



MINUTES
RETHINKWASTE
SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
 February 27, 2025– 2:00 p.m.
 RethinkWaste Administrative Offices
 1245 San Carlos, Ave. Suite E San Carlos, CA 94070

Call to Order: 2:01 PM

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				

Alternate Member Peter Stevenson Attended representing Burlingame.

Chair Rak welcomed everyone to the first meeting of the year and welcomed the new board members.

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 all the new members and returning members to the meeting. He noted that staff had two very successful orientation sessions with new board members, and he thanked them for making the time. He also thanked the new Mayors and Vice/Deputy Mayors serving on the RethinkWaste board for their service to the community. He then gave the following announcements.

- He requested cell phone numbers for each of the board members for emergency purposes only and to be used regarding agency business.
- Two years ago, there was very significant flooding at the facility, which required emergency action. We are now

starting to receive reimbursements from FEMA.

- The underground storage tank replacement project is now complete, and he thanked SBI and Recology staff for their partnership and flexibility during the operational challenges during the construction. He noted that the project was mandated even though it was replacing old fueling technology.
- The Fike water cannon fire suppression system is now fully installed, and he thanked the Board for their action in approving this new application of existing technology.
- The trash to art contest is now active and projects are due March 28.
- The annual Board and TAC retreat is on March 27 at 12N at the Belmont Sports Complex.
- He noted that going forward we will be referring to the Agency as RethinkWaste in all public facing outreach and correspondence, we will no longer be using the SBWMA acronym except on formal contractual documents.
- The agency is co-sponsoring California Assembly Bill 762 which will, if signed into law, ban disposable vapes. It is important to RethinkWaste because the embedded batteries are a serious fire risk to the facility and worker safety.
- SBI has received one of the very first all-electric roll-off trucks in the nation, and he thanked them for their commitment to the agency's and member agency's Climate Action Plan GHG emission goals.
- The education team has proposed via a presentation at the TAC meeting that the agency work towards providing reusable food ware for school lunches, so be on the lookout for a future decision item on this.

Chair Rak noted regarding the retreat tour will help provide important firsthand knowledge that will lead to some major decisions regarding the future of the facility that will need to be made over the next few years.

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 of November 21, 2024, Board of Directors Meeting
- Resolution Approving the Appointment of former Board Member Al Royses as a Citizen At Large member of the Finance Committee for a one-year term.
- Resolution Authorizing the Material Recovery Facility (MRF) Harris Baler Refurbishment Project at a Not to Exceed amount of \$184,475.
- Approval of the Quarterly Investment Report for the Quarter Ending December 31, 2024

Member Loraine pulled item 4B.

Motion/Second: Romero/Dehn on items A, C, &D

Voice 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								

Discussion on agenda item 4B

Member Loraine commented that he didn't oppose it, but he doesn't feel this is the best practice and in a perfect world there would be mentorship and institutional knowledge sharing so that someone doesn't need to be brought out of retirement. He would like to have a discussion around how we can go about the process of committee change over time without needing a member at large position appointment. He noted that he would have suggestions at agenda item 5B for formalizing committee appointments going forward.

Chair Rak asked for confirmation that appointment former Board Member Royses to the committee would not create any Brown Act issues.

Counsel Savaree answered there were no Brown Act Issues.

Member Dehn commented that she liked the idea of a mentorship program particularly for committees that don't meet as regularly.

Motion/Second: Romero/Lorraine on B
 Voice 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. Administration and Finance

A. Election of RethinkWaste Board of Director's Chair and Vice Chair for 2025

Chair Rak opened the floor for nominations for chair for 2025.

Member Romero nominated Member Rak for a second term as RethinkWaste Chair.

Chair Rak closed nominations and called for a vote.

Voice Vote: All in favor

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								

Chair Rak then opened nominations for Vice Chair.

Staff Urman read a statement from Member Brownrigg expressing his interest in remaining on for a second year as Vice Chair and apologizing for his required absence from the meeting.

Member Lorraine nominated Member Brownrigg for a second term as Vice Chair.

Chair Rak closed nominations and called for a vote.

Voice Vote: All in favor

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 2025 RethinkWaste Committee Appointments

Chair Rak gave an overview noting that Member Schmidt had already volunteered for an open spot of the Legislative Committee, and Member Kiesel had volunteered for the Finance Committee, and there were a couple of spots left - one on the Legislative Committee and a couple of positions on the Public Education Committee.

Member Sturken volunteered to serve on the public education committee.

Member Loraine asked if there was room for all three members on the Finance Committee with Member Kiesel included on the committee.

Chair Rak noted that Ex Officio Member Royse would not be a voting member so there would be 4 board members on the committee which would be fine.

Member Loraine asked if there was discussion on the Finance Director opening on the Finance Committee.

Executive Director La Mariana noted that staff has reached out to Burlingame Finance Director Helen Yu-Scott who is a TAC alternate member who is interested in serving on the committee, but if there are others interested now would be the time to bring those names forward.

Member Loraine noted that the Finance Committee description in the packet states that those staff positions are TAC members but in practice they are not TAC members.

Staff Urman noted that per Member Loraine's email prior to the meeting the staff report had been revised to reflect this practice. Originally the staff committee positions were intended to be TAC member positions, but in the case of the Finance Committee in particular, it is very helpful for staff to have Senior level Finance staff in advisory capacity at the committee.

Member Loraine proposed formalizing the process of asking those interested in serving on committees so that staff isn't reaching out but asking the entire committee so that everyone is well informed about opportunities to serve. He also reiterated the idea of starting a mentorship/buddy program around the committee work so that each Board member who has been serving for at least a year can help new members. He suggested that this process be discussed with the Executive Committee.

Member Dehn asked if Member Loraine would be more comfortable voting on the Finance Committee in particular at the next meeting.

Staff Urman added that if the Finance Committee wasn't voted on today, they would not be able to meet in March as planned.

Chair Rak commented that with regard to positions that aren't Board Members staff will put an open solution to TAC members and Finance Directors for interest in serving.

Member Loraine commented that he was fine with the staff recommendations but would like to look at formalizing the process even further next time.

Chair Rak noted that he and Vice Chair Brownrigg would meet and discuss improvements to the non-board members nominations process, and he would work with Member Loraine to firm up the process.

Member Loraine motioned to approve staff's recommendation with an amendment to the Finance Committee of Helen Yu-Scott Finance Director of Burlingame.

Member Romero seconded the motion.

Voice Vote: 11-0-0-1

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								

6. Collection and Recycling Program Support and Compliance

No Items

7. Shoreway Operations and Contract Management

- A. Resolution Authorizing the Payment of \$357,191.18 to SBI for the Replacement of the Material Recovery Facility (MRF) Screen Disks

Staff Gans gave an overview of the staff report and historical and technical background of how maintenance repair items are designated in the operations contract. He explained that the sorting equipment is owned by RethinkWaste, and the Agency hires the contractor to maintain it. Maintenance items that are less than \$10,000 are paid for by the contractor, items over \$10,000 the contractor pays the first \$10,000 and the agency then covers the costs above \$10,000. He explained that generally, an item like replacing the disks would be under \$10,000 and, therefore, the contractor would pay it. However, when SBI started their operation contract at the beginning of 2024, there was substantial existing wear on the MRF Disks because SBR did not replace the screen disks as part of the normal plant preventive maintenance. This wear, combined with wear from SBI's operation of the MRF sort system during their first 14 months of operations, have accumulated into an immediate need for mass replacement of the disks. He noted that staff is proposing a 1/3 (SBI) to 2/3 (Agency) split of the full replacement for all the discs to account for the portion of wear that occurred prior to SBI contract commencement. 66% is proposed to be paid by RethinkWaste while the share of wear from SBI's operations since January 2024 would be 33%.

Executive Director La Mariana noted that, so it's clear, this is a one-time transition cost because of the turnover of the contractor, going forward this cost will be the responsibility of SBI.

Member Stevenson noted that if the contractor had done proper due diligence on the wear of the facility, it seemed they should have known about this issue and factored it into their bid and called it out in the bid process.

Member Romero commented that this is a due diligence issue and agreed with Member Stevenson that it's a failure on SBI's part on their due diligence.

Member Dehn asked for further explanation on what is considered a screen, is it an individual item or a collective item if one is only \$24, and she asked legal to give direction on how we avoid further requests like this in the future.

Staff Gans answered that these screens are replaced on a rotating basis every day, because there are so many of them, and they wear out frequently. They are in a category of material that definitely falls under the responsibility of the contractor. It's only because of the contractual change of operators that this issue is coming forward to the board.

Member Kiesel noted that the staff report states that SBI failed to maintain the discs and asked if there is anything else that they failed to do that we know of.

Staff Gans answered that staff thinks we are aware of everything at this point, but at the end of the agreement the company clearly withdrew staffing to the point that there was a lot of deferred maintenance.

Member Kiesel expressed concern that staff would come back to the board in the future with additional items that failed to be maintained by the previous contractor.

Counsel Savaree noted that there is no dispute on the contract language on the part of the contractor, this is a onetime accommodation and a unique circumstance.

Chair Rak asked what was SBI aware of regarding facility maintenance during the RFP process.

Staff Gans answered that all of the contractors that were bidding were given ample opportunity to view the facilities and equipment and spend a lot of time in the facility. He added that outside consultants reviewed the condition of the equipment ahead of time and gave their report to the bidders as well, so everyone should have known the condition of the equipment.

Chair Rak asked if there was any recourse with SBI for not maintaining the equipment as part of their funding.

Counsel Savaree noted that the Agency could file a complaint with them that they were in breach of contract, but that usually leads to litigation.

Member McCune asked how many discs are being replaced noting the cost per disk was so low that the total amount of compensation seems to cover more than one set of disks, as this is enough money for 10,000 disks, which is well more than one set of disks.

Staff Gans answered that there are different size disks ranging in price points, there is labor to replace the disks as well.

Member Mueller asked if \$350,000 would have made a difference in the bid evaluation, and if this was a change order for the life of the contract.

Staff Gans answered no it was a \$1M spread between bidders, and this is a one-time request not an ongoing cost.

Member Mueller asked if there would be language added to the contract that RethinkWaste would not be obligated to pay this again in the future.

Counsel Savaree noted that the contract language is already clear that this is not an obligation of RethinkWaste, so we don't need to change the contract language.

Member McCune noted that he was inclined not to support this based on the information provided, there needs to be more analysis by staff to show that this was something that they could not have known and included in their bid, and at most it should be just one set of discs for the whole facility.

Member Romero agreed and asked staff to investigate what RethinkWaste required the bidders to analyze before the bid and was worried about setting a precedent that SBI could come back to the Board with more items of this nature.

Member Loraine asked for clarification on what splitting the cost means for rate payers.

Staff Gans answered that the contractor operates the facility at a fixed cost per ton, that only increases annually based on indexing, so regardless of if their costs increase, they can't ask for more money. So, the only way it will affect rates is if it's approved because that would make it an extra operating cost.

Member Loraine asked why the report recommends using some of the green bond money versus equipment replacement or other fund options.

Executive Director La Mariana stated there are options, but when reserve funds are used there is a direct rate impact because it comes out of the operation costs. The green bond is a separate fund, and this project does qualify for green bonds so there would be no rate impact. He added that it would mean that there is \$357,000 less in the fund for other planned projects.

Member Mueller commented that he supported staff's recommendation based on the fact that it didn't make a difference in the bid overall, the fact that staff has worked with the contractor closely on this issue, but asked legal

counsel to draft a letter to the contractor that their due diligence period is over and no other requests of this nature will be considered.

Member Sturken asked if it would be worthwhile going back to SBR to recover these costs.

Executive Director La Mariana answered that staff considered it, and at the end of the day staff thought this would be the fairest path forward. He also noted that going that route would have significant legal costs, and there is something to be said for maintaining a positive relationship with SBR since they are 60% owned by the hauler Recology.

Member Loraine asked how the 1/3 vs 2/3 split was determined.

Staff Gans explained that the assessment of the disks concluded that they last two years, and the assessment was done eight months into the contract, so based on the fact they SBI had only used the disks for 1/3 of their useful life the split was recommended.

Member Sturken asked what additional costs would incur if this was not approved today.

Staff Gans answered if there is further delay in replacing the disks the machines will sort recyclables less effectively and more recoverable material will be lost, so both revenue recovery and diversion are lost.

Member Dehn commented that each of the bidders were given the opportunity to evaluate the facility during the bidding process, and that she was not in favor of moving this item forward.

Chair Rak noted that regardless of how this issue is resolved he agreed with Member Mueller that there should be some finality notice given to the contractor about not coming back for further reimbursement. He also asked for a reminder about the instances in the contract when SBI can ask for a true up of costs.

Executive Director La Mariana answered that there are two instances of a true up in the contract, but both are limited to labor negotiations with the collective bargaining agreements and are only in year three and year six.

Chris Valbusa COO of SBI, pointed out that the pre-bid tour was two years before commencement of the contract. In late 2023 and a full facility inspection was provided by a third party, and in that report, it was apparent that there was deferred maintenance, and these were brought up with RethinkWaste. He noted that SBI has a pretty healthy maintenance budget and that they have done an outstanding job improving deferred maintenance and maintaining the facility. He asked the board for their consideration to share this deferred maintenance cost.

Member Romero expressed concern that there were other items of deferred maintenance that might then need to be additionally considered at the Board level.

Chris Valbusa gave examples of how they go above and beyond to maintain the facility. He noted that there was a significant list of deferred maintenance items that have been worked through with RethinkWaste staff, and this is the single biggest cost item with the question of whether this be contractor or should this be the Authority. He noted that had the facility been thoroughly maintained in the time between the pre bid inspection and the commencement of SBI's contract we wouldn't be standing here today, and he was not aware of any remaining maintenance costs.

Chair Rak asked SBI to explain the differential between the total reimbursement request being more than the one replacement cost for one set of disks.

Chris Valbusa answered that there are other elements in the price, not just the tire disks, like replacement shafts.

Member Romero asked if this was proprietary equipment because it seems to be sole sourced.

Staff Gans answered that the disks are proprietary and if you introduce third party parts into the equipment it invalidates the warranty, but the labor could be bid out.

Member Romero commented that there have been a number of capital issues that have needed to be addressed while he has been on the board, and the green bond money is a bond, it's still the public's money, and he thinks the Board needs to ask for more due diligence, because he couldn't in good conscience spend the rate payers money with the information as presented. He asked to see the full third-party analysis that was completed in 2023.

Member Romero made a motion to table this discussion to the next meeting and ask staff to provide more details and analysis.

Member McCune seconded the motion.

Discussion:

Member Sturken asked for a cost benefit analysis for lost revenue because of the delay in replacing the disk as well as any increase in costs to replace the disks by tabling the motion.

Member Dehn asked if regardless of when the decision was made the disks would be purchased and maintained the only decision is if there is cost sharing or not.

Member Mueller asked when the issue was identified.

Executive Director La Mariana answered that this was first identified 8 months ago and explained the timeline.

Member Sturken asked if SBI would be open to a different cost share.

Chris Valbusa answered that SBI feels like they have already negotiated in good faith with RethinkWaste, and we feel pretty strongly about the split that's been negotiated.

Roll Call Vote to table to the next meeting.

Voice Vote: 7-3-0-4

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								

8. Public Education, Outreach and Legislation

a. Resolution Approving the 2025-2026 Legislative and Regulatory Platform

Staff Au gave an overview of the staff report and noted that this would be the Agency's 5th Legislative Platform, and it was discussed at the December Legislative Committee meeting and based on that feedback this version of the Legislative Platform which will cover 2 calendar years.

Member Mueller stepped out of the meeting momentarily at 3:44PM.

Member Loraine appreciated that it's a lot simpler to read and better than the 11 priorities previously listed.

Motion/Second: Sturken/Loraine

Voice Vote: 10-0-0-2

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								

9. Informational Items Only (no action required)

- A. 2025 Legislative and Regulatory Update
- B. Update on SB 1383 Compliance Program on behalf of RethinkWaste Member Agencies
- C. 2025 Finance and Rate Setting Calendar
- D. Check Register Detail for November – December 2024
- E. Technical Consulting Contracts Issued June 2024-December 2024

Member Romero asked about the \$308K change order for the CIC contract and asked for clarification on the process for when change orders come to the board.

Staff Gans answered that the project didn't go over budget and the project was completed in the timeframe and within the total budget amount and contingency amount that was previously approved by the board. He noted that he asked for a large 20% contingency largely due to dewatering.

Executive Director La Mariana noted that staff would research and respond.

- F. 2025 Meeting Planning Guide

10. Board Member Comments

11. Adjourn 3:55PM