

1902 - Serving Our Community for over 115 Years - 2020

WEST BAY SANITARY DISTRICT
AGENDA OF BUSINESS

REGULAR MEETING OF THE DISTRICT BOARD

WEDNESDAY, OCTOBER 14, 2020 AT 7:00 P.M.

RONALD W. SHEPHERD ADMINISTRATION BUILDING,
500 LAUREL STREET, MENLO PARK, CALIFORNIA 94025

Board Members

Fran Dehn, President
David Walker, Secretary
Roy Thiele-Sardiña, Treasurer
Edward P. Moritz, Member
George Otte, Member

District Manager

Sergio Ramirez

District Legal Counsel

Anthony Condotti, Esq.

AGENDA OF BUSINESS

NOTICE OF PUBLIC PARTICIPATION BY TELECONFERENCE ONLY

Pursuant to Governor Newsom's Executive Order N-29-20, members of the West Bay Sanitary District Board of Directors and Staff may participate in this meeting via a teleconference. In the interest of reducing the spread of COVID- 19, members of the public are allowed to participate telephonically only, and may submit comments in advance by email addressed to treese@westbaysanitary.org by 4:00 p.m. on Wednesday, October 14th.

To participate by telephone or Zoom meeting, public comments can be made by joining Zoom meeting at: <https://zoom.us/j/91997302929?pwd=TzZ2TVZhaExUZmINymlsR1FtamovUT09>

Meeting ID: 919 9730 2929 Passcode: 014286

Or by phone, call: 1-669-900-6833 Meeting ID: 919 9730 2929 Passcode: 014286

Following receipt of public comment and open session items, the Board will adjourn to closed session. Reportable action, if any, will be available upon inquiry within twenty-four (24) hours.

NOTE: The Board may take action on any agendized item unless specifically designated a "discussion" item or a "report."

1. Call to Order and Roll Call
2. Communications from the Public
3. Report by Silicon Valley Clean Water (SVCW) Staff Pg. 3-1
4. Authorize District Manager to Execute an Amended Financing Agreement in Connection with Water Infrastructure Finance and Innovation Act ("WIFIA") Loan by and Between Silicon Valley Clean Water and the U.S. Environmental Protection Agency Pg. 4-1
5. Consideration to Approve Town of Atherton's Withdrawal from Membership in the South Bayside Waste Management Authority Pg. 5-1
6. Report and Discussion on the City of East Palo Alto - Upcoming Projects Pg. 6-1

7. District Manager's Report Pg. 7-1
8. Consent Calendar

Matters listed under this item are considered routine and will be enacted by one motion. The motion, seconds, and vote are applicable to any included resolutions and recorded accordingly. There will be no separate discussion of these items unless specifically requested by a member of the Board.

 - A. Approval of Minutes for Regular meeting September 23, 2020 Pg. 8A-1
 - B. Approval of the Financial Activity Report/Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for October 14, 2020 Pg. 8B-1
 - C. WBSD Operations and Maintenance Report – September 2020 Pg. 8C-1
 - D. Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – September 2020 Pg. 8D-1
 - E. Town of Woodside Operations and Maintenance Report for Work Performed by WBSD – September 2020 Pg. 6E-1
 - F. Consideration to Approve Class 3 Permit 20 Navajo Place, Portola Valley, CA Pg. 8F-1
9. Consideration to Adopt Resolution Delineating Environmental Findings and Authorizing the District Manager to Call for Bids for the North Bay Road & Ringwood Avenue Project Pg. 9-1
10. October 14th Update Report on District Response to Corona Virus Pg. 10-1
11. Report and Discussion on Sharon Heights Recycled Water Plant Pg. 11-1
12. Discussion and Direction on Bayfront Recycled Water Project and Status Update Pg. 12-1
13. Report and Discussion on South Bayside Waste Management Authority (SBWMA) Pg. 13-1
14. Report and Discussion on Silicon Valley Clean Water (SVCW) Plant Pg. 14-1
15. Closed Session
 - A. CONFERENCE WITH LABOR NEGOTIATORS
Agency Designated Representative: District Manager
Unrepresented employees: Water Quality Manager
16. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda
17. Adjournment

The West Bay Sanitary District does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet can be provided in a format to accommodate special needs. If you require a copy of the agenda or related materials in an alternative format to accommodate a disability, or if you wish to attend this public meeting and will require special assistance or other special equipment, please call the District at (650) 321-0384 at least five days in advance and we will make every reasonable attempt to provide such an accommodation.



**WEST BAY SANITARY DISTRICT
AGENDA ITEM 3**

To: *Board of Directors*

From: *Sergio Ramirez, District Manager*

Subject: *Report by Silicon Valley Clean Water (SVCW) Staff*

The Silicon Valley Clean Water (SVCW) Staff will provide an update on the plant's finance plan. The report will include items regarding SVCW Operations, CIP and Finance; including the WIFIA loan rate reset option, Bond Refunding and State Revolving Fund RESCUE plan.

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WEST BAY SANITARY DISTRICT AGENDA ITEM 4

To: *Board of Directors*

From: *Sergio Ramirez, District Manager*

Subject: **AUTHORIZE DISTRICT MANAGER TO EXECUTE AN AMENDED FINANCING AGREEMENT IN CONNECTION WITH WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT (“WIFIA”) LOAN BY AND BETWEEN SILCION VALLEY CLEAN WATER AND THE U.S. ENVIRONMENTAL PROTECTION AGENCY**

Background

Silicon Valley Clean Water (“SVCW”) is amidst a \$554 million infrastructure improvement project, the Regional Environmental Sewer Conveyance Upgrade (“RESCU”) which includes pump station rehabilitation as well as a new gravity pipeline and front-of-plant pretreatment facility. In July 2019 SVCW executed a \$218 million WIFIA Loan with the EPA which, jointly with the issuance of 2019 Interim Notes (the “Notes”), financed the past 14 months of RESCU construction. In July 2019, as a requirement under the WIFIA Loan, the District executed a Financing Agreement. The WIFIA program sets its interest rate based on the U.S. Treasury rate on the date of loan closing which, in July 2019, was 2.40%. In September 2020, EPA notified SVCW that its request to re-set the interest rate on the WIFIA Loan was accepted.

The issue under consideration is authorizing the District to amend its Financing Agreement in connection with the WIFIA Loan by and between SVCW and the EPA.

Analysis

Since execution of the WIFIA Loan, interest rates on United States Treasury Obligations known as State and Local Government Securities (“SLGS”) have declined to a current estimate of 1.24% assuming a weighted average life of 20.9 years. The WIFIA Loan interest rate is permitted under certain conditions:

- No changes to the original agreement's terms and conditions; and
- No changes to the original loan amount; and
- The borrower has not yet drawn against the WIFIA Loan; and
- The borrower can demonstrate its ability to obtain a better rate from other sources in the market on debt comparable to the terms of the WIFIA Loan and of equal lien priority; and
- The borrower can document that, if in construction, the project's remaining construction value exceeds the WIFIA Loan's share of the total eligible project costs; and
- The borrower can demonstrate that the loan amount at the time of re-execution will still be no more than 49% of eligible project costs.

SVCW has demonstrated it satisfies the above criteria and received notice from the EPA on September 11, 2020 of its agreement to proceed with the re-execution of the WIFIA Loan to re-set the interest rate. As a requirement of the WIFIA Loan, in order for the interest rate to be re-set, the District needs to execute a revised Financing Agreement.

Fiscal Impact

Assuming market rates as of September 15, 2020, a successful reset of the WIFIA loan's interest rate would reduce the District's current debt service payments of approximately \$3 million by approximately \$560.8 thousand annually. This equates to a net present value savings of approximately \$13.0 million.

Member	JPA %	WIFIA %	Debt Service Annual Savings	Nominal Savings over Amortization Period	Net Present Value Savings over Amortization Period
Redwood City	48.57%	51.70%	\$1,013,730	\$31,425,643	\$23,530,522
West Bay Sanitary District	26.84%	28.60%	\$560,810	\$17,385,110	\$13,017,418
City of San Carlos	15.14%	16.10%	\$315,709	\$9,786,966	\$7,328,169
City of Belmont	9.45%	3.60%	\$70,562	\$2,187,429	\$1,637,877
TOTAL	100.00%	100.00%	\$1,960,811	\$60,785,148	\$45,513,986

Set forth below are **good faith estimates** of Fieldman, Rolapp & Associates, Inc., the municipal advisor, as required under Section 5852.1 of the Code. **The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by resolution.**

- (a) The true interest cost of the loan is estimated at 1.24%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the loan, including all fees and charges paid to third parties, is estimated at \$225,000 and the District's share is approximately \$71,500.
- (c) Proceeds of the loan received by the District, including the estimated principal amount of the proposed loan of \$64,705,670, will be available to fund \$62,350,000 of eligible project costs and the applicable deferred interest. The finance charges set forth in (b) above are not included in the loan proceeds.
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$78,396,742 (total of all payments the District will make to pay debt service on the loan plus the finance charges set forth in section (b) which are not paid from proceeds of the loan).

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

The finance charges will be assessed by the EPA after the loan closes. SVCW will pay the finance charge and, through the capital improvements fund, allocate to members proportionate to their participation percentages. Since WBSD is 28.6% of the loan, the District's share of the \$225,000 is approximately \$71,500.

Recommendation

Approve and adopt RESOLUTION OF THE BOARD OF DIRECTORS OF THE WEST BAY SANITARY DISTRICT AUTHORIZING THE AMENDMENT OF A FINANCING AGREEMENT WITH SILICON VALLEY CLEAN WATER TO IMPLEMENT A REDUCED INTEREST RATE ON AN EXISTING WIFIA LOAN FROM THE ENVIRONMENTAL PROTECTION AGENCY.

Attachments:

- West Bay Board WIFIA Rate Reset Resolution
- Third Amendment to Financing Agreement

RESOLUTION NO. _____ (2020)

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE WEST BAY
SANITARY DISTRICT AUTHORIZING THE THIRD AMENDMENT OF A
FINANCING AGREEMENT WITH SILICON VALLEY CLEAN WATER TO
IMPLEMENT A REDUCED INTEREST RATE ON AN EXISTING WIFIA
LOAN FROM THE ENVIRONMENTAL PROTECTION AGENCY**

WHEREAS, in order to provide for the transmission, treatment and disposal of wastewater, the City of Belmont, the City of Redwood City, the City of San Carlos and the West Bay Sanitary District (collectively, the “Members”) have previously entered into a Joint Exercise of Powers Agreement, dated as of November 13, 1975, as amended to the date hereof (as amended, the “Joint Powers Agreement”), under which Silicon Valley Clean Water (formerly known as the South Bayside System Authority) has been organized as a joint powers authority (the “Authority”), which is a public entity separate and apart from the Members; and

WHEREAS, under the Joint Powers Agreement, the Authority owns and operates a sub-regional wastewater treatment plant and related conveyance facilities which serve the Members (the “Project), and in order to provide financing for the Project the Authority has previously issued multiple series of its Wastewater Revenue Bonds; and

WHEREAS, in order to provide funds to finance additions to the Project, the Authority executed and delivered a loan agreement with the United States Environmental Protection Agency (the “EPA”), as WIFIA lender (the “WIFIA Loan Agreement”), for a loan under the authority of the Water Infrastructure Finance and Innovation Act (the “WIFIA Loan”); and

WHEREAS, in connection with the financing and refinancing of the Project and the execution and delivery of the WIFIA Loan Agreement, the Authority and the District entered into a Financing Agreement dated as of December 1, 2008 (the “Original Financing Agreement”), as amended by the First Amendment to Financing Agreement dated as of March 20, 2014 (the “First Amendment”) and by the Second Amendment to Financing Agreement dated as of May 1, 2019 (the “Second Amendment” and together with the Original Financing Agreement and the First Amendment, the “Financing Agreement”) to, among other purposes, implement provisions of the Joint Powers Agreement with respect to the repayment of the WIFIA Loan; and

WHEREAS, the Authority and the EPA are proposing to reset the interest rate on the WIFIA Loan to reduce the interest rate payable thereunder; and

WHEREAS, the District has determined to further amend the Financing Agreement to effectuate such lower interest rate; and

WHEREAS, pursuant to Government Code Section 5852.1, a good faith estimate of costs relating to such amendment is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the West Bay Sanitary District, California, as follows:

Section 1. Execution and Delivery of Third Amendment to Financing Agreement. The Board of Directors hereby consents to the execution and delivery of the Third Amendment to Financing Agreement to effectuate the lower interest rate on the WIFIA Loan.

Section 2. Approval of Closing Documents. The President, the Treasurer or the District Manager are each authorized to execute and deliver the Third Amendment to Financing Agreement and the Secretary is hereby authorized to attest thereto, for and on behalf of the District, and each of the foregoing officers and their duly authorized deputies, designees or agents are each hereby authorized and directed, in their respective official capacities, to execute or attest thereto, to any closing certificates which are necessary or appropriate to effectuate the Third Amendment to Financing Agreement.

Section 3. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

I hereby certify that the foregoing Resolution was passed and adopted by the Board of Directors of the West Bay Sanitary District at a regular meeting thereof duly held on the 14th day of October, 2020 by a vote of a majority of its members:

AYES:

NOES:

ABSENT:

ABSTAINED:

President of the Board of Directors of
the West Bay Sanitary District of San
Mateo County, State of California

ATTEST:

Secretary of the District Board of the
West Bay Sanitary District of San Mateo
County, State of California

EXHIBIT A

**GOOD FAITH ESTIMATES PURSUANT TO
GOVERNMENT CODE SECTION 5852.1**

Set forth below are good faith estimates of Fieldman, Rolapp & Associates, Inc., the municipal advisor, as required under Section 5852.1 of the Code. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by resolution.

- (a) The true interest cost of the loan is estimated at 1.24%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the loan, including all fees and charges paid to third parties, is estimated at \$64,350.
- (c) Proceeds of the loan allocated to the District, including the estimated principal amount of the proposed loan of \$64,705,670, will be available to fund \$62,350,000 of eligible project costs and the applicable deferred interest. The finance charges set forth in (b) above are not included in the loan proceeds.
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$78,396,742 (total of all payments the District will make to pay debt service on the loan plus the finance charges set forth in section (b) which are not paid from proceeds of the loan).

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

THIRD AMENDMENT TO FINANCING AGREEMENT

This THIRD AMENDMENT TO FINANCING AGREEMENT (this “Third Amendment”), dated as of October 1, 2020, is between SILICON VALLEY CLEAN WATER, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “Authority”), and the WEST BAY SANITARY DISTRICT, a sanitary district duly organized and existing under the laws of the State of California (the “District”), and further amends in part the Financing Agreement dated as of December 1, 2008 (the “Original Financing Agreement”), as amended by the First Amendment to Financing Agreement dated as of March 20, 2014 (the “First Amendment”) and by the Second Amendment to Financing Agreement dated as of May 1, 2019 (the “Second Amendment” and together with the Original Financing Agreement and the First Amendment, the “Financing Agreement”), each by and between the Authority and the District.

BACKGROUND:

1. In order to provide for the transmission, treatment and disposal of wastewater, the District and the cities of Redwood City, San Carlos and Belmont (collectively, the “Members”) have previously entered into a Joint Exercise of Powers Agreement dated as of November 13, 1975, as amended and as it may be further amended from time to time (the “Joint Powers Agreement”), under which the Authority has been organized as a joint powers authority which is a public entity separate and apart from the Members.

2. Under the Joint Powers Agreement, the Authority owns and operates a sub-regional wastewater treatment plant and related conveyance facilities which serve the Members, and the Commission of the Authority has approved a 10-Year Capital Improvement Program for the construction of improvements to such plant and facilities, including the Regional Environmental Sewer Conveyance Upgrade Program (the “WIFIA Project”).

3. In order to provide funding for the WIFIA Project, the Authority executed and delivered a loan agreement, dated as of July 11, 2019 (the “Original WIFIA Loan Agreement”), with the United States Environmental Protection Agency, acting by and through its administrator (“EPA”), as WIFIA lender (the “WIFIA Lender”) for a loan (the “WIFIA Loan”) made by the EPA under the authority of the Water Infrastructure Finance and Innovation Act and the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

4. The Authority and the EPA propose to reset the interest rate on the WIFIA Loan to reduce the interest rate payable thereunder.

5. Section 14 of the Original Financing Agreement provides that the Original Financing Agreement may be amended by a written instrument duly authorized and executed by the Authority and the District.

6. To facilitate the reduction of the interest rate under the WIFIA Loan as described in paragraph 4 above, the Authority and the District desire to amend the Financing Agreement as set forth in this Third Amendment.

AGREEMENT:

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Authority formally agree as follows:

Section 1. Definitions. All capitalized terms used in this Third Amendment and not defined herein shall have the respective meanings given such terms in the Financing Agreement.

Section 2. Amendment to Definition of WIFIA Loan Agreement. The definition of "WIFIA Loan Agreement" as set forth in the Financing Agreement is hereby amended in its entirety to read as follows:

"WIFIA Loan Agreement" shall mean the WIFIA Loan Agreement between Silicon Valley Clean Water and the United States Environmental Protection Agency, acting by and through the Administrator of the United States Environmental Protection Agency, dated _____, 2020, as such WIFIA Loan Agreement may be amended, supplemented or modified in accordance with the terms thereof, whether by amendment, supplement or a replacement loan agreement."

Section 3. Provisions of the Original Financing Agreement in Effect. Except as expressly modified herein, all of the provisions of the Financing Agreement shall remain in full force and effect.

Section 4. Governing Law. This Third Amendment shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in such state.

Section 5. Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this Third Amendment shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Third Amendment. The parties hereby declare that they each would have entered into this Third Amendment and each and every other section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Third Amendment may be held illegal, invalid or unenforceable.

Section 6. Execution in Counterparts. This Third Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority and the District have caused this Third Amendment to be executed in their respective names by their duly authorized officers, all as of the date first above written.

SILICON VALLEY CLEAN WATER

By _____
Manager

ATTEST:

By _____
Chief Financial Officer

WEST BAY SANITARY DISTRICT

By _____
District Manager

ATTEST:

By _____
Secretary



WEST BAY SANITARY DISTRICT AGENDA ITEM 5

To: *Board of Directors*

From: *Sergio Ramirez, District Manager*

Subject: **Consideration to Approve Town of Atherton's Withdrawal from Membership in the South Bayside Waste Management Authority**

Background

The original JPA for SBWMA was adopted effective December 9, 1999. It was established by the following twelve San Mateo County entities to provide a regional approach to the collection and disposition of solid waste, recyclable materials, and organic materials: Town of Atherton, City of Belmont, City of Burlingame, City of East Palo Alto, City of Foster City, Town of Hillsborough, City of Menlo Park, City of Redwood City, City of San Carlos, City of San Mateo, County of San Mateo, and West Bay Sanitary District. Under the JPA, these twelve entities are identified as "Equity Members."

In 2000, SBWMA issued bonds to acquire and reconstruct the Shoreway Environmental Center Facility, which is operated pursuant to a contract between SBWMA and South Bay Recycling, LLC., and which processes solid waste and recyclables for SBWMA's twelve member agencies. The 2000 bonds, defined in the JPA as the Revenue Bonds, were defeased and new bonds were issued in 2009. In 2019, the SBWMA Board recommended, and the Member Agencies approved, the issuance of new bonds to refund the 2009 bonds and raise capital for various new improvements. These bonds consist of \$31,860,000 in 2019A refunding bonds, and \$16,915,000 in 2019B "new money" bonds.

The JPA has been amended and restated several times over the years; the current governing JPA document dated June 19, 2013, is entitled the "Second Amended and Restated Joint Exercise of Powers Agreement South Bayside Waste Management Authority" ("JPA Agreement"). Pursuant to the JPA Agreement, Article 15, "Withdrawal from SBWMA," a Member may not withdraw from the SBWMA unless and until that Member achieves the following:

- a. The liquidation in full of its proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal, including but not limited to the Revenue Bonds, as determined by the Board.
- b. The provision to the SBWMA of a written notice of intent to withdraw from the SBWMA at least six (6) months prior to the end of the current Rate Year, specifying the date on which the Member intends to withdraw.
- c. The approval of such withdrawal by a 4/5 affirmative vote of Equity Members.

On June 29, 2020, Atherton formally notified SBWMA of its intent to withdraw from SBWMA effective December 31, 2020. In response, the SBWMA Board held a special meeting on August 20, 2020, and determined that to liquidate in full its proportion of any existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal (December 31, 2020), Atherton would be required to pay approximately \$2,203,016. The actual amount is subject to determination on the date of defeasance, which must occur before December 31, 2020. SBWMA Board's determination of Atherton's liquidation amount was a final administrative determination and it is not subject to appeal. A copy of the staff report and Board's resolution from the August 20, 2020 Special Board Meeting is attached hereto as Attachment 1.

At a meeting held on September 16, 2020, the Town Council of Atherton agreed to pay the liquidation costs determined by the Board and voted to go forward with the withdrawal. The next step in the process, as required by the JPA Agreement, is for Atherton to obtain the approval to withdraw from 4/5s (or 10) of the Member Agencies (which means approval by at least 9 of the remaining Members, as Atherton has already consented). This action must occur before December 31, 2020. While the Board has recommended to the Member Agencies that they approve Atherton's request to withdraw, provided they pay the above referenced costs prior to December 31, 2020, the withdrawal will not be effective unless and until 9 additional (to Atherton) Member Agencies have approved it.

The Board is now asked to approve Atherton's withdrawal on December 31, 2020, provided the above-referenced exit cost is paid prior to that date. A draft resolution approving the withdrawal is attached to the staff report for the Board's consideration and approval. (Attachment 4)

Fiscal Impact

If Atherton pays the required amount and obtains the necessary approval of ten Member Agencies, its withdrawal from SBWMA will be effective December 31, 2020. According to the terms of the JPA, once a Member Agency withdraws, it is no longer a part of SBWMA and thus no longer responsible for ongoing expenses. This will have a fiscal impact on the remaining eleven Member Agencies because, commencing January 1, 2021, the remaining Member Agencies will be responsible for the ongoing operational costs of SBWMA. Tip fee revenue from each Member Agency covers SBWMA's fixed and variable costs. After adjusting for Atherton's variable costs, SBWMA staff calculates that Atherton's withdrawal will result in an annual net shortfall in operating funds of approximately \$146,760 that would need to be reallocated amongst the Members. SBWMA staff will recommend that the SBWMA Board address this shortfall through a tip fee adjustment of \$0.52 per ton for all franchise material. To put this in perspective, the 52 cents would be added to current franchise tip fees, which range from \$127/ton to \$141/ton. The projected impact of this increase to the individual Member Agencies is shown in the chart below:

	Total Tip Fee Tons	Percentage of Allocation	Dollar Amount of Allocation
Belmont	13,240	5%	\$6,898
Burlingame	33,910	12%	\$17,668
Unincorp. County	8,457	3%	\$4,407
No. Fair Oaks	8,603	3%	\$4,482
East Palo Alto	16,370	6%	\$8,529
Foster City	16,345	6%	\$8,516
Hillsborough	8,208	3%	\$4,277
Menlo Park	34,995	12%	\$18,234
Redwood City	55,248	20%	\$28,786
San Carlos	21,061	7%	\$10,973
San Mateo	60,957	22%	\$31,761
West Bay Sanitary District	4,276	2%	\$2,228
SBWMA	281,671	100%	\$146,760

Note: On September 8, 2020, SBWMA received a letter from Recology stating that if Atherton withdraws from the Authority, it believes the remaining Member Agencies should be responsible for a portion of Atherton's share of the compensation: the Allocated Indirect Costs, including profit, assigned to Atherton in the 2021 Final Compensation Report, which Recology states equal \$386,451. Recology would like this amount to be proportionally reallocated amongst the remaining 11 Members based on the same methodology used to historically determine their proportionate share of indirect costs. (Attachment 2) Under this method, according to Recology, percentage changes to the remaining Members resulting from the reallocation would range from 0.24% to 0.56%. (The Recology letter is attached as Attachment 3.)

SBWMA staff have reviewed Recology's letter and the model Restated Franchise Agreement, and do not agree that the remaining 11 Members have an obligation to assume Atherton's Allocated Indirect Costs upon its withdrawal. Each Member Agency has a separate franchise agreement with Recology, which, under its terms, became binding and effective between the parties as of the date two-thirds (8) of the Member Agencies approved and signed the agreement in April 2018. The annual compensation report assigns an individualized total compensation amount due to Recology from each Member Agency; there is no contractual mechanism requiring one Member Agency to compensate Recology for another Member Agency's failure to meet that compensation amount, or to assume the obligations that a withdrawn Member Agency may have had to Recology had it not withdrawn.

Recommendation

Atherton has met the requirements for withdrawal set forth in the JPA Agreement. The District Manager recommends the Board adopt the resolution approving Atherton's withdrawal, provided it liquidates its proportionate share of debt, obligation, and liability as determined by the SBWMA Board on August 20, 2020, and that it do so prior to December 31, 2020.

Attachments:

- 1) August 20, 2020 SBWMA Special Meeting Staff Report
- 2) [Link to Compensation Report](#)
- 3) SBWMA Letter
- 4) Resolution

ATTACHMENT 1

STAFF REPORT

To: SBWMA Board Members
From: Joe LaMariana, Executive Director
Date: August 20, 2020 Board of Directors Special Meeting
Subject: Potential Withdrawal of Town of Atherton from Membership in the SBWMA: Consideration of a Resolution to Determine Atherton's Liquidation Costs and Recommend Member Agencies Approve the Withdrawal Based on Certain Conditions

Executive Summary

On June 29, 2020, the Town of Atherton formally notified SBWMA of its intent to withdraw from membership in the SBWMA, effective December 31, 2020. Pursuant to the Second Amended and Restated Joint Powers Agreement ("JPA Agreement"), Article 15, "Withdrawal from SBWMA", a Member may not withdraw from the SBWMA unless and until that Member achieves the following:

- a. **The liquidation in full of its proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal, including but not limited to the Revenue Bonds, as determined by the Board.**
- b. The provision to the SBWMA of a written notice of intent to withdraw from the SBWMA at least six (6) months prior to the end of the current Rate Year, specifying the date on which the Member intends to withdraw.
- c. The approval of such withdrawal by a 4/5 affirmative vote of Equity Members.

Atherton's June 29, 2020 letter satisfies its Article 15.1.b. obligation. Next, it must satisfy its Article 15.1.a. obligation, highlighted above. In order for it to do so, the Board is required to determine the amount Atherton must pay to liquidate "its proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal," which is the purpose of this meeting. Finally, pursuant to Article 15.1.c., Atherton's withdrawal must be approved by four-fifths (10) of the JPA's Equity Members (i.e., Member Agencies) to become effective.

Staff recommends that the Board adopt the attached resolution determining the amount necessary for Atherton to liquidate its portion of existing debt obligations based on calculating the amount required to defease Atherton's portion of SBWMA's outstanding 2019 bonds plus costs, which is approximately \$2.2 million dollars,¹ and further recommending to the Member Agencies that they approve Atherton's withdrawal from the JPA, as required by

¹ The actual amount will vary slightly based on the date of defeasance and interest rates on Treasury obligations at the time. For example, as calculated on July 14, 2020, the defeasance cost would be \$2,203,016; if interest rates dropped to zero by the date of defeasance (worst case scenario), the defeasance cost would be \$2,271,183. If rates were to go up, on the other hand, the defeasance cost would be less.

Article 15.1.c. Atherton's withdrawal will become effective December 31, 2020, provided 10 Equity Members have approved the withdrawal and the liquidation amount has been paid by Atherton to the SBWMA.

Background

The original JPA for SBWMA was adopted effective December 9, 1999. It was established by a number of San Mateo County entities to provide a regional approach to the collection and disposition of solid waste, recyclable materials, and organic materials. Initially, SBWMA issued bonds in 2000 to acquire and reconstruct the Shoreway Environmental Center Facility, to be operated by SBWMA to meet the regulatory requirements for solid waste and recyclables for its Member Agencies. The original bonds were defeased and new bonds issued in 2009. In 2019, SBWMA took action to refund the 2009 bonds, thereby saving SBWMA money and, at the same time, raising new funds for certain capital improvements. The JPA has been amended and restated several times over the years; the current governing JPA document dated June 19, 2013, is entitled the "Second Amended and Restated Joint Exercise of Powers Agreement South Bayside Waste Management Authority".²

Atherton is one of the original founding members of SBWMA, and as such, is an "Equity Member."³ Expressing concern that SBWMA's work no longer aligns with the needs and demands of its residents, Atherton has been considering withdrawing from SBWMA for some time, and has been exploring alternative options for waste management. It has now reached a tentative agreement with GreenWaste to provide those services, contingent upon its withdrawal from SBWMA. Atherton and SBWMA exchanged letters related to the withdrawal process on March 18th and April 27th (Attachment 1), and Atherton sent a formal Notice of Intent to Withdraw on June 29, 2020, specifying December 31, 2020 as the exit date. (Attachment 2.) Assuming it goes forward, Atherton will be the first entity to withdraw from SBWMA since it was formed. The City of Burlingame considered withdrawal in 2009, but ultimately decided to remain a member. Thus, there is no institutional precedent on how the conditions specified in Article 15 are to be met.

Calculation of Liquidation Amount

A. Bond Costs

KNN Public Finance Analysis: In preparation for responding to Atherton's anticipated notice to withdraw, KNN Public Finance ("KNN"), SBWMA's financial advisor, was asked late last fall to calculate the portion of SBWMA's outstanding bond obligations attributable to Atherton, and to describe a method for retiring Atherton's proportional share of the bond obligations through a legal defeasance. In a letter dated December 6, 2019, KNN provided its Bond Allocation and Defeasance Analysis, which was shared with Atherton. (Attachment 3.) KNN concluded that because the outstanding bond obligations are for capital and equipment improvements at the Shoreway facility, a reasonable means for allocating a Member Agency's proportionate share is to measure their historic use of the facility, based on franchise tonnage. KNN looked at Atherton's share of overall franchise tonnage for years 2016, 2017, and 2018, and proposed three scenarios for determining Atherton's proportional share of bond obligations:

² A proposed Third Amended and Restated JPA is currently being circulated for consideration among member agencies, making a number of clerical and administrative updates to the JPA document; none of the proposed changes impact Article 15, Withdrawal, of the Agreement.

³ Under the SBWMA, JPA membership is divided into "equity members" and "non-equity members"; there are no non-equity members at this time, nor have there ever been. The primary difference between an Equity Member and Non Equity Member is described in Section 6.3 of the JPA: basically, non-equity members are not entitled to vote on any matter before the board, and do not have the rights and liabilities of equity members, particularly under Section 15, Withdrawal, or Section 16, Termination of the JPA.

- 1) 2018 calendar year tonnage – 3.25%;
- 2) three-year average tonnage – 3.27%; and
- 3) three-year average tonnage rounded – 3.30%.

The cost ranged from a high of \$2,019,383 to a low of \$1,987,908. KNN also recommended that SBWMA include an additional amount of \$100,000 for costs related to work that would be required by bond counsel, verification agent, escrow agent, and municipal advisor related to the defeasance transaction. KNN's analysis was based on market conditions as of December 4, 2019. After receiving Atherton's June Notice of Intent to Withdraw, KNN was asked to update its earlier analysis. In a July 22, 2020 letter, KNN provided an updated analysis based on July 14, 2020 market conditions. (Attachment 4.) As shown in that updated opinion, Atherton's 2019 franchise tonnage percentage was 3.24, slightly smaller than the 3.25% from 2018. Additionally, interest rates have fallen since December 2019, so the cost of the defeasance escrow has increased. Based on these changes, KNN determined that the updated amount of Atherton's proportionate share of the bond obligations, using the 3.24% figure from 2019, equals \$2,103,016. Adding the \$100,000 for defeasance costs, the liquidation number equals \$2,203,016.

Atherton/NHA Advisors Analysis: Atherton engaged a different financial advisor, NHA Advisors ("NHA"), to review the December KNN analysis and to "take another look" at its financial obligations in the event of withdrawal. The NHA analysis was included in the June 29th Notice of Intent to Withdraw. (Attachment 2.) In its analysis, NHA acknowledged that KNN's approach, using franchise tonnage as the measure of proportionality, is "the simplest and most straightforward," but proposed that other factors should be used in the calculation in order to reduce Atherton's exit costs. Most of the other factors proposed by NHA are revisionist in nature, essentially stemming from an assumption that, based on its waste generation profile, Atherton paid more than its fair share during the entirety of its membership in SBWMA, and that this unfairness should be addressed retroactively by way of a reduced exit cost. Within this context, NHA suggested five different scenarios that could be utilized to determine what proportionality to assign to Atherton in calculating its exit costs, which are discussed below. Each of the five scenarios include a deduction labeled as "overpayment" in the amount of \$581,386. NHA contends this deduction is justified because Atherton, which has mostly single-family homes, did not itself need the build-out part of the Shoreway facility that accommodates multifamily and commercial recycling and processing, and that therefore its portion of the payments for the 2009 bonds was higher than it should have been. NHA notes that the \$581,386 "represents a calculated total amount overpaid in the last ten years." The actual analysis NHA utilized to reach this number is not included in its letter.

The five scenarios proposed by NHA, which result in exit costs from Atherton ranging from \$1,677,498 to negative \$79,573 (where SBWMA would owe money to Atherton), are summarized below for the Board's convenience.⁴ They are contained in their entirety in Attachment 2.

- **Scenario 1:** this scenario uses the same methodology as the KNN analysis, but includes the \$581,386 deduction for "overpayment" discussed above. Based primarily on this adjustment, NHA concludes the amount owed is \$1,677,498.
- **Scenario 2:** this scenario assumes that in the future Atherton's share of the franchise tonnage will decline from 3.25% to 1.5% because it will remain stable while other member agencies will see population growth. Using this hypothetical reduced percentage would reduce the cash required to defease Atherton's portion of the bonds from \$2.26 million to \$1.5 million. After deducting the overpayment, the amount owed is \$933,748.

⁴ All of NHA's scenarios include the \$100,000 defeasance costs.

- **Scenario 3:** the 2019 bonds consist of two series: 2019A, which refunded the 2009 bonds, and 2019B, which raised capital (new money) for future improvements. In this scenario NHA proposes the exclusion of defeasance costs related to the 2019B (new money) bonds, on the basis that the bond proceeds will be used for future improvements that will not benefit Atherton. If the defeasance costs for the 2019B (new money) bonds are excluded (\$1,566,259) and the overpayment deducted (\$581,386), the amount owed is \$984,874.
- **Scenario 4:** this scenario combines Scenario 2 (taking into account a presumed future reduction in Atherton's proportion of the waste stream), and Scenario 3 (exclusion of the cost to defease the 2019B (new money) bonds, reducing the proportionate share to \$903,623 (\$322,238 with the overpayment deduction). This is the Scenario that Atherton proposes SBWMA accept in its Notice of Intent to Withdraw, without the deduction for overpayment.
- **Scenario 5:** this scenario includes Scenarios 2 and 3 and proposes additional reductions in the allocation of the 2019A bonds relating to the 2009 projects, similar to the argument made for the "overpayment" deduction, but in addition thereto. Under this scenario, SBWMA would end up owing \$79,573 to Atherton.

B. Other Costs

HF&H Consultants, LLC: In addition to KNN, staff retained HF&H Consultants to determine whether there are other (unrelated to the bonds) financial obligations attributable to Atherton that should be included in the liquidation amount pursuant to Article 15.1.b. which requires the withdrawing Member to liquidate in full "its proportion of any and all existing debts obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal." After examining SBWMA's financial records, HF&H concluded that there are no other existing debt obligations or liabilities that Atherton would be responsible for after its withdrawal on December 31, 2020, the only exception would be an insurance claim, were one to be filed prior to that time. (Attachment 5.) As discussed in the Fiscal Impact section below, after Atherton's withdrawal, ongoing operational expenses would be apportioned between the remaining Members, because under the JPA, once a Member withdraws, it is no longer responsible for SBWMA's continued operational expenses.

Discussion

Under the terms of the JPA, a Member Agency may not withdraw *unless and until* it has liquidated in full its proportion of any and all existing debts, obligations, and liabilities of, as determined by the Board. The JPA does not specify the formula to be used when calculating this liquidation cost, so it falls upon the Board to make a determination based on the information presented. Based on the analyses prepared by the financial consultants for SBWMA and Atherton, there are basically three options for the Board to consider:

- 1) the KNN analysis which fully defeases the 2019A and B bonds based on franchise tonnage,
- 2) the NHA analysis which calculates the amount based on franchise tonnage but excludes the 2019 (new money) bonds proposed by Atherton, or
- 3) the NHA Scenario 4 analysis (without the overpayment deduction), proposed by Atherton.

Option 1 – Full Defeasance of all 2019 bonds based on franchise tonnage (estimated cost \$2,203,016).

SBWMA's consultant, KNN, utilizes franchise tonnage to determine Atherton's share of liabilities, noting that "In our opinion, franchise tonnage is the most reasonable measure to use in determining a member's proportionate share of liability because it mirrors the long-standing practice of allocating costs." (Attachment 3, page 1.) Atherton's consultant, NHA, in its analysis, acknowledges that using franchise tonnage to calculate proportionate liability is the "simplest and most straightforward approach." (Attachment 2, page 2.) Staff recommends this option because it

provides a reasonable approach, based on established business practice, to determine Atherton's proportionate share of outstanding debt as of December 31, 2020, in conformance with the requirements of the JPA. Because the JPA requires a withdrawing Member Agency to liquidate *in full* its proportionate share of debt. This option assures that Atherton will be responsible for its full share of existing debt, which it agreed to when it became a member of the JPA; it is thus fair to both Atherton and the JPA's remaining Member Agencies. Under this option, the liquidation amount Atherton is required to pay is approximately \$2,203,016.

Option 2 – Partial Defeasance of 2019 bonds (exclusion of 2019B (new money) bonds) based on franchise tonnage (estimated cost \$1,543,090). Atherton's consultant, NHA, suggests that Atherton should not be responsible for defeasing its portion of the 2019B (new money) bonds because, by leaving in December, it will not reap the future benefits of the capital raised by these bonds. In its review of NHA's analysis, KNN calculated what Atherton's liquidation amount would be if the 2019B (new money) bonds were excluded from the debt calculation. (Attachment 3, page 3.) The result of excluding the 2019B (new money) bonds is shown in the chart below.

	All bonds defeasance	Atherton Share (3.24%)
2019A (Refunding)	\$44,511,685	\$ 1,443,090
2019B (New Money)	20,355,228	659,926
Total	\$64,866,913	\$2,103,016

As the chart shows, Atherton's cost to defease its proportionate share of the 2019B (new money) bonds is \$659,926; subtracting that amount from its full liability would mean that Atherton's liquidation amount would be \$1,443,090 (plus the \$100,000 for defeasance costs), for a total estimated cost of \$1,543,090.⁵

If the Board agreed to exclude the 2019B (new money) bonds from the calculation, Atherton's portion of the debt would be assumed by the remaining Member Agencies. KNN provided a chart, shown below, in its updated analysis that breaks down the additional amount of debt each member agency would incur if Atherton's portion of the 2019B (new money) bonds were allocated amongst them (the total difference in the remaining members' debt service, \$677,912, is somewhat higher than cost of defeasance, \$661,545, because the cost of defeasance is calculated to the first call date on the bonds, whereas the debt service on the bonds goes through final maturity of the bonds). The far right column entitled "Total Difference" shows the additional amount each individual entity would pay:

⁵ NHA's analysis calculates the amount necessary for defeasing Atherton's share of only the 2019A refunding bonds as \$1,466,259, rather than \$1,443,090. This difference likely reflects different assumptions as to timing and interest rates. KNN's number is the more current, and therefore the better number to rely on for purposes of the Board's determination.

Reallocation of 2019B New Money Debt Service (DS) to Member Agencies

	Avg. Annual DS with Atherton Prepayment	Avg. Annual DS without Atherton Prepayment	Annual Difference	Total DS with Atherton Prepayment	Total DS without Atherton Prepayment	Total Difference
Belmont	\$89,419	\$92,415	\$2,996	\$983,609	\$1,016,566	\$32,958
Burlingame	\$216,415	\$223,666	\$7,251	\$2,380,560	\$2,460,325	\$79,765
County	\$57,028	\$58,939	\$1,911	\$627,313	\$648,332	\$21,019
No. Fair Oaks	\$55,600	\$57,463	\$1,863	\$611,601	\$632,094	\$20,493
East Palo Alto	\$98,752	\$102,061	\$3,309	\$1,086,269	\$1,122,666	\$36,397
Foster City	\$108,280	\$111,908	\$3,628	\$1,191,077	\$1,230,987	\$39,909
Hillsborough	\$53,707	\$55,506	\$1,800	\$590,776	\$610,571	\$19,795
Menlo Park	\$227,894	\$235,530	\$7,636	\$2,506,830	\$2,590,826	\$83,996
Redwood City	\$360,318	\$372,391	\$12,073	\$3,963,495	\$4,096,299	\$132,804
San Carlos	\$142,452	\$147,225	\$4,773	\$1,566,970	\$1,619,474	\$52,504
San Mateo	\$401,268	\$414,713	\$13,445	\$4,413,948	\$4,561,846	\$147,897
West Bay Sanitary	\$28,149	\$29,092	\$943	\$309,640	\$320,015	\$10,375
Total	\$1,839,281	\$1,900,909	\$61,628	\$20,232,088	\$20,910,000	\$677,912

Staff recommends the Board reject this option because there is no contractual support for this approach in the language of the JPA. Under Article 15, if debt is issued prior to withdrawal (“any and all existing debts, ... by the date of withdrawal”), that debt is to be included in the calculation of proportionate share of debt obligations. Atherton was a Member Agency in 2019 when the bonds were issued by SBWMA; thus, it is responsible for its share of the debt. The fact that it will not reap the benefit of future improvements if it withdraws from the JPA is not a reason to excuse Atherton from responsibility for its share. In withdrawing from SBWMA, Atherton is choosing to forego future benefits - the JPA language does not provide for remaining Member Agencies to subsidize this choice.

Option 3 – Partial Defeasance of 2019 bonds based on exclusion of 2019B (new money) bonds plus a hypothetically-reduced franchise tonnage percentage (estimated cost \$903,623). Option 3 is Atherton’s proposed approach. It consists of determining Atherton’s proportionate share by first excluding the 2019B (new money) bonds (discussed above), and then factoring in a hypothetical reduction in Atherton’s future portion of the franchise tonnage if it were to remain a member. Under this approach, in Scenario 4, NHA estimates that Atherton’s liquidation amount would be \$903,623. In its Notice of Intent to Withdraw, Atherton asks that SBWMA consider this amount as the appropriate liquidation cost.

Staff believes this number does not comply with the requirements of Article 15 for several reasons. First, as discussed above, Atherton’s obligation to defease its portion of the 2019B (new money) bonds should not be excused because this is an indebtedness incurred while Atherton was a Member of SBWMA, and Atherton is contractually obligated to liquidate its portion of the debt in full as a condition of withdrawal. Secondly, the assumption that Atherton’s share of the franchise tonnage would decline in the future if it were to remain a Member of SBWMA is speculative and unsupported by any evidence; it does not constitute a reasonable basis to reduce its current, definable debt obligation. If the Board were to select this option, the \$1,204,552 balance of Atherton’s debt obligation would be apportioned amongst the remaining Member Agencies. Similar to the chart above, the far right column of the chart below shows what each Member Agency’s additional cost would be:

	Avg. Annual DS with Total Atherton Prepayment (3.242%)	Avg. Annual DS with Partial Atherton Prepayment (1.393%)	Annual Difference	Total DS with Total Atherton Prepayment (3.242%)	Total DS with Partial Atherton Prepayment (1.393%)	Total Difference
Belmont	\$171,264	\$174,537	\$3,273	\$3,767,818	\$3,839,820	\$72,002
Burlingame	\$414,500	\$422,420	\$7,921	\$9,118,990	\$9,293,251	\$174,260
County	\$109,227	\$111,314	\$2,087	\$2,402,988	\$2,448,909	\$45,920
No. Fair Oaks	\$106,491	\$108,526	\$2,035	\$2,342,805	\$2,387,575	\$44,770
East Palo Alto	\$189,140	\$192,754	\$3,614	\$4,161,069	\$4,240,586	\$79,516
Foster City	\$207,389	\$211,352	\$3,963	\$4,562,550	\$4,649,738	\$87,189
Hillsborough	\$102,865	\$104,831	\$1,966	\$2,263,031	\$2,306,277	\$43,246
Menlo Park	\$436,486	\$444,827	\$8,341	\$9,602,682	\$9,786,185	\$183,503
Redwood City	\$690,118	\$703,306	\$13,188	\$15,182,594	\$15,472,727	\$290,133
San Carlos	\$272,838	\$278,052	\$5,214	\$6,002,445	\$6,117,149	\$114,704
San Mateo	\$768,550	\$783,237	\$14,687	\$16,908,103	\$17,231,210	\$323,107
West Bay Sanitary	\$53,914	\$54,944	\$1,030	\$1,186,108	\$1,208,774	\$22,666
Total	\$3,522,781	\$3,590,100	\$67,319	\$77,501,185	\$78,982,202	\$1,481,017

Legal or Credit Implications Created by Atherton's Withdrawal: Bond counsel (Stradling Yocca Carlson & Rauth) has raised no additional legal issues relating to the bonds that the Board needs to be aware of. KNN Public Finance has indicated that Atherton's withdrawal should have no rating impact, as it was known as a risk at the time of the last bond issuance, but allowing a Member Agency to exit without a full defeasance of its obligation could result in a rating impact in the future if additional Member Agencies were to withdraw from SBWMA.

Fiscal Impact

Assuming that Atherton's withdrawal is approved, the fiscal impact to SBWMA will depend on the liquidation amount determined by the Board, as discussed above. If the Board chooses Option 1, Atherton's share of the existing debt obligation will be paid. If the Board chooses Option 2 or 3, the remaining Member Agencies will each be responsible for a higher amount of debt service on the bonds.

Otherwise, under all options, commencing January 1, 2021, the remaining eleven Member Agencies will be responsible for the ongoing operational costs of SBWMA because, pursuant to the terms of the JPA, once a Member Agency withdraws, it is no longer a part of SBWMA and thus no longer responsible for ongoing expenses. Tip fee revenue from each Member Agency covers SBWMA fixed and variable costs. After adjusting for Atherton's variable costs, Staff calculates that Atherton's withdrawal will result in a net shortfall in operating funds of approximately \$146,760 from fixed costs that would need to be reallocated. Staff anticipates recommending the Board address this shortfall through a tip fee adjustment of \$0.52 per ton for all franchise material. To put this in perspective, the 52 cents would be added to current franchise tip fees, which range from \$127/ton to \$141/ton. The projected impact of this increase to the individual Member Agencies is shown in the chart below:

	Total Tip Fee Tons	Percentage of Allocation	Dollar Amount of Allocation
Belmont	13,240	5%	\$6,898
Burlingame	33,910	12%	\$17,668
County	8,457	3%	\$4,407
No. Fair Oaks	8,603	3%	\$4,482
East Palo Alto	16,370	6%	\$8,529
Foster City	16,345	6%	\$8,516
Hillsborough	8,208	3%	\$4,277
Menlo Park	34,995	12%	\$18,234
Redwood City	55,248	20%	\$28,786
San Carlos	21,061	7%	\$10,973
San Mateo	60,957	22%	\$31,761
West Bay Sanitary	4,276	2%	\$2,228
SBWMA	281,671	100%	\$146,760

Next Steps

The Board's determination of the liquidation costs is a final administrative decision which is not subject to appeal. Once the Board makes this determination, Atherton is then required to secure approval of withdrawal by "a 4/5 affirmative vote of Equity Members." (Article 15.1.c.) Approval by the governing board of each Member Agency is required because Article 15 makes a distinction between the process for determination of the liquidation amount, which is made by the SBWMA Board, and the approval to withdraw, which is made by the Equity Members. Given that SBWMA consists of twelve Equity Members, ten of them will need to approve the withdrawal before it can become effective. This means that each Member Agency's governing board will need to place the matter on its agenda for consideration, mirroring the process used when the JPA itself was amended.

Atherton has suggested that Article 15.1.c be interpreted differently, and that the approval to withdraw does not need to go to each Member Agency, rather, it can be made by a 4/5 vote of the Board, because the Board consists of representatives from each Member Agency. Staff does not agree with this interpretation. As noted above, the JPA makes a distinction in Article 15 between the Board and Equity Members. The Board is required to determine the liquidation amount, the Equity Members are required to approve the withdrawal. Under the JPA, "Board" is defined as the governing Board of Directors of the SBWMA, comprising one Director from each of the Members. "Member" is defined as the public entity itself. If the parties had intended that the Board to make the decision, they would have written the JPA to say that; instead, the JPA language requires the final approval for withdrawal go to the individual entities. In staff's opinion, if the Board were to take action to approve the withdrawal, that action would be void because the Board has no authority to approve a Member's withdrawal under the terms of the JPA.

The Board is asked to adopt the resolution attached to the staff report, Attachment 6, determining the method to be used to calculate Atherton's proportionate share of outstanding debt. The resolution further recommends to the Equity Members (Member Agencies) that they approve Atherton's withdrawal upon payment of the exit obligations as determined by the Board. Pursuant to Section 15.1a., each Member Agency's approval will be contingent upon and not effective until Atherton has liquidated its obligations calculated in accordance with the

Board's determination. To assist the Member Agencies as they consider this request, staff will prepare a staff report and resolution which can be utilized by each Member Agency as it considers Atherton's request.

Timing Considerations

As noted above, once the Board determines the amount necessary for Atherton to liquidate its proportional debt, Atherton will need to secure the approval of at least ten of the Member Agencies in order to effectuate the withdrawal. This needs to occur before the end of the year, and with enough time for Atherton to complete its negotiations with GreenWaste and to make its liquidation payment to SBWMA no later than December 31, 2020. Staff understands this is a daunting task, which is why this item has been scheduled for this special meeting rather than waiting to have it placed on the Board's next regular meeting in September. Once ten Member Agencies approve the withdrawal, staff will work with its consultants and Atherton's staff to effect the defeasance.

Recommendation

It is recommended the Board take action to determine the amount necessary for Atherton to liquidate its proportionate share of debt so that it can move forward in the withdrawal process. Staff recommends the Board select Option 1 - full defeasance of Atherton's share of both 2019A and B bonds (approximately \$2,203,016), as the liquidation amount. It is further recommended the Board adopt the attached Resolution, setting forth the liquidation process and recommending that Member Agencies approve Atherton's withdrawal contingent and effective upon its payment of the determined amount.

Attachments:

- 1) March 18, 2020 Letter from Atherton re Intent to Withdraw; April 27, 2020 response letter from Authority to Atherton
- 2) KNN Public Finance Analysis dated December 6, 2019
- 3) June 26, 2020 Notice of Intent to Withdraw including NHA Advisors Analysis
- 4) KNN Public Finance Additional Analysis dated July 22, 2020
- 5) HF&F Consultants Analysis dated August 11, 2020
- 6) **Resolution 2020-34** - Determining the Amount Required for the Town of Atherton to Liquidate its Proportionate Share of SBWMA Existing Debt in Connection with the Town's Notice of Intent to Withdraw from Membership in SBWMA; and Recommending Member Agencies Approve the Withdrawal, Subject to Certain Conditions.



**Town of Atherton
Office of the City Manager
150 Watkins Avenue
Atherton, California 94027
Phone: (650) 752-0500
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March 18, 2020

VIA E-MAIL AND U.S. MAIL

Joe La Mariana
Executive Director
South Bayside Waste Management Authority
610 Elm Street, Suite 202
San Carlos, CA 94070
E-Mail: jlamariana@rethinkwaste.org

Re: Town of Atherton's Notice of Withdrawal from SBWMA JPA

Dear Director La Mariana:

This letter is to notify you that the Town of Atherton ("Atherton" or "Town") is considering withdrawal from the South Bayside Waste Management Authority ("SBWMA" or "JPA"). The Town is principally concerned that the JPA's work no longer aligns with the needs and demands of the Town's residents, so it is exploring alternative options for waste management.

The general rules of governance for SBWMA are laid out in the Second Amended and Restated Joint Exercise of Powers Agreement dated June 19, 2013 ("JPA Agreement"). Therein, and as discussed below, Article 15 – *Withdrawal from SBWMA* provides certain procedures to withdraw from the JPA:

15.1 Withdrawal Conditions. A Member may not withdraw from the SBWMA unless and until that Member achieves the following:

- a. The liquidation in full of its proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal, including but not limited to the Revenue Bonds, as determined by the Board.
- b. The provision to the SBWMA of a written notice of intent to withdraw from the SBWMA at least six (6) months prior to the end of the current Rate Year, specifying the date on which the member intends to withdraw.
- c. Approval of such withdrawal by a 4/5 affirmative vote of Equity Members.

Notice of intent to withdraw is due to the Board at least six (6) months before the end of a rate year. (JPA Agreement, Section 15.1(b).) A rate year, as defined in the JPA Agreement, ends on December 31 so notice must be provided by the end of June in the member's final rate year. This

Joe La Mariana, SBWMA Executive Director
March 18, 2020
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letter shall serve as Atherton's notice of intent to withdraw pursuant to Section 15.1; however, the Town reserves the right to remain as a Member as long as withdrawal does not actually occur.

As part of the process for withdrawal from the JPA, the Town would like to clarify its obligations for the payment of the Town's proportionate share of SBWMA's liabilities required for withdrawal under Section 15.1(a).

The Town understands that its obligations to the JPA are a function of the assets which it has invested in the JPA and any bond indebtedness that it has signed and remain outstanding at the time of withdrawal.

As a founding member of the JPA, Atherton has been an Equity Member since 1999. During that time, the Town has financially supported each of the JPA's initiatives, predominately including the development, construction, and management of the Shoreway Environmental Center. If the Town was to withdraw from the JPA, the value of the Center—proportionate to the Town's contribution to the Center's development—would properly be valued as an asset owed to the Town, less the value of the Town's use of the Center until the time of withdrawal.

The JPA Agreement provides, in the event the JPA is terminated without naming a successor agency, "all assets and liabilities shall be apportioned to each Member in proportion to the contribution of each current Member's ratepayers' total contribution [until termination]." (JPA Agreement, section 16.1(b).) This means that, at the termination of the JPA, each remaining member will receive a portion of the assets of the JPA, less the amount of outstanding JPA obligations.

It follows that the same principle applies if the Town was to withdraw from the JPA. The JPA's portfolio of assets includes, in part, those only made possible by the Town's contributions. Assuming the Town withdraws from the JPA, assets due to the Town would be reallocated to the remaining members until such time that those members withdraw, via termination of the JPA or otherwise. Thus, the Town is owed the same consideration and entitled to the value of its assets at the time that it withdraws from the JPA, if it so chooses to withdraw.

Outside the express language of the JPA Agreement, principles of equity call for the Town to be paid its share of the JPA assets – the Town will no longer benefit from use of the Center and other JPA initiatives. These assets, part of which were fostered by the Town's contributions, will only be utilized by the remaining members; to ignore the Town's contributions would unjustly benefit and enrich the remaining members.

It is true at the creation of the JPA, the assets, rights, and liabilities of the JPA "shall not constitute assets, rights, debts, liabilities, or obligations of any of the Agencies [of] the SBWMA." (JPA Agreement, Section 3.3.) However, this is contradicted in the plain language of the JPA Agreement that repeatedly and expressly provides each member is allocated responsibility to the JPA proportionate to its contributions and needs. We believe that the intent of this section was more appropriately to highlight the fact that the JPA is a separate legal entity and therefore, members are not individually liable for the contractual obligations of the JPA. And, in any event, if the Town is not entitled to the benefits of the JPA (proportionate share of assets), it should be followed that it is also not burdened by its debts and liabilities.

Joe La Mariana, SBWMA Executive Director
March 18, 2020
Page 3

As a founding principle, indeed prior to the section quoted above, the recitals of the JPA Agreement provide "the costs for planning and implementing Solid Waste and Recycling Programs will be based on a fair and equitable allocation system that considers the relative benefits to each Agency and the additional costs of services provided to each Agency." (JPA Agreement, Recital (D).) This means that a driving factor in the allocation of financial responsibilities within the JPA was the proportionate use and benefit gleaned by each member. Thus, each member was assessed for costs at a rate with consideration of their proportionate use and benefit from the JPA.

SBWMA's predominant direction, especially in recent years, has been to fund projects that target and benefit commercial growth and diversion. Atherton is a built-out residential community with no commercial development or uses. Therefore, the Town does not benefit from this targeted approach in any way, and it never has. To avoid this divergence from the JPA's founding principle articulated above, Atherton expressly requested that processing costs for commercial and residential uses be apportioned equitably. Unfortunately, the request, and even discussion of the request, was unilaterally declined. Consequently, it comes as no surprise that while Atherton has benefited the JPA, the JPA has predominantly served at the pleasure of, and for the advantage of, the other members.

In addition, Section 12.1 – *Debts and Liabilities* provides that a member agency's obligation is "expressly limited only to the appropriation and contribution of such funds as may be levied pursuant to this agreement or as the Members hereto may agree." Furthermore, Section 13.2 – *Attributing Solid Waste* provides "the SBWMA shall establish a fair and equitable method of attributing Solid Waste, Recyclable Materials, and Plant Materials to the Members that are delivered to the Facilities." These further support that the Town is entitled to its share of the JPA's assets. Indeed, despite these established principles of fair allocation, the Town has never utilized the JPA's full suite of services, nor received a discount for not doing so – as explained, the Town does not produce multi-family unit or commercial waste like other members and was denied its request to equitably apportion costs related to each.

If the SBWMA were to abide by the exact language of the JPA Agreement, "Revenue Bonds" is expressly defined as only "those certain revenue bonds titled 'South Bayside Waste Management Authority (San Mateo County, California) Solid Waste System Revenue Bonds, Series 2000,' and issued in the amount of \$20,090,000 on March 1, 2000." (JPA Agreement, Ex. C, "Definitions.") There is no mention or consideration for future revenue bonds. Thus, a plain reading provides room for an argument to be made that the JPA Agreement does not apply to bonds issued beyond the Series 2000 bonds and the Town, or really any JPA member, has no obligation to revenue bonds except for the Series 2000 bonds pursuant to the JPA Agreement.

The Town is entitled to certain assets of the JPA proportionate to its financial contributions to JPA initiatives until the time of the Town's withdrawal. However, the requisite liquidation prior to withdrawal is a measure of both the Town's assets and liabilities in the JPA. The total assets of the JPA as of the 2017/18 Audited Financial Statements is \$74,506,626. The JPA's stated total liabilities in that same Report is \$54,235,476. Allocating the Town's responsibility at 3.25% for both assets and liabilities result in a net to the Town of \$658,812. The Town does not expect the JPA to refund the Town in that amount nor liquidate its assets; however, the Town asks for the

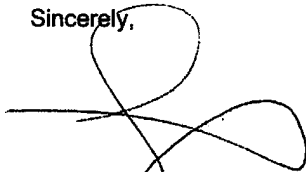
ATTACHMENT 1

Joe La Mariana, SBWMA Executive Director
March 18, 2020
Page 4

Board's response on the Town's outstanding assets and obligations to liquefy in the event the Town decides to withdraw from the JPA.

The Town appreciates the Board's assistance in this matter as the Town considers its options for waste management.

Sincerely,

A handwritten signature in black ink, appearing to read "George J. Rodericks". The signature is stylized with a large loop at the top and a horizontal line extending to the left.

George J. Rodericks
City Manager
Town of Atherton

cc: City Council



A Public Agency

April 27, 2020

Mr. George J. Rodericks, City Manager
Town of Atherton
150 Watkins Avenue
Atherton, CA 94027
grodericks@ci.atherton.ca.us

VIA email and U.S. Postal Service

RE: TOWN OF ATHERTON'S NOTICE OF INTENT TO WITHDRAW FROM SBWMA JPA

Dear Mr. Rodericks:

The South Bayside Waste Management Authority (SBWMA or Authority) is in receipt of your letter dated March 18, 2020 advising SBWMA that the Town of Atherton is considering withdrawing from the Authority. The letter states that it serves as Atherton's six month Notice of Intent to Withdraw, which is required under the terms of the Joint Powers Agreement (JPA) governing the SBWMA. The letter notes that the end of the rate year is December 31, 2020; it does not, however, state a specific date on which Atherton intends to withdraw, which is also required under the JPA. We assume if Atherton moves forward with withdrawing from the Authority, it will provide the specific notice in a timely manner. Additionally, the letter requests clarification of Atherton's obligations for the liquidation of its proportionate share of SBWMA's liabilities as required by the withdrawal process set forth in the JPA.

The original JPA for SBWMA was adopted effective December 9, 1999. The Authority was established by a number of San Mateo County entities to provide a regional approach to the collection and disposition of solid waste, recyclable materials and organic materials. Initially, the Authority issued bonds in 2000 (the "Revenue Bonds" defined in the original JPA) to acquire and reconstruct the Shoreway Environmental Center Facility, to be operated by the Authority to meet the regulatory requirements for solid waste and recyclables for its member agencies. In 2019, the Authority took action to refund previously issued bonds, thereby saving the Authority money and, at the same time, raising funds for certain capital improvements. The JPA has been amended and restated several times over the years; the current governing JPA document dated June 19, 2013, is entitled the "Second Amended and Restated Joint Exercise of Powers Agreement South Bayside Waste Management Authority" (the JPA).¹

The Town of Atherton is one of the original founding members of the JPA, and as such is an "Equity Member."² Article 15 of the JPA sets forth the process for withdrawing as a Member of the JPA. It provides:

- 15.1 Withdrawal Conditions.** A Member may not withdraw from the SBWMA unless and until that Member achieves the following:
- a. The liquidation in full of its proportion of any and all existing debts obligations, and

¹ A proposed Third Amended and Restated JPA is currently being circulated for consideration among member agencies, making a number of clerical and administrative updates to the JPA document; none of the proposed changes impact Article 15, Withdrawal, of the Agreement.

² Under the SBWMA, JPA membership is divided into "equity members" and "non-equity members"; there are no non-equity members at this time, nor have there ever been. The primary difference between an Equity Member and Non Equity Member is described in Section 6.3 of the JPA: basically, non-equity members are not entitled to vote on any matter before the board, and do not have the rights and liabilities of equity members, particularly under Section 15, Withdrawal, or Section 10, Termination of the JPA.

610 Elm Street, Suite 202 P: 650-802-3500
San Carlos, CA 94070 F: 650-802-3501 RethinkWaste.org

MEMBER AGENCIES: Town of Atherton • City of Belmont • City of Burlingame • City of East Palo Alto • City of Foster City • Town of Hillsborough
City of Menlo Park • City of Redwood City • City of San Carlos • City of San Mateo • County of San Mateo • West Bay Sanitary District

- liabilities incurred, earned, or expected to be earned by the date of withdrawal, including but not limited to the Revenue Bonds, as determined by the Board.
- b. The provision to the SBWMA of a written notice of intent to withdraw from the SBWMA at least six (6) months prior to the end of the current Rate Year, specifying the date on which the Member intends to withdraw.
 - c. The approval of such withdrawal by a 4/5 affirmative vote of Equity Members.

Liquidation Amount: The substantive question raised by Atherton's potential withdrawal from the JPA is how to calculate the "liquidation in full of its proportion of any and all existing debts, obligations, and liabilities incurred, earned or expected to be earned by the date of withdrawal, including, but not limited to the Revenue Bonds, as determined by the Board." While Burlingame considered withdrawing in 2009, it did not do so and no other Member has proposed withdrawing from the Authority since it was established in 1999, so there is no specific precedent to consider when addressing this question.

Based on communications from Atherton that it might consider withdrawing, the Authority, in late 2019, asked its bond consultants, KNN Public Finance, LLC., to calculate the portion of SBWMA's outstanding bond obligations attributable to the Town, and to describe a method for retiring that proportional share through a legal defeasance of the bonds. A copy of KNN's letter was provided to Atherton in December 2019. KNN calculated Atherton's proportionate bond share based on its proportion of overall franchise tonnage, which over the past three years has been approximately 3.25%. Applying this factor to the outstanding bond obligations, and calculating the costs for legal defeasance, KNN calculated that Atherton's proportionate share for liquidating its bond obligations upon withdrawal would be approximately \$2,087,908.00. This number only takes into account Atherton's share of bonded indebtedness; it does not include other obligations and liabilities.³ Staff is in the process of calculating that number.

We note that Atherton has made a number of arguments in its letter of intent suggesting that it is entitled to a proportionate share of the Authority's assets upon its withdrawal, and that its liability obligations should be offset from this share. These arguments are based on Article 16, Termination, of the JPA, which provides that upon mutual termination of the Authority by the members, if there is no successor agency to the Authority, "all assets and liabilities shall be apportioned to each Member in proportion to the contribution of each current Members' ratepayers' total contribution during the Term of this Agreement. A reference to ratepayers' contribution means payment of Collection fees under each jurisdiction's respective Uniform Franchise Agreement."

The Authority does not agree that the provisions of Article 16, dealing with termination of the agency, impliedly apply to Article 15 when a Member decides to withdraw. It is a fundamental principle of contract interpretation that when something is not included in a term, it is meant to be excluded. In this case, Article 15 does not include any language related to the Authority's assets, it very specifically refers to its liabilities. If the Members had desired to include assets in Article 15, they would have done so, as evidenced by the fact that they are included in Article 16. Nor does the Authority view Article 15's requirement that a Member pay its proportionate share of debt and liabilities upon its withdrawal as violative of the equitable principle of unjust enrichment. The Members entered the JPA in furtherance of their mutual interests, and incurred debt in reliance upon each Member's participation. The JPA document, which the Members approved, provides that the burden created by the withdrawal of a Member should fall on the Member, not the Authority.

Process: According to Article 15, the withdrawal process requires that the Board determine the amount required to liquidate the withdrawing member's share. Once that number is determined by the Board, 4/5 (four-fifths) of the Member Agencies are required to approve the withdrawal. This process is similar to that required when the JPA is amended: upon approval by the Board of the liquidation amount, and Atherton's commitment to pay that amount, each Member Agency's governing board will be required to place the matter on its agenda for consideration. We believe the individual Member Agency's must approve the withdrawal based upon their own local rules, typically by a majority of members present. We do not believe the

³ This number was calculated based on interest assumptions that were current in December 2019. The number would have to be recalculated based on the current market to determine a final number for withdrawal.

4/5 requirement applies to the individual Member Agency actions. Once 4/5 of the Member Agencies' governing boards have approved the withdrawal, it may go forward upon the agreed-upon terms.

While we are sorry to learn that Atherton intends to withdraw from the Authority, please be assured we will make every effort to cooperate with you in this process. Please do not hesitate to contact me if you have any questions.

A handwritten signature in black ink, appearing to read "Joe La Mariana". The signature is fluid and cursive, with a large loop at the beginning of the first name.

Joe La Mariana
Executive Director
jlamariana@rethinkwaste.org

Date: December 6, 2019

To: **South Bayside Waste Management Authority**
Joe La Mariana, Executive Director
John Mangini, Finance Director

From: **KNN Public Finance**
David Brodsky and Melissa Shick

Re: **Bond Allocation and Defeasance Analysis**

You have advised us that the Town of Atherton is considering withdrawing from the South Bayside Waste Management Authority (SBWMA). No Member Agency has ever requested to withdraw from the Joint Powers Authority.

Section 15.1 of the Joint Powers Authority Agreement sets forth the terms and conditions pursuant to which a Member Agency may withdraw from the SBWMA: i) notice at least six months prior to the end of the rate year; ii) approval of four-fifths (4/5) of the members; and iii) the payment of a proportionate share of the Authority's liabilities. Specifically, Section 15.1(a) states that, prior to its exit, a Member Agency must "achieve...the liquidation in full of its proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal, but not limited to the Revenue Bonds, as determined by the Board." The particular method of calculating (and liquidating) a Member Agency's proportional share of any such outstanding obligation is not specified under the Joint Powers Authority Agreement.

While there would likely be other obligations and liabilities for which a Member Agency would be responsible, the largest such liability, and the focus of this memo, is likely to be the outstanding revenue bonds of the SBWMA. While Atherton has not yet requested information on its obligations and liabilities, you have requested that we calculate the portion of SBWMA's outstanding bond obligations attributable to the Town of Atherton and describes a method for retiring Atherton's proportional share of the bond obligations through a legal defeasance so that this information can be shared with Atherton as it considers whether or not to withdraw from SBWMA. We again emphasize that this memo addresses only that obligation.

Bond Allocation Methodology

SBWMA's outstanding bond obligations consist of two series – \$31,860,000 Solid Waste Enterprise Refunding Revenue Bonds, Series 2019A (Non-AMT) and \$16,915,000 Solid Waste Enterprise Revenue Bonds, Series 2019B (AMT) – together, totaling \$48,775,000 in outstanding par amount (the Series 2019 Bonds).

- The Series 2019A Bonds were issued to refund in full the SBWMA's Solid Waste Enterprise Revenue Bonds (Shoreway Environmental Center), Series 2009A, which originally financed the construction of a new scale house, a new materials recovery facility (MRF) to be used for the

processing of recyclables, the expansion and renovation of the transfer station, and the acquisition of equipment to be utilized in the MRF.

- The Series 2019B Bonds were issued to finance certain costs in connection with the construction of various improvements and acquisition and installation of certain associated equipment, including MRF equipment improvements, organics-to-energy pilot projects, and other capital improvements at Shoreway Environmental Center.

Because proceeds from the SBWMA’s outstanding bond obligations have been or are expected to be directly invested in capital and equipment improvements at the Shoreway Environmental Center, a reasonable means to allocate such obligations is a Member Agency’s historical use of the facility – measured by tonnage. Below is a summary of SBWMA total franchise tonnage by Member Agency over the last three calendar years. The Town of Atherton’s tonnage as a percentage of SBWMA’s total franchise tonnage has remained fairly consistent over the last three calendar years – ranging from 3.25% to 3.29%.

SBWMA Total Franchise Tonnage by Member Agency (Last Three Calendar Years)						
	2016		2017		2018	
	Total Tons	% of Total	Total Tons	% of Total	Total Tons	% of Total
Member Agency						
Town of Atherton	11,892	3.29%	12,089	3.28%	11,964	3.25%
City of Belmont	17,236	4.76%	17,624	4.78%	17,189	4.67%
City of Burlingame	41,111	11.36%	42,194	11.43%	41,870	11.36%
County Unincorporated	11,103	3.07%	11,356	3.08%	11,200	3.04%
North Fair Oaks	10,651	2.94%	10,605	2.87%	10,638	2.89%
City of East Palo Alto	19,208	5.31%	19,207	5.21%	19,030	5.17%
City of Foster City	20,287	5.61%	20,837	5.65%	20,843	5.66%
Town of Hillsborough	9,837	2.72%	10,165	2.75%	10,025	2.72%
City of Menlo Park	39,515	10.92%	42,360	11.48%	44,251	12.01%
Redwood City	70,562	19.50%	71,057	19.26%	70,558	19.15%
City of San Carlos	27,189	7.51%	27,731	7.52%	27,092	7.35%
City of San Mateo	77,841	21.51%	78,265	21.21%	78,320	21.26%
West Bay Sanitary	5,421	1.50%	5,510	1.49%	5,432	1.47%
SBWMA Total	361,854	100.0%	369,000	100.0%	368,413	100.0%

Source: South Bayside Waste Management Authority.

Each Member Agency’s percentage of total franchise tonnage can be used as a proxy for their proportional share of SBWMA obligations under the Joint Powers Agreement. Because existing debts, obligations, and liabilities of the SBWMA are shared only among the Member Agencies, we have focused on franchise tonnage to calculate a Member Agency’s proportional share and do not include non-franchise and general public tonnage as part of the percentage calculus.

Town of Atherton Bond Allocation and Defeasance Analysis

While the Authority’s revenue bonds cannot be redeemed for ten years, the SBWMA can legally retire the Town of Atherton’s allocable percentage of the Series 2019 Bonds by executing a partial bond defeasance of this outstanding obligation. We discuss this approach below.

Defeasance Description

The term “defeasance” refers to a method in which an outstanding bond issue can be discharged, both legally and financially and in whole or in part, prior to the time at which the bonds can be prepaid or “called.” Bonds are defeased by the creation of an irrevocable escrow that pays the bonds. Although a defeasance is generally utilized as part of a refunding transaction (when the refunded bonds cannot be redeemed on the date of issuance of refunding bonds), a defeasance can also be accomplished with available cash rather than the proceeds of the issuance of refunding bonds.

Mechanics of Defeasance

In a defeasance, the issuer purchases federal government securities for deposit in an escrow account. The escrow account is held by a bank or trust company that serves as escrow agent (this would be your existing Series 2019 Bond trustee). Under the terms of an escrow agreement, the government securities are irrevocably pledged to the payment of the outstanding bonds. The specific government securities are selected so that the principal maturities and interest earned are sufficient to pay the principal of and interest on the outstanding bonds as they come due, and to pay the remaining principal on the call date. It is common to purchase a specific type of Treasury security that was designed specifically for this purpose, called State and Local Government Series (or “SLGS”), as they allow for tailoring the maturity of the investments to the specific needs of the defeasance escrow.

Under the Authority’s bond documents, a defeasance of the bonds in the amount allocated to Atherton would result in those bonds being deemed “paid” (even though they would not be actually redeemed until the first available redemption date on September 1, 2029). Once the government securities are deposited in escrow on the date of the defeasance, the defeased bonds would no longer be payable from the revenues of the Solid Waste System. In order for a bond issue to be legally defeased, the types of investment securities selected and the terms of how and where the securities are held must meet the requirements set forth in the documents that authorized the outstanding bonds. If the defeasance is consistent with generally accepted accounting principles and complies with the outstanding bond document requirements, the bonds will no longer be treated as debt for accounting purposes and will not be considered debt for purposes of setting your rates.

Defeasance Analysis for the Town of Atherton Obligation

The cost of defeasance for the Town of Atherton’s proportional share of the outstanding Series 2019 Bonds will be driven by the calculation of their share of the debt and the specific cost of the escrow required to defease that debt. In addition, the execution of the defeasance will also involve third-party costs (similar to cost of issuance on a bond offering) that should also be considered in the overall cost of the defeasance transaction.

Allocable Debt Service. The total par amount (principal) of the outstanding Series 2019 Bonds is \$48,775,000. Of this total, bonds maturing from 2020 – 2029, representing \$14.575 million in outstanding par amount, are non-callable, and bonds maturing from 2030 – 2042, representing \$34.200 million in par amount, are callable and subject to optional redemption on September 1, 2029. Inclusive of principal and interest, total debt service through the first call date of September 1, 2029 equates to \$36,410,513.89 and total debt service through the September 1, 2042 maturity equates to \$83,739,013.89.

In **Attachment A** we provide a schedule of the outstanding maturities of the Series 2019 Bonds. The schedule to the right details the Town of Atherton’s allocable debt service based on the assumption that 3.25% of the outstanding Series 2019 Bonds are attributable to the Member Agency.

Because Series 2019 Bonds maturing after 2029 are callable and can be optionally redeemed by SBWMA, a defeasance escrow would therefore be structured to the first call date of September 1, 2029. The escrow sufficiency would be the amount necessary to pay principal and interest on the non-callable maturities through their respective maturity dates plus the total amount of callable principal to be redeemed on the September 1, 2029 call date.

Escrow Cost. Assuming an escrow invested in SLGS bearing interest rates as of December 4, 2019 and an escrow period from March 2, 2020 (a Monday) to the September 1, 2029 call date, a defeasance of all outstanding Series 2019 Bonds would require an escrow that costs \$61,193,433.24. The table below calculates the Town of Atherton’s proportional defeasance cost based on varying approaches to the application of their allocable percentage of total outstanding bond obligations.

City of Atherton's Portion of the 2019 Solid Waste Revenue Bonds Based Allocable Share of 3.25%					
Period Ending	Principal	Coupon	Interest	Annual Debt Service	Call Date
9/1/2020	30,000	5.000%	39,625	69,625	
9/1/2021	40,000	5.000%	77,750	117,750	
9/1/2022	40,000	5.000%	75,750	115,750	
9/1/2023	45,000	5.000%	73,750	118,750	
9/1/2024	50,000	5.000%	71,500	121,500	
9/1/2025	50,000	5.000%	69,000	119,000	
9/1/2026	50,000	5.000%	66,500	116,500	
9/1/2027	55,000	5.000%	64,000	119,000	
9/1/2028	60,000	5.000%	61,250	121,250	
9/1/2029	60,000	5.000%	58,250	118,250	
9/1/2030	60,000	5.000%	55,250	115,250	9/1/2029
9/1/2031	65,000	5.000%	52,250	117,250	9/1/2029
9/1/2032	70,000	5.000%	49,000	119,000	9/1/2029
9/1/2033	70,000	5.000%	45,500	115,500	9/1/2029
9/1/2034	75,000	5.000%	42,000	117,000	9/1/2029
9/1/2035	80,000	5.000%	38,250	118,250	9/1/2029
9/1/2036	85,000	5.000%	34,250	119,250	9/1/2029
9/1/2037	90,000	5.000%	30,000	120,000	9/1/2029
9/1/2038	90,000	5.000%	25,500	115,500	9/1/2029
9/1/2039	100,000	5.000%	21,000	121,000	9/1/2029
9/1/2040	100,000	5.000%	16,000	116,000	9/1/2029
9/1/2041	110,000	5.000%	11,000	121,000	9/1/2029
9/1/2042	110,000	5.000%	5,500	115,500	9/1/2029
	1,585,000		1,082,875	2,667,875	

Town of Atherton Defeasance Analysis (Preliminary - Market Conditions as of December 4)	
Total Cost of Defeasance - Series 2019 Bonds	\$ 61,193,433.24
Scenario 1: Most Recent Calendar Year 2018 Tonnage Allocable Percentage = 3.25%	\$ 1,987,908.71
Scenario 2: Average Tonnage Percentage - Last Three Years Allocable Percentage = 3.27%	\$ 2,001,025.27
Scenario 3: Three-Year Historical Tonnage Rounded Allocable Percentage = 3.30%	\$ 2,019,383.30

We note that the above calculations of the cost of a defeasance escrow are driven by a number of assumptions. For example, the interest rates earned on the investments are based on today's market conditions. Depending on market conditions at the time a defeasance may be executed, the results will vary. For example, the portfolio of securities that comprises the defeasance escrow may yield more or less in the future than from what is assumed today – SLGS investments yielding an average of 1.686% – based on market conditions and/or the package of securities utilized. If the escrow yield is higher, the cost to the Town of Atherton would be lower and, conversely, if the escrow yield is lower, the cost to the Town of Atherton would be higher.

Another factor contributing to the escrow cost is its duration. The current analysis assumes an escrow purchase date of March 2, 2020 and an escrow maturity of September 1, 2029 – a modified duration of 7.04 years. Given the actions that must be taken by the Town of Atherton and SBWMA prior to a defeasance, next March is likely an optimistic assumption for execution. A later defeasance would shorten the length of the defeasance escrow, lowering the total cost (assuming no changes in the interest rates earned by the defeasance securities).

Execution Cost. Similar to a bond issuance and related cost of issuance, there are several parties that would be required to formally execute a defeasance transaction – summarized as follows:

- *Bond Counsel:* Bond Counsel drafts the escrow agreement and renders an opinion that the outstanding bonds have been legally defeased.
- *Verification Agent:* The Indenture of Trust for the outstanding bonds requires an independent certified public accountant to provide an opinion that the escrow account is sufficient to retire the outstanding bonds.
- *Escrow Agent:* The bank or trust company that holds the government securities and makes payments to the paying agent for the outstanding bonds is referred to as the escrow agent. The bond trustee on the SBWMA Series 2019 Bonds would serve this function.
- *Municipal Advisor:* An advisor typically assists with the financing plan. The advisor assists in identifying the government securities to be placed in the escrow account, assists in the arrangements for the acquisition of the government securities, reviews the terms of the escrow agreement, and assists the issuer in the transfer of funds to the escrow agent.

In addition to payments to outside consultants there may be other ancillary costs of the defeasance transaction (i.e. subscriptions for new CUSIP numbers, which identify bonds for the market). We recommend that SBWMA estimate approximately \$75,000 - \$100,000 for the additional cost of execution when communicating the total cost to the Town of Atherton to liquidate is proportional share of the Series 2019 Bonds. We have assumed \$100,000 in such costs in our analysis.

In **Attachment B** we provide illustrative cash flows of a partial defeasance of the Series 2019 Bonds for the Town of Atherton utilizing a 3.25% allocable percentage of total SBWMA obligations to the Town of Atherton.

We understand that SBWMA management, its Board committees, and their legal counsel are beginning the process and dialogue around this topic. As the Town of Atherton's plans become more definitive, we are available for further discussion and analysis around the defeasance analysis and execution. In the interim, however, should you have any questions or desire further information, please do not hesitate to contact David (510-208-8205) or Melissa (510-208-8226).

Attachment A: Series 2019 Bonds

Bond Pricing
South Bayside Waste Management Authority
Solid Waste Enterprise Revenue Bonds
(Shoreway Environmental Center)
Series 2019A and Series 2019B

Maturity Date	Amount	Rate	Yield	Call Date	
Non Callable Maturities					
9/1/2020	850,000	5.000%	1.500%	NC	Escrow pays non-callable bond principal and interest through September 1, 2029
9/1/2021	1,245,000	5.000%	1.520%	NC	
9/1/2022	1,305,000	5.000%	1.530%	NC	
9/1/2023	1,370,000	5.000%	1.540%	NC	
9/1/2024	1,440,000	5.000%	1.570%	NC	
9/1/2025	1,515,000	5.000%	1.620%	NC	
9/1/2026	1,590,000	5.000%	1.680%	NC	
9/1/2027	1,670,000	5.000%	1.810%	NC	
9/1/2028	1,750,000	5.000%	1.900%	NC	
9/1/2029	1,840,000	5.000%	2.020%	NC	
14,575,000					
Callable Maturities					
9/1/2030	1,930,000	5.000%	2.140%	9/1/2029	Escrow redeems callable principal on September 1, 2029
9/1/2031	410,000	5.000%	2.270%	9/1/2029	
9/1/2031	1,620,000	5.000%	1.820%	9/1/2029	
9/1/2032	2,130,000	5.000%	1.940%	9/1/2029	
9/1/2033	2,235,000	5.000%	2.010%	9/1/2029	
9/1/2034	2,345,000	5.000%	2.080%	9/1/2029	
9/1/2035	2,465,000	5.000%	2.160%	9/1/2029	
9/1/2036	2,590,000	5.000%	2.210%	9/1/2029	
9/1/2037	2,715,000	5.000%	2.280%	9/1/2029	
9/1/2038	2,855,000	5.000%	2.320%	9/1/2029	
9/1/2039	2,995,000	5.000%	2.360%	9/1/2029	
9/1/2040	3,145,000	5.000%	2.390%	9/1/2029	
9/1/2041	3,300,000	5.000%	2.460%	9/1/2029	
9/1/2042	3,465,000	5.000%	2.460%	9/1/2029	
34,200,000					

Attachment B: Cash Flows of Partial Defeasance of the Series 2019 Bonds

SOURCES AND USES OF FUNDS

South Bayside Waste Management
Proposed Cash Defeasance
City of Atherton's Portion of the 2019 Solid Waste Revenue Bonds
Reflects Market Conditions as of December 4, 2019
Preliminary. Subject to Change with Market Conditions

Dated Date 03/02/2020
Delivery Date 03/02/2020

Sources:

Other Sources of Funds:	
Cash Defeasance	1,987,908.71
Cost of Issuance	100,000.00
	<hr/>
	2,087,908.71

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.71
SLGS Purchases	1,987,908.00
	<hr/>
	1,987,908.71
Delivery Date Expenses:	
Cost of Issuance	100,000.00
	<hr/>
	2,087,908.71

SUMMARY OF BONDS REFUNDED

South Bayside Waste Management
 Proposed Cash Defesance
 City of Atherton's Portion of the 2019 Solid Waste Revenue Bonds
 Reflects Market Conditions as of December 4, 2019
 Preliminary, Subject to Change with Market Conditions

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2019 Solid Waste Enterprise Revenue Bonds, 19ATH:					
ATH	09/01/2020	5.000%	30,000.00		
	09/01/2021	5.000%	40,000.00		
	09/01/2022	5.000%	40,000.00		
	09/01/2023	5.000%	45,000.00		
	09/01/2024	5.000%	50,000.00		
	09/01/2025	5.000%	50,000.00		
	09/01/2026	5.000%	50,000.00		
	09/01/2027	5.000%	55,000.00		
	09/01/2028	5.000%	60,000.00		
	09/01/2029	5.000%	60,000.00		
	09/01/2030	5.000%	60,000.00	09/01/2029	100.000
	09/01/2031	5.000%	65,000.00	09/01/2029	100.000
	09/01/2032	5.000%	70,000.00	09/01/2029	100.000
	09/01/2033	5.000%	70,000.00	09/01/2029	100.000
	09/01/2034	5.000%	75,000.00	09/01/2029	100.000
	09/01/2035	5.000%	80,000.00	09/01/2029	100.000
	09/01/2036	5.000%	85,000.00	09/01/2029	100.000
	09/01/2037	5.000%	90,000.00	09/01/2029	100.000
	09/01/2038	5.000%	90,000.00	09/01/2029	100.000
	09/01/2039	5.000%	100,000.00	09/01/2029	100.000
	09/01/2040	5.000%	100,000.00	09/01/2029	100.000
	09/01/2041	5.000%	110,000.00	09/01/2029	100.000
	09/01/2042	5.000%	110,000.00	09/01/2029	100.000
			1,585,000.00		

PRIOR BOND DEBT SERVICE

South Bayside Waste Management
 Proposed Cash Defesance
 City of Atherton's Portion of the 2019 Solid Waste Revenue Bonds
 Reflects Market Conditions as of December 4, 2019
 Preliminary, Subject to Change with Market Conditions

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2020	30,000	5.000%	39,625	69,625	69,625
03/01/2021			38,875	38,875	
09/01/2021	40,000	5.000%	38,875	78,875	117,750
03/01/2022			37,875	37,875	
09/01/2022	40,000	5.000%	37,875	77,875	115,750
03/01/2023			36,875	36,875	
09/01/2023	45,000	5.000%	36,875	81,875	118,750
03/01/2024			35,750	35,750	
09/01/2024	50,000	5.000%	35,750	85,750	121,500
03/01/2025			34,500	34,500	
09/01/2025	50,000	5.000%	34,500	84,500	119,000
03/01/2026			33,250	33,250	
09/01/2026	50,000	5.000%	33,250	83,250	116,500
03/01/2027			32,000	32,000	
09/01/2027	55,000	5.000%	32,000	87,000	119,000
03/01/2028			30,625	30,625	
09/01/2028	60,000	5.000%	30,625	90,625	121,250
03/01/2029			29,125	29,125	
09/01/2029	60,000	5.000%	29,125	89,125	118,250
03/01/2030			27,625	27,625	
09/01/2030	60,000	5.000%	27,625	87,625	115,250
03/01/2031			26,125	26,125	
09/01/2031	65,000	5.000%	26,125	91,125	117,250
03/01/2032			24,500	24,500	
09/01/2032	70,000	5.000%	24,500	94,500	119,000
03/01/2033			22,750	22,750	
09/01/2033	70,000	5.000%	22,750	92,750	115,500
03/01/2034			21,000	21,000	
09/01/2034	75,000	5.000%	21,000	96,000	117,000
03/01/2035			19,125	19,125	
09/01/2035	80,000	5.000%	19,125	99,125	118,250
03/01/2036			17,125	17,125	
09/01/2036	85,000	5.000%	17,125	102,125	119,250
03/01/2037			15,000	15,000	
09/01/2037	90,000	5.000%	15,000	105,000	120,000
03/01/2038			12,750	12,750	
09/01/2038	90,000	5.000%	12,750	102,750	115,500
03/01/2039			10,500	10,500	
09/01/2039	100,000	5.000%	10,500	110,500	121,000
03/01/2040			8,000	8,000	
09/01/2040	100,000	5.000%	8,000	108,000	116,000
03/01/2041			5,500	5,500	
09/01/2041	110,000	5.000%	5,500	115,500	121,000
03/01/2042			2,750	2,750	
09/01/2042	110,000	5.000%	2,750	112,750	115,500
	1,585,000		1,082,875	2,667,875	2,667,875

ESCROW COST

South Bayside Waste Management
 Proposed Cash Defesance
 City of Atherton's Portion of the 2019 Solid Waste Revenue Bonds
 Reflects Market Conditions as of December 4, 2019
 Preliminary, Subject to Change with Market Conditions

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	09/01/2020	53,368	1.560%	53,368.00
SLGS	03/01/2021	22,599	1.550%	22,599.00
SLGS	09/01/2021	62,949	1.550%	62,949.00
SLGS	03/01/2022	22,437	1.540%	22,437.00
SLGS	09/01/2022	62,609	1.540%	62,609.00
SLGS	03/01/2023	22,092	1.540%	22,092.00
SLGS	09/01/2023	67,262	1.540%	67,262.00
SLGS	03/01/2024	21,654	1.540%	21,654.00
SLGS	09/01/2024	71,822	1.540%	71,822.00
SLGS	03/01/2025	21,124	1.550%	21,124.00
SLGS	09/01/2025	71,288	1.560%	71,288.00
SLGS	03/01/2026	20,594	1.590%	20,594.00
SLGS	09/01/2026	70,758	1.630%	70,758.00
SLGS	03/01/2027	20,085	1.660%	20,085.00
SLGS	09/01/2027	75,251	1.670%	75,251.00
SLGS	03/01/2028	19,505	1.680%	19,505.00
SLGS	09/01/2028	79,668	1.690%	79,668.00
SLGS	03/01/2029	18,842	1.700%	18,842.00
SLGS	09/01/2029	1,184,001	1.710%	1,184,001.00
1,987,908				1,987,908.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
03/02/2020	1,987,908	0.71	1,987,908.71	1.685784%
	1,987,908	0.71	1,987,908.71	

ESCROW CASH FLOW

South Bayside Waste Management
 Proposed Cash Defesance
 City of Atherton's Portion of the 2019 Solid Waste Revenue Bonds
 Reflects Market Conditions as of December 4, 2019
 Preliminary, Subject to Change with Market Conditions

Date	Principal	Interest	Net Escrow Receipts	Present Value to 03/02/2020 @ 1.6857844%
09/01/2020	53,368.00	16,256.95	69,624.95	69,046.21
03/01/2021	22,599.00	16,275.44	38,874.44	38,229.08
09/01/2021	62,949.00	15,926.12	78,875.12	76,917.37
03/01/2022	22,437.00	15,438.27	37,875.27	36,626.45
09/01/2022	62,609.00	15,265.51	77,874.51	74,677.39
03/01/2023	22,092.00	14,783.42	36,875.42	35,065.94
09/01/2023	67,262.00	14,613.31	81,875.31	77,206.91
03/01/2024	21,654.00	14,095.39	35,749.39	33,429.24
09/01/2024	71,822.00	13,928.65	85,750.65	79,515.18
03/01/2025	21,124.00	13,375.62	34,499.62	31,723.54
09/01/2025	71,288.00	13,211.91	84,499.91	77,051.00
03/01/2026	20,594.00	12,655.86	33,249.86	30,065.37
09/01/2026	70,758.00	12,492.14	83,250.14	74,647.70
03/01/2027	20,085.00	11,915.46	32,000.46	28,453.94
09/01/2027	75,251.00	11,748.75	86,999.75	76,711.22
03/01/2028	19,505.00	11,120.40	30,625.40	26,777.95
09/01/2028	79,668.00	10,956.56	90,624.56	78,577.13
03/01/2029	18,842.00	10,283.37	29,125.37	25,042.43
09/01/2029	1,184,001.00	10,123.21	1,194,124.21	1,018,143.97
	1,987,908.00	254,466.34	2,242,374.34	1,987,908.00

Escrow Cost Summary

Purchase date	03/02/2020
Purchase cost of securities	1,987,908.00
Target for yield calculation	1,987,908.00

ESCROW STATISTICS

South Bayside Waste Management
 Proposed Cash Defesance
 City of Atherton's Portion of the 2019 Solid Waste Revenue Bonds
 Reflects Market Conditions as of December 4, 2019
 Preliminary, Subject to Change with Market Conditions

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow: 1,987,908.71	7.040	1.685784%	1.685784%	2,242,375.05	-254,466.34	
1,987,908.71				2,242,375.05	-254,466.34	0.00

Delivery date 03/02/2020

BOND DEBT SERVICE AFTER DEFEASANCE

South Bayside Waste Management
 Proposed Cash Defeasance
 City of Atherton's Portion of the 2019 Solid Waste Revenue Bonds
 Reflects Market Conditions as of December 4, 2019
 Preliminary. Subject to Change with Market Conditions

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2020	820,000	5.000%	1,179,750	1,999,750	1,999,750
03/01/2021			1,159,250	1,159,250	
09/01/2021	1,205,000	5.000%	1,159,250	2,364,250	3,523,500
03/01/2022			1,129,125	1,129,125	
09/01/2022	1,265,000	5.000%	1,129,125	2,394,125	3,523,250
03/01/2023			1,097,500	1,097,500	
09/01/2023	1,325,000	5.000%	1,097,500	2,422,500	3,520,000
03/01/2024			1,064,375	1,064,375	
09/01/2024	1,390,000	5.000%	1,064,375	2,454,375	3,518,750
03/01/2025			1,029,625	1,029,625	
09/01/2025	1,465,000	5.000%	1,029,625	2,494,625	3,524,250
03/01/2026			993,000	993,000	
09/01/2026	1,540,000	5.000%	993,000	2,533,000	3,526,000
03/01/2027			954,500	954,500	
09/01/2027	1,615,000	5.000%	954,500	2,569,500	3,524,000
03/01/2028			914,125	914,125	
09/01/2028	1,690,000	5.000%	914,125	2,604,125	3,518,250
03/01/2029			871,875	871,875	
09/01/2029	1,780,000	5.000%	871,875	2,651,875	3,523,750
03/01/2030			827,375	827,375	
09/01/2030	1,870,000	5.000%	827,375	2,697,375	3,524,750
03/01/2031			780,625	780,625	
09/01/2031	1,965,000	5.000%	780,625	2,745,625	3,526,250
03/01/2032			731,500	731,500	
09/01/2032	2,060,000	5.000%	731,500	2,791,500	3,523,000
03/01/2033			680,000	680,000	
09/01/2033	2,165,000	5.000%	680,000	2,845,000	3,525,000
03/01/2034			625,875	625,875	
09/01/2034	2,270,000	5.000%	625,875	2,895,875	3,521,750
03/01/2035			569,125	569,125	
09/01/2035	2,385,000	5.000%	569,125	2,954,125	3,523,250
03/01/2036			509,500	509,500	
09/01/2036	2,505,000	5.000%	509,500	3,014,500	3,524,000
03/01/2037			446,875	446,875	
09/01/2037	2,625,000	5.000%	446,875	3,071,875	3,518,750
03/01/2038			381,250	381,250	
09/01/2038	2,765,000	5.000%	381,250	3,146,250	3,527,500
03/01/2039			312,125	312,125	
09/01/2039	2,895,000	5.000%	312,125	3,207,125	3,519,250
03/01/2040			239,750	239,750	
09/01/2040	3,045,000	5.000%	239,750	3,284,750	3,524,500
03/01/2041			163,625	163,625	
09/01/2041	3,190,000	5.000%	163,625	3,353,625	3,517,250
03/01/2042			83,875	83,875	
09/01/2042	3,355,000	5.000%	83,875	3,438,875	3,522,750
	47,190,000		32,309,500	79,499,500	79,499,500



Town of Atherton

Town Administrative Offices
150 Watkins Avenue
Atherton, California 94027
650-752-0500
Fax 650-688-6528

June 29, 2020

VIA E-MAIL – ORIGINAL BY U.S. MAIL

Joe La Mariana, Executive Director
South Bay Waste Management Authority
610 Elm Street, Ste. 102
San Carlos, California 94070
Email: jlamariana@rethinkwaste.org

**RE: Town of Atherton's Notice of Intent to Withdraw from SBWMA Effective
December 31, 2020**

Director La Mariana,

This letter is in response to your letter dated April 27, 2020, sent on behalf of the South Bay Waste Management Authority, a joint powers authority formed and organized pursuant to the Joint Powers Act, Government Code section 6500 et seq. ("SBWMA") and regarding the Town of Atherton's Notice of Intent to Withdraw from SBWMA.

This letter is to inform you that the Town of Atherton ("Town" or "Atherton") intends to withdraw from SBWMA effective December 31, 2020. Pursuant to the "Second Amended and Restated Joint Exercise of Powers Agreement [of SBWMA]" dated June 19, 2013, a member seeking to withdraw from SBWMA must provide "written notice to withdraw from SBWMA at least six (6) months prior to the end of the current Rate Year, specifying the date on which the Member intends to withdraw." (Art. 15.1(b).) The current Rate Year will end on December 31, 2020. By way of this correspondence, the Town is notifying you of the date of withdrawal prior to six months of the end of the current Rate Year and, therefore, meets the requirements of Article 15.1(b).

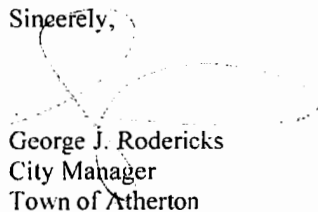
In a further effort to aid SBWMA in separating its assets from the Town's, the Town has engaged a consultant, NHA Advisors, to determine an estimated cost of withdrawal from SBWMA. NHA Advisors has experience in public financing, especially related to a range of bond obligations held and managed by public entities. With this background and particular

Joe La Mariana, Executive Director
Re: Notice of Intent to Withdraw from SBWMA
June 29, 2020
Page 2

knowledge of the project, NHA Advisors has determined that the approximate cost of withdrawal could range from a low of \$501,812 to a high of \$2,258,883, depending on how one treats the 2019 Bonds, community waste demographic, and declining debt service. The Town could also fold in a deduction for overpayment of prior bonds based on its waste generation profile reducing the Town's exit obligation considerably further. The Town is willing to consider a withdrawal cost of \$903,623, Scenario #4, without a deduction for overpayment. This amount is supported by the JPA's financial records, obligations, and the Town's fair share. The Town foresees engaging in further discussions with SBWMA leadership and staff to agree on a final plan to separate the JPA's assets from the Town's assets. However, the Town is not interested in a protracted exit plan and expects an agreement for exit in a timely fashion.

The Town of Atherton thanks you for your assistance and anticipates your response.

Sincerely,



George J. Rodericks
City Manager
Town of Atherton

Attached: NHA Associates Final Report

CC: Mona G. Ebrahimi, City Attorney, Town of Atherton

June 26, 2020

Mr. George J. Rodericks, City Manager
Town of Atherton
150 Watkins Avenue
Atherton, CA 94027

RE: Town of Atherton – SBWMA JPA Withdrawal Analysis

Dear Mr. Rodericks:

NHA Advisors and I are pleased to provide this letter report analyzing the Bond Allocation and Defeasance Analysis prepared by KNN Public Finance (“KNN”) for the JPA dated December 6, 2019, the April 27, 2020 response to the Town of Atherton’s (the “Town”) Notice of Withdrawal from the South Bayside Waste Management Authority (JPA) and the March 18, 2020 letter from the Town to the JPA. Although we understand the KNN methodology used, we still believe that the analysis provided by the SBWMA’s financial advisor does not consider all factors that should be considered when evaluating the financial impacts of the Town withdrawing from the JPA. As stated, the JPA agreement gives very little direction as to how any costs incurred by a withdrawing member shall be calculated. To that end, the Town has asked us to take another look at its reasonable financial obligations in the event of a withdrawal.

The **Table** below summarizes five different approaches that should be considered when determining the amount required to defease the Town’s liability related to the outstanding bonds, all of which we believe have merit under the broad withdrawal terms. A description of each is provided in the paragraphs following the table.

Town of Atherton Withdrawal Scenarios

Scenario	1	2	3	4	5
Effective Share of 2019 Bonds	3.25%	2.15%	2.13%	1.17%	0.58%
A Rate	0.570%	0.557%	0.597%	0.597%	0.597%
Escrow Requirement to Defeasance	2,158,883	1,415,133	1,466,259	803,623	401,812
Estimated Fees	100,000	100,000	100,000	100,000	100,000
Total Cash Required	2,258,883	1,515,133	1,566,259	903,623	501,812
Amount Overpaid (2009-2018)	581,386	581,386	581,386	581,386	581,386
Net Amount Owed	1,677,498	933,748	984,874	322,238	-79,573
Difference from Scenario 1	-	(743,750)	(692,624)	(1,355,260)	(1,757,071)
	3.25% annual share	3.25% in first year, 0.25% decline every 3 years until 1.5% share	No benefit from 2019 Bonds and nets out New Money	Scenario 2 and share related to 2019A Bonds	Scenario 2, no Multi-Family or Commercial, only 2019A Bonds

Financial & Policy Strategies.
Delivered.

Scenario 1

In Scenario 1, the methodology used by SBWMA's financial advisor was simply updated to reflect current conditions in the market. Key assumptions to Scenario 1 are unchanged from the KNN analysis which took the simplest and most straight forward approach. The scenario continues to assume that the Town is responsible for 3.25% of the total debt service on the 2019A and B bonds through final maturity based on its current share of the solid waste stream. This resulted in an increased cost to withdraw under this approach.

However, we believe that in addition to the future liabilities, the Town merits consideration for amounts overpaid in the past related to the current and prior bonds. Given the Town's waste generation profile, we believe that there was little to no need to build out the facility to accommodate for multifamily and commercial recycling capabilities. As a result, the prior payments on the 2009 and 2019 Bonds represented annual over-payments on the Town's part. Accordingly, we have included a line item in each scenario that shows an amount of \$581,386 which represents a calculated total amount overpaid in the last ten years. The Town has consistently stated that the facility is larger than is needed and therefore we believe that this amount should be deducted from any scenario discussed because none of the recent bond issuances have had an impact on the Town's diversion rates although you have paid for them each year through the rates. The Town has paid a portion of these issuances through customer rates without a benefit to their rate payers, we do not believe the Town should have had to pay a portion of the debt service amounts associated to these newer programs that did not benefit the Town.

Scenario 2

In this scenario, it is assumed that the share of the 2019 Bonds Debt Service given projected growth in neighboring communities would decline over the life of the bonds (3.25% in first year, 0.25% decline every 3 years until it reaches a 1.5% share). It is our understanding that the Town is a built-out residential bedroom community with no plans for higher density residential multi-family or commercial development like most of its neighboring communities. As a result, the Town's proportional share of the solid waste stream will slowly decrease over time. Without readily available and reliable information, it is impossible to know the exact amount or timing of the growth so, we tried to use a conservative, straight line approach that does not go below a 1.5% share. According to this analysis the total cash required to defease the Town's obligation is reduced from \$2.26 million to \$1.5 million, before accounting for amounts overpaid in prior years.

Scenario 3

As stated in prior correspondence between the Town and the JPA, we agree that the Town should not be financially accountable for bond costs that provided them with no benefit, especially the two most recent issuances where your objections were raised repeatedly. In this scenario, we have assumed that the Town does not benefit from improvements financed with the 2019 Bonds and nets out a portion of the Series B (the new money component) from the Town's 3.25% share as the benefits from this portion of the proceeds will be realized in the future after the Town is no longer a member of the Authority. The Town has stated numerous times in the past that these bonds will have no impact on the Town's diversion rate which we concur. While most of the member agencies will need to increase programs for the multi-family and commercial growth that is occurring and projected in the future and need to increase its overall waste diversion in these sectors, we believe the Town should not have to pay back any portion of these 2019 Series B Bond proceeds as they provide limited to no benefit to The Town. Additionally, the Town has already reached the mandated diversion rates that will be required in the future. As a result of not including the unused and unnecessary components related to the 2019 Series B debt Service, the Town's net defeasance amount decreases from \$2.259 million to \$1.6 million, before accounting for amounts overpaid in prior years.

Scenario 4

Scenario 4 combines Scenario 2 and 3. We believe that the premises of scenarios 2 and 3 are reasonable and should be considered in any calculation of the Town's buy-out cost and are not inconsistent with the JPA Agreement language. By any projection, the Town's share of the solid waste generated in the service area will decrease over time. As part of our analysis, we were unable to find any local or regional projections that would create a material change to this approach, but we welcome any other projection information that you may be aware of.

As stated above, in regard to the most recent bond issuances, we believe the Town should not pay a share of debt service on the new money, Series B component of the 2019 Bonds as that would result in double counting given those funds will remain in possession of the JPA after the Town's departure. As you are aware, the Town voted no to the last issuance and has continually claimed that there is little to no benefit to these improvements for the Town. As the JPA Agreement is silent on this issue, we feel that it should not pay for any additional funds from which it will receive no benefit or will be controlled by the JPA. When these adjustments are done, the total cash required to meet the Town's obligation is reduced from \$2.259 million to \$904,000, before accounting for amounts overpaid in prior years.

Scenario 5

Finally, this scenario assumes that the Town would pay a declining percentage share of debt service in the future (3.25% to 1.5%) due to growth in other sectors throughout the JPA service area (See Scenario 2 above) Additionally, it includes the deduction described in Scenario 3 where the Town pays only the 2019A bond costs. Additionally, this scenario excludes those costs associated with multifamily and commercial bond proceeds back to 2010 in which the Town has consistently claimed should not be apportioned to it as there is no benefit gained and leaves your small town subsidizing the other members diversion efforts in these sectors. We do not object to the related costs included in the rates but do not believe the Town should have to pay again upon withdrawal. As the methodology in the JPA is not clear, we believe that this adjustment is not unreasonable. When these three adjustments are made, the total cash required to meet the Town's obligation is reduced from \$2.259 million to \$502,000, before accounting for amounts overpaid in prior years.

Summary

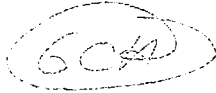
Should the Town proceed with withdrawal from the JPA, we concur that the JPA agreement is vague as to the methodology to be used to calculate any funds due the JPA by the Town. We believe that the Town has contributed a greater share of revenue than justified by its overall share of expenses since formation of the JPA and that those prior contributions should be considered. As shown in the summary table, just taking that fact into account back to 2010 along with our two methodological adjustments shows that the Town not only does not owe the JPA funds but is due a payment.

If desired, we would be happy to meet and walk JPA staff through our analysis and discuss the different scenarios. Because the JPA agreement does not specifically define a method for calculating any funds due the JPA upon withdrawal, and that our approaches yield outcomes that are approximately \$2.2 million apart, we understand that the final amount will largely be subject to negotiation based on a justifiable and supported approach. Further, should the Town proceed with withdrawal from the JPA, the Town will be switching to a new franchised collector and may incur unforeseen costs to the rate payers in order to ensure a successful transition and the recycling reserve funds, less any amount paid back to the JPA could be used to buffer any initial rate impacts or unforeseen costs of the transition. Therefore, it is very important that the buy-out costs be kept as low as possible.

Finally, we feel that the Town has paid more than its fair share of the capital costs associated with all of the bond issuances to date regardless of the impact they have had on its diversion rate which we believe to be minimal. It is our hope that through further discussions you can come to an amicable solution that allows you to move forward in a positive manner.

We thank you for the opportunity to be of assistance. Please let us know if there are any questions or if additional analysis is required.

Very truly yours,



Craig Hill
Managing Principal



Scott Hanin
Senior Consultant

Date: July 22, 2020

To: South Bayside Waste Management Authority
Joe La Mariana, Executive Director
John Mangini, Finance Director

From: KNN Public Finance
David Brodsky and Melissa Shick

Re: Additional Cost Analysis for the Town of Atherton's Withdrawal

Below are some additional thoughts regarding exit costs for the Town of Atherton to withdraw from the South Bayside Waste Management Authority (SBWMA). This memo updates our December 2019 bond allocation defeasance analysis to incorporate current rates and a January 2021 transaction date, analyzes the cost if only the 2019A refunding bonds were used as the basis of determining outstanding liabilities, and provides comments on the memo prepared by NHA Financial Advisors (NHA) for the Town of Atherton.

Background

The Town of Atherton has submitted its official notice of its intent to withdraw from the Authority at the end of the current rate year, which ends on December 31, 2020.

Section 15.1 of the Joint Powers Authority Agreement states that, prior to its exit, a Member Agency must “achieve...the liquidation in full of its proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal, but not limited to the Revenue Bonds, as determined by [approval of four-fifths (4/5) of the members of] the Board.”

The agreement does not specifically define liabilities. We have focused our analysis strictly on the SBWMA's outstanding Revenue Bonds, consisting of \$31,860,000 in 2019A refunding bonds (refunding a 2009 bond issue that financed various capital improvements) and \$16,915,000 in 2019B bonds, issued to finance various new capital improvements (referred to as “new money” bonds).

The agreement is also silent on how any member's “proportion” should be determined. In our December 2019 memo, we utilized the same methodology used by the Authority in its annual rate setting - franchise tonnage - to determine Atherton's share of liabilities. In our opinion, franchise tonnage is the most reasonable measure to use in determining a member's proportionate share of liability because it mirrors the long-standing practice of allocating costs. The NHA memo explores other approaches to proportionality, which we discuss below.

Update of December 2019 Defeasance Analysis

We have updated our December 2019 analysis, using current interest rates for a defeasance escrow, and assuming that the transaction is executed not in March 2020 (as was the case in our prior analysis), but instead on January 15, 2021, two weeks after the end of the rate year. As before, we relied on

tonnage as the basis for allocating proportionate share. The following compares this updated analysis to the analysis used in our memo dated December 6, 2019.

Market Conditions as of	December 4, 2019	July 14, 2020
Basis of Atherton’s proportional allocation	2018 tonnage	2019 tonnage
Atherton proportion	3.25%	3.24%
Closing date	March 2, 2020	January 15, 2021
Atherton’s proportionate cost of defeasance ¹	\$1,987,908.71	\$2,103,016.34

Because a defeasance occurs when federal securities are deposited into an escrow, the dollar cost is in inverse relationship to interest rates. When rates are higher, the dollar cost to buy securities that generate the debt service and redemption costs will be lower. Because interest rates have fallen since our analysis in December 2019, the cost of the defeasance escrow has increased. The change in interest rates is a more significant factor than the minor decrease in Atherton’s tonnage percentage.

NHA Memo

Attached to the Town of Atherton’s letter notifying the Authority of its intent to withdraw was an analysis by NHA Advisors, a firm that performs advisory services similar to KNN. The analysis suggested five scenarios that could be utilized to determine the appropriate proportionality to assign to Atherton in calculating its exit costs. In all of the five scenarios, Atherton’s consultant suggests that the Authority should consider other factors “when evaluating the financial impacts of the Town withdrawing from the JPA” in order to determine the Town’s “reasonable financial obligations.” The exit payment would be reduced under all five scenarios if the Board were to accept Atherton’s assumptions and methodology.

While some of the arguments raised by the memo are based on information and forecasts we have not reviewed, we can make the following observations regarding the various alternative allocation approaches discussed in the NHA memo.

“Overpayment”

In all five scenarios described below, Atherton’s consultants have included a deduction labeled as an “overpayment” in the amount of \$581,386. NHA argues that Atherton is entitled to this equitable adjustment because it has overpaid its share of Agency obligations during its membership in the JPA. They argue that Atherton did not need the build-out of the Agency’s facility that accommodates multifamily and commercial recycling and processing because the Town’s waste generation profile consists mainly of single family homes, and that therefore their portion of the payments for the 2009 bonds were higher than they should have been. NHA notes that the \$581,386 “represents a calculated total amount overpaid in the last ten years.” The actual analysis NHA utilized to reach this conclusion is not included in the memo.

¹ Represents only the cost of defeasance and does not include execution costs, which we estimate to be approximately \$100,000. NHA has accepted this amount as a reasonable estimate and includes it in all of its scenarios.

Our analysis does not include such a deduction, and we note that the JPA Agreement does not contemplate what would be, in effect, a retroactive adjustment of rates.

Five Scenarios

- **Scenario 1:** this analysis simply updates our prior analysis based on changing market conditions and timing and makes the \$581,386 adjustment for “overpayment.” Based primarily on this adjustment, NHA concludes the amount owed is \$1,677,498 rather than \$2,103,016 as shown in our calculation done for this memo. NHA notes in this scenario that our analysis uses the “simplest and most straight forward approach.”
- **Scenario 2:** this analysis assumes that in the future Atherton’s share of the members’ waste stream will decline; if this proved to be true, and the Town remained in the Authority, indeed their share of debt service would decline. We have no insight into that possibility, but we will note that when the original 2009 bonds were issued, the official statement reported that Atherton’s share of the waste stream was 2.6%. In 2019, it was 3.2%. In our opinion, the use of speculative future assumptions is an unusual basis for calculating “in full [Atherton’s] proportion of any and all existing debts.”
- **Scenario 3:** in this scenario, NHA proposes the exclusion of defeasance costs related to the 2019B new money bonds, on the basis that the bond proceeds will be used for future improvements that will not benefit Atherton. For informational purposes, we have broken out the cost of defeasing both individual series of bonds, and calculated Atherton’s proportionate cost of defeasing only the 2019A bonds, which refunded the Authority’s 2009 bond issue. We have used the same timing and interest rate assumptions updated above and 2019 tonnage as the basis for the allocation of Atherton’s “proportionate” share. If Atherton were only liable for the cost of liquidating its share of the 2019A refunding bonds, then its share of cost would be \$1,443,090.²

	All bonds defeasance	Atherton Share (3.24%)
2019A (Refunding)	\$44,511,685	\$ 1,443,090
2019B (New Money)	20,355,228	659,926
Total	\$64,866,913	\$2,103,016

Limiting Atherton’s liquidation cost to the 2019A bonds would mean that what would have been their portion of debt service on the 2019B bonds would be allocated among the remaining members. We have prepared the following table to put into perspective the relative

² Note that the amount NHA calculates would be necessary for defeasing Atherton’s share of only the 2019A refunding bonds is \$1,566,259, while ours is \$1,443,090. We assume this reflects different assumptions as to timing and interest rates.

impact on each of the members if Atherton’s pro-rata share of the 2019B bonds is deducted from the calculation of the Town’s liability:

Reallocation of 2019B New Money Debt Service (DS) to Member Agencies

	Avg. Annual DS with Atherton Prepayment	Avg. Annual DS without Atherton Prepayment	Annual Difference	Total DS with Atherton Prepayment	Total DS without Atherton Prepayment	Total Difference
Belmont	\$89,419	\$92,415	\$2,996	\$983,609	\$1,016,566	\$32,958
Burlingame	\$216,415	\$223,666	\$7,251	\$2,380,560	\$2,460,325	\$79,765
County	\$57,028	\$58,939	\$1,911	\$627,313	\$648,332	\$21,019
No. Fair Oaks	\$55,600	\$57,463	\$1,863	\$611,601	\$632,094	\$20,493
East Palo Alto	\$98,752	\$102,061	\$3,309	\$1,086,269	\$1,122,666	\$36,397
Foster City	\$108,280	\$111,908	\$3,628	\$1,191,077	\$1,230,987	\$39,909
Hillsborough	\$53,707	\$55,506	\$1,800	\$590,776	\$610,571	\$19,795
Menlo Park	\$227,894	\$235,530	\$7,636	\$2,506,830	\$2,590,826	\$83,996
Redwood City	\$360,318	\$372,391	\$12,073	\$3,963,495	\$4,096,299	\$132,804
San Carlos	\$142,452	\$147,225	\$4,773	\$1,566,970	\$1,619,474	\$52,504
San Mateo	\$401,268	\$414,713	\$13,445	\$4,413,948	\$4,561,846	\$147,897
West Bay Sanitary	\$28,149	\$29,092	\$943	\$309,640	\$320,015	\$10,375
Total	\$1,839,281	\$1,900,909	\$61,628	\$20,232,088	\$20,910,000	\$677,912

We note that the total difference in the remaining members’ debt service is higher than the cost of defeasing Atherton’s share of the 2019B bonds. This is because the cost of defeasance is calculated to the first call date on the bonds and the above chart assumes the 2019B bonds remain outstanding through the final maturity of the bonds.

In our opinion, the argument that Atherton would not benefit from the new projects if they were to remain a member is less than compelling—the projects are expected to increase both the efficiency of the diversion of recyclables and organics from the waste stream (lowering operating costs) as well as increasing the amount of material diverted from landfills.

It is true that, with its withdrawal, Atherton will not receive benefit from the new improvements. Whether that is relevant to the calculation of the amount required to finance “the liquidation in full of its proportion of any and all existing debts” will be a matter for the Authority members to decide.

- **Scenario 4:** this analysis combines Scenario 2 (taking into account a presumed future reduction in Atherton’s proportion of the waste stream, and thus a reduction in their share of their appropriate cost to defease a portion of the 2019A refunding bonds) and Scenario 3 (exclusion of the cost to defease the 2019B new money bonds), reducing the proportionate share to \$903,623. This is the Scenario that Atherton proposes the Authority accept in its Notice of Intent to Withdraw. We believe this approach is flawed for the reasons discussed above regarding Scenario 2.

- **Scenario 5:** this Scenario includes Scenarios 2 and 3 and proposes additional reductions in the allocation of the 2019A bonds relating to the 2009 projects, similar to the argument made for the “overpayment” credit, but in addition thereto. Under this Scenario, the Authority would end up owing money to Atherton. This Scenario makes additional assumptions relative to past cost-allocation, which strikes us as inappropriate at this point in time. We assume that the additional adjustments for past expenditures relating to multifamily and commercial generations are not double counted, but there is insufficient information for us to tell.

Conclusion

The Joint Powers Authority Agreement for SBWMA provides that the Authority’s Board is tasked with determining Atherton’s exit cost. The Board’s determination should be based on a reasoned approach that achieves a fair and equitable result. Our analysis calculates Atherton’s proportionate share based on the formula used by the Authority over the years in setting its rates – percentage of franchise tonnage of the member agencies. This methodology is straightforward and consistent with the plain language of the joint powers agreement and past rate setting practices; in our opinion, it constitutes a reasonable basis for determining a member’s proportionate share of liabilities.

The situation before the Authority - calculating the cost for a member to exit the JPA - is not usual in our practice. But what is common is that when agreements are terminated before the end of their term there is some penalty, premium, breakage fee, or make-whole payment made by the party exercising their option. Whether that analogy is relevant to the Authority’s situation is better answered by the Authority.

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Richard J. Simonson, CMC
Marva M. Sheehan, CPA
Robert C. Hilton, CMC

MEMORANDUM

Date: August 11, 2020
To: Joe LaMariana – Rethink Waste
From: Marva Sheehan and Colleen Costine – HF&H Consultants, LLC
Copy to: John Mangini- Rethink Waste
Subject: Review of the Town of Atherton's Exit Obligation as of December 31, 2020

At the request of the South Bayside Waste Management Authority (SBWMA) HF&H Consultants, LLC (HF&H) has reviewed financial information related to the potential withdrawal of the Town of Atherton (Town) from the Joint Powers Authority (JPA).

BACKGROUND

Request for Withdrawal from the JPA

The Town of Atherton has notified the SBWMA of its intent to withdraw from the JPA as of December 31, 2020, the end of the current agreement between Recology San Mateo County (Recology) and the Town. According to the Second Amended and Restated Joint Exercise of Powers Agreement dated June 19, 2013 (Agreement) between the Member Agencies, including the Town, there are specific conditions that must be met. Article 15 lists the following conditions:

15.1 Withdrawal Conditions. A Member may not withdraw from the SBWMA unless and until that Member achieves the following:

- a. The liquidation in full of its proportion of any and all existing debts obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal, including but not limited to the Revenue Bonds, as determined by the Board.
- b. The provision to the SBWMA of a written notice of intent to withdraw from the SBWMA at least six (6) months prior to the end of the current Rate Year, specifying the date on which the Member intends to withdraw.
- c. The approval of such withdrawal by a 4/5 affirmative vote of Equity Members

SBWMA engaged KNN Public Finance, LLC (KNN) to determine the debt obligations related to the Revenue Bonds attributable to the Town. Additionally, HF&H was engaged to determine if there were other

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financial obligations attributable to the Town at the date of withdrawal. This memorandum summarizes our findings.

Findings

General

Debts and liabilities for members of the JPA fall into three categories of expenses:

- Collection Expenses which are governed by the individual franchise agreements between Recology and the individual member agencies of the JPA.
- South Bayshore Recycling Center (Shoreway) Expense - Shoreway is operated by South Bay Recycling, LLC (SBR) on behalf of the SBWMA and receives the materials collected by Recology as well as 3rd party materials delivered directly to the facility. Shoreway charges a per ton/yard rate for all materials collected to cover its costs of operation. The operating agreement for the facility is between the SBWMA and SBR.
- SBWMA Expense – Each fiscal year an operating budget is approved by the Board of the JPA which includes budgeted expenses (e.g., disposal expense, franchise fees paid to the City of San Carlos, debt service, SBWMA program budget, administrative, insurance etc.) and revenues (e.g., tip fees, grants, etc.) The approved compensation for SBR is bundled with all other SBWMA operating budget expenses to establish the Shoreway tip fee.

As previously stated, we understand the SBWMA has engaged KNN to determine the financial impact to the Town related to the SBWMA's Revenue Bonds. Therefore, we are not including any potential liability from the Town's withdrawal related to the Revenue Bonds.

Based on our review, of potential financial obligations of the Town, as a result of its request to withdraw, we have broken our comments into the three categories as shown above.

Limitations

Our review included the review of financial information provided by the SBWMA. It is based on our interpretation of various agreements (JPA agreement, SBR agreement and the member agency agreement with Recology). We are not providing legal advice and suggest the SBWMA's legal counsel review and comment on this document.

Recology Related Costs/Obligations

For the collection rights and responsibilities as outlined in the current agreement between the Town and Recology, Recology is entitled to bill and collect rates established through resolution by the Town. Each year, (with the exception of the final year of the agreement), there is a revenue reconciliation to reconcile net revenues billed for the year with Recology's approved compensation. Should there be any excess revenue or a shortfall of revenue in the final year no obligation or rebate will occur.

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Comment

Due to the request for withdrawal coinciding with the end of the term of the current collection agreement, HF&H did not identify any financial obligations as of December 31st, 2020 owed to the JPA from the Town. The current collection agreement is between Recology and the Town and based on our interpretation does not obligate the JPA financially to Recology for costs attributable to the Town as of the date of withdrawal. Additionally, the Town did NOT sign a new agreement with Recology for services to begin January 1, 2021, therefore, any future costs “intended” for the Town in Exhibit N of the model franchise agreement would not be recoverable from the Town. Since each member agency has its own agreement with Recology, our interpretation is that the JPA would not be responsible for any future costs “intended” for the Town.

SBR Related Costs/Obligations

Each of the member agencies pays a per ton rate for all materials brought to Shoreway to cover SBR’s cost attributed to processing, transfer and transport of the material. This amount is paid during the year on actual tonnage brought to Shoreway from the collection activities within the Town. There is no minimum tonnage requirement.

Comment

The gate rate (per ton tip fee for material received by SBR) is calculated each year in accordance with the compensation section of the agreement. Briefly, the first year’s proposed costs by various cost categories were totaled and then divided by the anticipated inbound tons (357,725 inbound tons net of recycling, and 74,022 recycling tons (Threshold Tons)). Each year thereafter the cost categories are adjusted by prescribed indices based on the category and per ton rates are adjusted appropriately.

The gate rate for the first year of the agreement included fixed and variable components. The fixed costs are therefore “paid” with the Threshold Tons received by SBR. Inbound tons have consistently been above the Threshold Tons). Therefore, the fixed component on the “excess tons” is considered extra profit to SBR.

Since the reduction of approximately 9,600 inbound tons related to Town’s withdrawal would come out of the “excess tons”, we believe there would be no liability related to SBR costs and/or obligations.

There should be no financial obligation owing SBR at the end of the calendar year unless an error in reported tons is discovered when the year-end reporting is reviewed or if the inbound tons fall below the Threshold Tons for the calendar year ending December 31, 2020.

SBWMA Related Costs/Obligations

The SBWMA provided the following list of potential SBWMA liability categories that may qualify as incurred at the time of the Town’s potential withdrawal from the JPA.

- Contracts for long term services at a fixed amount in the future.
 - Accounting Services contract with Redwood City
 - Three year information systems contract
 - Legislative lobbying contract
- Insurance premium liabilities for active policies with renewal dates after January 1, 2021
- Audit fees paid in 2021 that pertain to the 2020 calendar year

MEMORANDUM

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- State reporting expensed for 2020 paid in 2021
- Property tax depending on when the invoice is due vs. the period levied.
- Insurance premium liabilities for active policies with renewal dates after January 1, 2021
- Compensated (accrued leave) of all employees as of the termination date.

Comment

With the exception of the insurance liability for active claims, all of these approved operating costs should have been covered by the per ton tip fee set for the current year at Shoreway. The SBWMA represented it has fully accrued for compensated absences and no unrecorded liability exists.

With regards to possible insurance claims related to the period prior to the Town's anticipated withdrawal from the JPA, HF&H recommends requesting an estimate from the SBWMA's insurance provider of potential increases or reserve funding due to claims initiating from incidents occurring prior to December 31st of 2020.



RESOLUTION NO. 2020-34

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

Determining the Amount Required for the Town of Atherton to Liquidate its Proportionate Share of SBWMA Existing Debt in Connection with the Town's Notice of Intent to Withdraw from Membership in SBWMA; and Recommending Member Agencies Approve the Withdrawal, Subject to Certain Conditions.

WHEREAS, The SBWMA is a joint powers agency established through a Joint Exercise of Powers Agreement in 1999 by a number of San Mateo County entities to provide a regional approach to the collection and disposition of solid waste, recyclable materials, and organic materials; the Agreement has been amended and restated several times over the years, the current governing document, dated June 19, 2013, is entitled the "Second Amended and Restated Joint Exercise of Powers Agreement" ("JPA"); and

WHEREAS, , the SBWMA issued bonds in 2000 to acquire and reconstruct the Shoreway Environmental Center Facility, to be operated by the Authority to meet the regulatory requirements for solid waste and recyclables for its member agencies. The original bonds were defeased and new bonds issued in 2009. In 2019, the SBWMA refunded the 2009 bonds, saving the Authority money and, at the same time, raising new funds for certain capital improvements (the 2019A and 2019B bonds); and

WHEREAS, the SBWMA is comprised of 12 member agencies, including the Town of Atherton ("Atherton"), all of which are founding members of the SBWMA, and as such, "Equity Members" under the JPA. On June 29, 2020, Atherton sent the SBWMA a Notice of Intent to Withdraw from the SBWMA, specifying December 31, 2020 as the date of withdrawal; and

WHEREAS, Article 15.1 of the JPA provides that a Member may not withdraw from the SBWMA unless and until that Member achieves the following:

- a. The liquidation in full of its proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal, including but not limited to the Revenue Bonds, as determined by the Board.
- b. The provision to the SBWMA of a written notice of intent to withdraw from the SBWMA at least six (6) months prior to the end of the current Rate Year, specifying the date on which the Member intends to withdraw.
- c. The approval of such withdrawal by a 4/5 affirmative vote of Equity Members; and

WHEREAS, pursuant to Article 15.1.a. of the JPA, the Board of Directors of the SBWMA ("Board") is required to determine the amount necessary for Atherton to achieve "the liquidation in full of its proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal;" and

WHEREAS, pursuant to Article 15.1.c. of the JPA, four-fifths (10) of the Member Agencies are then required to approve the withdrawal in order for it to be effective; and

WHEREAS, On August 20, 2020, the Board held a properly noticed hearing to determine Atherton's liquidation obligation, and considered the staff report and all evidence, oral and documentary, presented to it at the hearing; and

WHEREAS, the Board, having reviewed and considered the evidence presented, and based thereon, hereby makes the following determination.

NOW, THEREFORE BE IT RESOLVED that the Board of the South Bayside Waste Management Authority hereby determines that in order to satisfy its requirement under Article 15.1.a., Atherton must fully defease its proportionate share of the 2019A and 2019B bonds, and pay for the costs associated with the defeasance. The Board determines that Atherton's proportionate share of the 2019A and 2019B bonds is 3.24 percent, based on Atherton's share of the SBWMA's overall franchise tonnage in 2019. The cost to defease Atherton's bond share is estimated to be \$2,203,016 (\$2,103,016 to defease + \$100,000 costs). The actual amount is subject to adjustment depending on market conditions at the time of defeasance. Staff is directed to work with SBWMA's financial consultants and Atherton staff to ensure the defeasance of the bonds occurs prior to December 31, 2020.

BE IT FURTHER RESOLVED that the Board recommends that its Member Agencies now review and approve Atherton's withdrawal from the SBWMA, effective December 31, 2020, provided that on or before December 31, 2020, Atherton satisfies its obligation to liquidate its proportionate share of debt, as determined by the Board. Pursuant to the JPA, a minimum of ten (10) Member Agencies must approve the withdrawal for it to take effect.

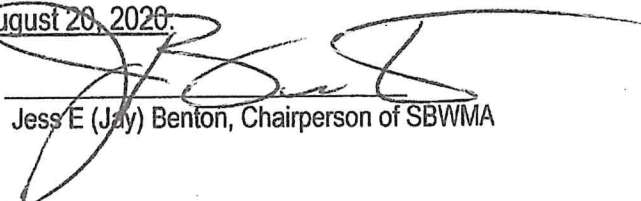
PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California, by the following vote:

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			X	San Mateo	X			
Foster City	X				County of San Mateo	X			
Hillsborough	X				West Bay Sanitary Dist	X			

I HEREBY CERTIFY that the foregoing Resolution No. 2020-34 was duly and regularly adopted at a special meeting of the South Bayside Waste Management Authority on August 20, 2020.

ATTEST:


 Cyndi Urman, Board Secretary


 Jess E (Jay) Benton, Chairperson of SBWMA

ATTACHMENT 2

[Link to Compensation Report](#)

ATTACHMENT 3



September 8, 2020

Joe LaMariana
Executive Director
SBWMA
600 Elm Street
San Carlos, CA 94070

Re: Town of Atherton's remaining Indirect Cost Compensation

Dear Mr. LaMariana,

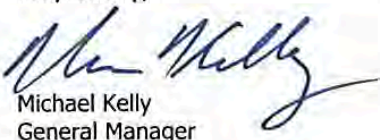
As you accurately described during the August 20, 2020 Special Meeting of the South Bayside Waste Management Authority (SBWMA), with the Town of Atherton's (Town) possible exit from SBWMA, certain fixed costs associated with the collection services being provided by Recology San Mateo County (Recology) will remain. Recology's Rate Year 2021 Compensation Application includes \$386,451 relating to the Town of Atherton's Allocated Indirect Costs. The Allocated Indirect Costs include General and Administrative, Operations, Vehicle Maintenance and Container Maintenance costs.

Attachment K Table 1.F of the Amended and Restated Franchise Agreement indicates that the annual Allocated Indirect Costs amount shall equal \$17,429,667 for Rate Year 2021. This amount was subsequently reduced to \$16,429,667 during final contract approval. Section 8 of Attachment K describes that Rate Year 2021 Contractor Compensation was allocated among the Member Agencies using the methodology described in the 2009 Franchise Agreement (Attachment K, subsection 6.B). Attachment K, Section 6.B.1.h of the current agreement describes the methodology used to allocate Indirect Cost to each Member Agency be based on each Member Agency's proportionate share of accounts for General and Administrative Costs, annual route hours for Vehicle Maintenance Costs, containers in service for Container Maintenance Costs and annual route hours for Operational Costs.

Percentages changes to the remaining jurisdictions resulting from the reallocation of the Town's Allocated Indirect Costs range from 0.24% to 0.56% (less than 1%) of the Revenue Requirement identified in Table 8 of the SBWMA's Draft Report Reviewing the 2021 Recology San Mateo County Compensation Application. A chart which includes the annual amount of each Member Agency's change as well as the percentage changes and an updated Attachment N, which includes these reallocated costs, will be forwarded to you separately.

Please contact me should you have any additional questions.

Respectfully,


Michael Kelly
General Manager

ATTACHMENT 4



September 24, 2020

VIA EMAIL

Sergio Ramirez, District Manager
West Bay Sanitary District
500 Laurel Street
Menlo Park, CA 94025
sramirez@westbaysanitary.org

Tony Condotti, Attorney for District
West Bay Sanitary District
500 Laurel Street
Menlo Park, CA 94025
tcondotti@abc-law.com

Dear Sergio & Tony:

I am contacting you to provide information regarding the Town of Atherton's ("Atherton") recent decision to withdraw from the South Bayside Waste Management Authority ("SBWMA"), and consequent action which your Board is requested to take prior to December 31, 2020, in order to complete this process.

On June 29, 2020, Atherton formally notified SBWMA of its intent to withdraw from membership in the SBWMA, effective December 31, 2020. Pursuant to SBWMA's Second Amended and Restated Joint Powers Agreement ("JPA Agreement"), Article 15, "Withdrawal from SBWMA", Atherton is required to do three (3) things in order to withdraw:

1. Provide SBWMA written notice of intent to withdraw at least six (6) months prior to the end of the current Rate Year, specifying the date on which the Member intends to withdraw.
2. Liquidate in full its proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal, as determined by the Board.
3. Obtain approval of withdrawal by a 4/5 affirmative vote of SBWMA's Equity Members.

Atherton's June 29, 2020 letter satisfied the first of these three requirements. On August 20, 2020, SBWMA's Board held a special meeting to determine Atherton's exit cost,

pursuant to the second requirement. Attached for your reference is the staff report prepared for the August 20, 2020 meeting. As discussed in the report, the Board heard presentations from consultants retained by SBWMA and Atherton prior to making its determination regarding Atherton's exit cost. The analysis prepared by KNN (SBWMA's consultant) and NHA (Atherton's consultant) are attached to the staff report. After consideration of this information, the Board voted 9-2-1 to follow the staff's recommendation which requires Atherton to fully defease its proportional share of the 2019A and B bonds issued by SBWMA. The estimated cost of this defeasance is \$2,203,016. The amount is subject to market conditions on the actual date of defeasance which must occur prior to December 31, 2020.


The determination of exit costs by the SBWMA Board is a final administrative decision which is not subject to appeal. A copy of the Board's resolution is attached to the staff report as well. (Attachment 6 to the staff report.)

By that resolution, the Board also recommends to the Member Agencies that they now approve Atherton's withdrawal provided Atherton pays the Board-determined exit costs prior to December 31, 2020. If Atherton makes the payment and receives the approval of 10 Member Agencies prior to December 31, 2020, the withdrawal becomes effective.

In order to assist Atherton in meeting the December 31, 2020 deadline, SBWMA staff, its financial consultant, and bond counsel will be working with Atherton's staff and consultant to complete the defeasance before December 31, 2020. In order to assist SBWMA's Member Agencies in approving Atherton's withdrawal, we have prepared a model staff report and model resolution for your consideration as you prepare this item for review and approval by your Board. The two documents are in Word format so they can be easily reformatted to comply with the format for your staff reports/resolutions. We request that this item be scheduled for review and approval by your Board as soon as reasonably possible, prior to December 31, 2020.

Please let both the Atherton Town Manager and SBWMA Executive Director know when this item is scheduled for review by your Board and whether or not you would like SBWMA staff to attend your meeting. Thank you, and please let me know if you have any questions.

Respectfully,



Joe La Mariana
Executive Director

Cc: Fran Dehn, SBWMA Board Member (fran@menloparkchamber.com)
Sergio Ramirez, SBWMA Technical Advisory Committee Member
(sramirez@westbaysanitary.org)
Cyndi Urman, SBWMA Clerk of the Board (curman@rethinkwaste.org)
Jean B. Savaree, SBWMA Attorney (jbs@adcl.com)

Attachments Available via this Dropbox link:

<https://www.dropbox.com/sh/eqgafybkfntno2z/AACiPo0bfjMK-rhCEa25tsm6a?dl=0>

1. August 20, 2020 SBWMA Staff Report
2. Model Staff Report (pdf with attachments and Word version of report only)
3. Model Resolution (Word version)

RESOLUTION NO. _____ (2020)

**RESOLUTION OF THE WEST BAY SANITARY DISTRICT
Approving the Town of Atherton's Withdrawal from the South Bayside Waste
Management Authority (SBWMA), Provided Atherton Satisfies its Obligation
to Liquidate its Proportional Share of Debt as Determined by the SBWMA
Board of Directors on August 20, 2020, and this Liquidation Occurs
Prior to December 31, 2020.**

WHEREAS, the SBWMA is a joint powers agency established through a Joint Exercise of Powers Agreement on December 9, 1999 by 12 San Mateo County entities to provide a regional approach to the collection and disposition of solid waste, recyclable materials, and organic materials; the Agreement has been amended and restated several times over the years; the current governing document, dated June 19, 2013, is entitled the "Second Amended and Restated Joint Exercise of Powers Agreement" ("JPA"); and

WHEREAS, the SBWMA issued bonds in 2000 to acquire and reconstruct the Shoreway Environmental Center Facility, to be operated by the Authority to meet the regulatory requirements for solid waste and recyclables for its member agencies. The original bonds were defeased and new bonds issued in 2009. In 2019, the SBWMA refunded the 2009 bonds, saving the Authority money and, at the same time, raising new funds for certain capital improvements (the 2019A and 2019B bonds); and

WHEREAS, the SBWMA is comprised of 12 member agencies, including the Town of Atherton ("Atherton"), all of which are founding members of the SBWMA, and as such, "Equity Members" under the JPA. On June 29, 2020, Atherton sent the SBWMA a Notice of Intent to Withdraw from the SBWMA, specifying December 31, 2020 as the date of withdrawal; and

WHEREAS, Article 15.1 of the JPA provides that a Member may not withdraw from the SBWMA unless and until that Member achieves the following:

- a. The liquidation in full of its proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal, including but not limited to the Revenue Bonds, as determined by the Board.
- b. The provision to the SBWMA of a written notice of intent to withdraw from the SBWMA at least six (6) months prior to the end of the current Rate Year, specifying the date on which the Member intends to withdraw.
- c. The approval of such withdrawal by a 4/5 affirmative vote of Equity Members; and

WHEREAS, pursuant to Article 15.1.a. of the JPA, the Board of Directors of the SBWMA ("SBWMA Board") is required to determine the amount necessary for Atherton to achieve "the liquidation in full of its proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal;" and

WHEREAS, pursuant to Article 15.1.c. of the JPA, four-fifths (10) of the Member Agencies are then required to approve the withdrawal in order for it to be effective; and

WHEREAS, on August 20, 2020, the SBWMA Board held a properly noticed hearing to determine Atherton's liquidation obligation, and considered the staff report and all evidence, oral and documentary, presented to it at the hearing; and

WHEREAS, the SBWMA Board, having reviewed and considered the evidence presented, and based thereon, has determined that in order to satisfy its requirement under Article 15.1.a., Atherton must fully defease its proportionate share of the 2019A and 2019B bonds which is 3.24 percent, based on Atherton's share of the SBWMA's overall franchise tonnage in 2019. The cost to defease Atherton's bond share is estimated to be \$2,203,016 (\$2,103,016 to defease + \$100,000 costs). The actual amount is subject to adjustment depending on market conditions at the time of defeasance; and

WHEREAS, having made this determination, the SBWMA Board directed its staff to work with SBWMA's financial consultants and Atherton staff to ensure the defeasance of the bonds occurs prior to December 31, 2020; and

WHEREAS, the SBWMA Board further recommended to its Member Agencies that they review and approve Atherton's withdrawal from the SBWMA, effective December 31, 2020, provided that on or before December 31, 2020, Atherton satisfies its obligation to liquidate its proportionate share of debt, as determined by the SBWMA Board; and

WHEREAS, pursuant to JPA Section 15.1.c, 4/5 of the Member Agencies, defined as Equity Members, must, before December 31, 2020, approve Atherton's withdrawal in order for it to be effective; and

WHEREAS, West Bay Sanitary District is an Equity Member of the SBWMA empowered by the JPA to consent to Atherton's withdrawal; and

WHEREAS, approval of Atherton's withdrawal from SBWMA is a governmental organizational activity and is therefore exempt from California Environmental Quality Act (CEQA) review because it is not a project within the meaning of CEQA. CEQA Guideline 15378 defines "Project" for CEQA purposes; Section 15378 (b) states that Project does NOT include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment."

NOW, THEREFORE BE IT RESOLVED that the Board of Directors, having considered Atherton's request, now approves Atherton's withdrawal from SBWMA, provided it satisfies its obligation to liquidate its proportional share of debt as determined by the SBWMA Board on August 20, 2020, and said liquidation to occur prior to December 31, 2020.

PASSED AND ADOPTED as a Resolution of the Board of Directors of the West Bay Sanitary District at the regular meeting held on the 14th day of October, 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

West Bay Sanitary District, Board President

ATTEST:

West Bay Sanitary District, Secretary

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 6**

To: Board of Directors

From: Sergio Ramirez, District Manager

Subject: Report and Discussion on the City of East Palo Alto - Upcoming Projects

The West Bay Sanitary District Manager will report on recent inquiries by the City of East Palo Alto and report on the City's proposed projects. East Palo Alto City Staff and Developers may attend via ZOOM.

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WEST BAY SANITARY DISTRICT AGENDA ITEM 7

To: *Board of Directors*

From: *Sergio Ramirez, District Manager*

Subject: *District Manager's Report*

1) Administrative:

- a. LAFCo is asking if West Bay will take the lead on a CEQA review for the Stonegate Annexation in Portola Valley. The Stonegate Annexation will annex approximately 9 parcels into the District. Currently the nine parcels are being served by septic tank.
- b. Staff will enter into a "Lease to Own" agreement to purchase a Fujitsu scanner for the Pilot Scanning Project.

2) Finance:

- a. Finance Manager continues to work extensively to address SVCW's credit rating consultant inquiries regarding the District's finances in preparation for the Plant's Debt Refinancing.
- b. End of the 2020/2021 Fiscal Year audit is underway.

3) CIP & IT Projects:

a. Levee Improvement Project:

- i. F&L is continuing to work on the Environmental Impact Report and preparing Draft review for early October. To date the EIR has cost \$467,449 of the Board approved \$644,745. The Board approved an additional \$341,198 for Levee Design and Levee Permitting of which \$32,290 has been used.

b. Construction Capital Improvement Projects (CIP)

- i. Design work for the Bay North and Ringwood pipeline replacement is completed. Next step is to approve the Call for Bids.
- ii. Contractor continues to work with Menlo Park on the Metal Storage Building permit.

4) Operations and Maintenance:

a. Performance Merit Pay Program:

- i. Maintenance staff has been working diligently on the cleaning and repair goals.
- ii. Operations Superintendent to present the PMPP results at the October 28th Board meeting.
- iii. Recruiting for Pump Facility Supervisor and a Maintenance Worker is going well.

b. Training:

- i. COVID 19 Updated Plan Staff Training scheduled for October.

Report to the District Board for the Regular Meeting of October 14, 2020

Additional information or topics may be introduced by the DM verbally during the Board meeting.

- 5) **Water Quality:**
 - a. **Sharon Heights Golf and Country Club:**
 - i. Operations going well. To date over 14 million gallons of recycled water has been delivered.
 - ii. Anderson Pacific has begun the 6 month O & M for the SHGCC recycled water plant. PG&E cost are coming in higher than anticipated because of PG&E electrical cost increases.
 - b. **Bayfront Recycled Water Plant (BRWP):**
 - i. Working on Environmental Impact Report (EIR) draft.
 - ii. Staff and Woodard and Curran will be meeting with potential Bayfront Recycled Water Facility partners in October.
- 6) **Fleet and Facilities:**
 - a. **Vehicle Maintenance:**
 - i. Staff is meeting with the City of Redwood City to plan vehicle maintenance services.
 - ii. Staff is purchasing additional spare hoses for the PipeHunter cleaning and cctv inspection units approved in the budget.
- 7) **Upcoming Events:**
 - a. **Ribbon Cutting for West Bay SHGCC Recycled Water Plant:** October 27,2020
 - b. **Next Regular Board meetings:** October 28, 2020
 - c. **Thanksgiving Lunch:** November 10, 2020
 - d. **Special Board Meeting:** November 18, 2020 (only one meeting in November)
- 8) **Misc./Action Items from Previous Meeting:**
 - a. **West Bay SSOs:** Zero SSOs for September 2020 (16 months in a row w/o SSO).
 - b. **LAH Contract:** Zero SSO for August. 2 SSO in 2020. Continuing to maintain the collection system and both Publicly Owned Pump Stations.
 - c. **Town of Woodside Contract:** Continuing to maintain High Frequency cleaning downtown and both Publicly Owned Pump Stations.
 - d. **Revenue:** Received approximately \$253,000 from September 16 to October 7, 2020 for permits issued, reimbursements, and services rendered to others.

Report to the District Board for the Regular Meeting of October 14, 2020

Additional information or topics may be introduced by the DM verbally during the Board meeting.



1902 - Serving Our Community for over 110 Years - 2020

**WEST BAY SANITARY DISTRICT
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD
WEDNESDAY, SEPTEMBER 23, 2020 AT 7:00 P.M.**

1. Call to Order

President Dehn called the meeting to order at 7:02 PM

Roll Call

BOARD MEMBERS PRESENT: President Dehn, Secretary Walker, Treasurer Thiele-Sardiña, Director Moritz, Director Otte

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: District Manager Ramirez, Condotti by Zoom

Others Present: Marva Sheehan and Dave Hilton with HF&H by Zoom.

2. Communications from the Public: None.

3. Consideration to Accept the HF&H Solid Waste Rate Study, Set a Public Hearing for December 9, 2020 to Review Proposed Solid Waste and Recycling Rates for the Year 2021 and Providing Staff Direction by Minute Order Regarding the Rate Adjustment for 2021 and Mailing of the Proposition 218 Notice for a Public Hearing

Motion to Approve by: Moritz 2nd by: Thiele-Sardiña Vote: AYE: 3 NAY: 2 Abstain: 0

Comments: District Manager Ramirez read three areas of concern Director Moritz had regarding "Fixed Solid Rate Route Collection Costs." His concern was the potential 23% increase to the 20 gallon cart in one year. Marva Sheehan with HF&H explained the increases are due to the new SBWMA Restated and Amended Agreement. Director Moritz insisted the rate was too high for most customers to endure. Director Moritz made a motion to accept the report but only if a reduced increase to the 20 gallon cart was considered as part of the report. The Board provided direction to the District Manager to forward the rate study report for review once the edits were made by HF&H.

4. Consideration to Approve Performance Merit Pay Program for FY2020-21

Motion to Approve by: Moritz 2nd by: Otte Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: President Dehn would like Staff to normalize the data results when approving the PMPP payout next month. The purpose in normalizing the data will be to highlight the impacts of COVID-19 on the level of production through the restricted work schedules.

5. Consideration to Approve the Preliminary Financial Statements FY 2019-20 for Fiscal Year ending 6/30/2020

Motion to Approve by: Thiele-Sardiña 2nd by: Moritz Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: Finance Manager Fisher reported on the District Financial Statement for Fiscal Year ending June 30, 2020. She highlighted Revenues and Expenditures; as well as the status of Reverses and the District's overall Net Position. Several members of the Board complimented her on a job well done with the report.

6. Consideration to Approve the Report of GASB 75 Actuarial Valuation as of 6/30/19 for Fiscal Year ending 6/30/2020

Motion to Approve by: Walker 2nd by: Moritz Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: None.

7. District Manager's Report

Comments: District Manager Ramirez asked for direction on the November meeting schedule. It was determined the November 11th and 25th Board meeting will be canceled and a scheduled a meeting on Wednesday, November 18, 2020 instead. Additionally, the Thanksgiving Lunch was scheduled for Tuesday, November 10th. All COVID-19 response guidelines will be followed.

1) Administrative:

- a. HF&H submitted proposal for FY21/22 Sewer Rate Study in the amount of \$36,000 to address next year's revenue requirements, SVCW Bonds Refund plan, and the plant's Regional Environmental Sewer Conveyance Upgrade (RESCU) Program. The amount has been budgeted. District Manager Ramirez will enter into an agreement to retain their services.
- b. Staff is reviewing scanners for the Pilot Scanning Project. A local Intern will be used once staff has created a planned approach to the project.

2) Finance:

- a. Prepared the End of the Year Preliminary Financial Statement for the September 23rd Board meeting.
- b. Received two SRF reimbursements for \$415,966.00 and \$224,931.00 from the State.
- c. Finance Manager Fisher is working extensively to address SVCW's credit rating consultant inquiries regarding the District's finances in preparation for the Plant's Debt Refinancing.

3) CIP & IT Projects:

a. Levee Improvement Project:

- i. F&L is continuing to work on the Environmental Impact Report and preparing Draft review for late September or early October with a scheduled submittal for Mid-October.
- ii. Recycled Water Committee and Staff met with potential funding partners for the proposed Bayfront Recycled Water Facility on September 16th.

b. Construction Capital Improvement Projects (CIP)

- i. Design work for Bay North and Ringwood pipeline replacement continues. Final design should be completed this fall.
- ii. Contractor is working with Menlo Park on the Metal Storage Building permit.

4) Operations and Maintenance:

a. Performance Merit Pay Program:

- i. Responded to clean out service call in the Town of Woodside on September 11, 2020.
- ii. Staff is wrapping up the goals for the PMPP. Operations Superintendent to present results at the October 28th Board meeting.
- iii. Maintenance Worker a submitted a 15 day resignation notice.
- iv. Recruiting for Pump Facility Supervisor and a Maintenance Worker.

b. Training:

- i. Overflow Emergency Response Plan Staff Training went well
- ii. COVID 19 Updated Plan Staff reviewed and updated by Du-All Safety Training scheduled for Mid-October

5) Water Quality:

a. Sharon Heights Golf and Country Club:

- i. Operations going well. To date over 11 million gallons of recycled water has been delivered.
- ii. SHGCC Final Retention Payment is due to Anderson Pacific on September 27, 2020.

b. Bayfront Recycled Water Plant (BRWP):

- i. Working on Environmental Impact Report (EIR)
- ii. Board should consider a discussions whether to cover a portion of the Bayfront Recycled Water Plant.

6) Fleet and Facilities:

a. Vehicle Maintenance:

- i. The District is now entered into an agreement with the City of Redwood City for vehicle maintenance services.
- ii. New Service Truck Unit 208 is being deployed to the field in the next 45 days. The new service unit is a tall Ford Transit Van.

7) Upcoming Events:

- a. **Board meetings:** Next regular meeting will be held on October 14, 2020.
- b. **November Board Meeting falls on Veteran's Day:** Discuss holding Special Board Meeting on November 18th.

8) Misc./Action Items from Previous Meeting:

- a. **West Bay SSOs:** Zero SSO for August. 2020 Total = 0. 15 months in a row w/o SSO.
- b. **LAH Contract:** Zero SSO for August. 2 SSO in 2020. Continuing to maintain the collection system and both Publicly Owned Pump Stations.
- c. **Town of Woodside Contract:** Continuing to maintain High Frequency cleaning downtown and both Publicly Owned Pump Stations.
- d. **Revenue:** Received approximately \$758,000 from August 27 to September 15, 2020 for permits issued, SRF reimbursements, and services rendered to others.

8. Consent Calendar

Motion to Approve by: Moritz 2nd by: Walker Vote: AYE: 5 NAY: 0 Abstain: 0

CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR

Comments: None.

- A. Approval of Minutes for Regular meeting September 9, 2020 Pg. 8A-1
- B. Approval of the Financial Activity Report/Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for September 23, 2020 Pg. 8B-1
- C. Bank of the West Monthly Investment Portfolio Statements Pg. 8C-1
- D. Consideration to Accept the Work by Air & Lube Systems, Inc. for the Diesel Tanks Replacement Project and Authorizing the District Manager to File the Notice of Completion Pg. 8D-1

9. Consideration to Approve Resolution Revising the Record Retention Policy and Record Retention Schedule

Motion to Approve by: Moritz 2nd by: Walker Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: The Board mentioned a proper naming convention should be used by Staff when saving and sending documents in the future. Item was approved pending District Counsel review of personnel records requirement section 3.50 and to report back any comments.

10. September 23rd Update Report on District Response to Corona Virus

Comments: District Manager Ramirez gave an update on latest COVID-19 response plan.

11. Consideration to Authorize the District Manager to Remit Final Retention Payment to Anderson Pacific Engineering Construction Inc. in the Amount of \$258,753.88 for the Recycled Water Project – Sharon Heights

Motion to Approve by: Moritz 2nd by: Thiele-Sardiña Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: Member Moritz suggested sending Anderson Pacific a big thank you for completing such a large project within budget and without using any of the contingency money in the project.

12. Discussion and Direction on Recycled Water Projects - Sharon Heights & Bayfront, Including Project Status

Comments: DM Ramirez gave an update on the new treatment plant and the Bayfront Recycled Water Project. Director Thiele-Sardiña asked if bringing recycled water from Redwood City to Bayfront had been considered.

13. Report & Discussion on South Bayside Waste Management Authority (SBWMA)

Comments: President Dehn reported the Town of Atherton has chosen to exit the JPA and go to Green Waste. The Town will need to pay \$2.2M in order to exit and the Town has agreed to pay.

14. Report, Discussion & Direction on Silicon Valley Clean Water (SVCW) and Discussion on SVCW CIP Program and Financing

Comments: Director Otte reported SVCW will be refinancing the treatment plant's debt.

15. Closed Session

Entered closed session at 9:22 p.m. Left closed session at 9:26 p.m.

Reportable action: None.

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Cal. Govt. Code § 54956.9(d)(2):
(1 potential case)
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Cal. Govt. Code §54956.9(d))
Name of Case: *1740 Oak Avenue, LP v. West Bay Sanitary District, et al.* – SM CSC Case No. 18CIV02183

16. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda

Comments: None

17. Adjournment Time: The meeting was adjourned at 9:27 PM

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WEST BAY SANITARY DISTRICT
Financial Activity Report
Withdrawals
September 16, 2020 through October 7, 2020

CHECK	DATE	TO WHOM PAYABLE	PURPOSE	AMOUNT
66987	9/22/2020	AAA Rentals	Tractor Rental	174.00
66988	9/22/2020	AT&T	Long Distance 8/2020	991.26
66989	9/22/2020	ACTION TOWING	Unit 226 Tow to Towne Ford	277.50
66990	9/22/2020	READYREFRESH BY NESTLE	Water 9/2020	240.27
66991	9/22/2020	BAYSIDE EQUIPMENT COMPANY	Unit 218 Injector Tube Repair; Unit 216: New Breaker and Start Switcl	684.85
66992	9/22/2020	CALIFORNIA WATER SERVICE	Water Service - 8/2020	60.12
66993	9/22/2020	CALPERS LONG-TERM CARE PROGRAM	Long Term Care 9/2020	70.72
66994	9/22/2020	CINTAS CORP.	Uniform Cleaning & Cleaning Supplies	4,213.88
66995	9/22/2020	COMCAST	Internet Service 10/2020	277.46
66996	9/22/2020	DUKE'S ROOT CONTROL, INC	Root Foam Control	131,269.16
66997	9/22/2020	FEDERAL EXPRESS	Shipping Charges - 8/2020	509.07
66998	9/22/2020	FINISHMASTER INC	Paint For PSPS Staion	453.60
66999	9/22/2020	NAVIA BENEFIT SOLUTIONS	Flexible Spending Account PR Contributions	525.39
67000	9/22/2020	FRANCHISE TAX BOARD	Wage Garnishment	250.00
67001	9/22/2020	FREMONT URGENT CARE	Physical Exams & Medical Testings - 9/2020	1,622.00
67002	9/22/2020	GOLDEN GATE TRUCK CENTER	Unit 221: Repairs to AC	564.31
67003	9/22/2020	GRAINGER	Batteries, Shelving Cabinet, Gloves, Detergent	3,927.90
67004	9/22/2020	KIMBALL MIDWEST	Vehicle Stock Misc Items	1,261.14
67005	9/22/2020	HILLYARD/SAN FRANCISCO	Toilet Paper Stock	481.40
67006	9/22/2020	IEDA	Consulting Fees 9/2020	786.00
67007	9/22/2020	MENLO CHEVRON	Unit 208: Regular Maintenance	790.56
67008	9/22/2020	CITY OF MENLO PARK - Water	Water Service - 8/2020	1,219.31
67009	9/22/2020	SUTTER EAP	EAP Charges	413.25
67010	9/22/2020	OMEGA INDUSTRIAL SUPPLY, INC.	Hand Sanitizer	1,575.70
67011	9/22/2020	PACIFIC GAS & ELECTRIC	Gas and Electric Service - 9/2020	155.86
67012	9/22/2020	PENINSULA BUILDING SUPPLY	Gloves, Buckets, Iron Grate, Drain Box, Duct Tape, Lawn Sprayer	831.47
67013	9/22/2020	PONTON INDUSTRIES, INC.	Pump Station Parts	5,466.87
67014	9/22/2020	PREFERRED ALLIANCE	On-Site Testing - 8/2020	438.09
67015	9/22/2020	PRINCIPAL LIFE INSURANCE CO.	Employee Benefits- 10/2020	5,189.72
67016	9/22/2020	SHARP BUSINESS SYSTEMS	Sharp Copier Lease Property Tax Fee	259.29
67017	9/22/2020	STAPLES CREDIT PLAN	Ink & Office Supplies	1,222.68
67018	9/22/2020	TOWNE FORD SALES	Unit 208: Wiring Harness and NOx Sensor	3,114.61
67019	9/22/2020	CUSTOM LANYARD	PPE Stock - Disposable Gloves	1,619.40
67020	9/22/2020	YOUNG'S AUTO SUPPLY CENTER	Stock On Fuses	40.30
67021	9/24/2020	ANDERSON PACIFIC	Recycled Water Project - Sharon Heights 50% Retention	258,753.88
67022	9/29/2020	CALIFORNIA WATER SERVICE	Water Service - 9/2020	37.68
67023	9/29/2020	FREYER & LAURETA	District Wall Maps, Levee Design, North Bay Road Design	50,746.06
67024	9/29/2020	GRAINGER	Charger, Keyboard Tray, Letter Organizer	497.39
67025	9/29/2020	HF&H CONSULTANTS, LLC	Solid Waste Rate Study 2021	9,928.75
67026	9/29/2020	ERIC MADRIGAL	Utility Management Office of Water Programs	94.10
67027	9/29/2020	CITY OF MENLO PARK - Water	Water Service - 9/2020	607.15
67028	9/29/2020	NORTH BAY PENSIONS	GASB 75 Actuarial Valuation Report	2,500.00
67029	9/29/2020	PACIFIC GAS & ELECTRIC	Gas & Electric Service - 9/2020	1,771.19
67030	9/29/2020	PRECISE PRINTING AND MAILING	Notice of Public Hearing Solid Waste	1,931.73
67031	9/29/2020	SPARTAN TOOL, LLC	Cable, Splicer & Blades	1,614.20
67032	9/29/2020	STEVEN CREEK QUARRY, INC.	Base Rock	720.14
67033	9/29/2020	3T EQUIPMENT COMPANY	Pipe Patch	9,439.20
67034	9/29/2020	USA BLUE BOOK	Sewer Spade, Air Hoses	428.36
67035	9/29/2020	WOODARD & CURRAN	Sampling Analysis & Discharge Support	1,803.79
67036	9/29/2020	ANDERSON PACIFIC	RWF SH: 6 Mo Operational Period	64,647.77
67037	9/30/2020	RED WING BUSINESS	Operating Supplies 9/2020	3,854.13
67038	10/6/2020	BAY AREA AIR QUALITY MGMT DIST	Permit & Processing Fee 9/2020	5,461.00
67039	10/6/2020	VANCE BROWN	Return Cash Deposit for Menlo College/Vance Brown	291.25
67040	10/6/2020	ARCON BUILDERS	Return Deposit 57 Greenoaks Dr \$2,000	2,000.00
67041	10/6/2020	CWEA	CWEA Membership Renewal & Retest	372.00
67042	10/6/2020	COSTCO MEMBERSHIP	Membership Renewal	60.00
67043		VOID		
67044	10/6/2020	NAVIA BENEFIT SOLUTIONS	FSA Contributions & Employee Benefits 9/2020	550.39
67045	10/6/2020	FRANCHISE TAX BOARD	Wage Garnishment	250.00
67046	10/6/2020	FREMONT URGENT CARE	Vaccines 9/2020	164.00
67047	10/6/2020	GLOBAL EQUIPMENT, INC	PPE Stock: Nitrile Gloves (60)	1,811.15
67048	10/6/2020	GRAINGER	Supplies, Mounting Brackets, Exhaust Fluid, LED Lights, Pliers	2,244.44
67049	10/6/2020	GRANITE ROCK, INC.	Rehab, Rock, & Asphalt	427.10
67050	10/6/2020	OCCUPATIONAL HEALTH CENTERS	Vaccines 9/2020	164.00
67052	10/6/2020	PACIFIC GAS & ELECTRIC	Gas & Electric Service - 9/2020	22,284.44
67053	10/6/2020	SAN MATEO COUNTY CLERK	LSSA to be recorded, 820 Hobart St, MP	23.00
67054	10/6/2020	SAN MATEO COUNTY CLERK	LSSA to be recorded, 800 Hobart St, MP	20.00

WEST BAY SANITARY DISTRICT
Financial Activity Report
Withdrawals
September 16, 2020 through October 7, 2020

67055	10/6/2020	SAN MATEO COUNTY CLERK	LSSA to be recorded, 99 Marsh Rd, Ath.	20.00
67056	10/6/2020	SEEKZEN SYSTEMS	IT Consulting Service 9/2020	475.00
67057	10/6/2020	SHARP BUSINESS SYSTEMS	Copier Machine 10/2020	1,085.18
67058	10/6/2020	SPARTAN TOOL, LLC	Cable, Splicer, & Blades	291.18
67059	10/6/2020	TEAMSTERS LOCAL NO. 350	Union Dues 10/2020	2,100.00
67060	10/6/2020	WECO INDUSTRIES, LLC	Steerable Cable and Gold/Platinum Cable Kit	2,811.08

TOTAL CHECKS 623,257.87

CORPORATE CARDS:

<u>GL</u>	<u>DATE</u>	<u>Account Number & Name</u>	<u>Description</u>	<u>Amount</u>
54091	9/23/2020	Stationary and Office Supplies	Office Supplies	913.24
54101	9/23/2020	Ops Supplies & Materials	Construction Supplies	4,897.45
54102	9/23/2020	Safety Supplies & Materials	First Aid Supplies	207.91
54103	9/23/2020	Vehicle & Equipment Supplies	Vehicle Supplies	1,605.73
54106	9/23/2020	Small Tools	Harbor Frieght Tools: Portable Compressor	1,468.11
54108	9/23/2020	Monitoring Supplies & Equip	Barrery Junction: Batteries Flow Monitoring	442.55
54151	9/23/2020	Fleet/Vehicle R&M	Electrical Wire, Red Tape, & Tubing	236.04
54158	9/23/2020	Computer Software R&M	Zoom & Microsoft: Monthly Subscriptions; Solar Winds: Annual	513.97
54159	9/23/2020	Computer Hardware R & M	Tablet, Battery Backups (3)	1,724.47
54173	9/23/2020	Dept Training & EE Development	Safety Meeting	119.13
54174	9/23/2020	Mgmt Conf. & District Meetings	Goals Luncheon & District Meetings	504.48
54176	9/23/2020	Business Meetings	DM Meetings	94.28
54192	9/23/2020	Telephone	TPX Communications: Phone Service 8/2020	2,282.95
54193	9/23/2020	Cellular Service	Verizon: Cellular Service 8/2020	1,694.54
54194	9/23/2020	Water	California Water: Water Service 7/2020	1,636.37
54195	9/23/2020	Electricity	PG&E: Electric Service 7/2020	9,464.96
54202	9/23/2020	Other Misc. Operating Expense	Fastrak: Commuter Benefits	470.00
54207	9/23/2020	Vallombrosa Center	Vallombrosa: On Call Lodging 8/2020	630.00
TOTAL CORPORATE CARDS:				<u><u>28,906.18</u></u>

WIRE TRANSFERS

<u>DATE</u>	<u>TO WHOM PAYABLE</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
9/15/2020	CalPERS	Retirement 7/2020	66,647.10
9/21/2020	Bank of the West	Bank Fees 8/2020	396.86
9/22/2020	SVCW	SRF Loan - Phase 1	506,765.21
9/24/2020	CalPERS	GASB-68 Actuary Fees	1,050.00
9/25/2020	PrimePay	Employee Payroll - Pay Period 9/15-25	117,168.41
9/25/2020	PrimePay	Federal Payroll Taxes	29,977.29
9/25/2020	PrimePay	State Payroll Taxes	10,097.04
9/25/2020	ICMA	Deferred Compensation	9,009.59
9/25/2020	NeoPost	Postage	300.00
9/28/2020	CalPERS	Retirement 8/2020	45,081.61
9/30/2020	PrimePay	Directors Fees Payroll - 9/2020	2,957.81
9/30/2020	PrimePay	Federal Payroll Taxes	508.51
9/30/2020	PrimePay	State Payroll Taxes	37.02
10/1/2020	SVCW	Operating Expense 10/2020	636,710.00
10/2/2020	Paytrace	Credit Card Processing Fees 9/2020	351.14
10/5/2020	PrimePay	PrimePay Fees 9/2020	626.61
WIRE TRANSFERS FROM BoFW CHECKING			<u><u>1,427,684.20</u></u>

Summary

TOTAL CHECKS	623,257.87
TOTAL CORP CARD	28,906.18
TOTAL WIRES	1,427,684.20

TOTAL WITHDRAWALS 2,079,848.25

<u>Fund</u>	<u>Summary by Budget Category</u>	
100	Operations	1,683,070.52
200	Capital	52,746.06
500	SHGCC	344,031.67
		<u><u>2,079,848.25</u></u>

President _____

Secretary _____

WEST BAY SANITARY DISTRICT
Financial Activity Report
Supplemental Purchase Register
September 16, 2020 through October 7, 2020

OPERATING SUPPLIES & OFFICE EXPENSE

<u>CHECK</u>	<u>DATE</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
67003	9/22/2020	GRAINGER	Batteries, Shelving Cabinet, Gloves, Detergent	3,927.90
67004	9/22/2020	KIMBALL MIDWEST	Vehicle Stock Misc Items	1,261.14
67010	9/22/2020	OMEGA INDUSTRIAL SUPPLY, INC.	Hand Sanitizer	1,575.70
67013	9/22/2020	PONTON INDUSTRIES, INC.	Pump Station Parts	5,466.87
67019	9/22/2020	CUSTOM LANYARD	PPE Stock - Disposable Gloves	1,619.40
67031	9/29/2020	SPARTAN TOOL, LLC	Cable, Splicer & Blades	1,614.20
67033	9/29/2020	3T EQUIPMENT COMPANY	Pipe Patch	9,439.20
67037	9/30/2020	RED WING BUSINESS	Boots	3,854.13
67048	10/6/2020	GRAINGER	Office Supplies, Mounting Brackets, Exhaust Fluid, LED Lights, Plier	2,244.44
67060	10/6/2020	WECO INDUSTRIES, LLC	Steerable Cable and Gold/Platinum Cable Kit	2,811.08

MISCELLANEOUS

<u>CHECK</u>	<u>DATE</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
66996	9/22/2020	DUKE'S ROOT CONTROL, INC	Root Foam Control	131,269.16
67018	9/22/2020	TOWNE FORD SALES	Unit 208: Wiring Harness and NOx Sensor	3,114.61
67021	9/24/2020	ANDERSON PACIFIC	Recycled Water Project - Sharon Heights 50% Retention	258,753.88
67023	9/29/2020	FREYER & LAURETA	District Wall Maps, Levee Design, North Bay Road Design	50,746.06
67025	9/29/2020	HF&H CONSULTANTS, LLC	Solid Waste Rate Study 2021	9,928.75
67028	9/29/2020	NORTH BAY PENSIONS	GASB 75 Actuarial Valuation Report	2,500.00
67030	9/29/2020	PRECISE PRINTING AND MAILING	Notice of Public Hearing Solid Waste	1,931.73
67035	9/29/2020	WOODARD & CURRAN	Sampling Analysis & Discharge Support	1,803.79
67036	9/29/2020	ANDERSON PACIFIC	RWF SH: 6 Mo Operational Period	64,647.77
67038	10/6/2020	BAY AREA AIR QUALITY MGMT DIST	Permit & Processing Fee 9/2020	5,461.00
67040	10/6/2020	ARCON BUILDERS	Return Deposit 57 Greenoaks Dr \$2,000	2,000.00

WEST BAY SANITARY DISTRICT
Expenditures Summary FY 2020-21
July 1, 2020 through September 15, 2020

REGULAR PAYABLES	TOTAL BY VENDOR YTD FY 2020-21	WITHDRAWALS 9/1/2020 - 9/15/2020
3T Equipment Company	9,439.20	9,439.20
A-A Lock & Alarm	215.01	-
AAA Rentals	2,029.13	174.00
Abila	4,366.00	-
Access	110.00	-
Action Towing	471.00	277.50
Air & Lube Systems, Inc.	50,121.25	-
All Fence Company, Inc.	1,040.00	-
Alliant Insurance Services	18,218.00	-
American Messaging	203.66	-
American Textile & Supply	1,959.58	-
Anderson Pacific	588,167.02	323,401.65
Aqua Natural Solutions	1,909.14	-
Arcon Builders	2,000.00	2,000.00
AT&T	2,978.01	991.26
Atchison, Barisone & Condotti	21,565.48	-
Bank of the West - Credit Card	100,569.49	28,906.18
Bank of the West - Bank Fees		396.86
Bay Alarm	8,837.40	-
Bay Area Air Quality Mgmt Dist	5,852.00	5,461.00
Bayside Equipment Company	4,763.43	684.85
Vance Brown	291.25	291.25
CSRMA c/o Alliant Insurance	160,532.60	-
CWEA	1,807.00	372.00
California Water Service	3,923.44	97.80
CALPERS	1,050.00	1,050.00
CALPERS - Unfunded Accrued Liability	1,982,655.00	
CALPERS - Retirement	111,728.71	111,728.71
CALPERS - Health Premiums	150,393.26	
Calpers Long-Term Care Program	212.16	70.72
Center for Hearing Health Inc.	600.00	-
Central Payment	398.56	-
George Choi	9,500.00	
Cintas Corp.	11,536.98	4,213.88
Comcast	1,109.82	277.46
Costco Membership	60.00	60.00
Heath Cortez	225.00	-
Cues, Inc.	3,950.00	-
Custom Lanyard	1,619.40	1,619.40
Dell Marketing L.P.	984.00	-
Dewey Pest Control	164.00	-
Dolphin Graphics	1,521.22	-
Du-All Safety, Llc	4,860.00	-
Duke's Root Control, Inc	131,269.16	131,269.16
Embarcadero Media	396.00	-
Emerging Sun Productions	436.00	-
Federal Express	990.69	509.07
Fremont Urgent Care	2,838.00	1,786.00
Finishmaster Inc	1,098.92	453.60
City of Foster City	500.00	-
Franchise Tax Board	1,750.00	500.00
Freyer & Laureta	244,816.14	50,746.06
Global Equipment, Inc	1,811.15	1,811.15
Golden Gate Truck Center	564.31	564.31
Governmentjobs.com dba NeoGov	3,778.32	-
GovConnection, Inc.	780.00	-
Grainger	11,022.80	6,669.73

WEST BAY SANITARY DISTRICT
Expenditures Summary FY 2020-21
July 1, 2020 through September 15, 2020

REGULAR PAYABLES	TOTAL BY VENDOR YTD FY 2020-21	WITHDRAWALS 9/1/2020 - 9/15/2020
Granite Rock, Inc.	427.10	427.10
HF&H Consultants, LLC	9,928.75	9,928.75
Hach Company	1,150.72	-
Hadronex, Inc.	34,632.00	-
Hillyard/San Francisco	481.40	481.40
Home Depot Credit Services	3,396.53	-
Bob Hulsmann	1,096.15	-
IEDA	2,358.00	786.00
Institute for Local Government	350.00	-
Instrument Technology Corp.	7,035.63	-
Jani-King of CA, Inc - SFR/OAK	2,229.93	-
Kantor's Furniture	6,610.63	-
Kimball Midwest	4,809.63	1,261.14
Kone Inc.	801.36	-
Log Me In	1,801.98	-
Eric Madrigal	94.10	94.10
Mallory Co.	9,822.63	-
Matheson Tri-Gas, Inc.	159.90	-
Meineke	1,580.76	-
Menlo Chevron	790.56	790.56
City of Menlo Park - Repair	10,190.30	-
City of Menlo Park-Fuel	7,525.33	-
City of Menlo Park - Water	6,404.39	1,826.46
Mid State Container Sales, Inc	2,800.00	-
Mission Clay Products, LLC	2,805.65	-
Morse Hydraulics	338.70	-
Municipal Maintenance Equip.	6,432.13	-
National Auto Fleet Club	87,289.71	-
Navia Benefit Solutions	3,752.73	1,075.78
NeoPost	300.00	300.00
Carrie Nevoli - Petty Cash	598.06	-
North Bay Pensions	2,500.00	2,500.00
R.A. Nosek Investigations	2,065.00	-
Occasions, ETC.	27.75	-
Occupational Health Centers	164.00	164.00
Ogasawara Landscape Maint.	1,500.00	-
Omega Industrial Supply, Inc.	6,953.80	1,575.70
Pacific Gas & Electric	65,960.15	24,211.49
Paytrace	351.14	351.14
Peninsula Battery Inc.	571.88	-
Peninsula Building Supply	1,017.34	831.47
Pier 2 Marketing	800.00	-
Ponton Industries, Inc.	15,221.75	5,466.87
Precise Printing and Mailing	1,931.73	1,931.73
Preferred Alliance	1,049.16	438.09
Principal Life Insurance Co.	14,996.62	5,189.72
Priority 1 Public Safety	7,908.96	-
Quadient Leasing USA, Inc.	268.25	-
Sergio Ramirez - Tuition Reimbursement	4,001.62	-
Ranger Pipelines	39,646.99	-
Readyrefresh By Nestle	1,098.57	240.27
Red Wing Business	5,945.51	3,854.13
Todd Reese	500.00	-
Rich Voss Trucking	406.00	-
Roberts & Brune Company	8,092.54	-
SVCW Bond - 2014 Bond	391,929.21	-
SVCW Bond - 2015 Bond	1,107,625.00	-
SVCW Bond - 2018 Bond	1,203,293.75	-

WEST BAY SANITARY DISTRICT
Expenditures Summary FY 2020-21
July 1, 2020 through September 15, 2020

REGULAR PAYABLES	TOTAL BY VENDOR	WITHDRAWALS
	YTD FY 2020-21	9/1/2020 - 9/15/2020
SVCW - Monthly Operating Payment	1,910,130.00	636,710.00
SVCW - SRF Loan	506,765.21	506,765.21
San Mateo County	1,737.00	-
San Mateo County Assessor	305.00	-
San Mateo County Clerk	205.00	63.00
Henry Santos	150.00	-
Robert J. Scheidt	280.47	-
Seekzen Systems	3,338.80	475.00
Sharp Business Systems	4,503.21	1,344.47
Snap On Industrial	169.75	-
Sonsray Machinery LLC	2,140.51	-
Spartan Tool, LLC	1,905.38	1,905.38
Staples Credit Plan	4,871.78	1,222.68
Steven Creek Quarry, Inc.	720.14	720.14
Sutter EAP	1,239.75	413.25
Teamsters Local No. 350	4,140.00	2,100.00
Teletrac Navman US Ltd.	553.99	-
Towne Ford Sales	55,322.93	3,114.61
USA Blue Book	428.36	428.36
V & A Consulting Engineers	7,060.00	-
Vision Communications Co.	2,511.47	-
Weco Industries, LLC	5,331.27	2,811.08
Wex Bank (Chevron)	980.85	-
Woodard & Curran	34,665.18	1,803.79
Young's Auto Supply Center	190.96	40.30
Zanker Recycling	51.77	-
TOTAL REGULAR PAYABLES	9,319,854.74	1,909,465.97
 SALARIES, WAGES & WITHHOLDINGS		
Salaries/Wages - Net Pay	756,345.09	117,168.41
Directors Fees - Net Pay	7,356.02	2,957.81
PrimePay Fees	2,332.71	626.61
IRS - Federal Payroll Taxes	170,321.31	30,485.80
EDD - State Payroll Taxes	55,631.69	10,134.06
ICMA	64,283.10	9,009.59
Performance Merit Program - Net Pay	-	-
TOTAL SALARIES RELATED	1,056,269.92	170,382.28
 TOTAL WITHDRAWALS	10,376,124.66	2,079,848.25

WEST BAY SANITARY DISTRICT
Receipts & Incoming Transfers
September 16, 2020 through October 7, 2020

RECEIPT NUMBER	DEPOSIT DATE	DESCRIPTION	AMOUNT
461392	9/23/2020	Inv 2019/20-093: Sampling and Monitoring Costs	1,453.36
461393	9/23/2020	Class 3 Permi#: 1131; \$2,585	2,585.00
461394	9/23/2020	Permit: 381 Camino Al Lago, MP	290.00
461395	9/23/2020	Permit: 20 Navajo, PV	58,359.87
461396	9/22/2020	Permit: 241 University	290.00
461397	9/23/2020	Permit: 636 Partridge	290.00
461398	9/23/2020	Inv 2020/21-009 - PG&E Reimbursements	19,097.35
461399	10/1/2020	Permit: 7 Greenwood, MP	290.00
461400	10/1/2020	Permit: 333 Pope St, MP	170.00
461401	10/1/2020	Postage	0.50
461402	9/28/2020	Permits: 2071 Sterling; 2060 Oakley; 2043 Ashton, MP	510.00
461403	10/1/2020	Balance for permit NR-0414	291.65
461404	10/1/2020	Permit NR-0417	707.51
461405	9/28/2020	Permit: 1036 Oakland, MP	290.00
461406	9/29/2020	Permit: 1026 Oakland, MP	290.00
461407	10/1/2020	Permit: 207 Westridge Dr, PV	153,189.08
461408	10/1/2020	Permit: 800 Hobart St, MP	355.00
461409	7/23/2020	Permit: Missing Credit Card Receipt	290.00
461411	9/30/2020	Permit: 241 Mckendry, MP	290.00
461412	10/1/2020	Permit: 1332 American, MP	170.00
461413	9/30/2020	Permit: 2181 Ashton Ave, MP	95.00
461414	9/30/2020	Permit: 1290 Bay Laurel, MP	95.00
461415	8/27/2020	Permit: 2101 Valparaiso Ave, MP	290.00
461416	10/1/2020	Permit: 202 Atherton, ATH	170.00
461417	10/6/2020	17 Redberry Ridge, PV Class 3 permit 1132 \$2585, connection fee \$8501	11,086.00
461418	10/6/2020	Permit: 2579 Fordham St, EPA	290.00
461420	9/14/2020	Permit: Credit Card Pmt	170.00
461421	9/15/2020	Permit: Credit Card Pmt	290.00
461422	10/6/2020	Permit: 1245 Jervis Ave, EPA	290.00
461423	10/7/2020	Permit: 835 Monte Rosa Dr, MP	290.00
461424	10/7/2020	Permit: 737 Live Oak, MP	290.00
Total Deposits			<u><u>\$252,565.32</u></u>
/IRE/ACH TRANSFERS RECEIVED			
461410	7/7/2020	Misc Payroll Reim	500.00
461419	9/28/2020	City of Menlo Park: Permits	631.40
461425	9/30/2020	LAIF	2,000,000.00
Total Transfer to BofW Checking			<u><u>\$2,001,131.40</u></u>
TOTAL DEPOSITS			<u><u>\$2,253,696.72</u></u>

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 8C**

To: Board of Directors
From: Bobby Hulsmann, Operations Superintendent
Subject: WBSD Operations and Maintenance report - September 2020

Month	Basin PM Pipe Cleaning (miles)	High Freq PM Pipe Cleaning (miles)	Unsched Pipe Cleaning (miles)	CCTV Insp. (miles)	Pipe Patch Repairs Qty.	Open Trench Repairs Qty.	Pump Station PM Qty.	Pump Sta. Unsch. Repairs Qty.	SSO Cat 1	SSO Cat 2 & 3	Svc Calls Call Outs	Sched PM	Unsched PM	USA's
Jan	6.1	4.1	1.1	3.4	4.0	8.0	71.0	1.0	0.0	0.0	83.0	0.0	2.0	981.0
Feb	5.7	7.1	1.6	2.5	2.0	6.0	70.0	2.0	0.0	0.0	85.0	0.0	16.0	889.0
Mar	21.7	0.2	0.5	1.5	6.0	8.0	70.0	0.0	0.0	0.0	83.0	0.0	15.0	717.0
Apr	15.0	3.9	1.2	0.1	0.0	0.0	63.0	0.0	0.0	0.0	66.0	0.0	8.0	647.0
May	9.9	9.3	0.0	0.2	0.0	0.0	56.0	0.0	0.0	0.0	79.0	0.0	9.0	933.0
Jun	18.6	0.1	0.4	4.0	6.0	6.0	79.0	0.0	0.0	0.0	69.0	0.0	0.0	1,082.0
July	8.4	4.0	0.5	1.1	5.0	8.0	76.0	0.0	0.0	0.0	72.0	0.0	13.0	1,145.0
Aug	6.2	7.1	0.7	4.1	16.0	13.0	52.0	0.0	0.0	0.0	59.0	0.0	25.0	1,096.0
Sept	13.0	0.2	4.0	6.7	12.0	10.0	68.0	0.0	0.0	0.0	57.0	1.0	3.0	1,079.0
*Oct	4.6	3.9	0.2	4.2	5.0	8.0	147.0	2.0	0.0	0.0	80.0	0.0	6.0	1,123.0
Nov	0.8	9.3	0.2	3.4	4.0	8.0	128.0	1.0	0.0	0.0	118.0	0.0	2.0	986.0
Dec	13.7	0.1	0.3	1.7	5.0	10.0	83.0	1.0	0.0	0.0	100.0	1.0	1.0	1,034.0
Yr to Date	123.7	49.7	10.9	33.0	65.0	85.0	963.0	7.0	0.0	0.0	951.0	2.0	100.0	11,712.0

2020 Goals	120.0	50.0	n/a	45-50	65	90	n/a	<10	0-2	3 to 5	n/a	n/a	n/a	n/a
2019 Results	112.0	48.2	6.9	42.7	60	86	967	6	0	4	1063	75	33	2850
2018 Results	134.2	48.5	7.4	42.1	66	63	1256	6	0	4	1139	134	89	2525
2017 Results	126.4	51.5	5.7	24.8	66	97	1265	8	2	3	700	178	61	3218
2016 Results	126.4	49.0	6.0	33.0	65	94	1188	5	0	8	798	167	155	3222
2015 Results	126.4	55.0	21.0	46.0	65	90	1349	6	0	5	798	174	185	2125

*Beginning of PMPP Year

Report to the District Board for the Regular Meeting of October 14, 2020

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WEST BAY SANITARY DISTRICT
AGENDA ITEM 8D

To: *Board of Directors*
From: *Bobby Hulsmann, Operations Superintendent*
Subject: *Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD - September 2020*

Month	Basin PM Pipe Cleaning (miles)	High Freq PM Pipe Cleaning (miles)	Unscheduled Pipe Cleaning (miles)	CCTV Inspection (miles)	Pump Stations Preventive Maintenance Qty	Pump Stations Unscheduled Repairs Qty	SSO Cat 1	SSO Cat 2 & 3	Service Calls Call Outs
January	0.5	1.0	0.0	0.8	8.0	0.0	0.0	0.0	0.0
February	1.1	0.2	0.1	1.2	8.0	0.0	0.0	1.0	0.0
March	0.0	1.3	0.0	0.0	10.0	0.0	0.0	0.0	0.0
April	3.1	1.6	0.0	0.0	8.0	0.0	0.0	0.0	0.0
May	2.9	1.3	0.1	0.1	8.0	0.0	0.0	0.0	0.0
June	1.6	0.5	0.0	1.8	10.0	0.0	0.0	1.0	0.0
July	1.3	1.1	0.0	1.6	8.0	0.0	0.0	0.0	0.0
August	1.8	1.4	0.3	1.1	8.0	0.0	0.0	0.0	0.0
September	1.6	1.3	0.1	1.0	8.0	0.0	0.0	0.0	0.0
October	0.5	1.6	0.2	1.2	13.0	0.0	0.0	0.0	0.0
November	1.0	1.0	0.0	0.0	8.0	0.0	0.0	0.0	0.0
December	1.0	1.0	0.0	1.2	12.0	0.0	0.0	0.0	0.0
Yr to date	16.5	13.3	0.8	10.0	109.0	0.0	0.0	2.0	0.0
FY 19/20 Goals	13.1	16.9	n/a	9.3	52	n/a	n/a	n/a	n/a

** August start of contract (tables show 12-month running total)*

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To: *Board of Directors*

From: *Bobby Hulsmann, Operations Superintendent*

Subject: *Town of Woodside Operations and Maintenance Report for Work
Performed by WBSD - September 2020*



Yearly Summary Report

10/6/2020

3:50 PM

Dates Between 10/1/2019 and 9/30/2020

Month	Basin PM Pipe Cleaning (miles)	High Freq PM Pipe Cleaning (miles)	Unscheduled Pipe Cleaning (miles)	CCTV Inspection (miles)	Pump Stations Preventive Maintenance Qty	Pump Stations Unscheduled Repairs Qty	SSO Cat 1	SSO Cat 2 & 3	Service Calls Call Outs
January	2.7	0.0	0.0	0.0	14.0	0.0	0.0	0.0	0.0
February	0.00	0.0	0.0	0.0	12.0	0.0	0.0	0.0	0.0
March	0.00	0.3	0.0	0.0	15.0	0.0	0.0	0.0	0.0
April	0.00	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0
May	0.00	0.0	0.0	0.0	12.0	0.0	0.0	0.0	0.0
June	0.00	0.3	0.0	0.2	15.0	0.0	0.0	0.0	0.0
July	0.00	0.0	0.0	0.0	13.0	0.0	0.0	0.0	0.0
August	0.00	0.0	0.0	0.0	11.0	0.0	0.0	0.0	0.0
September	0.00	0.3	0.0	0.0	12.0	0.0	0.0	0.0	0.0
October	0.00	0.3	0.0	0.0	22.0	0.0	0.0	0.0	0.0
November	0.00	0.0	0.0	0.0	28.0	0.0	0.0	0.0	0.0
December	1.88	0.0	0.0	0.0	18.0	0.0	0.0	0.0	0.0
Totals	4.54	1.0	0.0	0.2	182.0	0.0	0.0	0.0	0.0



WEST BAY SANITARY DISTRICT AGENDA ITEM 8F

To: *Board of Directors*

From: *Bill Kitajima, Projects & IT Manager
Jonathan Werness, Engineering Technician*

Subject: *Consideration to Authorize the District Manager to Issue Class 3 Sewer Permit No. 1131 for the Construction of Wastewater Facilities for 20 Navajo Place, Portola Valley, California*

Background

This permit request is for the construction of a Grinder Pump System and force main extension to connect into the existing force main on Meadowood Drive to serve the property at 20 Navajo Place in Portola Valley.

Analysis

The plans, profiles, and engineering calculations for the proposed facilities have been reviewed by staff. Corrections have been made to conform to District requirements. Owner has paid all associated fees.

Recommendation

The Projects & IT Manager recommends that the Board direct the District Manager to file the Notice of Exemption and authorize the District Manager to issue Class 3 Sewer Permit No. 1131.

Attachment: Resolution ____ (2020)
Notice of Exemption
Class 3 Permit No. 1131
Site Map

RESOLUTION NO. _____ (2020)

IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT
COUNTY OF SAN MATEO, STATE OF CALIFORNIA

BE IT RESOLVED, by the District Board of West Bay Sanitary District, County of San Mateo, State of California, as follows:

ENVIRONMENTAL IMPACT REVIEW

Name of Project: 20 Navajo Place – Grinder Pump System

Location: 20 Navajo Place, Portola Valley, California

Entity or Person Undertaking Project: Bob Sick

Determination of the District Board:

This District Board of West Bay Sanitary District determines, upon Staff recommendation, that another public agency, specifically the San Mateo County LAFCo, is the lead agency for this project.

The District Board hereby certifies that it has reviewed the Negative Declaration prepared for this project and has considered the contents thereof. The Board finds that this document is adequate for use by the District in its review of the project.

The District Board finds that the following feasible alternatives and/or mitigation measures within its powers, would substantially lessen any significant effects which the project would have on the environment:

N/A

The Board certifies that the Negative Declaration has been prepared and completed in compliance with the California Environmental Quality Act and the State Guidelines.

The Board finds that the project Environmental Impact Report identifies the following significant effects:

N/A

The Board further finds that for each of these significant effects.

- N/A Changes or alterations have been required in, or incorporated, into the project which mitigate or avoid the significant environmental effects thereof as identified in the Environmental Impact Report.
- N/A Such changes or alterations are within the responsibility and jurisdiction of a public agency other than the District. Such changes have been adopted by such other agency or can and should be adopted by such other agency.
- N/A Specific economic, social, or other considerations make infeasible the mitigation measures or project alternatives identified in the Environmental Impact Report.

Based upon the foregoing, and upon compliance with District regulations and requirements, as applicable, the project is hereby:

- _____ Approved
- _____ Disapproved

The District Manager of West Bay Sanitary District is directed to prepare a Notice of Determination pursuant to the provisions of the State Guidelines Implementing the California Environmental Quality Act adopted by Resolution No. IIO5 of this District Board. The District Manager is not directed to prepare and file a Statement of Overriding Consideration pertaining to the approval of this project pursuant to the provisions of the same Guidelines.

Passed and adopted by the District Board of West Bay Sanitary District at a regular meeting thereof held on the 14th day of October, 2020, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

 President of the District Board of the
 West Bay Sanitary District of San Mateo
 County, State of California

Attest:

 Secretary of the District Board of the
 West Bay Sanitary District of San Mateo
 County, State of California

Notice of Exemption

To: County Clerk
County of San Mateo
555 County Center
Redwood City, CA 94063

From: West Bay Sanitary District
500 Laurel Street
Menlo Park CA 94025

Project Title: 20 Navajo Place – Grinder Pump System

Project Location – Specific: 20 Navajo Place, Portola Valley, CA 94028

Project Location – Town: Portola Valley **Project Location – County:** San Mateo

Description of Project: Grinder Pump System & Force Main Extension

Name of Public Agency Approving Project: West Bay Sanitary District

Name of Person or Agency Carrying Out Project: Bob Sick

Exempt Status:

CEQA Guidelines Section 15601(b)(3), General Rule;

Categorical Exemption. Class 3 – Section 15303 (a) (d) of the State CEQA Guidelines.

(a) Single-family residences not in conjunction with the building of two or more units.

(d) Water main, sewage, electrical, gas and other utility extensions of reasonable length to serve such construction.

Reasons why project is exempt:

This project is exempt from CEQA because it can be “seen with certainty that there is no possibility that the activity in question may have a significant impact on the environment.” This certainty is based on the District’s past experience with numerous sewer construction projects of this nature, and the mitigated measures included in all such projects to alleviate any impacts. Most project elements also are exempt as extension of utilities of a reasonable length to serve such construction.

Lead Agency: West Bay Sanitary District

Lead Agency Contact Person: Sergio Ramirez (650) 321-0384

Signature

Date: _____ Title: District Manager

“PRELIMINARY REVIEW”

20 Navajo Place – Grinder Pump System
September 22, 2020

INTRODUCTION. At the October 14, District Board Meeting, the Board will consider the approval of the Class 3 sewer permit for the construction of a Grinder system and force main extension for the Lands of Sick; and the authorization for the filing of a California Environmental Quality Act (CEQA) “Notice of Exemption” for the project. This project is proposed by the property owner, Bob Sick.

EXEMPTION REVIEW. In compliance with CEQA Guidelines, this “preliminary review” of the Grinder System Project at 20 Navajo Place was conducted to determine whether the project is exempt from CEQA. Based on this review, staff has concluded that the project is exempt from CEQA under several sections of the guidelines. In summary, the project would not have any significant impacts on the environment because it includes little or no expansion of capacity, and will employ mitigation measures to alleviate any impacts.

This preliminary review presents and elaborates upon the rationale for the conclusions reached by staff.

Staff has concluded that all project elements are exempt under CEQA Guidelines section 15061(b)(3) (known as the “General Rule”), since it can be “seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.”

This certainty is based on the District’s past experience with numerous sewer construction projects of this nature, and the mitigation measures included in all such projects to alleviate any impacts.

Past Experience. The District has completed many miles of sewer construction projects and pump station rehabilitation projects in residential areas throughout Menlo Park, Atherton, the County of San Mateo, and the Portola Valley area. While construction-related impacts on land use, traffic, noise, air quality, erosion, drainage, public safety, and cultural resources can occur, no significant environmental impacts have resulted from this work.

The reasons these have been “less-than-significant” include the short-term nature of construction activities, application of the District’s standard construction mitigation measures, good community relations outreach programs to inform project area residents of construction activities, and active coordination with local jurisdictions.

Construction Mitigation Measures. Specific impact mitigation measures will be included in the proposed project to avoid, minimize, reduce, or rectify for construction-related impacts. These measures are used on all sewer construction projects. The measures address dust control; erosion control; noise control; protection of soils; provision for adequate drainage; protection and restoration of structures; precautions for working near sensitive and unique vegetation, protection and restoration of vegetation,

landscaping, and improvements; public health and safety precautions; community notifications; traffic control; and preservation of cultural resources.

Most project elements also are exempt as extension of utilities of a reasonable length to serve such construction.

Staff has concluded that most project elements are “categorically exempt” under CEQA Guidelines Section 15303 (a) (Single-family residences not in conjunction with the building of two or more units) and Section 15303 (d) (Water main, sewage, electrical, gas and other utility extensions of reasonable length to serve such construction).

This project is being implemented to provide sanitary sewer service to this parcel and remove the on-site septic system.

CONCLUSION. Based on the information presented herein, staff has concluded that all of the installation of the Grinder system is exempt from CEQA under the CEQA Guidelines Section 15061(b)(3) (the General Rule), and that most project elements are also exempt under CEQA Guideline Section 15303(a) and (d).

WEST BAY SANITARY DISTRICT

500 Laurel Street
Menlo Park, California 94025
(650) 321-0384

Permit Number
1131

Type _____

APPLICATION FOR CLASS 3 SEWER PERMIT

To the WEST BAY SANITARY DISTRICT:

The undersigned, being the Owner Owner's Agent of the property located at

20 Navajo Place Portola valley CA

does hereby request permission to construct sanitary sewers and related facilities to serve a

Residential Non-residential Development at said location.

ENGINEER'S

Precision Engineering inc

Name

901 Waltermire Street Belmont CA

Address

CONTRACTOR'S

Chase & Arnold inc

Name

2065 Grant Road Los Altos CA

Address

OWNER'S

Bob Sick

Name

20 Navajo Place Portola valley CA

Address

[Signature]

Applicant's Signature

Susana Barajas

Signed by -- Please Print Name

2065 Grant Road Los Altos CA

Address

Receipt of \$ 585 Application Fee is hereby acknowledged [Signature] 9/16/2020

Date

Receipt of \$ 2000 Cash Deposit or Performance Bond

Comments Putting in new sewer line from Navajo to meadowood Dr.

Approved by the District Board on _____

Application approved and permit issued:

WEST BAY SANITARY DISTRICT

Sergio Ramirez, District Manager

Date _____

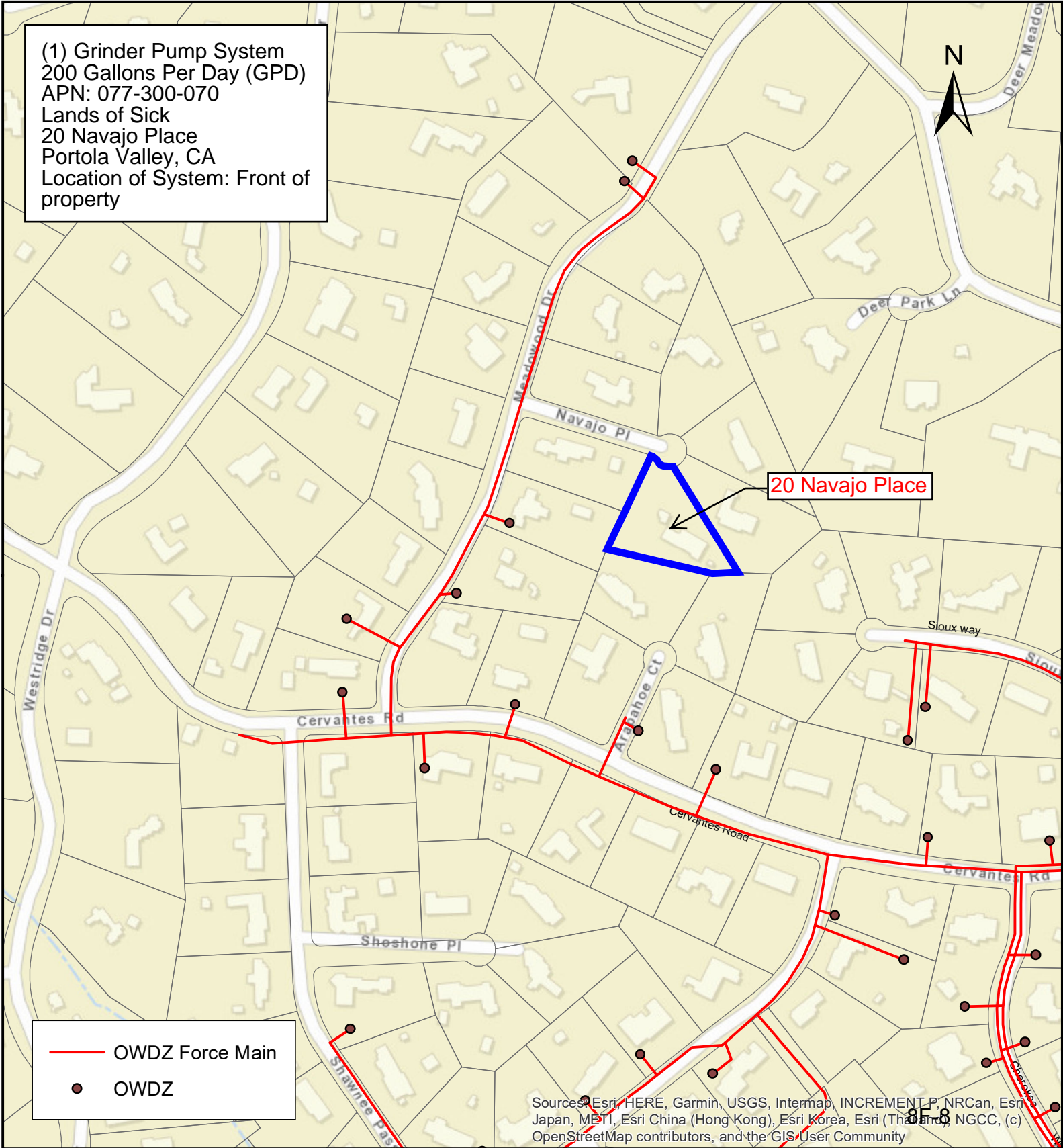
By _____

Final Acceptance by the District Board on _____



WEST BAY SANITARY DISTRICT
EXHIBIT "B"
SITE LOCATION
20 NAVAJO PLACE
PORTOLA VALLEY, CA
GRINDER PUMP SYSTEM

(1) Grinder Pump System
200 Gallons Per Day (GPD)
APN: 077-300-070
Lands of Sick
20 Navajo Place
Portola Valley, CA
Location of System: Front of property



20 Navajo Place

— OWDZ Force Main
● OWDZ

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community



WEST BAY SANITARY DISTRICT AGENDA ITEM 9

To: *Board of Directors*

From: *Bill Kitajima, Projects and IT Manager*
Jonathan Werness, Engineering Technician

Subject: *Consideration to Adopt Resolution Delineating Environmental Findings and Authorizing the District Manager to Call for Bids for the North Bay Road & Ringwood Avenue Project*

Background

The North Bay Road and Ringwood Avenue project consists of the replacement and rehabilitation of approximately 11,110 linear feet (2.1 miles) of 6 inch to 24-inch sanitary sewer mains with an alternative bid option for adding recycled water pipe in conjunction with some of the open-trench work. The existing sewer mains were identified, in part, in the updated Capital Improvement Master Plan and tentatively scheduled for construction in the 2020/2021 Fiscal Year. The North Bay Road project area is located between the Bayshore Freeway, Bay Road, Willow Road, and Sonoma Avenue all within the City of Menlo Park. The Ringwood Avenue area is between Bay Road and Toyon Road within the Unincorporated County of San Mateo. This project also includes sewer replacement on Gilbert Avenue between Willow Road and Marmona Drive, and an easement in the Belle Haven neighborhood in between Plumas Avenue and Hill Avenue, both within the City of Menlo Park.

The project will involve the replacement and rehabilitation of the sanitary sewer mains with the standard open trench or a trenchless pipe bursting method in areas where the pipeline needs replacement and a trenchless method using a structural cured-in-place-pipe (CIPP) liner in areas where the pipeline can be rehabilitated. The add-alternative option for recycled water pipe would be within Ringwood Avenue, a main road in the District.

Analysis

Staff is seeking Board approval to issue an invitation for bids on the North Bay Road and Ringwood Avenue Sewer Capital Improvement Project. Bid documents have been prepared by Freyer & Laureta, Inc. Staff will bring to the Board for approval of the lowest responsible bidder after the bids have been received and opened.

The engineer's estimated cost for construction is \$4,211,035.00 with an add-alternate of \$561,400 for the recycled water pipeline.

The CEQA requirements for these projects have been prepared and attached for the Boards review.

Fiscal Impact

There will be no fiscal impact to the General Fund. The cost for the project will be paid out of the Capital Asset Fund for Fiscal Year 2020-2021 budgeted at \$5,500,000.00 in capital expenditures for pipeline replacement and rehabilitation.

Recommendation

The Projects & IT Manager recommends the District Board of Directors 1) adopt the attached resolution delineating environmental findings for the project; and 2) authorize the District Manager to call for bids for the North Bay Road and Ringwood Avenue Sewer Capital Improvement Project.

Attachments: Reso _____2020

Notice of Exemption

Site map

RESOLUTION NO. _____ (2020)

**IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT
COUNTY OF SAN MATEO, STATE OF CALIFORNIA**

BE IT RESOLVED, by the District Board of West Bay Sanitary District, County of San Mateo, State of California, as follows:

ENVIRONMENTAL IMPACT REVIEW

Name of Project: North Bay Road and Ringwood Avenue Sewer Project

Location: The North Bay Road and Ringwood Avenue sewer project consists of the replacement and rehabilitation of approximately 11,110 linear feet (2.1 miles) of 6 inch to 24-inch sanitary sewer mains with an alternative bid option for adding recycled water pipe in conjunction with some of the open-trench work. The North Bay Road project area is located between the Bayshore Freeway, Bay Road, Willow Road, and Sonoma Avenue all within the City of Menlo Park. The Ringwood Avenue area is between Bay Road and Toyon Road within the Unincorporated County of San Mateo. This project also includes sewer replacement on Gilbert Avenue between Willow Road and Marmona Drive, and an easement in the Belle Haven neighborhood in between Plumas Avenue and Hill Avenue, both within the City of Menlo Park.

Entity or Person Undertaking Project: West Bay Sanitary District

Determination of the District Board:

The District Board hereby certifies that it has reviewed the Preliminary Review and Notice of Exemption prepared for this project and has considered the contents thereof. The Board finds that this document is adequate for use by the District in its review of the project.

The District Board finds that the following feasible alternatives and/or mitigation measures within its powers, would substantially lessen any significant effects which the project would have on the environment:

N/A

The Board certifies that the Preliminary Review and Notice of Exemption has been prepared and completed in compliance with the California Environmental Quality Act and the State Guidelines.

The Board finds that the project Preliminary Review and Notice of Exemption identifies the following significant effects:

N/A

The Board further finds that for each of these significant effects.

N/A Changes or alterations have been required in, or incorporated, into the project which mitigate or avoid the significant environmental effects thereof as identified in the Final EIR.

N/A Such changes or alterations are within the responsibility and jurisdiction of a public agency other than the District. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

N/A Specific economic, social, or other considerations make infeasible the mitigation measures or project alternatives identified in the Final EIR.

Based upon the foregoing, and upon compliance with District regulations and requirements, as applicable, the project is hereby:

_____ Approved

_____ Disapproved

The District Manager of West Bay Sanitary District is directed to prepare a Notice of Exemption pursuant to the provisions of the State Guidelines Implementing the California Environmental Quality Act adopted by Resolution No. 1105 of this District Board. The District Manager is not directed to prepare and file a Statement of Overriding Consideration pertaining to the approval of this project pursuant to the provisions of the same Guidelines.

Passed and adopted by the District Board of West Bay Sanitary District at a regular meeting thereof held on the 14th day of October 2020, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

President of the District Board of the
West Bay Sanitary District of San Mateo
County, State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District of San Mateo
County, State of California

Notice of Exemption

To: County Clerk
County of San Mateo
555 County Center
Redwood City CA 94063

From: West Bay Sanitary District
500 Laurel Street
Menlo Park CA 94025

Project Title: North Bay Road and Ringwood Avenue Sewer Project

Project Location – Specific: The North Bay Road project area is located between the Bayshore Freeway, Bay Road, Willow Road, and Sonoma Avenue all within the City of Menlo Park. The Ringwood Avenue area is between Bay Road and Toyon Road within the Unincorporated County of San Mateo. This project also includes sewer replacement on Gilbert Avenue between Willow Road and Marmona Drive, and an easement in the Belle Haven neighborhood in between Plumas Avenue and Hill Avenue, both within the City of Menlo Park.

Project Location – City: Menlo Park

Project Location – County: San Mateo

Description of Project: The North Bay Road and Ringwood Avenue Sewer Project areas consists of the replacement and rehabilitation of approximately 11,110 linear feet (2.1 miles) of 6 inch to 24-inch sanitary sewer mains with an alternative bid option for adding recycled water pipe in conjunction with some of the open-trench work in Ringwood Avenue.

Name of Public Agency Approving Project: West Bay Sanitary District

Name of Person or Agency Carrying Out Project: West Bay Sanitary District

Exempt Status:

CEQA Guidelines Section 15601(b)(3), General Rule;
Categorical Exemption: Class 1 – Section 15301(b), Existing Facilities, and Class 2 – Section 15302(c), Replacement or Reconstruction.

Reasons why project is exempt:

This project is exempt from CEQA because it can be “seen with certainty that there is no possibility that the activity in question may have a significant impact on the environment.” This certainty is based on the District’s past experience with numerous sewer construction and rehabilitation projects of this nature, and the mitigated measures included in all such projects to alleviate any impacts.

Most project elements also are exempt as minor alteration and repair of existing public facilities or topographical features involving negligible or no expansion of use beyond that previously exist.

Lead Agency: West Bay Sanitary District

Lead Agency Contact Person: Sergio Ramirez

(650) 321-0384

Signature

Date: _____

Title: District Manager

“PRELIMINARY REVIEW”

NORTH BAY ROAD AND RINGWOOD AVENUE SEWER PROJECT MENLO PARK, CALIFORNIA

October 2, 2020

INTRODUCTION. At the October 14, 2020 District Board Meeting, the Board will consider the authorization for the filing of a California Environmental Quality Act (CEQA) “Notice of Exemption” for the project. The District proposes this project.

EXEMPTION REVIEW. In compliance with CEQA Guidelines, this “preliminary review” of the Sewer Replacement Project was conducted to determine whether the project is exempt from CEQA. Based on this review, staff has concluded that the project is exempt from CEQA under several sections of the guidelines. In summary, the project would not have any significant impacts on the environment because it includes little or no expansion of capacity, and will employ mitigation measures to alleviate any impacts.

This preliminary review presents and elaborates upon the rationale for the conclusions reached by staff.

Staff has concluded that all project elements are exempt under CEQA Guidelines section 15061(b)(3) (known as the “General Rule”), since it can be “seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.”

This certainty is based on the District’s past experience with numerous sewer construction projects of this nature, and the mitigation measures included in all such projects to alleviate any impacts.

Past Experience. The District has completed many miles of sewer construction projects and pump station rehabilitation projects in residential areas throughout Atherton, Menlo Park, Portola Valley, and the County of San Mateo, including the project area. While construction-related impacts on land use, traffic, noise, air quality, erosion, drainage, public safety, and cultural resources can occur, no significant environmental impacts have resulted from this work.

The reasons these have been “less-than-significant” include the short-term nature of construction activities, application of the District’s standard construction mitigation measures, good community relations outreach programs to inform project area residents of construction activities, and active coordination with local jurisdictions.

Construction Mitigation Measures. Specific impact mitigation measures will be included in the proposed project to avoid, minimize, reduce, or rectify for construction-related impacts. These measures are used on all sewer construction projects and will be required in the project plans and specifications. The measures address dust control; erosion control; noise control; protection of soils; provision for adequate drainage; protection and restoration of structures; precautions for working near sensitive and unique vegetation, protection and restoration of vegetation, landscaping, and improvements; public health and safety precautions including all Large Construction Project Safety Protocol (LCP Protocol) as related to COVID-19 precautions and Health Orders; community notifications; traffic control, and preservation of cultural resources.

Staff has concluded that most project elements are “categorically exempt” under CEQA Guidelines Section 15301(b) (existing facilities); or Section 15302(c) (replacement or

reconstruction). These exemptions require repair, maintenance, or minor alteration of existing structures or facilities.

The project areas consists of the replacement and rehabilitation of approximately 11,110 linear feet (2.1 miles) of 6 inch to 24-inch sanitary sewer mains with an alternative bid option for adding recycled water pipe in conjunction with some of the open-trench work. The existing sewer mains were identified, in part, in the updated Capital Improvement Master Plan. The North Bay Road project area is located between the Bayshore Freeway, Bay Road, Willow Road, and Sonoma Avenue all within the City of Menlo Park. The Ringwood Avenue area is between Bay Road and Toyon Road within the Unincorporated County of San Mateo. This project also includes sewer replacement on Gilbert Avenue between Willow Road and Marmona Drive, and an easement in the Belle Haven neighborhood in between Plumas Avenue and Hill Avenue, both within the City of Menlo Park.

The project will involve the replacement and rehabilitation of the sewer mains with the standard open trench method in areas where the pipeline needs replacement with associated surface restoration and trenchless methods using a structural cured-in-place-pipe (CIPP) liner or pipe-bursting in areas where the pipeline can be rehabilitated. Included is an alternative bid option for adding recycled water pipe in conjunction with some of the open-trench work. The project will eliminate chronic maintenance requirements; and shall reduce operations and maintenance costs.

CONCLUSION. Based on the information presented herein, staff has concluded that the Belle Haven II Sewer Project is exempt from CEQA under the CEQA Guidelines Section 15061(b)(3) (the General Rule), and that most project elements are also exempt under CEQA Guideline Section 15301(b), (existing facilities) or Section 15302(c), (replacement or reconstruction).

WEST BAY SANITARY DISTRICT

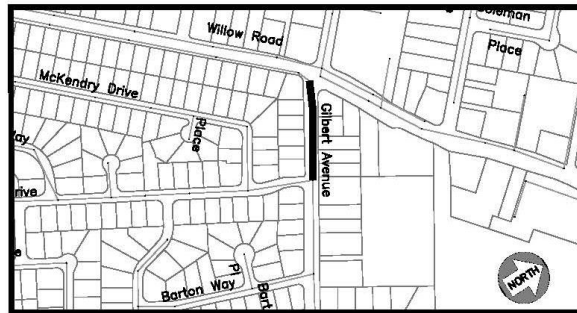
SAN MATEO COUNTY CALIFORNIA

NORTH BAY ROAD AND RINGWOOD AVENUE REPLACEMENT AND CONSTRUCTION OF SANITARY SEWER MAINS

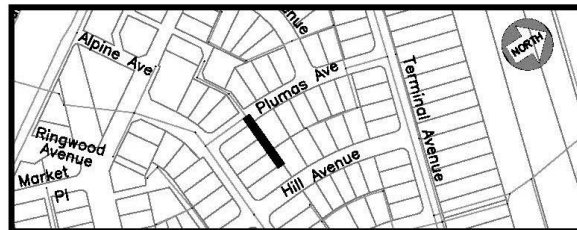
SITE MAP



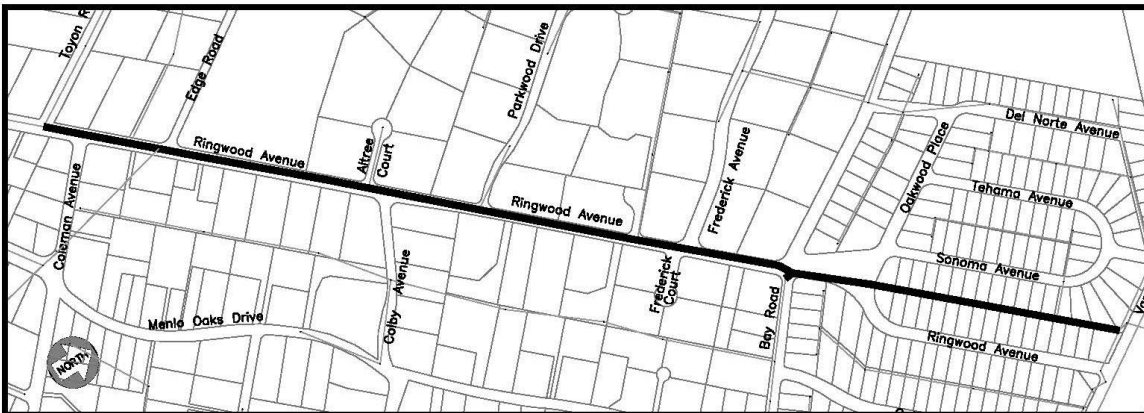
**MENLO PARK
VICINITY LOCATION NTS**



**MENLO PARK
VICINITY LOCATION NTS**



**MENLO PARK
VICINITY LOCATION NTS**



**UNINCORPORATED SAN MATEO COUNTY & MENLO PARK
VICINITY LOCATION NTS**



WEST BAY SANITARY DISTRICT AGENDA ITEM 10

To: *Board of Directors*

From: *Sergio Ramirez, District Manager*

Subject: *October 14th Update Report on District Response to Corona Virus*

Background

In early March of 2020, the outbreak of Corona Virus in the USA caused Federal, State and Local governments to enact several laws, regulations and guidelines to mitigate the impact of the spread and severity of the virus including Shelter in Place. The District has been busy employing measures to meet those regulations and guidelines as well as taking action to ensure the safe working conditions of staff and minimize exposure of and interaction with the public.

Analysis

The District has thus far taken action in regards to: Shelter in Place, Social Distancing, Personal Protective Equipment, and the Injury and Illness Prevention Program (IIPP).

Shelter in Place: The District as a wastewater agency has been designated as an “Essential Service” and supplied employees with letters drafted by legal counsel that can be shown to legal authorities, if required, to justify their travel to, during and from work. In addition, the District has developed a Modified Work Schedule that requires individuals to stay at home or telecommute in order to reduce interaction and thus the potential of any spread of the virus among District staff. The District has also implemented the use of Zoom for meetings to reduce the need for consultants, partners, the public and Board member to attend in person. A camera and large screen have been installed to accommodate this mode of virtual meetings.

Social Distancing: District staff has employed several measures related to Social Distancing including; limiting meeting size to 10, marking seating spots at tables with 6 foot separation, signage encouraging 6 foot distancing, separation of reporting stations to include the FERRF, Plexi-glass shields at the counter and between workspaces that

Report to the District Board for the Regular Meeting of October 14, 2020

cannot achieve 6 foot distancing, and closing of the District Office to the public unless by appointment.

Personal Protective Equipment (PPE): The District has been engaged in supplying employees and Board members with several forms of Personal Protective Equipment and emphasizing the frequent and regular use of this equipment. These items include: The distribution of hand sanitizer to employees and Board members, wipes for counters, chairs and tables, installation of hand sanitizer at counter, tables and offices, N95 masks to all employees, increased counts coveralls, face shields, goggles etc.

This has caused the District to reassess its inventory and at what levels of existing stock should trigger new orders so that the District can maintain adequate levels of important supplies to carry us not only through traditionally thought of natural disasters but pandemics such as this. To that end staff has developed an improved inventory check list that includes contact information for ordering, expected lag times in ordering, minimum levels of stock, Trigger-levels for ordering, dates of stock added to inventory and so on. This should help us be better prepared for future events where PPE can be in short supply or difficult to obtain and District operations can continue uninterrupted.

Injury and Illness Prevention Program: The District has made a significant effort in the way of training employees in how to deal with the COVID 19 response. We have developed SOP's for both field staff and office staff in dealing with customers while maintaining social distancing, utilizing PPE, and remote permitting etc. We have complied with local health officials requirement to complete and post at all entrances the Social Distancing Protocols and used that and our SOP's as a basis for developing a comprehensive COVID 19 Preparedness and Response program.

The District has taken great efforts to inform the public of changes in business procedures during this time including website postings, posting notices and information on all entrance doors, mailings of letters and flyers to residents, and ads in Facebook and YouTube. The use of Wipes has emerged as a huge problem for the District and our outreach has included addressing this problem in the flyers, ads, and correspondence to persuade our constituents to refrain from flushing wipes.

May 13 update: The District has found that it takes at least 3 weeks from the date of order to delivery of consumable PPE items such as; N95 face masks (we have received 2,000 masks since the first March order), 500 face shields, and 150 goggles to protect the field staff from droplets and mist while cleaning the sewer lines.

The District will now be faced with transitioning back to normal operations. The District Office is open on Friday by appointment only. Construction activities are increasing and inspections are being scheduled much more frequently. Social Distancing and PPE will continue to be key elements of District life for the foreseeable future.

May 27 update: The District has opened the office to the public on Tuesdays and Thursdays. Stickers on the floors and notices on the doors and shields at the counters have been placed to remain compliant with the Health Dept. Wipes and signs have been placed in the bathrooms. All the departments except Administration have returned to normal work hours (which are mostly 9/80 schedule but crews are still separated with the Satellite Office/Corp Yard. As a result of these changes have updated the COVID 19 response plan and affixed to entry doors as required.

June 10 update: Staff is resuming normal Pre-COVID 19 work schedules beginning June 8, with the exception of some of the Admin staff. Office hours will open up to Monday through Thursday 9am to 3pm.

June 24 update: As of Friday, June 12 the Administration Office was open by appointment. Office hours continue to be open Monday through Thursday 9am to 3pm. Staff is continuing to make a concerted effort to be available to the public and contractors for business.

July 8 update: The current YouTube advertisement advising customers not to flush wipes or towels has been viewed by 220,653 people and 24% or 50,759 have viewed the video to completion.

August 12 update: When an employee has been in contact with a known or possible COVID 19 positive patient or been in contact with someone who has been in contact with a confirmed COVID 19 positive patient they will asked to stay home for a 14-day self-quarantine period and will be asked to be tested for COVID 19. If the employee is well enough during the self-quarantine period, they will work from home during this time. As soon as the employee is COVID 19 negative, they will be asked to return to work.

September 9 update: The District's COVID-19 Preparedness and Response Program has been updated through DuAll Safety to include usage of current San Mateo County Health Department signage, updated social distancing protocol (verbiage and links for continuing SIP order), CDC updates on Coronavirus symptoms, addition of cloth face mask and San Mateo County Health guidelines. Training to be scheduled for September with DuAll Safety (by ZOOM) for all current updates. Staff has purchased two disinfecting fog machines to disinfect surfaces in the Admin and Maintenance Buildings, and Operations Building at FERFF. Disinfection of surface are being done weekly.

September 23 update: Two employees are currently out sick and in quarantine due to a possible exposure to COVID-19 per District's protocol memorialized in our August 12, 2020 update (above) "*When an employee has been in contact with a known or possible COVID 19 positive patient or been in contact with someone who has been in contact with a confirmed COVID 19 positive patient they will asked to stay home for a 14-day self-quarantine period and will be asked to be tested for COVID 19.*" Once the

employees test negative for COVID-19, or quarantine for 14 days, they will be allowed back to work.

October 14 update: No updates at this time.

Fiscal Impact

While there has been considerable expense to implementing some of the COVID 19 mitigation measures such as; converting the FERRF office space (approx. \$2,000), purchasing PPE for stock (\$8,000 to \$10,000), Public Outreach (\$10,500), Zoom Meeting Equipment (approx. \$6,000) these expenses were absorbed in the Operating budget. The FY2020-21 Budget could be substantially impacted by the effects of the national COVID 19 response. To date approximately \$5300.00 has been spent in PPE, \$2000.00 in disinfecting equipment, and \$1927.00 in producing and updating the COVID 19 Response Plan.

Recommendation

The District Manager recommends the Board accept this report and provide comments to the District Manager in regards to the report. Additional information may be available at the Board meeting as conditions and responses are rapidly changing throughout the COVID 19 pandemic.



WEST BAY SANITARY DISTRICT AGENDA ITEM 11

To: *Board of Directors*

From: *Sergio Ramirez, District Manager*

Subject: *Report and Discussion on the West Bay and Sharon Heights
Recycled Water Plant*

A discussion will be held on the Sharon Heights Recycled Water Plant and other events related to the recycled water plant. The Board will have opportunity to provide direction to staff and legal counsel.

The following is a disclosure statement required for any document, written report or brochure prepared in whole or in part pursuant to the Finance Agreement with the State Water Resources Control Board for the West Bay Sanitary District Recycled Water Project - Sharon Heights:

Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 12**

To: Board of Directors

From: Sergio Ramirez, District Manager

Subject: Discussion and Direction on the Bayfront Recycled Water Project

A discussion will be held on the Bayfront Recycled Water Project and other events related to the recycled water project including financing, environmental review, design/build issues and grant applications. The Board will have opportunity to provide direction to staff and legal counsel.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 13**

To: Board of Directors

From: Sergio Ramirez, District Manager

Subject: Report and Discussion on South Bayside Waste Management Authority (SBWMA)

The District's representative to South Bayside Waste Management Authority (SBWMA), President Fran Dehn, will report on any pertinent items regarding SBWMA business.



SBWMA BOARD OF DIRECTORS MEETING

THURSDAY, September 24, 2020 at 2:00 p.m.

VIA ZOOM VIDEO OR TELECONFERENCE MEETING ONLY

Link to Join

<https://us02web.zoom.us/j/87852048611?pwd=Uk5WUTNHSEpiWE93dTAT0dPdIEvZz09>

Phone number for voice access: 1 (669) 900 9128

Meeting ID: 878 5204 8611

Passcode: 383688

PURSUANT TO GOVERNOR NEWSOM'S EXECUTIVE ORDER N-29-20, THE MEETING WILL BE HELD BY TELECONFERENCE AND/OR VIDEO CONFERENCE ONLY. THE PUBLIC MAY PARTICIPATE BY SUBMITTING COMMENTS ON ANY AGENDA ITEM VIA EMAIL PRIOR TO OR DURING THE MEETING BY SENDING THOSE COMMENTS TO RETHINKER@RETHINKWASTE.ORG.

TELECONFERENCE PARTICIPANTS

ALL BOARDMEMBERS WILL PARTICIPATE BY TELECONFERENCE AND/OR VIDEO CONFERENCE PURSUANT TO GOVERNOR NEWSOM'S EXECUTIVE ORDER N-25-20

PURSUANT TO RALPH M. BROWN ACT, GOVERNMENT CODE SECTION 54953, ALL VOTES SHALL BE BY ROLL CALL DUE TO ALL BOARDMEMBERS PARTICIPATING BY TELECONFERENCE AND/OR VIDEO CONFERENCE

ANY REQUEST FOR REASONABLE ACCOMMODATION SHOULD BE ADDRESSED TO CYNDI URMAN AT CURMAN@RETHINKWASTE.ORG.

AGENDA

1. Call to Order/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 three 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. *Speakers may also submit comments via email prior to the meeting by sending those comments to rethinker@rethinkwaste.org.*

3. Adjourn to Closed Session:

- A. Pursuant to Government Code Section § 54957 – Public Employee performance evaluation – Executive Director.
- B. Pursuant to Government Code § 54956.8 – Conference with Real Property Negotiators Property: 225 - 333 Shoreway Road, San Carlos, California 94070 Agency negotiator: Joe La Mariana, Executive Director. Negotiating parties: Recology San Mateo County and South Bayside Waste Management Authority Under negotiation: Price and terms of license

THE REGULAR PORTION OF THE MEETING IS ANTICIPATED TO BEGIN AT 2:20 PM

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

5. Public Comment

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

6. Executive Director’s Report

p. 5

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.*

- A. Approval of the Minutes from the August 20, 2020 Board of Directors Meeting **ACTION p. 15**
- B. Resolution Approving an Updated Conflict of Interest Code **ACTION p. 27**
- C. Resolution Approving a Contract Amendment in the amount of \$26,000 with S. Groner Associates for the Battery Outreach & Education Campaign **ACTION p. 39**
- D. Approval of Quarterly Investment Report for the Quarter ending June 30, 2020 **ACTION p. 45**

8. Administration and Finance

No Items

9. Collection and Recycling Program Support and Compliance

- A. Resolution Approving the Recology San Mateo County 2021 Compensation Application and the Final SBWMA Report **ACTION p. 53**

10. Shoreway Operations and Contract Management

- A. Resolution Approving the South Bay Recycling 2021 Compensation Application and the Final SBWMA Report **ACTION p. 67**
- B. Resolution Approving a License Agreement for the Use of Shoreway Sewer Line for Discharge of Landfill Leachate by BFI’s Ox Mountain Landfill (Half Moon Bay) Facility **ACTION p. 99**
- C. Resolution Approving a Not-to-Exceed Expenditure of \$80,344.70 for the Transfer Station Tunnel Pump Replacement Project **ACTION p. 111**
- D. Discussion on SBR’s notice to furlough 5 employees **ACTION p. 117**
- E. Shoreway Environmental Center Project Update: **p. 119**
 - MRF Phase I
 - Organics-to-Energy
 - Stormwater Repairs

11. Public Education and Outreach

- A. Resolution Approving the 2021-2023 Public Education Plan **ACTION p. 127**

12. Informational Items Only (no action required)

- A. 2020 Bay Area Solid Waste Rates and City Fees Survey **p. 153**
- B. 2020 Legislative Session Update **p. 157**
- C. 2020 Finance and Rate Setting Calendar **p. 163**
- D. Check Register Detail for July and August 2020 **p. 165**
- E. Potential Future Board Agenda Items **p. 175**

13. Board Member Comments

14. 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

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 14**

To: Board of Directors

From: Sergio Ramirez, District Manager

**Subject: Report and Discussion on Silicon Valley Clean Water (SVCW)
Plant**

The District's representative to Silicon Valley Clean Water (SVCW), Commissioner George Otte, will report on pertinent items regarding SVCW Operations, CIP and Finance.

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
SPECIAL MEETING – Friday, September 25, 2020
8:30 a.m.**

TO ADDRESS THE *COVID-19 PANDEMIC*, THIS MEETING WILL BE CONDUCTED TELEPHONICALLY OR OTHERWISE ELECTRONICALLY PURSUANT TO THE PROVISIONS OF GOVERNOR NEWSOM’S EXECUTIVE ORDER N-29-20. THE COMMISSION BOARD ROOM WILL BE CLOSED TO THE PUBLIC. THE PUBLIC MAY OBSERVE AND COMMENT BY TELEPHONE OR ELECTRONIC MEANS AS DESCRIBED ON PAGE 3 OF THIS AGENDA.

SEE PAGE 3 OF THIS AGENDA FOR MEETING ACCESS INFORMATION AND INSTRUCTIONS

COMMISSIONERS

COUNCIL MEMBER ALICIA AGUIRRE, REDWOOD CITY – CHAIR
BOARD MEMBER GEORGE OTTE, WEST BAY SANITARY DISTRICT – VICE CHAIR
MAYOR WARREN LIEBERMAN, BELMONT – SECRETARY
COUNCIL MEMBER MARK OLBERT, SAN CARLOS – MEMBER

MANAGER: TERESA A. HERRERA

ATTORNEY FOR THE AUTHORITY: CHRISTINE C. FITZGERALD

CONTROLLER: MICHELLE P. FLAHERTY

TREASURER: MATTHEW ANDERSON

AMERICANS WITH DISABILITIES ACT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact SVCW (650) 591-7121. Notification in advance of the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting.

AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. PUBLIC COMMENT

Any member of the public may address and ask questions of the Chair under this item relating to any matter within the Commission’s jurisdiction that does not appear as a separate item on the Agenda. An opportunity will be provided for members of the public to address the Chair and ask questions about any item that is listed on the

agenda at the time the Commission considers the item and before action is taken. If you address the Commission on a non-agenda item, be aware that the Ralph M. Brown Act (Gov. C. § 54950 et seq.) prohibits the Commission from acting on or discussing such matters at this meeting. Any such item may be referred to staff for a decision with regard to placing it on a future agenda for discussion, action or a report. Written comments received within two hours of the beginning of the meeting will be read into the meeting record.

5. SAFETY MOMENT and REPORTS
Not Used
6. MATTERS OF COMMISSION MEMBER'S INTEREST
7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR
No Consent Calendar Items
8. BUSINESS ITEMS
No Business Items
9. CLOSED SESSION
 - A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Government Code Section 54956.9 (One Potential Case)
10. RECONVENE IN OPEN SESSION – Announce action taken in Closed Session, if any
11. ADJOURN

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Friday, September 25, 2020

WEBSITE: [Link to access meeting](#)
MEETING ID: 272 337 945#
CALL IN PHONE NUMBER: [+1 747-216-0281](#)

You may view video during the meeting via live stream. An audio will be available after the meeting at SVCW's website. If you experience technical difficulties or have technical questions prior to or during the meeting, please contact Teams meeting support at 707-862-0859. Note: Public participation is not permitted during closed session discussion items.

Public Comment

Public comment may be made by joining the meeting using the link or phone number above or by emailing comments to commission@svcw.org up to two hours prior to the scheduled meeting time. All comments should be in accordance with the three-minute per speaker limit. Indicate in your email the agenda item to which your comment applies. If you have anything that you wish distributed to the Commission and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

SVCW's Clerk will read all written comments into the meeting record.

Accessibility for Individuals with Disabilities

Upon request, SVCW will provide for access to individuals with disabilities to fully engage in the meeting process. Joining the meeting via the teleconference instructions above will provide access to open captioning. For other accommodations, please email your request to commission@svcw.org or call 650-591-7121 at least four (4) days prior to the scheduled meeting time. Requests will be granted whenever possible and resolved in favor of accessibility.

Subject to Change:

Given the current public health emergency and the rapidly evolving federal, state, and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting SVCW's website www.svcw.org.