



A Public Agency

EXECUTIVE DIRECTOR'S REPORT

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
Date: May 23, 2019 Board of Directors Meeting
Subject: Executive Director's Report

Staff and Agency partners are currently operating in a period of extreme high volume supporting numerous critical path projects, programs and facility initiatives since our last Board meeting. Here are highlights:

1. Administration & Finance:

a. Bond Refunding/Refinancing—It's official-we're going to market!

As of this writing, the elected bodies of eight SBWMA member agencies have approved the Bond Refunding package which satisfies the Agency's JPA governance section 71.1. requirements. These agencies include: Foster City (first to approve!), San Mateo, Burlingame, Redwood City, Hillsborough, San Carlos, Menlo Park and Belmont. West Bay Sanitary District, East Palo Alto and San Mateo County are all scheduled for consideration between May 20th and June 4th.

Staff and the Finance Team are in final preparation of a multitude of technical documents and legal review. The Finance Team will host analysts from Moody's and S+P's at our Shoreway facility on May 30th, to determine a final agency rating before we go to market. Once again, I must recognize John Mangini's leadership on this project--numerous hard deadlines were met and high levels of member agency support were provided during a very short period of time. Please note the (short!) remaining milestones:

1. **June 11th - 20th:** **Bonds marketed to investors** (By law, earliest date final transaction steps can begin)
2. **June 20:** **Final Bond Pricing established**
3. **June 27th:** **SBWMA Board Meeting**. Staff reports out of (to date) transaction results
4. **July 9th:** **Bond Closing**. Refunding transaction complete (Series 2019 Bonds secured).
5. **September 1st:** **Final Bond Maturity Date** (2009A Bonds are paid off. Entire transaction is complete)

b. Disposal/Landfill Services Recommendation: Ox Mtn Landfill Continues to Be the Best Fit

Concluding an exhaustive, almost year-long procurement process, the joint recommendation of the Board's Selection Committee, the TAC Evaluation Committee, Staff and the Agency's technical partners is to execute a 10-year disposal contract with a base term from January 1, 2020 through December 31, 2029. This proposed term can, by mutual agreement, be extended by up to six additional years through two, three-year extension terms, or through December 31, 2035. A qualified RFP response was also received by Waste Management's Kirby Canyon landfill in San Jose. Comprehensive RFP process and response details are provided in item 5A. Hilary Gans led the charge on this critically important process. His technical and senior-level industry expertise has been on full display throughout the progression of deliverables on this project. Thank you Hilary!

NOTE: The recently executed Franchise Agreements between ten member agencies and Recology expires on December 31, 2034.

c. Long Range Plan (LRP) Update—*New Period: 2020-2024*

A TAC survey and eight SBWMA Committee and contractor (Recology and SBR) input sessions have now been completed. Based on the critical urgency of other Agency priorities (including the two listed above), our production schedule has been revised. While LRP work continues, we currently anticipate presenting a draft LRP document for discussion at the September Board meeting, with consideration at the November Board meeting. Please note that because the first six months of this new LRP period coincides with the second half of the agency's FY19/20, staff has included LRP program planning assumptions in our draft FY19/20 budget.

d. Administrative/Financial Services Contract Transition—*Effective July 1, 2019*

Weekly meetings between Staff and our new service provider, Redwood City's Finance Team, are being held to track the transition deliverables. We remain on track to transition service providers on July 1st. The City of San Carlos' Finance Team--Paul Harris, Carrie Tam and Rebecca Mendenhall--continue to deliver strong technical support and competence during this process. We are extremely grateful for Paul, Carrie and Rebecca's responsible efforts and professionalism during this challenging period. There are two related action items for Board consideration today--items 4C (Authorization to transfer SBWMA Bank Accounts) and 4D (Authorization to transfer SBWMA Financial Investment guidance).

e. Major Grants—*Game on!*

Just in case you couldn't handle anymore good news, here's a bit more:

1. The Organics-to-Energy (O2E) Pilot equipment grant:

a. We recently finalized all technical requirements to secure the \$3M CalRecycle grant to help underwrite our \$5M O2E pilot project. You may remember Agency attorney Kai Ruess' recent report to the Board that this was the most complicated legal project that he's ever worked on. Kai and Jean Savaree represented our Agency's interests with exceptional fortitude during this process coordinating numerous time-sensitive efforts between CalRecycle, Anergia, SBR, and Recology (3 divisions and corporate) and five legal teams. Jean's and Kai's contributions were absolutely essential to the completion of this project.

As a result, the OREX equipment was transferred to Shoreway on May 14th and the Anergia Polishing unit (a mechanical materials) is also now on order. We expect the O2E pilot to be in fully operation by end of calendar year.

b. The County of San Mateo has confirmed that their proposed \$1M grant towards the Agency's O2E pilot has been scheduled for consideration by the Board of Supervisors on June 4th. Staff commends the County's leadership position on so many imperative environmental initiatives, including this project.

2. The Grant Farm has begun work seeking ancillary funding to support a variety of Agency projects. Our new Management Analyst III, Grant Ligon, is managing this process and he will periodically report back to the Board on our results.

3.

2. Committee Updates:

a. Finance Committee Meeting (*May 7—conference call*)

The Finance Committee once again answered the bell with their detailed preliminary review of the Draft FY19/20 Budget that's presented today (agenda item #5B) for discussion and as a progress review of the

agency's current Bond refunding process. As per usual, Staff immensely values their sophisticated guidance and feedback that continues to help advance our important quality of service, environmental integrity and compliance goals.

b. Legislative/Regulatory Committee *(April 9th--Executive Committee Mtg)*

Agency co-sponsored AB 1509 (Mullin) continues to advance responsible Lithium-Ion Battery handling through the Assembly. This bill has successfully passed two Assembly policy committees and moments ago (at this writing), we learned that it passed through the Assembly Appropriations Committee. It's on to the Assembly floor and, if passed, it will proceed to the State Senate. Senator Jerry Hill is already signed on as a co-author in that house so we feel like we've got a strong tailwind on this bill.

Agenda item 9A provides details of bills that our legislative advocate, EEC, is currently tracking on our behalf.

c. Pub Ed/Outreach Subcommittee *(no meeting held)*

d. Technical Advisory Committee *(May 9)*

Staff presented a Long Range Plan progress update and received important feedback from the TAC.

Staff presented an overview of the current SBR Operating Agreement and future agency options beyond this agreement's termination date of December 31, 2020. A spirited discussion followed providing staff with strong direction in preparation of a Board informational study session planned for the June 27th Board meeting. Robust satisfaction was expressed by TAC members regarding SBR's contractual performance to date with their response to the 2016 fires, their commodity market collapse response and their overall partnership mentality regarding facility planning and upgrades being specifically cited. Using this feedback and understanding current market economics as well as the numerous initiatives that the Agency has on the table, Staff received clear direction to recommend that the Agency exercises its current contractual (unilateral) options to extend this agreement through December 31, 2023. This recommendation will be expressed at the aforementioned June study session.

Based on Board feedback at its April meeting regarding the Stormwater program components of the Franchise Agreement Amendment One recommendations, Staff invited C/CAG's Countywide Stormwater Program Manager, Matt Fabry, to provide foundational background on the Municipal Regional Permit that our member agencies are part of (excluding WBSD), and the impending pollution-prevention requirements that possibly relate to solid waste collection activities. As Board request, Mr. Fabry will provide a similar overview at the June 27th Board meeting.

e. Zero Landfill Committee *(No meeting held)*

3. Collection and Recycling Program Support and Compliance:

A. Franchise Agreement Member Agency Approvals—11th Approval Now Scheduled

The County of San Mateo: This matter will be considered by BOS on July 9th.

B. Franchise Agreement "Amendment One" Process—Continued until June Board Meeting

C. Community Outreach and Environmental Education—Earth Day 2019 event is a Success!

Earth Day Event @ Shoreway

Our annual Earth Day at Shoreway Event was held April 27 and it was another huge success. With exceptional coordination leadership by Madison Guzman, Emi Hashizume and the Agency's Four Fellows

(Adele Halili, Shirley Ng, Joanna Rosales, Dennis Uyat) we had 383 attendees enjoy facility tours, a petting zoo, interact with local organizations and participate in our eco-giveaways. We want to send a huge thank you to SBR for their amazing help in staffing and coordination of the day. We also want to thank our Board members Board Chair Jay Benton and Rick Bonilla for coming by, speaking to the attendees and helping with the raffles.

4. Shoreway Operations and Contract Management

A. Organics-to-Energy Project

As previously noted under the "Grants" section, site work has begun to support this O2E pilot, including important electrical and structural site upgrades. These costs are budgeted. Progress reports will be provided at future Board meetings

B. O2E and MRF projects: Design, Engineering and Permitting

Staff and technical contractors are in extreme priority mode regarding these crucial functions in anticipation of these significant projects moving forward with the eminent conclusion of the Bond Refunding project.

Respectfully submitted,



Joe La Mariana
Executive Director

Attachments:

- A. Franchise Agreement Execution Status by Member Agency: Elected Body Consideration Tracker

Attachment A:
Franchise Agreement Execution Status by Member Agency:
Elected Body Consideration Tracker

SBWMA Member Agency	City Council Consideration Date	Status/Comments
City of San Mateo	November 6, 2017	Council approved: 5-0
Hillsborough	November 13, 2017	Council approved: 5-0
San Carlos	November 13, 2017	Council approved: 5-0
Foster City	November 20, 2017	Council approved: 5-0
Burlingame	January 16, 2018	Council approved: 5-0
West Bay Sanitary District	January 24, 2018	Board approved: 5-0
Redwood City	March 26, 2018	Council approved: 7-0
Menlo Park	April 24, 2018	Council approved: 3-0-2* *Eight (8) member agencies have now approved their individual Franchise Agreements with Recology. This 8 th vote satisfies the requirements of the JPA's governance agreement, Section 7.1.1 of a 2/3rds vote. A public procurement is avoided.
East Palo Alto	June 19, 2018	Council approved: 4-0
Belmont	August 28, 2018	Council approved: 5-0 Franchise Agreement deal terms were approved and City Manager Scoles is authorized to execute Belmont's final agreement. This final step is currently in progress
County of San Mateo	July 9 th , 2019	County staff has confirmed this BOS Meeting date for Board of Supervisors' consideration.
Atherton	TBD	On 4/17, Atherton's Town Council voted to issue an RFP for their town's solid waste collection and, possibly, other handling services.

*Notes:

1. JPA Agreement states that each member agency's individual Franchise Agreement be fully executed by June 30, 2018.
2. Per the section 7.1.1 of the "Second Amended and Restated Joint Exercise of Powers Agreement, South Bayside Waste Management Authority" (aka "JPA Governance Agreement") "two thirds of the members agencies (or 8 member agencies) are required to approve this Franchise Agreement for it to become ratified.