



MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
April 25, 2013 – 1:15 p.m.
San Carlos Library Conference Room A/B**

Call To Order: 1:22 PM

1. Roll Call

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		San Mateo	X	
Foster City	X		County of San Mateo		X
Hillsborough	X (late)		West Bay Sanitary District	X	

- 2. Adjourn to Closed Session** – Pursuant Government Code Section 54956.9(A): Conference with Legal Counsel – anticipated litigation – one case; and pursuant to Government Code Section 54954.5: Public Employee Performance Evaluation: Executive Director.

Regular Session Called to order; 2:00 PM

3. Report from Closed Session

No Report

4. 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

5. 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 March 25, 2013 BOD Meeting Minutes
 - B. Resolution Approving Calendar Year 2012 Financial Statements
 - C. Receipt of Recology and SBR Monthly Reports
- Motion/Second: Moura/Patterson

Roll Call Vote: 9-0-0-3

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			

5. New Business:

Hillsborough now present

A. Approval of Acting Vice-Chair

Member Patterson nominated Member Oskoui

Member Oskoui accepted the nomination

Member Moura seconded the nomination

Voice Vote: All in favor

B. Approval of Covenant to Restrict Use of Property [Environmental Restriction] 225 Shoreway Road, San Carlos (Former BFI Facility)

Staff Gans requested that the Board approve a resolution that restricts the use of the property. He noted that staff has requested a closure summary report from the County of San Mateo and the County has requested a deed restriction to speed up closure of the site.

Member Scott asked what it would cost to clean the site up to a residential standard.

Staff Gans stated that he hadn't researched that cost, so it is unknown, but that it would be extensive.

Counsel Lanzone added that it is part of the San Carlos development plan to keep this area restricted to commercial use, and also noted that the San Carlos airport wouldn't allow it to be developed residentially.

Staff Gans added that the clean-up effort has included several technologies that have not been successful at removing the contamination, and added that the contamination is under concrete and it's not feasible to clean up.

Member Moura asked if his early comment about bringing up this with the San Carlos Community Development department had been addressed.

Staff Gans answered that he had spoken with Al Savay, who felt his department didn't need to be involved.

Executive Director McCarthy added that there would be approximately \$1.2M of the settlement money left over.

Motion/Second: Patterson/Augustine
 Roll Call Vote: 10-0-0-2

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			

C. Proposed Draft Format for Recology's 2014 Compensation Application

Staff Feldman provided background for why the compensation application was being reformatted, and asked for Board Member feedback by May 9th for any changes. He then went over Attachment A of the Staff report to explain all of the changes to the document.

Member Moura asked if variance information could be included to help with explanations.

Staff Feldman pointed the Board members to section 3.3, and noted that Appendix 3 will provide a detailed snapshot for each member agency, and would include the variance.

Member Galli asked how to get the total to combine liquidated damages.

Staff Feldman answered that liquidated damages are not included in the compensation application; only incentives and disincentives. He added that it does include base adjustments, one-time adjustments and agency specific adjustments.

Staff Feldman continued with section 2 and 3 of the compensation application.

Member Moura asked if Table K statistics could include year over year information.

Staff Feldman pointed Member Moura back to Appendix 3.

Member Masbad pointed out that the statistics are there, and asked if a column with last year's numbers could be added.

Executive Director McCarthy added that all the trend analysis has been added to Appendix 3, and added that the goal for Appendix 3 is to help you figure out what your questions are sooner.

Staff Moran then talked about Section 4 the summary appendices.

Staff Feldman reiterated that staff and Recology need feedback by May 9th, because after May 9th Recology would be building the 2014 application.

Member Scott commented that it would be hard to give comments without trying it once.

Staff Feldman acknowledged that it would always be a continuously improving process.

Lillian Clark asked if public cost could be broken out into public cans and illegal dumping so that agencies could determine how much of their cost was attributed to illegal dumping.

Mario Puccinelli thanked staff for the collaborative effort in making changes to make the compensation application process improved.

Member Underwood asked who to talk to when there are questions.

Staff Feldman explained the process and the timing.

Member Masbad commented that she has struggled with the breakdown of disposal cost, and how it's allocated and requested that it be included in the compensation application.

Staff Feldman answered that it's not part of their compensation application, but added that if Recology is amenable it can be added.

Staffs Moran answered that it is part of the revenue reconciliation process and those numbers are audited by HF&H.

Lillian Clark thanked staff Feldman for working through the changes.

D. Discussion on FY2014 Budget Priorities

Executive Director McCarthy gave a Power Point presentation on draft budget priorities and 2013 accomplishments. He also asked for Board Member feedback on the SBWMA program budget. He then explained the staff report and how it tied into the presentation.

Member Moura suggested changing the contractual responsibilities organizational chart to include rate setting under the Member Agencies header. He also suggested emphasizing the member agency side and the SBWMA side.

Member Patterson asked if there was any hope on the horizon for the cost of commercial organics processing going down.

Executive Director McCarthy answered that short term there is good news, staff has been successful at negotiating residential organics prices with both of our organics processors and we have been able to combine residential and commercial and cut disposal expense. The number is still expensive, but lower than commercial only pricing. Longer term, staff isn't aware of any technology that is going to significantly lower disposal expense.

Staff Gans also explained that we are processing about ½ as much organics tons as solid waste tons, explaining that there is a large volume of organics which is why the cost are so high.

Member Patterson clarified that staff was asking Board Members for feedback for any items on the proposed draft budget priorities that Board Members would like to see changed, added or removed.

Executive Director McCarthy stated yes.

Member Moura asked about the disaster plan, and wondered if the SBWMA should consider doing a disaster plan ordinance for Shoreway and the SBWMA so that if something were to happen the facility would qualify for FEMA funding.

Chair Doughty asked Kevin to go into budget preparations with this information.

Member Okskoui now absent.

7. Old Business:

A. Review of Modifications to Unrestricted Cash Reserve Policy

Executive Director McCarthy gave an overview of the staff report and explained the additional handouts. He also noted that the purpose of this agenda item is to determine if these are the right reserve categories, and get into a first draft of a revision of the policy.

Executive Director McCarthy explained that the first page of the handout is the Reserve Policy as it stands now, and noted the lack of explanation as to how the reserve funds could be used. He added that Member Masbad and Member Fotu looked at the reserve policies and the first thing they determined was that any change in policy needed to reflect what the reserve funds could be used for. He then asked for board feedback to get the money in the right place at the right levels for the next fiscal year, and explained the proposed changes as noted in Attachment A of the staff report. He summarized that based on the committee's work so far the proposed revised policy is to lower the rate stabilization fund by \$100,000, significantly lower the equipment replacement reserve and adding the emergency reserve.

Staff Gans then discussed the proposed Emergency Reserve Fund. He noted that the MRF and a portion of the Transfer station are brand new and built to today's earthquake codes, and are very durable buildings. He added that there is an old portion of the Transfer Station that was built in 1980 which has the tunnels and is an essential part of the operation. He added that staff hired an engineering firm to look at the vulnerabilities of that building in particular. The results of a very basic engineering study were that the building hasn't degraded, and because it hasn't structurally degraded is still conforms to 1979 earthquake building standards, it doesn't meet modern earthquake standards. He summarized that that the building would likely remain functional but it would take more time to load and transport materials, and the fund would pay for increased costs to transport and run the facility in an impaired state.

Member Patterson questioned why the emergency reserve fund wouldn't be the first priority fund to get it to the level it should be. He also asked if the tunnel was evaluated.

Staff Gans answered that the tunnel was visually evaluated, and the original construction plans were evaluated, and the tunnel was found to not have deteriorated over the last 30 years.

Member Patterson commented that it might be a good idea to reallocate the money from the equipment reserve to the emergency reserve, and that the emergency reserve fund should be our first priority when there is money to be reserved.

Executive Director McCarthy responded with background on why those two reserve funds were placed in that priority order. He noted that because commodity revenue shortfalls have had significant impact on our budget in past experience.

Member Scott now absent

B. Contractor Quarterly Updates

Mario Puccinelli gave a Power Point Presentation on Recology San Mateo County's first quarter 2013 results.

Dwight Herring gave a Power Point presentation on SBR first quarter 2013 results.

D. Discussion on SBWMA Governance

Member Patterson attended the Blue Ribbon Committee meeting the night before the Board Meeting, and reported on the actions the committee took. He remarked that they decided to send recommendations to each of the member agencies to modify the JPA to have an elected Board, and it was unanimous with the members there. He added that there was a discussion about the formation of a TAC, but it was eventually punted and decided that it would be the first order of business with the elected officials took their seats on the Board. He also noted that he suggested the modification to the JPA go through the current Board, but that it was decided that Redwood City Staff would draft the modification and get it out to Councils by the end of May/June, and then after the new Board was in place, very likely additional amendments would come forward.

Executive Director McCarthy added that the vast majority of the elected officials there wanted to have a TAC, but that there was a compromise not to put the formation of the TAC as part of the amendment to the JPA and within 6 month look at the JPA structure top to bottom.

8. Staff Updates

a) Update on Recology Commercial Recycling Outreach Efforts

Executive Director McCarthy noted that we have the Power Point versions of the Member Agency Snap Shot Reports for you to take with you, and share with your agencies, and our staff is happy to come to a council meeting and give the presentation.

b) Recycling and Outreach Programs Update

c) Shoreway Operations and Master Plan Update

d) Update on 2013/2014 Franchise Rate Setting Process

e) Preview of Upcoming Board meetings

Executive Director McCarthy noted that in the spirit of sharing best practices we have a meeting on May 2nd, with Alameda County's Stop Waste TAC, and we'd like to have Board Members join in the meeting.

9. Board Member Comments

10. Adjourn 4:54 PM