



A Public Agency

# EXECUTIVE DIRECTOR'S REPORT

## STAFF REPORT

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

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

### 1. Administration & Finance:

- A. 2019 Contractor's Compensation Adjustment Applications-Member Agency Rate Review is Underway**  
Based on SBWMA Board approval of the Recology and SBR 2019 "Comp Apps" on September 27<sup>th</sup>, all member agencies are now critically reviewing these projected costs to ensure that they can each meet their contractual obligations for the scope of services that these contractors will provide to residential and commercial ratepayers in 2019. This process typically involves Board and TAC member review and, if necessary, the engagement of the Prop 218 public noticing process. As requested, agency staff provides technical support to our member agencies during this challenging process. Please route your participation requests through my or John Mangini's desks. All activities should be concluded by December 31<sup>st</sup>, with an implementation date for the respective member agency rates of January 1<sup>st</sup>, 2019.
- B. Bond Refunding—Project Still Makes Good Financial Sense Although Rates Keep Ticking Upwards**  
Staff has now begun to execute the Board-approved refunding workplan that we anticipate will conclude in early in summer of 2019 with a fully executed set of new Bonds that are financed at lower rates than our current obligations. Projected savings can assist with the funding of the agency's upcoming capital needs. A critical next step is to solicit the municipal financial advisory services through the execution of a Request for Qualifications (RFQ) with three local experts. This process will be executed during the next few weeks and will be reported out at the November 15<sup>th</sup> Board meeting.
- C. Disposal/Landfill Services—Technical Review of RFP Responses In Progress**  
As previously noted, the agency's 15-year disposal contract with Republic Services' Ox Mountain Landfill in Half Moon Bay expires on December 31, 2019. As I noted at a previous Board meeting, multiple responses were received on the RFP's September 24<sup>th</sup> deadline. A comprehensive technical review of these responses is currently underway. Upon completion, an ad hoc TAC "evaluation" sub-committee (including an independent, senior-level solid waste government expert) will provide second review of the submittals, which will also include senior management interviews. Finalists will be invited to submit additional pre-processing and/or other related services for agency consideration. The ad hoc TAC "evaluation" sub-committee findings will then be presented to the ad hoc Board "selection" sub-committee for final process and findings review. It is anticipated that these steps will result in a recommendation for Board consideration at the February 28<sup>th</sup> meeting. This contract is a big deal for our agency and ratepayers.

**D. Two Fellowship Vacancies—Long Range Plan Pilot Program Commitments Require Recruitment**

Nicole Lee and Carlos Moreno have secured excellent positions within our local environmental industry with Republic Services in Daly City and Peninsula Clean Energy respectfully as a result, in part, due to their contributions in our Agency. We couldn't be prouder of them and believe that this is a strong reflection of the Fellowship program's caliber. Joanna Rosales and Dennis Uyat remain in their Fellowship roles. Recruitment results for the two open positions will be reported out at the November Board meeting.

**E. Committee Updates:**

**a. Zero Landfill Committee 2.0** (October 3<sup>rd</sup>; 10<sup>th</sup>):

The newly constituted ZLF Committee 2.0 is comprised of: Chair/Mayor Michael Brownrigg (Burlingame); Mayor Rick Bonilla (San Mateo); Vice Mayor Bill Widmer (Atherton); Vice Mayor Davina Hurt (Belmont); and Board Secretary Fran Dehn (West Bay Sanitary District). The committee has now met twice to reconfirm its goals and specific initiatives that will fulfill its charter.

On October 3<sup>rd</sup>, the committee reviewed its previous work completed in 2016 and received an update on industry priorities, new mandates and a high-level primer on a variety of critical economic factors and CIP approaches that will affect our Agency in the future. The Committee expressed its staunch support towards the SBWMA achieving a Zero Landfill future. Stronger new environmental integrity wording will soon be proposed to modify the SBWMA's mission statement to reflect this priority with an emphasis on continued waste diversion, source reduction and GHG emission reduction.

On October 10<sup>th</sup>, Staff presented a proposed three-phased Organics-to-Energy (O2E) capital project that is designed to capture organics from the Agency's residential and commercial solid waste. Staff provided project descriptions, financial proformas and recommendations for proposed O2E phases one and two. Executing these two project phases will provide critical proof of concept, operational and technical knowledge that can/will be used to calculate the financial and operational assumptions needed to prepare recommendations for the O2E's Phase three.

- O2E Phase One: An O2E pilot project in FY19/20.
- O2E Phase Two: A full-scaled up O2E production in FY21/22.
- O2E Phase Three: On-site biogas fuel station to fuel new Recology/SBR fleet in FY23/24 (*est*)

The Committee will meet regularly during the next 2-3 years to critically review progress on these facilities capital projects, new collection programs, expanded environmental education programs and targeted public outreach programs to explicitly divert more waste materials from the landfill. All financial proforma recommendations will be critically reviewed by the SBWMA Finance Committee prior to Board consideration.

**b. Legislative/Regulatory Committee** (ongoing via Executive Committee engagement)

With strong Leg/Reg Committee support and direction, Staff is currently participating in a joint Request for Qualifications (RFQ) with the Alameda County powerhouse solid waste JPA agency, StopWaste, to solicit the services of a registered lobbyist firm for our two agencies. These services are significantly expanded beyond those being currently provided. Although our Agency is under no obligation to proceed, a strategic partnership with StopWaste for these services would significantly leverage our legislative voice in Sacramento on core environmental issues and, of course, our advocacy budget.

Next steps: After a joint review of RFQ responses on October 29<sup>th</sup>, a firm may be selected for a two-year period with the possibility of two additional years with a not-to-exceed annual budget of \$40k for each agency. If deemed worthy, this contract would be presented for board consideration at the January 24<sup>th</sup> Board meeting.

**c. Public Education and Outreach Committee Meeting**

The Committee is currently working on the development of *The SBWMA 2019-20 Public Education Plan*. All Committee members have reviewed the draft and provided comment. This core document provides an essential blueprint for our agency's Pub Ed campaigns and activities during said period. It will be presented for Board consideration at the January 24<sup>th</sup> meeting.

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

**A. Franchise Agreement Negotiations...**

The County of San Mateo and Town of Atherton's approvals of their restated and amended model Franchise Agreements and financial terms for 2021 that were negotiated on their behalf remain outstanding. **See Attachment A** for chronological approval history.

**B. "Amendment One" Process and Workplan-Joint Discussions Conclude, Recommendations Ready for FAX Review:**

On October 11<sup>th</sup>, Staff, support team and Recology's senior management team concluded its Bulky Item and Abandoned Waste Collection program capacity-building discussions with a review of viable program options and their associated costs, as well as anti-litter collection operation actions that will satisfy the member agency's MRP storm water reporting initiatives. Several non-substantive language changes have also been identified and their modification will be addressed during this process as well. The FAX Committee will meet on November 29<sup>th</sup> to review these options and their associated costs and provide technical guidance to Staff on how to proceed. Staff will work with Recology to address any outstanding issues and its findings and recommendations will be included in a final report. Staff anticipates that this final report will be presented for consideration at the January 24<sup>th</sup> Board meeting.

Upon Board approval, these "Amendment One" program changes will then be subject to consideration by each of the 12-member agency's elected bodies during the spring. Per Section 7.1.1 of the SBWMA Joint Powers agreement, ratification of "Amendment One" becomes official upon approval by eight of twelve 12 agencies.

**B. New Household Battery Collection/Handling & Outreach Plan-Strong Program Relaunch Results Continue**

On September 3<sup>rd</sup>, Agency Staff, Recology and SBR collaboratively relaunched the household battery and cell phone collection program. As of October 17<sup>th</sup>, SBR reports that after the initial re-launch surge in the volume of batteries collected in September, the collection rate has smoothed out to an impressive +21% year over year.

On October 15<sup>th</sup> a leading international industry journal, *Waste Today*, profiled the September 2016 Lithium-Ion battery fire at our Shoreway facility, and the dire repercussions that we've dealt with ever since. The article is written from an industry perspective to an audience of senior decision makers. It also addresses the critical importance of adopting future Extended Producer Responsibility (EPR) action. Here's the link: <http://magazine.wastetodaymagazine.com/article/october-2018/after-the-fire-a-new-alarm-is-sounded.aspx>

### **3. Shoreway Operations & Contract Management-*Significant American MRF Upgrades Underway***

#### **A. Commodity Market Update**

SBR has provided the following market update:

##### **i. Fiber Pricing Update**

Cardboard and Mixed Paper prices continues to fluctuate unpredictably. Southeast Asian markets continue to be overwhelmed with fiber product, which may impact future material movement and/or price. SBWMA staff, SBR and the MRF equipment manufacturer (Bulk Handling Systems) continue to develop technical and operational strategies to increase the recovery of higher value fiber, CRV materials, and improve material value of residential paper.

##### **ii. Commodity Market Update**

Except for #1 PET and #2 HDPE, the plastics market is going from bad to worse. There is no domestic market for Mixed Rigid Plastics. There is no current market that we're aware of in the world for mixed post-consumer film plastic. The American Chemistry Council is going to put up a fight, but let's hope eventually they recognize that "diversion" of plastics from the oceans to the landfills is a good thing. CalRecycle would like to recycle plastics in California, but that process is water intensive and closed loop water systems don't work. Although PET is a success story and markets exist for HDPE, millions have been spent on other plastics to develop markets and intermediate processors in California and the results thus far have been disappointing at best.

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 member agencies have now approved their individual Franchise Agreements with Recology. This 8 <sup>th</sup> vote satisfies the requirements of the JPA's governance agreement, Section 7.1.1 of a 2/3rds vote. As a result, no public procurement for collection services is required.
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	Oct/Nov. 2018 (Est.)	Final deal points are currently under County Counsel review.
Atherton	TBD	Discussions remain in progress.

**\*Notes:**

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