



MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
March 22, 2012 – 2:00 p.m.
San Carlos Library Conference Room A/B**

1. Roll Call:

CTO 2:02 p.m.

Roll Call Attendance:

Agency	Present	Absent	Agency	Present	Absent
Atherton		X	Menlo Park	X	
Belmont	X		Redwood City	X	
Burlingame	X		San Carlos	X	
East Palo Alto	X (late)		San Mateo	X	
Foster City	X		County of San Mateo	X	
Hillsborough	X (late)		West Bay Sanitary District	X (late)	

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so.

Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting.

If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

None

3. 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. Adopt the February 23, 2012 BOD Meeting Minutes
- B. Resolution Approving Release of Bid Documents for Transfer Station Floor Repair and Authorizing Executive Director to Accept Bids and Enter into a Contract
- C. Receipt of Recology and SBR Monthly Reports

Motion/Second: Hardy/Moura

Voice Vote: All in favor. Atherton, East Palo Alto, Hillsborough, and West Bay Sanitary District Absent

4. New Business:

Hillsborough, now present

West Bay Sanitary District, now Present

- A. Resolution Approving Strategic Plan 2013-2020



Executive Director McCarthy explained that the strategic plan document was provided in the Board Packet, noting that the changed or new text was highlighted in yellow to capture the comments made at the Board Retreat in February.

Member Fotu stated that she would like to include Zero Waste in the vision statement, and made a motion to include some kind of Zero Waste policy in the vision statement.

There was no second of the motion.

Executive Director McCarthy added that Member Foutu's comments were provided in advance of the meeting, and staff responded that as part of the long range planning process the SBWMA could evaluate a zero waste policy along with many policy options.

Chair Porter suggested a future agenda item discussing a zero waste policy.

Motion/Second: Hardy/Moura
 Motion Passes: 10-0-0-2
 East Palo Alto and Atherton Absent

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton				X	Menlo Park	X			
Belmont	X				Redwood City	X			
Burlingame	X				San Carlos	X			
East Palo Alto				X	San Mateo	X			
Foster City	X				County of San Mateo	X			
Hillsborough	X				West Bay Sanitary District	X			

B. Update on Collection Services and Facility Operations Contractor Data, Records, Systems and Reports Auditing Project

Staff Feldman gave an update on the auditing project that the Board approved in July. He noted that the purpose of the audit is that during the first year of the contract due diligence for oversight is performed so that issues can be addressed for the remainder of the 10 year contract. He added that some preliminary findings will be shared in the presentation on the annual report, and that staff would be coming back to the Board with the final report from the audit once it is completed.

Member Truong asked why the audit didn't include a review of the annual compensation adjustment process.

Staff Feldman answered that there is a separate audit to be approved on the financial aspects of the company.

C. Resolution Approving Contract with HF&H Consultants for Financial Systems Audit of Recology San Mateo County and South Bay Recycling

Staff Feldman noted that this resolution will address Member Truong's question. This audit will focus on the revenue reconciliation process and cost allocation methods for 2011, specific to the financial aspects of both companies.

Member Oskoui commented that he has a general concern that Business and Professional codes say this audit work is done by a CPA and that an accounting background should be required given the nature of the work. He noted that Counsel Lanzone gave him the legal opinion that the SBWMA was on solid ground to go forward without a CPA, but stated he has reservations about going forward with either firm without some CPA certification of the audit results.

Member Moura asked if a CPA was requested in the RFP, and if we go forward with this contract can we add the request for future work of this nature.



Staff Feldman noted that Member Oskoui raised this concern right at the beginning of the process, and staff asked for Counsel Lanzone to give a legal opinion on the matter right from the beginning. Counsel Lanzone’s opinion is that a CPA is not necessary given the scope and nature of the work. Staff is aware that member Oskoui’s doesn’t agree with Counsel Lanzone’s opinion.

Member Moura commented that if other Board members share Member Oskoui’s concern then maybe we can add an accountancy firm as a subcontractor or contractor for this type of work in the future.

Executive Director McCarthy noted that as an agency practice the SBWMA has done many of these types of audits without a CPA. Adding that both of the proposers can add a CPA to their proposal, but the legal opinion on the matter was about the use of the information. The SBWMA is not producing an audited financial statement, it’s internal data to be used by a set of public agencies. It’s something for the Board to consider but it would increase costs considerably.

Member Oskoui clarified that this is what the Business and Professional codes require.

Member Scott questioned how much additional cost adding a CPA would be.

Member Oskoui noted that Sloan/Vazquez said they would include that cost as part of their proposal.

Chair Porter stated that the recommendation is based on HF&H’s qualifications and history. He noted that their price included a 15% contingency and asked if it’s worthwhile to get a price from them on adding a CPA and come back to the Board with what that would look like.

Executive Director McCarthy noted that fundamentally if our agency has an opinion from our legal counsel we have to trust it.

Motion/Second of Staff recommendation: Moura/Scott

Motion Passes: 9-1-0-2

Atherton and East Palo Alto Absent

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton				X	Menlo Park	X			
Belmont		X			Redwood City	X			
Burlingame	X				San Carlos	X			
East Palo Alto				X	San Mateo	X			
Foster City	X				County of San Mateo	X			
Hillsborough	X				West Bay Sanitary District	X			

East Palo Alto, now present

D. Resolution Approving Contract with Godbe Research for Conducting a Residential Customer Satisfaction Survey

Staff Devincenzi gave an overview of the options to execute a Customer Satisfaction Survey with the recommended contractor Godbe Research. The purpose of the survey is to get resident feedback and input on the service. She explained that option number 4 in the staff report offered proportional interviews, while options 1 – 3 did the same amount of interviews per agency. Staff recommendation is option number 3 with 200 interviews per agency because it produced the lowest margin of error. She noted that all of the options produced a low margin of error service area wide, but that staff didn’t think that service area wide information would meet the needs of individual agencies. She also noted that this is a very tight time-line because the interviews are scheduled to take place in April with results given to the Board in May as well as at the Elected Official briefing.

Member Oskoui asked if the Board would have the opportunity to see the questions prior to the survey going live.



Staff Devincenzi answered that staff is in the process of developing how the questions and review process is going to work, but yes the Board will be able to see the questions, and staff will involve the Board in the process as much as possible.

Member Masbad commented that she thought the constructive comments we are trying to achieve by doing this survey will be clouded by the general dissatisfaction over rates if we do the survey at this time. She also noted that she thought the Board should work towards cutting expenses, and reducing rate increases. Commenting that she thought this task could be put off until the matching of expenses and revenues stabilizes.

Member Scott commented that he would like to consider an option that costs less, and asked what purpose the results would have. Noting that a telephone survey is very expensive and asked if it would be possible to do a survey by mail.

Staff Devincenzi answered that we put in to the RFP that if a firm recommended a different approach to state what that was and why. The feedback that we received was a telephone survey lends itself to the most unbiased results, noting that most people don't respond to surveys, so when they do take the time to fill something out it's because they have an issue.

Charles Hester from Godbe Research answered that a phone survey offers a lot more flexibility in the design of questions, and the number of questions asked. He added that with a mail survey the thing that's at the top of list ends up being the thing that people are most satisfied with. He also noted that when you do a mail survey in two different languages, and you factor in all the costs they don't end up being that much cheaper than a phone survey.

Member Moura commented as a member who served on the selection committee, he wrestled with the goal of all 12 agencies service area wide, or wondered if it was more relevant to know what's happening in San Carlos. He noted that bumping up the cost a bit the margin of error gets within 6-7% for each agency. He also made a comment to Member Masbad's comments regarding the timing commenting that even if the news is bad the SBWMA should still want to know.

Executive Director McCarthy commented on Member Scott's comments, noting that the goal of this work is to know what people really think of these services. He noted that Staff, Board members and Elected Officials only hear from the unhappy people because those are the people that show up at council meetings. Staff has gotten a lot of elected official feedback about not knowing what people think of these services, so the goal is to try to get those results to them at the Elected Official briefing session.

Member Scott asked for clarification on the number of surveys to be done in WBSD. Wondering if they did 200 interviews in WBSD and all were very satisfied, would that not skew the results for the rest of the agencies.

Charles Hester answered that overall there is not a lot of difference in margin of error in 200 interviews between the largest agencies and the smallest agencies.

Member Moura added that the higher number of interviews per agency will lead to San Carlos taking the results more seriously because the margin of error goes down.

Member Galli asked for further explanation of how the statistics work, noting that it seems like the more interviews done doesn't lead to a proportional gain in margin of error.

Charles Hester answered that the margin of error is plus or minus sway, so there is very little gain in precision with more interviews.

Member Galli asked if the intent is to use the survey results as the SBWMA entity, for outreach purposes. She wondered if the 1% gain in precision has benefit.

Executive Director McCarthy commented that he didn't think Elected Officials from each agency would accept rolled up numbers.



Member Jones asked for further clarification regarding Spanish language interviews. Noting that in East Palo Alto about 65% of the residents are Hispanic, so if only 10% of the interviews are done in Spanish the results become meaningless.

Charles Hester answered that the proposal calls for 10% of interviews in Spanish across the whole SBWMA. The goal is to match demographics to each City, so there would be no Spanish language interviews in communities with very little Hispanic population. He explained further that we offer the survey in both English and Spanish, and 65% of the interviews in your community will be Hispanic residents whether or not they are mono lingual.

Member Fotu commented that the Customer Satisfaction Survey is very important to our elected officials, and having a representative resident feedback, she asked how the questions would be crafted.

Staff Devincenzi answered that given the tight time line for turning this around, it might not be realistic to get every member agency's feedback, but that staff would work with the Executive Committee to include agency feedback as much as possible.

Member Fotu asked if there could be any Agency Specific questions.

Staff Devincenzi noted that for the pricing quoted each interview would be 15 minutes, so there might not be time for agency specific questions.

Executive Director McCarthy added that staff will give the Board the time frame for agencies to submit feedback on the questions, and will do our best to incorporate all of the comments, but noted that it is a narrow window as the survey goes live in April . He also added that staff would like to get some elected official feedback on the survey.

Member Oskoui asked why there is such a tight deadline. And added that Belmont would like to see some of the questions around service levels, and weather current levels of service can be sustained by rates.

Executive Director McCarthy noted that the challenge around incorporating service level adjustment questions into the survey is that we don't know what the savings would be, and added a concern over what could be asked in 15 minutes.

Staff Devincenzi noted that as length of interview goes up, so does the cost.

Chair Porter commented that he thought there should be a lot of thought put into what service level changes do to overall programming, and added that he didn't think those kinds of questions could be answered in a week, and reiterated the question of why the tight turn around.

Executive Director McCarthy noted that we are trying to get the survey done this spring so we have data and information back before the next rate setting process begins.

Staff Devincenzi noted that the bulk of the time is the interviews, actually making calls. For Godbe to get 200 interviews it will take 14 to 17 days.

Member Moura commented that this would be a base line initial level of information, so without getting into the detail of whether or not it would save money it would be nice to know how people feel about the services.

Member Fotu commented that given that we want this to be our baseline of information; she thought it would be wise to not rush to put the questions together. She also asked about land lines versus cell phones and the time of day calls would take place.

Charles Hester answered that calls would only be made to land lines, because cell phones couldn't be tied specifically to the service area, and that calls are from about 4:30 to 9:30 or 10 at night M-F, and in the mid-morning to late afternoons on the weekends.

Member Chan asked for further explanation of how the survey will work, and how the sampling will work.



Charles Hester answered that we are trying to replicate the demographics of each agency, and that is how you can eliminate margin of error.

Member Murray asked if the time period of asking questions if the 9 to 10 hour would lead to annoyed people being called that late and thought negative responses would happen at that hour.

Charles Hester answered that the 9-10 hour is very productive with males, and parents of young children.

Mario Puccinelli commented that Recology would like be at the table during the question development process, and requested that questions are geared towards service satisfaction and not rate satisfaction.

Chair Porter commented that he thought what we'll find is that people love the service, but they don't want to pay for it, and we can craft the questions to capture that.

Brian Moura made a motion to approve Staff's recommendation of option 3.

Mike Gibbons seconded the Motion.

Discussion:

Member Fotu reiterated that the time line for development of the questions is rushed, would like to take time to develop the questions.

Member Oskoui, would like to include generic level of service questions in the survey.

Chair Porter noted that it sounds like the amendment might be around changing the time line.

Member Moura added that he thought part of the time line was to share some the results at the Elected Official Briefing in May, and wondered how important was it to the Board that results be ready for Elected Officials at that time.

Member Oskoui suggested shooting for the proposed time line, if questions can be crafted without a lot of back and forth.

Member Scott suggested crafting a small committee to craft questions, and noted that he didn't think adding more time would result in a perfect survey. He also stated that he would like to see results at the elected official briefing.

Member Scott made an alternate motion to go with option 2.

No second to that motion.

Member Hardy noted that it can take forever for 12 agencies to give feedback. Staff will have a sense when the window for feedback closes if the diversity of questions is manageable or if the 12 agencies are all over the map. If it's manageable by May 24th, then it would be nice but we don't need to be bound by that date.

Motion/Second: Moura/Gibbons

Motion Passes: 10-1-0-1

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton				X	Menlo Park	X			
Belmont	X				Redwood City	X			
Burlingame	X				San Carlos	X			
East Palo Alto	X				San Mateo	X			
Foster City	X				County of San Mateo	X			



Hillsborough		X		West Bay Sanitary District	X		
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San Carlos, now absent

E. Staff Presentation on Recology San Mateo County 2011 Annual Report

Staff Feldman gave a Power Point presentation overview of Recology's Annual Report.

Member Chan asked if the recommended rate adjustment includes incentives/disincentive payments.

Staff Feldman answered that those numbers would be rolled into the analysis of the July 1st rate application numbers, and noted that agencies would be receiving the rate application on July 1st when the SBWMA receives it this year.

Member Murray questioned the average cost per route, wondering if that cost included the disposal costs as well, or if it only included Recology's costs.

Mario Puccinelli answered that it only included Recology's costs.

Member Fotu asked for further explanation regarding the proportional incentive payment of \$913,000, and how that is divided up among agencies.

Staff Feldman answered that the incentive/disincentive payments are based on the solid waste tons per agency and are proportional to each agency.

F. Staff Presentation on South Bay Recycling 2011 Annual Report

Staff Gans gave a Power Point presentation overview of the SBR Annual Report.

Member Oskoui asked if the revenue guarantee is a one-time fee or an annual figure, and asked if SBR has provided any plans or details on how to deal with the turnover.

Staff Gans answered that the revenue guarantee is annual, at the end of the year every year, and added that SBR is working very hard to hire the right people that will stay.

Member Fotu asked about the material marketing report part of the annual report. She noted that the report specifically mentions plastics 3 through 7, and then mentions two other plastics. She questioned if those were 1 and 2 plastics, if the facility process those plastics.

Dwight Herring noted that the two other plastics member Fotu was questioning in the report are both number 2. Plastics number 1 is PET and does get processed at the facility.

Member Fotu asked for clarification on the rates used average index value versus average price.

Dwight Herring answered that the average index value is the average market price; the average price is what the commodity was actually sold for by SBR.

Member Fotu noted that it seemed SBR's strength is in the fiber market, and not so much in the glass and containers.

Dwight Herring noted that the attachments in the back of the annual report give more detail on the glass and containers.

Member Fotu asked both contractors to be clearer in reports, and explain what the acronyms stand for so that the Board Members can be more educated.



Member Masbad asked if any of the commodity products will translate into increased revenue for the SBWMA.

Staff Gans answered that increased diversion means more tons SBR can convert to sellable recyclables and the SBWMA will benefit. There is a cost to process, and we'd have to look at the NET to make sure that the material sales pay for the program costs and offer a material benefit.

Member Masbad asked if the NET would be the SBWMA's or would it be shared with SBR.

Staff Gans answered that after the revenue guarantee is met there is a 25% share with SBR and the rest comes back to the SBWMA.

Member Masbad requested more information and transparency about how funds flow from SBR to the SBWMA which are then used to determine the tipping fee.

G. **Recology of San Mateo County Request to Recover Cost of Pension Payments for Union Employees on Worker's Compensation in 2012 and 2013 Collection Rate**

Legal Counsel Greg Rubens gave an overview of Recology's request to recover the cost of pension payments for workers out on workers comp. He noted that Recology's rate requests didn't include these costs, so the costs are not identified. Stating that there is a pending lawsuit between Recology and the CBA, and Recology is seeking to recover these costs consistent with the CBA agreement under the prior franchise. He offered legal counsel's opinion to recommend denying retroactive recovery, but may allow for these costs to be included going forward, as part of the 2013 rate adjustment process.

Member Oskoui questioned why the obligations of Allied's contract are being carried over.

Executive Director McCarthy answered that the way the contracts work is that the CBA's are recognized going forward so the CBA agreements carry forward. Recology left this cost out of the current Rate Application. Noting that Staff's opinion is that if they include it in Rate Applications going forward it is a legitimate expense that was paid prior to the teamster workers. We as an agency can't get into interpreting CBA actions, but the Board has previously approved this benefit expense, so it's consistent. With an important note that when the CBA's expire, it's not the actual expense, it's the prior year's expense adjusted by CPI, noting that will happen with most of the contracts by the end of 2013, and one in 2014.

Legal Counsel Rubens added that the request wasn't made in a timely matter for the 2012 rate process. But the Board shouldn't rule out the request going forward, adding that it would be justified.

Member Chan asked if Recology would be allowed to include both years in the July 1 rate application.

Legal Counsel Rubens answered that it's possible that they could do both years in a future rate application, but there is no reason for the Board to go back.

Member Oskoui asked if the motion could be made in two parts, the first part denying the retroactive recovery and the second part being consideration of allowing it going forward.

Legal Counsel noted that the staff report is written as one motion.

Member Oskoui commented that because Belmont has a separate agreement, it puts Belmont in an awkward position of agreeing collectively.

Legal Counsel stated that it's not mandatory that it be one motion.

Member Oskoui made a two part motion:



Part A: To deny Recology's request for cost recovery of pension contribution for union employees to be allowed in 2012.

Part B: The SBWMA Board may allow for such recovery as part of the 2013 rate adjustment process for that year.

Discussion:

Member Masbad asked if it was Member Oskoui's intention to have two different votes.

Chair Poter stated yes.

Member Masbad seconded Member Oskoui's two part motion.

Voice Vote Part A: All in Favor, Atherton and San Carlos Absent.

Voice Vote Part B: 9 in Favor, 1 Opposed (Belmont), Atherton and San Carlos Absent.

5. Old Business:

A. RSMC Franchise Agreement Operational and Contract Administration Update

Gino Gasparini gave an update on Recology's operations. He noted that community events are off and running and that there are shred events, and compost give a ways scheduled for many agencies. He also noted city wide upcoming events might be a great way to survey customers.

Tammy Del Bene gave an update on AB341 mandate coming July 1st. Noting that Recology would be assisting agencies to meet with commercial customers with 4 cubic yards or more, that are currently not meeting AB 341 requirements. She also noted that the amount of customers that don't recycle that fall under AB341 mandate is pretty minimal for a community this size. Stating that Recology wants to make it easy for the member agencies to submit their AB341 reports starting next year.

B. SBR Shoreway Operational and Contract Administration Update

Dwight Herring commented on staffing, but had no operational update to report. He stated that SBR is trying to find the right people for the right positions. Currently conducting interviews for the site manager position and will keep the Board updated as SBR makes offers to people and gets those positions filled.

6. Staff Updates

- a) Update on Recology Commercial Recycling Outreach Efforts
- b) Recycling and Outreach Programs Update
- c) Shoreway Construction Update
- d) Update on 2012/2013 Franchise Rate Setting Process
- e) Preview of Upcoming Board meetings

7. Board Member Comments

8. Adjourn: 4:27 PM

Next Regular meeting scheduled for April 26, 2012, San Carlos Library at 2 pm

