



**MINUTES**

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE BOARD OF DIRECTORS  
May 24, 2012 – 2:00 p.m.  
Shoreway Environmental Center, Community Room**

**1. Roll Call:**

**CTO 1:41 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 (during 6A)		San Mateo	X (after closed session)	
Foster City	X (after closed session)		County of San Mateo	X	
Hillsborough	X		West Bay Sanitary District	X (after closed session)	

**2. Adjourn to Closed Session** - pursuant to Government Code Section 54954.5: Public Employee Performance Evaluation: Executive Director.

**The Regular portion of the meeting was called to order at 2:02 PM.**

**3. Report from Closed Session**

None

**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 April 26, 2012 BOD Meeting Minutes
- B. Approval of Quarterly Investment Report as of 3/31/12
- C. Receipt of Recology and SBR Monthly Reports



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- D. Resolution Approving Release of Bid Documents for Maintenance Building Roof Replacement and Authorizing Executive Director to Accept Bids and Enter into a Contract

Motion/Second: Moura/Gibbons

Vote: All in Favor; Atherton and Belmont abstained from the minutes portion of the consent calendar.

**6. New Business:**

- A. Results of Residential Customer Satisfaction Survey

Brian Godbe of Godbe Research gave a Power Point presentation on the results of the Customer Satisfaction phone survey. He noted that overall it's very good news.

Member Oskoui questioned why the sample size for the Household Hazardous Waste questions was smaller than the whole sample.

Brian Godbe answered that not all agencies offer the HHW program, so the smaller sample size reflected that.

Member Oskoui commented that he would like to see the subsets be more obvious when it is presented to elected officials, noting that at first glance it can look like a very large number. He also asked how this information would be made available to all of the Councils.

Staff Devincenzi noted that Board Members could coordinate with her about the dates of their Council meetings and she would work on scheduling with Godbe staff for all of the Council meetings.

- B. Review of Draft FY 2013 Budget

Executive Director McCarthy gave a Power Point presentation on budget review.

Member Gibbons submitted a letter to the Chair from the utilities committee of the Redwood City City Council, outlining questions and comments that they have regarding the SBWMA budget process.

Chair Porter asked if Member Gibbons wanted to go through the letter at the meeting, or if the questions would be addressed when the Board voted on the budget in June.

Member Gibbons answered that they would be addressed at the June meeting when the budget was on the agenda for approval.

Member Fotu noted that she has brought up the newsletter for two budget approval processes. She noticed that the newsletter would be reduced in the proposed budget from quarterly to 3 times per year, and proposed that the Board consider going further down to two times per year. She also noted that looking at the customer satisfaction survey results, there are other programs that could benefit from increased promotion, specifically mentioning the HHW curbside pick-up program, adding that she felt strongly that the newsletter funds should be spent targeting certain behaviors. She commented that any change in the newsletter frequency would cause an amendment to the franchise agreement, and she thought if the Board was going to reduce by one newsletter per year, then they should consider two.

Member Oskoui asked what happens to any excess revenue.

Executive Director McCarthy explained that any net income goes back into fulfilling our reserve requirements. The reserve policies are Board designated, and have been the same for 5 years. He stated that there are bond covenant requirements that the SBWMA has to meet. He explained further, that there is also a bond covenant requirement on a \$3M loan from the City of Burlingame, and there is a balloon payment on that due in 2014. He noted that when the agency did the bond proforma much higher cash reserves were expected, but two fundamental things occurred. One is that much higher franchise tipping fees were

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assumed, particularly for garbage. Secondly, there are about 8 to 9,000 tons less at the MRF than expected. He noted that those two factors have taken any excess revenue off the top. He further noted that the SBWMA is producing net income to meet requirements, but not to build any extra revenue. When the Board looks at the cash reserve requirements and what is being produced, and looks at future obligations such as closing out the underground storage tanks, there will be competing demands on limited funds. He concluded that staff would be coming back to the Board in June to look at the cash reserve policy.

Staff Moran added that so far we have not paid any bond principal payments, only interest. So the operating budget doesn't include bond principal payments. Those will start in September, and will be about \$3M per year. He noted that there are a lot of other factors and all of the detail will be included in June.

Member Oskoui asked for clarification as to why those bond payments are not in the proposed budget.

Staff Moran stated that the principal payment is not an income or expense, adding that what is being presented at this Board meeting is strictly operating income and expenses, the principal payment affects the balance sheet only.

Chair Porter added that in June the Board will have the full budget.

Member Oskoui asked to revisit, what competition our facility has, and how our tipping fees compare to that competition related to dropping volume at our facility.

Executive Director McCarthy answered that the public solid waste yards equal 3% of tipping fees. He added that we don't know why public self-haul volumes are so low, but increasing volume won't end up swinging the revenue that much, adding that we need to focus on opportunities to bring in more 3<sup>rd</sup> party tons.

Member Masbad questioned the total budget for outreach year over year, noting a 100% increase from FY10-11 to FY 11-12. She asked for clarification as to how the SBWMA compares with other service areas in regards to outreach efforts.

Executive Director McCarthy answered in that in that two to three year period there was a spike in outreach spending just to promote the roll out of the new programs on the residential side. He noted that residentially the trend on spending is down, and next year the expense increase will be on the commercial side to deal with AB341 as the agency is obligated to try and get more tons in that area.

Member Masbad asked about the net profit margin, and at what point we think we will see accumulating net income.

Executive Director McCarthy answered that there is no exact answer, but there is the one-time Burlingame obligation that will free up \$700,000 to \$800,000 per year after 2014. He added that this would be a conversation to have at the June Board meeting, when the Board has the full budget picture. He noted that the Board will be able to see where the money is going now, and where it might go in the future. He also added that the only other obligation of concern is the removal of the underground storage tanks, because he believes it is a long term risk for the Agency to keep them. He stated that programmatically there are a lot of good things pointing towards there being some more cash available particularly after the Burlingame obligation is paid off.

Member Masbad asked how much the franchise fee is, and what is it used for.

Executive Director McCarthy clarified that Member Masbad was questioning the Franchise Fee to the City of San Carlos, then answered that it is 5% based on revenue excluding commodity revenue.

Member Masbad asked for clarification on how the Agency was able to reduce truck trips.

Executive Director McCarthy stated that the overall trips are a little lower from less tons, but most of the reduction comes from a much more efficient operator.

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Member Moura commented that based on the results of the customer satisfaction survey it seems like we need to do more outreach for the HHW program and for the once a year events. He suggested looking at the mix of where the outreach money was going, and focusing more on those areas, or perhaps increasing that line item to increase outreach for those programs.

Executive Director McCarthy stated that in prior years the HHW outreach line item was a mix of promoting new Cities that joined the program as well as existing programs. He stated that the money in the budget for next year is a small increase over last year and is just to promote existing HHW programs.

Member Moura commented that the Customer Satisfaction Survey results over all are very good, and where they are lower, it seems very doable to fix things by focusing outreach.

Executive Director McCarthy agreed that the Customer Service Satisfaction survey, gives staff a good idea of where to focus.

Member Fotu requested some more itemized information as to what programs staff would be working on next year.

Executive Director McCarthy stated staff builds the programs with Board or Committee input, after a certain dollar amount is allotted to the program. So at this stage of the budget the information won't be that specific. He reminded Board members to divide the program costs by 12, and asked if they weren't part of the JPA could their agency run the program for that amount.

Member Moura suggested that once the Board is on the other side of the budget, adding this item to a future Board meeting agenda, and staff can give more program detail.

Member Hardy asked staff to project the budget out 3 to 5 years to get the Agency past the Burlingame pay off, and to see where we are going, and see the total picture.

Executive Director McCarthy answered that will be presented at the Elected Official Briefing session for the total SBWMA system. He added that embedded in that are assumptions about the SBWMA program budget.

Member Oskoui added that a 5 year financial forecast would help in the decision process.

Member Scott asked to see it in June.

Chair Porter asked staff to provide that information in June.

Member Murray asked how the duties of the eliminated Recycling Coordinator position would be distributed.

Executive Director McCarthy stated that Monica Devincenzi would be your main contact and Cyndi Urman would support seasonal events.

#### C. AB 341 Mandatory Commercial Recycling Update

Staff Feldman gave an update on AB 341, going into effect on July 1<sup>st</sup>. He noted that Recology and Cal Recycle had a meeting, that some of our Agencies attended. At that time, Cal Recycle stated that each Agency was required to produce a plan that the state would approve. Staff Feldman noted that after further review, Cal Recycle misspoke at that meeting and after further discussion, they will proceed doing site visits and interviews. AB 341 is being reviewed at a staff level, so Cal Recycle will be preparing the plans, not each agency or the SBWMA.

Staff Devincenzi discussed the education and outreach plan for AB 341. She specifically noted a bill insert going out to all the businesses and multifamily complexes. There will also be a form letter to go out to those businesses or multifamily units that are not complying. There will also be information updated on our RethinkWaste website.

Member Scott stated that Recology has been doing a great job helping West Bay make sure all the commercial customers recycle. He noted that in the report West Bay doesn't have to do an Electronic Annual Report, and he wanted clarification on that.

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Staff Feldman answered that all of West Bay's accounts fall into a neighboring city or the County, because WBSD is a sanitary district; as far as the state is concerned it doesn't exist for these purposes. The Cities are responsible for the reporting.

Member Moura asked if Board members could get PDF versions of the outreach going out so that Agencies can put them on their websites as well.

Staff Devincenzi answered yes.

Staff Feldman asked to bring to the Board Member's attention that this new law opens the door to charge for commercial recycling. He noted that this is something we can analyze further down the road.

Member Fotu asked for clarification, noting that it sounds like to comply, any businesses that aren't subscribed to recycling need to subscribe to recycling, and they have to be educated that they need to comply with this law.

Staff Feldman clarified that businesses don't have to comply. The Agencies have to tell the businesses the law exists. Unless an agency adopts a mandatory commercial recycling ordinance like San Carlos did, Agencies can't impose a fine for not recycling.

Member Fotu added that she would like to see SBWMA staff be a part of the legislative process in reviewing statements Cal Recycle makes to help ensure that Agencies don't end up with an unfunded state mandate and that the laws make sense and are cost effective.

Staff Feldman answered that it's never been the direction of the Board for staff to promote certain legislation, but if the Board would like Staff to do that we can. The way the law is written, there is little financial burden on the Agencies.

## 7. Old Business:

### A. RSMC Franchise Agreement Operational and Contract Administration Update

No Report.

### B. SBR Shoreway Operational and Contract Administration Update

No Report.

Member Murray asked if there was an escalation in cardboard at the buyback center.

Dwight Herring answered yes, they had 3 loads of cardboard last month that were actual paid loads.

Member Moura asked if there were people coming to pick up free compost.

Dwight Herring of SBR answered yes.

## 8. 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

Executive Director McCarthy called the Board's attention to page 3 of 8d. He reminded Board members that on July 1<sup>st</sup>, the Agencies will be receiving the contractor's rate application, and asked Board Members to read them when they get them and for feedback in the month of July.

He added that we are planning on another workshop in September to go over the rate report for the Board and Elected Officials.

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e) Preview of Upcoming Board meetings

Executive Director McCarthy reviewed upcoming Board Meeting agenda items:

June: Closed session employee compensation and Executive Director review, and revisit the cash reserve policy.

July: Updated cart census information, noting that most rates don't cover costs.

September: Rates.

**9. Board Member Comments**

Member Hardy asked Executive Director McCarthy how he would define success for the Elected Official meeting after the Board meeting.

Executive Director McCarthy answered that he would like the Elected Officials to leave with more knowledge about what we do.

**10. Adjourn 3:40 PM**

**Next Regular meeting scheduled for June 28 2012, Recology San Mateo County Administrative Offices**

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