



CONSENT CALENDAR

DRAFT MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
September 27, 2018– 2:00 p.m.
San Carlos Library Conference Room A/B**

Call To Order: 2:01 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

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so. Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting. If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

None

3. Adjourn to Closed Session – PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code Section 54957) Title: Executive Director

4. Call to Order/Roll Call (Public Session)

Call to Order: 2:14PM

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

5. Public Comment (Public Session)

None

6. Executive Director's Report

Executive Director La Mariana gave highlights of Agency work since the last Board meeting in June.

- The two contractor's compensation applications have gone through the vetting process and are on the agenda today for approval. He encouraged the Member Agencies to add 1-2% points each year to their 2019-2020 rates to help offset the future anticipated system costs.
- On September 24, multiple bids were received in response to the landfill disposal RFP. At the end of October the evaluation committee will meet and the selection committee will meet a few weeks later.
- The October Board meeting will focus on Capital Improvement projects, including the Organics to Energy pilot, and a recommendation to hire an unbudgeted FTE at mid-year.
- Amendment One discussions with Recology are underway, and Recology is in the process of pricing out the options.
- The battery re-launch operations and pub ed campaign has been very successful. There has been 168% increase since the program launch, but with increased material comes increased costs.
- Senior staff is available for community meetings to speak about the agency and what the industry challenges are.
- SBWMA has been asked to participate in a legislative lobbyist RFP with StopWaste. The RFP will expand the current scope of legislative engagement services that reviews and tracks the bills as they move through the process, but this contract would be for a registered lobbyist at the state level. This is a notable, higher level of advocacy engagement than our current program.
- Please come to Rethink Recycling Day on October 27 from 10-2. This is the fall free public event at Shoreway including free shredding, food preservation workshops, a clothing exchange, tours and food.

Regarding Rethink Recycling Day: Member Aguirre commented that she would like to include e-Recycling at Rethink Recycling Day and include it on the marketing for the event.

Regarding Batteries: Member Widmer commented that he would like to remove clear bags from the language on the battery bags and require the orange bag to make it visible for the Recology drivers. Member Aguirre commented that she thought it was too costly to continue with the orange bags, but it was a good kick start.

Chair Bronitsky asked Board members who wished to have this be revisited as an action item email him and the Executive Committee can put the item on a future agenda.

7. 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 Minutes from the June 28, 2018 Board of Directors Meeting
- Approval of Quarterly Investment Report
- Resolution Approving the Revised Conflict of Interest Code

Motion/Second: Bonilla/Brownrigg

Roll Call Vote: 11-0-0-1

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 District				X

8. Administration and Finance

A. Resolution Approving Bond Refunding Work Plan

Staff is ready to move forward with Bond refunding as expeditiously as possible before interest rates rise any further, the early redemption of these bonds is June 1, 2019. The goal is to be ready by that date. Staff Mangini went over the highlights of the staff report and attachment C. He noted that the estimated savings is \$10.7M over the remaining 18 years of the life of the Bond at a cost of issuance of \$870,000. The current net present return value is 17% return and staff's recommendation is to proceed as long as that value exceeds 5%.

The Board discussion included interest rate sensitivity, and pros and cons of refunding. Staff Mangini noted that every basis point increase in interest rates is \$40,000, and the only risk he is worried about is that the Agency won't be in as favorable of a position by the time the Bonds can be refunded.

Member Brownrigg commented that all the Member Agencies are familiar with refinancing and suggested that staff get the data to the Member Agencies as soon as possible and that at least his Council would trust the SBWMA Board to make the judgement about whether it made sense for all rate payers. He also noted that he thought the cost of issuance shouldn't be more than 1%. He asked why the refunding wouldn't be until June.

Staff Mangini answered that there is a hold harmless IRS cost if they were redeemed before June 1.

Executive Director La Marina concluded by noting that there will likely be two different decisions on Bonds. One to refund the existing 2009A bonds, and a second bond to fund future system capital improvements.

Motion/Second: Bonilla/Hurt

Roll Call Vote: 11-0-0-1

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 District				X

B. Resolution Approving the SBWMA Board Response to the San Mateo County Civil Grand Jury Report

Executive Director La Mariana gave a report on the grand jury investigation and response being presented for approval. The Grand Jury made two recommendations: 1) to adopt policies and procedures before the end of the year relating to annual and financial reports; and 2) post all historical agency reports and upgrade the website. He indicated that all but one of those reports is already posted and the remaining outstanding report is in process.

Motion/Second: Carlton/Groom

Roll Call Vote: 11-0-0-1

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 District				X

9. Collection and Recycling Program Support and Compliance

A. Resolution Approving Recology San Mateo County Incentive/Disincentive Adjustment

Staff Gans gave an overview of the issue. Under the Franchise Agreements Recology is financially incentivized to maximize diversion and minimize contamination. There was a Board decision made to only perform contamination monitoring on an as needed basis. As a result, the dollar amount that was either owed or paid by Recology no longer had a diversion number that it was tied to. This number is part of the compensation application process that is laid out in the Franchise Agreements. Staff recommends using an average number from the past 3 years for the next two years at which point the contract extension begins and the modification has already been made in the extension.

Member Widmer commented that the diversion numbers are too low, and the diversion levels should be based on individual jurisdictions.

Motion/Second: Aguirre/Bonilla

Roll Call Vote: 10-1-0-1

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 District				X

B. Resolution Approving Recology San Mateo County 2019 Compensation Adjustment Application

Staff Mangini gave a Presentation overviewing the 2019 compensation process.

Q&A followed the presentation. Two questions: 1) What specific containers are included in the cost of service; and 2) What things are driving changes in total route hours.

Question 1: Mike Kelly, General Manager of Recology, answered that it is the actual number of containers on the street per line of business during the audit period.

Question 2: Staff answered that allocation is based on total route hours and lifts in each city, so as a City grows their route hours are going to increase with development, it can pull hours away from a neighboring city if they haven't had as much development.

Motion/Second: Bonilla/Brownrigg

Roll Call Vote: 11-0-0-1

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 District				X

10. Shoreway Operations and Contract Management

A. Resolution Approving South Bay Recycling 2019 Compensation Adjustment Application

Staff Gans noted that the process for the SBR Compensation Application is very similar to that of the Recology application, except that the SBWMA holds the operations agreement and the cost of operations gets allocated out based on tonnage. He noted that the total compensation increase for 2019 is 2.8%.

Motion/Second: Bonilla/Hurt

Roll Call Vote: 11-0-0-1

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 District				X

B. Resolution Approving Continued South Bay Recycling Additional Sort Labor Expenses

Staff Gans summarized the issue noting that with the difficulty in marketing the recyclables, the decision was made in March to add additional sort labor to improve the quality of the recycles so the risk of a rejected load is decreased. The original estimated cost of the additional labor was about \$48,000 per month. The actual cost has been on average \$12,800 and has never been as high as anticipated partly because SBR is monitoring and modulating based on the quality of material that needs to be shipped out, and partially because of an ongoing problem of recruiting VRS workers. Staff has been working internally with SBR to improve the MRF operations efficiency and product quality and looking at both labor and capital to improve the product. None of those solutions are ready to be recommended at this time, so continuing to pay half of the additional sort labor cost until the end of the year is recommended.

Motion/Second: Groom/Bonilla

Roll Call Vote:

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 District				X

11. Informational Items (no action required)

A. Outreach Summary on Household Battery Collection Program Relaunch

Executive Director La Mariana acknowledged Julia Au for her hard work on the battery outreach and noted that the slide show at the beginning of the meeting had pictures of all of the outreach done on batteries.

B. Check Register Details for June, July and August 2018

C. 2018 Finance and Rate Setting Calendar

Executive Director La Marian acknowledged John Mangini for all of his hard work learning the Compensation Application process since he started in May.

D. Quarterly Update on Technical Consulting Contracts

E. Potential Future Board Agenda Items

12. Board Member Comments

13. Adjourn 3:17PM