, and we are now in year four of that. Given the age of the equipment, and with SBI coming into the facility with fresh eyes this year, clearly that's not enough so it needs to be revisited. He also noted that the equipment, anything that is bolted down, is the agency's responsibility, the rolling stock is the contractors' responsibility.

Motion/Second: Froomin/Royse

Voice 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. Staff Update on the Climate Bond

Staff Au noted that the Legislative Committee asked for a full board update on the Climate Bond at its last meeting and noted that Kayla Robinson from the Agency's lobbyist EEC was also available to answer questions. She summarized the staff report and she noted that if passed there are 8 main funding areas included in the bond. The Agency advocated for organic waste collection infrastructure dollars and zero emission vehicle infrastructure, but neither of those specifics made it into the final version of the proposal, but it does include some items relevant to RethinkWaste.

Vice Chair Brownrigg thanked Chair Rak for bringing this to the board.

9. Informational Items Only (no action required)

A. A. Staff Update on the Administration Office Tenant Improvement Project Construction, and Furniture Fixture, & Equipment Update

Rob Kalkbrenner of Common Goal Consulting gave an overview of the staff report specifically noting that this was a very fast project that is expected to close out in the next couple of weeks. He summarized the project, funds spent, and the FF&E costs. Currently the project is on budget, and the exposure is pretty low for needing additional funding, but it is possible.

Member Romero asked if the possible remaining charges are related to punch list items or permitting.

Mr. Kalkbrenner answered that he has not received all of the time and materials back yet, but the IT and A/V weren't designed originally, they were designed as the project progressed, so the infrastructure work was done on a time and materials basis by the contractor, and there is a (yet to be verified) assertion that the contractor may have spent more time than what was budgeted. He added that the architecture team is asserting that they spent more time on the project that they're not responsible for, and he is working through that.

Vice Chair Brownrigg commented that he thought the Agency would be pleased with the purchase and the investment in the long term.

Vice Chair Brownrigg noted that there is an opportunity in the new space for public art, so if there are any sources of funds for public art or grants, please let staff know.

Member Loraine commented that he would like to see the poster contest winners' art displayed publicly since there is already a source of public art.

B. 2024 Bay Area Solid Waste Rates and City Fees Survey

Executive Director La Mariana gave background of the staff report, and he noted that the SBWMA average is below the average in all areas. He did note that these numbers don't take into account the current step up with the SBI contract, so he expects it to be closer to the midpoint next year.

Member Romero now absent 3:28PM

C. Maze & Associates' Memorandum of Internal Controls

D. 2024 Legislative and Regulatory Update

E. Update on SB 1383 Compliance Program on behalf of RethinkWaste Member Agencies

- F. 2024 Finance and Rate Setting Calendar
- G. Check Register Detail for June, July, and August 2024
- H. 2024-2025 Meeting Planning Guide

10. Board Member Comments

Member Dehn asked what the proper way to recycle shredded paper is.

Staff Au answered to put it into a paper bag, label it as shredded paper and put it into the blue bin.

Member Loraine acknowledged the work the public education team did to put the three-bin system in downtown San Mateo and invited other members to come check it out.

Member Nash thanked Executive Director La Mariana and Recology General Manager John Zirelli for customer service in Menlo Park, the once angry customers are now happy.

Vice Chair Brownrigg reminded his fellow Board Members to complete the Executive Director's performance assessment when it arrives from Counsel in the next few weeks, to ensure that they are models for good governance practices.

11. Adjourn 3:32PM