



A Public Agency

EXECUTIVE DIRECTOR'S REPORT

STAFF REPORT

To: SBWMA Board Members
From: Joe La Mariana, Executive Director
Date: January 25, 2018 Board of Directors Meeting
Subject: Executive Director's Report

Welcome back from an enjoyable and extremely active holiday season. The following projects and initiatives highlight staff efforts since the last Board meeting:

1. Administration & Finance:

A. Finance Committee Meeting Update

The Finance Committee held its first of two scheduled meetings this year on January 9th (the second meeting is scheduled for April 10th to preview the Agency's proposed FY18-19 Operating Budget). The agenda included:

- Mid-Year Budget review
- Agency 2018 investments policies, future options and 2017 performance results
- FY16-17 Financial Audit results by Maze & Associates
- An update on China's Green Fence initiative, and how it could affect the Agency
- Preliminary 2018 Merit Pool recommendations

B. 2017 Legislative Update

Last May, your Board supported seven proposed relevant bills that were then in legislative queue in Sacramento. Our batting average was excellent in terms of getting them passed into law or continuing to discuss these important environmental-themed topics during the second year of this current 2017-18 legislative session. Here's the status of the bills we choose to support:

- **AB 1158** California's Carpet Stewardship Act of 2017 (*passed into law*)
- **AB 1219** California's Good Samaritan Food Donation Act (*passed into law*)
- **AB 954** Food Waste Reduction (*passed into law*)
- **AB 1288** Tip Fee Reform (for CalRecycle agency's funding) (*still in play*)
- **AB 1036** Composting Goal Adjustments Between State Agencies (*still in play*)
- **SB 75** Safe and Sustainable Takeout Packaging (Styrofoam ban) (*still in play*)
- **AB 1504** Ocean Plastic Prevention/Takeout Food Packaging (*merged into SB 75*)

This session's full slate of bills will become clearer as we approach the bill submittal deadline of February 16th. Staff will provide an update once the dust has settled. Staff is also working on the Agency's first annual Legislative Platform to be presented for Board consideration in April. Staff has engaged San Mateo County's Legislative Staff to explore areas of common interest and support during the Legislative Platform development process. Please be assured that our Agency's voice will be heard in Sacramento on issues that matter to us most.

C. Long Range Plan Activities

- **Public Spaces Initiative:** Member Agency engagement and planning is in full motion by our fellow team (Joanna Rosales and Carlos Moreno) and their Staff supervisor, Recycling Outreach Programs Manager, Julia Au. An interim project update will be provided by the team at the TAC March 8th meeting, and to the Board in April--along with FY1819 budget planning considerations.
- **In-School Pilot Program:** Steve Sherman (in lieu of Staff member Faustina Mututa's LOV) and Madison Guzman are working closely with four Redwood City schools to further green their campus and provide solid-waste based environmental presentations to 3rd-5th graders. An interim project update will be provided by the team at the TAC March 8th meeting, and to the Board in April -- along with FY1819 budget planning considerations

D. New Admin Office Phone System

Staff's continuing effort to critically review costs have resulted in our Mid-December transition for the Agency's administrative office from Birch Communications over to Comcast Business Services. This has resulted in about a \$5k annual savings. Although this is not a large number, I purposefully call it to your attention to demonstrate Staff's relentless commitment to evaluate all expenses--large and small--to honor our fiduciary duties in support of the RethinkWaste mission. I'd like to acknowledge Cyndi Urman's role in identifying this opportunity and, after a bit of technical angst in working with two very different service providers, making this happen. A job well done Cyndi!

2. Collection and Recycling Program Support and Compliance:

A. Franchise Agreement Negotiations—Five Member Agencies Complete; Seven to Go!

The Franchise Agreement approval process is right back on track after the reduced council meeting schedules in December. As of this writing, five Franchise Agreements have been formally approved (San Mateo; Hillsborough; San Carlos; Foster City and Burlingame) and sixth Member Agency (West Bay Sanitary District) has agendized this item for January 24th (the day before this Board meeting). If this action occurs as expected, we will be only two votes away from the necessary eight required to ratify the SBWMA's master governance document—*The Second Amendment and Restated Joint Exercise of Powers Agreement* per section 7.1.1. Attachment A reflects the current known status of the remaining six Member Agency's approval schedules. No significant obstacles have been identified that might impede our goal to complete this process well before June 30, 2018.

As previously noted, three important value-added programs remain unresolved and, at Board and FAX Committee direction, will be addressed through a series of special TAC-level study sessions facilitated by SBWMA Staff in conjunction with Recology's senior management team to find mutual agreement. 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 and Christmas Tree Recycling:** The Christmas and New Year's Holiday-adjusted collection schedule, by all accounts, went quite smoothly. A strong collaborative outreach effort was credited that included a special holiday mailer that was sent to all 20,761 affected residents (SBWMA Staff) and newspaper ads (Recology). Christmas tree recycling continues through January 31st.
- C. **Commercial Container Utilization Technology Pilot:** In late December, pilot notification letters were mailed to SBWMA Board/TAC members, City Managers, and, of course, about 200 participating customers throughout the service area. Installation of 400 technical units to selected organics rich generating accounts (restaurants, grocery stores, tech campus food service centers, etc.) will be completed by the Board meeting. Data capture will begin immediately thereafter. School facilities have also been discussed as potential pilot sites in the future. A final report and recommendations will be presented at the April Board meeting. If the results are favorable, recommendations could be incorporated in the draft FY1819 budget.
3. **Shoreway Operations and Contract Management-*China's Green Fence Initiative Continues to Unfold***
- A. **EBMUD Pilot Project:**
Staff met with East Bay Municipal Utility District (EBMUD) on January 11th to discuss the potential for a pilot project where SBWMA would process commercial food waste into an organic slurry and EBMUD would digest this food waste slurry into energy using their waste water anaerobic digesters. This pilot project is a candidate for grant funding from CalRecycle (\$1.2M) and it will help create a stepping-stone towards a full-scale system to sort food waste from the SBMWA's garbage for conversion into green energy. More information is provided in staff report 10B and will be brought to the Board for consideration at the February meeting.
- B. **China and Commodity Market Summary:**
China is the primary market for recycled commodities from the US. With the goal of improving the environment the Chinese government has signaled a tightening of quality standards for the importation of commodities – particularly in the case of mixed paper. While the implementation of China's new customs policies is yet to be clarified, SBR and SBWMA staff are proactively addressing the quality of commodities to mitigate the risk of potential and costly export rejections. Towards this goal, a combination of sorting equipment enhancements and increase sort labor are being evaluated.

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

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	Currently agendized per TAC member Phil Scott. Staff report review completed by Joe La Mariana on 1/16/2018.
Menlo Park	February 6 or 20, 2018	Exact date to be confirmed by TAC member Rebecca Lucky.
East Palo Alto	February 20, 2018 March 6, 2018	Study session w/Council per TAC member Michelle Daher City Council consideration (TBC)
Belmont	March 20, 2018	To be agendized by "end of March" per TAC member Afshin Oskoui.
Redwood City	March 26, 2018	To be agendized for this date per TAC member Ramana Chinnakotla.
Atherton	TBD	Discussion in progress. Council consideration date yet unknown per TAC member George Rodericks.
County of San Mateo	TBD	Awaiting confirmation.

*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.