



A Public Agency

# EXECUTIVE DIRECTOR'S REPORT

## STAFF REPORT

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To: SBWMA Board Members  
From: Joe La Mariana, Executive Director  
Date: November 16, 2017 Board of Directors Meeting  
Subject: Executive Director's Report

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Please join us for the annual RethinkWaste **holiday lunch from 12:30pm to 2pm on November 16<sup>th</sup>**, immediately preceding the Board meeting in an open house format in the recently refreshed administrative offices. As previously noted, strong emphasis has been placed on re-used and sustainable materials, local service providers, as well as creating an improved office layout to accommodate the four Long Range Plan Fellows.

The following projects and initiatives highlight staff efforts since the last Board meeting:

### 1. Administration & Finance:

#### A. SBWMA Annual Financial Practices Audit— 2018 projections confirm Bond covenants Have Been Met\*.

Staff has identified some mid-year financial trends that we believe require some tip fee adjustments for franchise material handling to properly pass-through recent increases in Organics materials processing costs (as direct result of the new contract with Republic Services' Newby Island composting facility (about \$716k/yr) and a steep drop in commodity revenue recently realized (about \$745k/yr.). A tip fee increase is also recommended for self-haul C+D materials due to an annual tip fee increase at the Zanker Facility. This adjustment was anticipated in our adopted FY 16-17 budget and does not affect the franchise part of our business.

Per Agency practice, the Bond Covenant results and the proposed tip fee adjustments are expected to be reviewed by the Agency's Finance Committee prior to this Board meeting based on committee availability.

\*The tip fee adjustments recommended in today's Agenda Item 5C are necessary to ensure a comfortable bond covenant ratio.

B. New Hires - The following hiring initiatives provide critical bench strength to our in-house Agency resources and significantly improve the scope of work that we can offer our program objectives and to our member agency staff.

- Recycling Outreach Programs Manager: Effective November 13<sup>th</sup>, Julia Au joined the RethinkWaste team. Ms. Au may be a familiar to many of you as she recently served as the San Mateo County's Household Hazardous Waste's Outreach Program Manager for the past 5 ½ years and she has a clear understanding of our local public decision-making process and service area needs. She also has valuable legislative engagement and tracking experience from her work in Sacramento with the powerhouse advocacy non-profits *Californians Against Waste* and the *California Product Stewardship Council*. Ms. Au is UC Davis graduate and a lifelong peninsula resident.
- 4 Fellows--Long Range Plan Programs: Our 2017/18 Fellow team is now complete and work has begun on their initiatives. **Table 1** (below) provides a summary of these activities and the Fellow's assigned to them. So far, Staff has been impressed by their wonderfully diverse perspectives that they bring to their/our work.

<b>Table 1: SBWMA Long Range Plan—Program Support</b>	
<b>Program/Summarized Outline</b>	<b>Fellows</b>
<p><b><u>Environmental Education Team:</u></b></p> <p>* <b>On-site school recycling support:</b> Waste audits; working with school staff and administrators to green campuses and expand recycling and school gardens.</p> <p>*<b>In-School education:</b> Presentations to students and their STEM teachers (3-5<sup>th</sup> grades). Pilot at three schools in Redwood City (Hoover Community; Roy Cloud ES; and Henry Ford ES). Continue to work collaboratively with SMC Office of Sustainability</p> <p>* Based on results and Board approval, program is expected to expand throughout SBWMA service area (140 schools total).</p>	<p><b><u>Nicole Lee</u></b> UC Santa Barbara graduate B.A. Environmental Studies</p> <p><b><u>Dennis Uyat</u></b> UC Berkeley graduate B.S. Geography Minor: Geospatial Information Systems Technology</p>
<p><b><u>Public Spaces Team—Expand Recycling Rates/Options:</u></b></p> <p>*<b>Work with Member Agency TAC members/staff to identify eligible sites for expanded/improved public recycling collection</b>, including: active shopping corridors, public buildings--city halls, libraries, parking garages-city/county parks, community centers, marinas. Corp. yards, etc.</p> <p>* <b>Research and recommend standard container types, colors, signage, and language messaging for expanded installation throughout the SBWMA.</b></p> <p>* Work collaboratively with vendors to <b>secure bulk pricing</b> on behalf of Member Agencies for internal/external containers and signage.</p> <p>* <b>Work collaboratively with Recology to ensure proper service integration</b> with new recycling collection containers</p> <p>*<b>Provide staff support for proposed alternative Battery Collection and Handling Program.</b></p>	<p><b><u>Carlos Moreno</u></b> St. Mary's University graduate B.A. Political Science</p> <p><b><u>Joanna Rosales</u></b> California State University, Long Beach B.A. International Studies Emphasis: Environmental Science</p>

## 2. Collection and Recycling Program Support and Compliance:

### A. Franchise Agreement Negotiations—SBWMA Staff Supports Member Agency/Recology discussions:

Concurrent discussions continue with all 12 SBWMA Member Agencies with an end-goal of achieving full execution of all 12 Franchise Agreements as soon as possible, well before the June 30, 2018 technical deadline. As previously noted, a minimum of eight (8) Member Agencies must approve their respective Franchise Agreements for the agreement with Recology to become formally ratified at the JPA level. A model staff report and resolution templates were provided to all Member Agency TAC members on October 30<sup>th</sup> for use in preparing reports for their respective councils.

**On November 6<sup>th</sup>, the City of San Mateo's city council was the first Member Agency to approve their City's amended and restated Franchise Agreement. Attachment 1 provides a comprehensive update of each Member Agency's council consideration of this priority item.**

As previously reported--based on Board discussion in September, clear TAC/staff feedback from an August 16<sup>th</sup> study session, and the Agency's strong legal recommendation; there are three important value-added programs that are not yet resolved and ready to insert into the current Franchise Agreement approval process. These programs are:

1. **The Bulky Item Collection program (BIC)**
2. **The Abandoned Waste/Illegal Dumping program (AW)**
3. **Storm Water Pollution Prevention—Litter Reduction Actions (SMCWPPP)**

Recology's senior management has publicly committed to working with SBWMA and Member Agency staff to properly address the outstanding issues in these programs to both party's mutual satisfaction immediately upon the conclusion of the full execution of the Franchise Agreements. Once agreement is achieved, it is envisioned that these three modified items will be bundled together for inclusion into each individual Member Agency's Franchise Agreements in the form of a proposed Amendment #1. This proposed Amendment #1 would still coincide with the January 1, 2021 start date of the restated and amended contract term. By adopting this strategy, SBWMA Board's timeline will be honored, while taking the time to fully resolve these complex issues to evaluate the best practice solutions that work best for our Member Agencies.

**B. Holiday Garbage, Recycling & Compost Collection Schedule:** The Christmas and New Year holidays fall on Mondays (12/25/17 and 1/1/18). Because Recology employees enjoy these days off with their families, the collection days for all residential, multifamily and commercial customers will be rescheduled to the Saturday immediately prior to the respective holiday. This means that **all collections normally scheduled for Monday, 12/25/17 will be conducted on Saturday, 12/23/17** and **all collections normally scheduled for Monday, 1/1/18 will be conducted on Saturday, 12/30/17**. This is the least disruptive approach to an annual scheduling challenge—only 20% of our customer base is affected. Notice of this service change and tree recycling program reminders will be communicated by Recology via robocall, local newspaper ads and a notice on their website. SBWMA staff will provide additional notice via the agency's website, a postcard and working with Member Agency staff through the use of their e-newsletters to the affected customers. Please note that RethinkWaste staff works closely with Recology on all collection program updates, including this annual program.

**C. Commercial Container Utilization Technology Pilot:** As discussed during the September Board meeting, Staff continues to evaluate new efficiency programs and technologies for the SBWMA solid waste collection system. A pilot program with Compology involves the installation and tracking of 400 in-container camera units at about 150-200 commercial organics recycling accounts throughout the SBWMA service area to identify possible opportunities to improve routing efficiency of recollection. A sample unit was shared at the last Board meeting. Since no Member Agencies opted out of this pilot during this discussion, Recology and Compology will target certain grocery stores, restaurants and tech campus food service centers for data collection in late December-mid-February. Notice of pilot inclusion will be provided during the next few weeks in the form of a letter to the affected City Managers and, of course, a letter to the selected accounts advising each of the pilot rationale and goals.

### **3. Shoreway Operations and Contract Management-All Fire Repair Complete; China Market Unknowns:**

#### **A. General Operations:**

- **Final fire repair and facility restoration claim reconciliation report out to the Board will be presented at the January 25<sup>th</sup> Board meeting.** Hanover Insurance remains fully engaged in the timely approval of the last few invoices cycling through the claims process.
- **New Curbside Collection and Handling of Household Batteries Program Proposed—Staff Modifies Previous Position:** In 2016, SBR received 78 tons of batteries—42 tons came through the curbside collection program and 36 came through the Public Recycling Center's drop off program. That's a LOT of batteries. Many of these batteries were properly identified by our residents and responsibly handled by SBR. Unfortunately, it's the batteries that are inadvertently mixed in our recyclables that represent a serious hazard to SBR, Recology and VRS workers and agency facilities. And therein lies our challenge—to modify our existing program to make it easy for our residents to participate and easily identify these materials for safe and environmentally responsible handling.

Staff recommends 6-point conceptual plan utilizing all available resources to address this issue in item 6A of today's agenda packet. Based Board feedback provided today, Staff will present a final plan for Board consideration at the January 25<sup>th</sup> meeting. Upon Board approval, this plan would be immediately implemented.

These recommendations resulted from an extensive Technical Advisory Committee (TAC) "deep dive" discussion on October 26<sup>th</sup>. National recycling facility expert, Michael Timpane from RRS, shared his SBWMA-commissioned survey findings which identified concerning industry trends in lithium-ion fire incidents, gaps in battery industry recycling infrastructure. Staff solicited valuable TAC and County Household Hazardous Waste feedback and there was a strong consensus that if the curbside battery collection program was eliminated, that the batteries continue to be dumped loose into the recycling cart and would still find their way into the Shoreway facilities. So, properly addressing this problem will require a change in behavior through extensive public education and retooled material identification and handling that could include SBWMA provided colored bags with RFID tags.

- **Commodity Marketing:** Staff and SBR's commodity marketing team are closely watching China's post-19<sup>th</sup> People's Congress effect on material movement and pricing. Fiber is mostly exported to China and commodity pricing has been very erratic and in a downward trend - as of today's date, the fiber market price has dropped 50% from September which is causing a \$716K per year gap in agency revenues. Staff recommends adjusting tip fees accordingly (see item 5C)
- **A Major Transfer Station Floor Repair was recently completed.** It's definitely not the sexiest way to spend \$250k, but this work is an important and necessary part of the Agency's core operations, and is a routine component of our Capital Improvement Plan (CIP).

Respectfully submitted,



Joe La Mariana  
Executive Director

Attachments:

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

**Attachment 1**  
**Franchise Agreement Execution Status by Member Agency:**  
**Elected Body Consideration Tracker**

<b>SBWMA Member Agency</b>	<b>City Council Consideration Date</b>	<b>Status/Comments</b>
City of San Mateo	November 6, 2017	Consent agenda item #14. Council approved: 5-0
Hillsborough	November 13, 2017	Scheduled for Council consideration on November 13th. Agenda not yet available at this writing.
San Carlos	November 13, 2017	Scheduled for Council consideration on November 13 <sup>th</sup> as a Consent item. Agenda not yet available at this writing.
Foster City	November 20, 2017	Scheduled for Council consideration on November 20 <sup>th</sup> .
City of Belmont	November 28, 2017	Council study session scheduled for November 28 <sup>th</sup> . Council consideration date projected for January 2018.
Redwood City	December 18, 2017	Scheduled for Council consideration on December 18 <sup>th</sup> .
East Palo Alto	December 19, 2017	City Council Study Session scheduled for December 19 <sup>th</sup> . Council consideration projected for January 2018.
West Bay Sanitary District	January 10 or 24, 2018	Board consideration is projected for January 10 <sup>th</sup> or 24 <sup>th</sup> .
Burlingame	January 16, 2018	Scheduled for Council consideration for January 16 <sup>th</sup> , 2018
Menlo Park	Jan/Feb 2018	Discussions ongoing with Recology. Final Council consideration date not yet established.
County of San Mateo	Late Jan./Feb 2018	Recology discussions/legal review ongoing. Final BOS consideration date not yet established.
Atherton	Feb 2018	Discussions ongoing with Recology. Final Council consideration date not yet established.

\*JPA Agreement states that each member agency's individual Franchise Agreement be fully executed by June 30, 2018.