



SBWMA Technical Advisory Committee (TAC) Meeting

THURSDAY, July 9, 2015 at 2:00 p.m.

San Carlos Library
Conference Room A
610 Elm Street, San Carlos, CA 94070

1. Roll 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 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.

3. 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.*

- A. Adopt the April 9, 2015 TAC Meeting Minutes
- B. Adopt the April 23, 2015 joint Board/TAC Meeting Minutes

4. Review of Draft Plan and Recommended Process for SBWMA to Support Member Agencies with Future Decisions Regarding Franchise Agreements with Recology

5. TAC Member Comments

6. Adjourn

MEMBER AGENCIES

ATHERTON * BELMONT * BURLINGAME * EAST PALO ALTO * FOSTER CITY * HILLSBOROUGH * MENLO PARK * REDWOOD CITY
* SAN CARLOS * SAN MATEO * COUNTY OF SAN MATEO * WEST BAY SANITARY DISTRICT



CONSENT CALENDAR



DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 MEETING OF THE TECHNICAL ADVISORY COMMITTEE
 April 9, 2015 – 2:00 p.m.
 San Carlos Library Conference Room

1. Roll Call

Agency	Present	Absent	Agency	Present	Absent
Atherton	X		Menlo Park		X
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	

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None

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A. Adopt the October 9, 2014 TAC Meeting Minutes

Motion/Second: LaMariana/Murray

Voice Vote: All in Favor

4. Review of Draft 2015 Long Range Plan

Executive Director McCarthy commented that the Draft Long Range Plan Document was being restructured for the April 23rd Board Meeting, mostly to reduce the size. He also announced that the April Board meeting would be a joint Board/TAC meeting focused on the budget. He then went through the presentation given at the 3/26/15 Board Meeting, and noted that the focus of the Long Range Plan is

primarily AB341 and how to get to the 75% diversion goal.

Vice Chair Rodericks asked which agency would get the AB32 credits if Recology moved to a CNG fleet, would it be San Carlos because the facility is in San Carlos, or would the Member Agencies get it too.

Executive Director McCarthy answered that he wasn't sure he'd have to look into that.

Member Murray noted that all of San Mateo's environmental requirements for AB32 went through San Carlos, but that she had to give individual emissions information.

Vice Chair Rodericks asked what office space at Shoreway would look like for the SBWMA staff, and wondered if it would be new or existing space.

Executive Director McCarthy answered that both new space and remodeling existing space are options laid out in the Long Range Plan, but that both are tied into options around the mixed waste processing system.

Vice Chair Rodericks asked if there was or could be a revenue component to the CNG system.

Staff Gans answered that the CNG system would be designed for our facility's needs, and can either be designed with fast flow or slow flow. With slow flow the trucks would get refueled overnight, but it would have to be designed as fast flow if there was a merchant component.

Member LaMarina asked if slow flow was even feasible with at 200 truck fleet.

Staff Gans answered yes.

Member LaMariana asked if there had been any discussion about CNG availability.

Staff Gans answered that he had been discussing it with Clean Energy and that it didn't seem to be an issue.

Member Murray asked how long the processing time was for the Mixed Waste Processing system, and how big it was.

Staff Gans answered that the processing time was about 3 minutes total, and that it would take up about 1/4 of the existing north-side of the transfer station, that it would go about 30 feet out (to the west) towards highway 101.

Member Clark questioned where the labor costs were in the Mixed Waste Processing system analysis.

Executive Director McCarthy answered that the additional personnel would be in the operating expense line item.

Member LaMariana asked what type of peer review was involved developing the plan for the Mixed Waste Processing System.

Executive Director McCarthy noted that Staff Gans, and contractor Joe Sloan were brought in first, followed by Staff Moran and himself and then SBR Dwight Herring and Dan Domonoske all vetted the project.

Vice Chair Rodericks asked for more information on the thinking about split-body collection vehicles noting that intuitively he thought that would make more trips.

Gino Gasparini of Recology that a split-body vehicle would get a whole truck off the streets, even though it would be servicing less households it would be two trucks instead of 3 servicing a home.

Executive Director McCarthy noted that the reason it is earmarked as a pilot program is that it needs to be tested to see if the quantiles of material make it worthwhile. He noted that several Cities have also done pilot programs, and some have gone forward and some have not, and if the material wasn't evenly collected.

Gino Gasparini added that San Francisco uses split-body vehicles, so there are advantages.

Member Murray questioned how an every other week pilot or program would work with a split body collection vehicle, she also asked if it would mean changing the cart size options.

Executive Director McCarthy acknowledged that it would be a fundamental change. Recology would have to reroute the service area, and Member Agencies would have to completely reform their rate structures. He noted that there are many unpredictable questions which is why a pilot program is recommended first, and then if every other week collection works the change would occur with the new contracts.

Member Murray wondered what the current law stated with regards to every other week collection and if it was a state or local law.

Vice Chair Rodericks commented that non-inerts need to be picked up every 7 days.

Staff Gans noted that it would be the County LEA that would approve every other week collection.

Member Murray commented that every other week collection didn't seem to have much benefit.

Executive Director McCarthy commented that there a lot of operational cost savings, and too many potential upsides to not at least try it, but acknowledged that there might be too many barriers too, which would keep it from ever happening.

Member Clark commented that she was concerned about air quality safety for the sorters working on the Mixed Waste Processing System.

Staff Gans replied that the system hasn't been built yet, and that OSHA would regulate that.

Executive Director McCarthy noted that an air conditioning and/or filtering system was not required on the MRF side.

5. Recology San Mateo County 2014 Revenue Reconciliation

Staff Moran gave an overview of the 2014 revenue reconciliation report, and noted that the revenue was slightly better than estimated at 0.2% rate impact, noting that each Member Agency would have slight differences.

6. TAC Member Comments

Staff Devincenzi invited TAC Members to attend and help promote the Annual Earth Day at Shoreway event being held Saturday, April 11, from 10a.m. to 2p.m.

7. Adjourn 3:15PM



DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 TECHNICAL ADVISORY COMMITTEE MEETING
 A JOINT MEETING WITH THE BOARD OF DIRECTORS
 April 23, 2015 – 2:00 p.m.
 San Carlos Library Conference Room A/B

Call To Order: 2:00 PM

1. Roll Call

Agency	Present	Absent	Agency	Present	Absent
Atherton	X		Menlo Park		X
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	

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None

3. Executive Director's Report

Executive Director McCarthy had no highlights from the report.

Board Member Benton asked which of the Finance Manager candidates withdrew.

Executive Director McCarthy noted that the names of the candidates had not been released, but that it was the candidate with public sector experience.

Counsel Lanzone announced that the SBWMA and SBR had received a letter from an organization called Bay Keepers that noted supposed violations at Shoreway with storm water. He noted that the matter will be managed by SBR, and that Recology has previous experience with the organization that tendered the letter. He also noted that there would be a closed session at the May Board meeting when more information had been gathered, and that he would send out a copy of the letter to the Board Members.

4. Approval of Consent Calendar:

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- A. Adopt the March 26, 2015 BOD Meeting Minutes
- B. Resolution Approving Calendar Year 2014 Financial Statements

Board Member Bronitsky made a motion to approve the consent calendar
 Board Member Benton seconded the motion
 Voice Vote: All in Favor

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton				X	Menlo Park				X
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			

5. Administration and Finance:

- A. Discussion on FY1516 Preliminary Operating Budget (*Staff presentation and discussion item*)

Board Vice Chair Dehn noted the aggressive schedule for the meeting with discussions on both the budget and the Long Range plan, and she commented that it was important that the discussion give feedback and direction to staff on the two items.

Executive Director McCarthy gave a Power Point presentation on the preliminary budget highlighting the information in the staff report. He noted the key assumptions when generating the budget, and highlighted that this year the budget does assume a tipping fee increase of 3.8%. He also noted that if a 3.8% tipping fee increase was approved it would be a 0.97% collection rate impact across the service area.

Board Member Olbert asked for confirmation if a good portion of the assumed tip fee increase is being driven by meeting the bond covenant.

Executive Director McCarthy answered yes, and noted that the budget is set up to fully fund the cash reserves.

Board Member Olbert asked when was the last time the Board talked about what the reserve levels should be on a policy level.

Executive Director McCarthy answered that it was the latter half of last year.

Board Member Olbert commented that he thought the reserve levels were relatively high, and he recommended the Member Agencies be on call to provide rate stabilization if something were to happen, and requested further discussion on the topic of reserve levels.

Executive Director McCarthy noted that the Board Chair was interested in having a discussion around a comfortable minimum reserve level, but that the policy only states up to a maximum. He also added that in checking the number recently he thought the rate stabilization fund may be over reserved, and there may be an opportunity to bring that maximum down.

Board Member Benton clarified that the \$3.197M was the anticipated amount of undesignated cash at the end of next year.

Executive Director McCarthy answered yes.

Board Member Benton wondered what accounted for the drop from \$4.5M to \$3.2M.

Executive Director McCarthy answered that it's a number of things, capital, and commodity revenues being lower and one-time expenses in the operating expenses that will go away next year.

Member Benton wondered if for example the \$510,000 not spent on the canopy pops up because it's not spent so it becomes reserves.

Executive Director McCarthy answered that part of the reason why the mid-year number is so much higher is that when the budget was adopted last June, the prior fiscal year wasn't closed out, when the end of year audit was complete it turned out there was a much higher ending balance.

Board Member Olbert asked for confirmation if an Every Other Week collection was adopted, it wouldn't save money until a new contract with the hauler.

Executive Director McCarthy answered yes, unless it's part of the decision in 2017, the Board could negotiate to start things earlier. He also noted that the Every Other Week proposal is high risk high reward. It would fundamentally alter the routing, and the rate setting model, so if the Board likes the idea of Every Other Week collection it should be tried now, and if not it shouldn't happen at all.

Board Member Benton asked for clarification as to when the budget would be approved.

Executive Director McCarthy answered that the budget would be approved in May or June.

Board Vice Chair Dehn asked what the timing of the RFP on financial services and if those costs would be known before the budget is approved.

Executive Director McCarthy answered that the proposals are due tomorrow, and staff would have those numbers and implications to the budget in the May Board Packet.

Board Member Benton wondered what the yards decrease on the revenue detail slide included.

Executive Director McCarthy answered that it is public volumes of garbage, green waste and C&D. He added that garbage is going down, C&D is going up, and green waste is going down likely because of the drought, and noted that it's not a large number but it is a \$281,000 drop from last year.

Board Member Benton commented that one of the Board's goals is increased public use of the facility, so he would like to know why the public volumes are decreasing. He suggested conducting analysis based which cities are using Shoreway for public drop off.

Executive Director McCarthy noted that there was a two to three year trend where the volumes were going back up and then this last year the public volumes have significantly dropped.

Executive Director McCarthy continued the presentation and gave detail on education and outreach as requested by some members of the Board.

Board Vice Chair Dehn noted that the Recology commercial outreach number included headcount, and asked if the SBWMA number also included headcount.

Executive Director McCarthy answered that there is one public outreach headcount across all areas, and that it is not included in these outreach program numbers.

Board Vice Chair Dehn asked if all commercial business in our jurisdictions, is more than the 10,534 listed commercial accounts.

Executive Director McCarthy answered that it shouldn't be because garbage is franchised so every business should have garbage service provided by Recology.

Board Member Benton asked if outreach costs are allocated to each member agency based on their size.

Executive Director McCarthy answered that the SBWMA doesn't allocate the budget to the Member Agencies, there is a single budget. The only place the Member Agencies are impacted is the tipping fees, the Shoreway tipping fees pay for all of the SBWMA operations.

Board Member Benton commented that there are big numbers in the budget and the Long Range Plan aimed at improving commercial diversion, and questioned how those costs would be allocated to an agency like his with no commercial entities.

Executive Director McCarthy noted that in the Long Range Plan the biggest single expense is the Mixed Waste Processing system which will process waste across all sectors. Every ton will get sorted, so each Member Agency would be getting new diversion from the system.

Board Member Benton asked for clarification because he recalled from the Long Range Plan discussion last month that the primary reason for the mixed waste processing system was to try and get more diversion out of the commercial sector.

Executive Director McCarthy answered that the primary focus is organic waste which both residential and commercial sectors are throwing away, and a line hasn't been drawn as to how those numbers will get allocated to residential or commercial.

Member Murray commented that on the commercial side the more that we can divert, the more revenue through the commodities there will be which benefits everyone.

Member Galli asked what the difference was between a household and an account, specifically mentioning the cost per account per year at \$2.55 versus the cost per household per month at \$0.07.

Executive Director McCarthy noted that account refers to commercial account, and that it should have been per month, and that the \$0.07 figure was the impact on a residential garbage account that is \$30 per month.

Executive Director McCarthy continued his presentation and spoke about the school bussing program.

Board Member Aguirre asked for clarification on the number of students taking part in the Education Center tours.

Executive Director McCarthy noted the difference between the two slides of the table in the slide is that one was the number of students all grades up to twelfth, that participated in the program, and one was the number of 4th to 6th grade classes that participate in the program. He added that 4th to 6th grade was put into a separate table because they are the target age group based on California's state curriculum standards.

Board Vice Chair Dehn asked how other tour groups are getting to the facility if 2/3 are not using the bus.

Executive Director McCarthy answered that 2/3 aren't offered the bus, but that they generally come by car pool.

Board Member Bronitsky commented that for him it isn't about the money spent on bussing it's about the impact, and he thought the bussing should be given to schools whose students implement programs back in their community.

Executive Director McCarthy noted that the content of the tour ties to the states curriculum standards, and that teachers are provided pre and post tour information, so that the information learned is reinforced in the class room and in the community.

Board Vice Chair Dehn noted that there were two handouts related to the budget, one was an email from a Belmont Girl Scout leader regarding the tour program, and the other was from Chair Widmer who was unable to be at the meeting today so sent his remarks on the budget and long range plan via email.

Board Member Benton asked how it is determined who is offered bussing.

Executive Director McCarthy answered that any 4th to 6th grade class in the service area is offered bussing, but the tour is offered to any class in 3rd grade or above.

Board Member Benton asked what percentage of all 4th to 6th grades in the service area are participating in the program.

Executive Director McCarthy answered that Long Range Plan did include percentages of schools in the service area that have sent at least one class, and that the number was between 50-60%, but that wasn't necessarily the target 4th to 6th grade group.

Board Member Benton noted that he would like to see an increase in the percentage of the target group.

Executive Director McCarthy noted that the point was well taken, and the first couple of years of the program people were excited about the startup of the program, and now it's established, and more can be done to get the target classes in the facility.

Member Rodericks asked if the private and public schools are all rate payers, and asked for legal clarification on using public money to provide private school bussing.

Executive Director McCarthy answered that the public schools are not subject to the Franchise Agreements because they are state entities, private schools are part of the Franchise Agreements. He added that in the end the tour program is meant to be a catalyst to get those schools to have compost programs, and recycling programs in their schools, and if they're diverting material out of the waste stream then everyone benefits.

Board Member Benton added that it's not just about bringing compost and recycling to their schools, it's also about students taking the message home.

Executive Director McCarthy agreed and noted that it was a small dollar amount that was being spent, but incremental increases in diversion won't happen with cuts in public outreach.

Board Member Olbert wondered if there should be a lump sum for public outreach and let the staff determine the best way to spend the money, noting that it is odd to be spending so much time talking about \$16,000 in a budget of \$100M.

Board Member Bronitsky responded that money shouldn't be spent if there is no impact, and which ever projects can show impact are the projects to keep. He noted he would be for a lump sum public outreach line item as long as impact could be determined.

Board Vice Chair Dehn noted that her preference would be a lump sum for all public education, as long as that education could have measurable outcomes.

Board Member Aguirre noted that she was concerned about dividing public and private students, noting that all students are residents. She also added the education is important, and doesn't have a price. She further commented that public education is hard to measure because its impact is long term, but when letters are received like the one received today from the Belmont resident, that is how success is measured.

Counsel Lanzone followed up that there is not a legal issue with paying for private school busses using public money, they are all in the service area.

Board Member Olbert asked if there was anything from Chair Widmer's email that the Board wants to discuss.

Board Vice Chair Dehn noted that Executive Director McCarthy had seen the email, and that TAC Member Rodericks was at the meeting to elaborate on any of Chair Widmer's comments in the email. She also noted that many of the comments dovetail into the Long Range Plan.

Board Member Olbert noted that he sensed the budget means the possibility for rate increases for all of the Member Agencies next year.

Executive Director McCarthy answered yes a 1% impact.

Board Member Olbert followed up that he would like to see if reserve levels could be lowered so there wouldn't be as much of a rate impact, and noted that he would like to see that analysis discussion brought back to the Board just to know what that change would look like.

Executive Director McCarthy answered that staff can do that research, he added that a final decision hasn't been made on the Long Range Plan, and asked that the Board be thinking about how to reserve some money for future capital needs for projects outlined in the Long Range Plan. He noted that he would work with Staff Moran to get a document together on how moving one piece affects the other.

Board Member Olbert commented that the undesignated cash reserve goes to the fundamental philosophy of the JPA, and how the Board wants the JPA to operate. The way it is set up now more money is being collected than is required to run the current programs, so that without needing to go back the member agencies for a particular project money is ready. He noted that he'd like to include that discussion as part of the Long Range Plan so that fundamentally the JPA is run the way the Board agrees.

Member Galli questioned why the C&D funding was eliminated, and asked if a list of certified C&D processors was available.

Executive Director McCarthy answered that another organization was doing certification of processors so the JPA didn't need to do its own certification.

Staff Feldman added that a group of C&D processors is working on making an industry wide level playing field but it's a very slow process. He added that it was redundant to spend money on a consultant for this project when other municipalities are doing the same work.

Member Galli noted that eventually something would be coming, and added that she would like to see money in the budget to align the existing Member Agencies C&D ordinances with the current green building code.

Staff Feldman answered that staff has done some of that work, and it would probably be about \$10,000 to do a study and create a model ordinance to weigh against all the Member Agencies' ordinances.

Board Vice Chair Dehn gave direction to see if there was wiggle room in the budget and report back to the Board.

C. Review of Draft 2015 Long Range Plan (*Staff presentation and discussion item*)

Executive Director McCarthy pointed out the changes to the Draft Long Range Plan from the March Board meeting. He noted the most significant change is that the background had been moved to the back of the document, and the Executive Summary tells the story of what is recommended. He also noted that the staff report includes the collection rate impact, and that table 1 in the staff report shows the impact of the recommended projects on diversion.

Board Member Olbert asked if the primary impetus of the mixed waste processing was increased diversion, and asked for confirmation if the calculations presented would increase diversion to 68%.

Executive Director McCarthy answered that it is the single biggest contributor to increasing the diversion number.

Board Vice Chair Dehn questioned the differences in cost between the budget and the Long Range Plan on remodeling the Admin building for staff to relocate.

Executive Director McCarthy noted that the \$25,000 in the FY1516 budget was for design options only, and that the Long Range Plan is the estimated full cost.

Board Vice Chair Dehn asked when the lease in the San Carlos Library was up.

Executive Director McCarthy answered that at next month's Board meeting staff would be coming to Board with consideration of approval of a one year lease extension and the option of an additional year.

Chair Oskoui asked if the CNG analysis included the costs of infrastructure and fleet replacement, or if it was just fuel savings.

Executive Director McCarthy answered that the cost in the Long Range Plan was a net cost of the savings of conversion, and the cost of facility improvements. He noted that this proposal assumes a new fleet in 2021.

Board Vice Chair Dehn asked if it was feasible that Recology could consider fleet conversion earlier.

Executive Director McCarthy answered that it is something they could propose in their negotiations with the Member Agencies.

Board Member Olbert commented that since the goal of the Mixed Waste Processing system is to increase the diversion rate, and the state has an aspirational 75% goal by 2020, he noted that he was concerned about setting up the new system earlier than needed.

Executive Director McCarthy replied that what is critical to this organization is that the landfill rates are going to go up significantly in 2020, and this system is a hedge against that increase. He also noted that the history of the State's policy is that everything that has come out of climate change law has driven new legislation, so our agency needs to be prepared for the 75% diversion goal to become a mandate.

Board Member Olbert wondered what a 20% increase in landfill costs would do to rate impact overall, if no other diversion measures were taken.

Executive Director McCarthy answered that it would have a couple percentage point impact on the \$100,000 system.

Board Member Olbert noted that the numbers seems to be offsetting each other and requested that sometime be spent teasing those numbers out to see if they really do offset each other, noting that would change his attitude towards the mixed waste processing system.

3:32 PM – Member Bronitsky, Member Abrica, and Member Slocum now absent meeting officially adjourned due to lack of quorum, but discussion continued.

Board Member Benton asked for further explanation on what is driving the Every Other Week collection proposal.

Executive Director McCarthy answered that besides the Mixed Waste Processing system this was the only alternative that came up that could give potential operational cost savings and possibly a bump in diversion. He noted that there are some cities claiming significant increases in diversion, but cautioned that contamination goes up in the recycling. He added that in looking at the results from the other Agencies that have tried Every Other Week, it made sense to propose trying it to see what kind of results could be achieved in this service area. He acknowledged that there are all kinds of challenges with Every Other Week Collection most significantly rate structure, but also re-routing, and cart migration.

Board Member Benton asked what results from the study would show that the project would be warranted going forward.

Executive Director McCarthy answered a net increase in diversion would be the goal.

Member Benton asked why there would be an increase in diversion.

Executive Director McCarthy answered because it would force people to separate better, because more will need to be put in the blue and green cart but noted that he was suspect as to whether the recyclables wouldn't get contaminated.

Board Member Benton commented that \$120,000 seemed like a big expense for a fishing expedition.

Board Member Benton commented that over and over again he finds plastics that have no recyclable symbol on them and asked what programs the industry has in place to drive manufactures to use recyclable materials and suggested an outreach program to encourage consumers to choose products that are recyclable.

Executive Director McCarthy noted that state and federal legislation would be the driver to require manufacturers to make their products recyclable. He noted that in the Long Range Plan there is a section on Extended Producer Responsibility and with that the Board would put a policy in place that if the state or federal government were to put legislature in place that would require manufacturers to use more sustainable materials the SBWMA Board would be supportive of that legislation.

Board Vice Chair Dehn suggested that any further questions on the Long Range Plan be sent to Kevin.

6. Collection and Recycling Program Support and Compliance:

- A. Draft Plan and Recommended Process for SBWMA to Support Member Agencies with Future Decisions Regarding Franchise Agreements with Recology (*Discussion item*)

This item was waived due to lack of quorum.

7. Shoreway Operations and Contract Management:

- A. Update on SBR Compliance with Terms and Conditions Associated with Board Approval of Consent to Assignment of Majority Interest in South Bay Recycling, LLC to Recology, Inc. (*Discussion item*)

Executive Director McCarthy introduced this item noting that with the Board's approval of the Consent to Assignment in December there were some follow up items to address in the conditions of approval that were part the resolution. He noted that Recology and SBR have met all of those requirements, but that there was a specific item related to synergy of operations, and referenced a copy of the letter in the staff report, noting that through a merger there was an imbedded assumption that there should be savings, and that the bottom line is that there are no savings and asked Dan Domonoske for SBR's response.

Dan Domonoske of SBR noted that he was at the meeting to address the Board with George McGrath of Recology who also participated in drafting the letter the Board had received. He noted that the Member Agencies were very well served by a competitive RFP process, and SBR by submitting a cost competitive bid, did so in a way that utilized a lot of efficiencies. He also noted that the cost of his management was not built into the RFP. Additionally, he noted that a senior financial manager has been hired and is going through the back ground check, and they are just waiting for a start date. He concluded that the two reasons there weren't any savings and synergies through the merger are one, that SBR was very lean and efficient to begin with, and two, the merger is more about Recology looking at an opportunity in Los Angeles, and this purchase gave them a presence in that area.

George McGrath of Recology added that Recology has established a relationship with SBR, and provided assistance on general ledger so the Board will begin to see different reporting. He also noted a peculiarity in the process of the merger they were not prepared for was that Recology is a self-insured company but the LLC couldn't be self-insured, so they had to retain an insurance carrier separate from Recology, and as a result are absorbing more costs than anticipated.

Board Vice Chair Dehn asked if the additional costs for insurance will remain or change over time.

George McGrath answered that he anticipates they will have the opportunity to reduce those costs, and that in August or September they'll have more leverage and he anticipates a change then.

8. Informational Items Only (no action required)

- A. 2015 Finance and Rate Setting Calendar
- B. Check Register for March 2015
- C. Technical Consulting Contracts for 1st Quarter 2015
- D. Potential Future Board Agenda Items
- E. 2014 Member Agency Snapshot Reports

9. Board Member Comments

10. Adjourn: Meeting adjourned at 3:32 and discussion continued until 3:48



Review of Draft Plan and
Recommended Process for SBWM
to Support Member Agencies with
Future Decisions Regarding
Franchise Agreements with
Recology



STAFF REPORT

To: SBWMA TAC Members
From: Kevin McCarthy, Executive Director
Date: July 9, 2015 TAC Meeting
Subject: Review of the Draft Plan and Recommended Process to Support Member Agencies with Future Decisions Regarding Franchise Agreements with Recology

TAC Action

This item was referred to the TAC by the Board of Directors at its May 28, 2015 meeting. The Executive Committee is requesting that the TAC review the attached document (i.e., May 28, 2015 Board agenda item 8A - attached) at the July 9th TAC meeting and at the September 10th TAC meeting develop a final recommendation for consideration by the Board for a plan and recommended process to support Member Agencies with future decisions regarding Franchise Agreements with Recology.

Analysis

Each Member Agency will individually decide whether to extend their Franchise Agreement with Recology; however, the prior direction from the Board and past practice has been for the JPA to help facilitate and manage the process for selection of a franchised collection services provider and to provide overall contract administration support.

The JPA has assisted the Member Agencies with this type of planning, related contract negotiations and contract administration since its inception. It is anticipated that the active engagement and collaboration between JPA staff, Member Agency staff (including the TAC), Recology and the SBWMA Board will be required to develop an effective plan and process that can be executed in a timely manner. In the past the JPA has relied on the active engagement of its Member Agencies through utilization of various committees, such as:

Franchise Agreement Contractor Selection Process

- PAF (Programs and Facilities) Committee
- PAC (Process and Contracts) Committee
- Contractor Selection Committee (proposals review and scoring)

Shoreway Operator Contractor Selection Process

- Contractor Selection Committee (proposals review and scoring)

Various Adhoc Subcommittees

- Franchise Agreement Administrative Changes Subcommittee
- Public Education and Outreach Subcommittee
- Audit Subcommittee

Key questions for the TAC to consider in reviewing the attached Draft Plan and Recommended Process include:

- What public engagement process do you want to use or not to get community feedback on your current scope of franchise collection services and whether changes should be made?
- Do you want to hold a performance hearing per Section 8.11 of your Franchise Agreement to facilitate

- public input on Recology's performance delivering franchised collection services?
- What process or steps do you need to take to brief your governing body on the current status of your Franchise Agreement, the required decision in 2017 to extend or not, and the role of the JPA in assisting you with such a decision?

Background

Each of the Member Agencies has a Franchise Agreement with Recology San Mateo County which started on January 1, 2011 and ends at midnight on December 31, 2020. The Franchise Agreements state:

- **SECTION 3.02 TERM**
The Term of this Agreement shall begin on the Effective Date and shall end at midnight on December 31, 2020, unless earlier terminated, or extended as provided in Section 3.03. Contractor's obligation to Collect Solid Waste, Targeted Recyclable Materials and Organic Materials shall begin on January 1, 2011 at 12:01 a.m. and shall continue for the remainder of the Term.
- **SECTION 3.03 EXTENSION OF TERM**
During calendar year 2017, the Parties shall meet and confer on the possible extension of the Term.

The contract extension decision period was set for a defined period so as to allow sufficient time if needed to conduct a competitive procurement process if no contract extension was granted. Given the size and complexity of the service area it was determined that a three-year period (i.e., 2018-2020) was needed to complete a competitive procurement process and transition to a new service provider if appropriate.

On June 25, 2015 the Board adopted the 2015 Long Range Plan which includes recommendations that may affect the future scope of the Franchise Agreements. On the same date, the Board adopted the FY1516 budget which provides funding for two collection related pilots, use of co-collection vehicles and an every other week garbage collection pilot.

Fiscal Impact

There is no specific fiscal impact associated with this item. However, future recommendations by the SBWMA Board and Member Agency decisions regarding an extension to their existing Franchise Agreement(s) will ultimately impact the solid waste collection rates charged to residential and commercial customers.

Attachment:

A – May 28, 2015 Board agenda item 8A: Draft Plan and Recommended Process to Support Member Agencies with Future Decisions Regarding Franchise Agreements with Recology