



**MINUTES**

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE BOARD OF DIRECTORS  
July 28, 2016 – 2:00 p.m.  
San Carlos Library Conference Room A/B**

**Call To Order: 2:06PM**

**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		West Bay Sanitary District	X	

Alternate Member Cary Wiest attended representing Atherton

Member Michael Brownrigg of Burlingame attended via phone call from 8 Tennis Court, Albuquerque NM

Member Jay Benton of Hillsborough attended via phone call from 8492 Lahontan Drive Truckee CA

**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. Interim Executive Director's Report**

Interim Executive Director Gans gave an overview of his staff report. He noted that the contract negotiation process is waiting for the new Executive Director to start work, and staff will be back in September with updates on the process. He also noted that he wanted to bring attention to the VRS sort labor issue explaining that that VRS is having difficulty supplying labor, and the County is asking for a more competitive wage to attract workers. He added that a \$1 per hour increase would increase SBR's cost by \$50,000 per year, and that staff would come back to the Board in September on this issue. He then noted issues that would be discussed in more detail later in the agenda. He handed out a pie chart graphically representing the financial process of the SBWMA that leads to Member Agencies setting rates, and explained where in that process the agency is, noting that staff is very close to being to provide a final rate impact for the Member Agencies. He noted that this year Recology and SBR have negative increases due to fuel costs decreasing.

Member Dehn asked as part of the future VRS discussion for a reminder in how the decision was made when the second shift of VRS workers started, and the \$11 for all wage was agreed on, and how that

effected the budget.

#### 4. Executive Director Appointment

Member Slocum noted that he was very pleased after a lengthy process to have the opportunity to make the motion to adopt the resolution authorizing the appointment of Joe La Mariana as Executive Director of the SBWMA effective August 1<sup>st</sup>. He noted that he had worked with Joe La Mariana for a long time at the County and he is the right person for the job.

Member Bonilla seconded the motion.

Member Weist commented on behalf of member Widmer, noting that Member Widmer is supportive of the hiring, but disappointed the salary couldn't keep nearer the figure of \$165,000 as originally posted.

Member Brownrigg commented that he would be enthusiastically voting in favor of this motion, and also noted that he was grateful to Staff Gans for stepping into the role in the interim and thanked him for his service.

Chair Grassilli agreed, and thanked Staff Gans as well, noted that he performed well.

Roll Call Vote:11-0-0-1

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 Dist.	X			

Joe La Mariana thanked the Board for the vote, and acknowledged all committee members for their efforts throughout the process. He also thanked Staff Gans for his efforts as the interim, and acknowledged his predecessor Kevin McCarthy as well. He then acknowledged Recology, SBR and the SBWMA staff, and other RethinkWaste consultants and vendors. He also recognized colleagues that he has worked with over his career as well as his family. He noted that RethinkWaste is here to serve the rate payers, and added that the priorities that he'll focus on are closing the books on the 2017 rate setting process, pulling together the Franchise Agreement extension discussions committee, allocation for agency resources, having a voice in state legislation that will impact the agency, and maximizing relationships and maintaining a strong public service mentality.

Chair Grassilli added that he wanted to acknowledge Warren Slocum for chairing the search committee and the County staff for their efforts in the recruitment process.

#### 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 June 23, 2016 BOD Meeting Minutes

B. Resolution Approving Payment to Recology for the Dual-Compartment Vehicle Collection Services Pilot Project (Approval item)

C. Resolution Approving Property Insurance Policy Renewal (Approval item)

D. Resolution Approving Emergency Purchase of Transfer Station Pump (Approval Item)

Member Stone noted that he would be abstaining from item 5A.

Member Bonilla made a motion to approve the consent calendar

Member Dehn seconded the motion

Roll Call Vote: 11-0-1-1

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton	X				Menlo Park	X			
Belmont	X		X (5A)		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 Dist.	X			

6. Administration and Finance

A. Resolution Approving Shoreway Tip Fee Increase (Approval item)

Staff Gans gave an overview and background of the discussion that had happened at the June Board Meeting. He noted that there were two points he wanted to address. One being that if commodity values are projected to improve in the coming year should tip fees be lowered, and two, should a preference be given to Franchised tip fees over non-Franchised tip fees. He called attention to table 4 of the staff report, which estimates the collection rate impact of the \$10 increase in tip fees, and noted that the estimated average rate impact on a residential customer with a 32 gallon can would be \$0.93 per month. He also pointed out Table 5 Franchise variance, and noted that factoring in the compensation decrease, the residential rate impact will be about half of what was anticipated.

Member Aguirre commented that she would like to see a wage increase for the VRS workers put into place, and she doesn't want to take a rate increase to the tax payers. She asked for clarification on whether the difference between a \$9 and \$10 increase would be \$0.93 to our rate payers per month.

Staff Gans answered yes per the budget but the decrease in compensation largely offsets the rate impact. He also added that a wage increase for the workers wouldn't have that much of an impact on the rate payer.

Member Aguirre asked to find a way to have a minimal rate impact and increase the wages for the VRS workers.

Member Weist noted that he had discussed this item with Member Widmer, and is would still like to see the Franchised tons being charged less than the Non Franchised tons he suggested a \$6-\$8 increase for Franchised tons, and \$10 for non-Franchised tons.

Staff Gans commented that this is a policy discussion.

Chair Grassilli asked what the dollar figure effect would be if the Franchised tons were charged less.

Staff Gans noted that he didn't have a dollar for dollar figure in an annual amount but noted that in the staff report section titled Balancing Franchised and Non Franchised Revenues, that 22% of tons are

non-Franchised tons, 78% are Franchised. So they are not proportional, and an increase of \$5 per ton on non-Franchised tons, would be needed to be equivalent to \$1 reduction in Franchised tons, and an additional \$5 increase would drive customers away.

Chair Grassilli asked how to benefit of Recology's decreased costs would factor in.

Staff Gans noted that it's a different process.

Member Benton recalled the finance committee meeting when staff noted the need for tipping fee increases to balance the budget, and noted that the tipping fee increases were going to translate to pennies per month for residents, and he thought it was important to charge a tipping fee that would allow for operating the agency at break even and he supported leaving both Franchised and Non-Franchised tip fees being at \$10.

Member Brownrigg commented that he endorsed Member Benton's comments, and noted that he was struck in the report by the fact that even the \$10 increase could lead to a 20% reduction in Non-Franchised customers. He asked that customer numbers be tracked as the tip fee increases are put into place. He also noted that he supported the \$10 increase across the board which would increase the health of the Agency's reserves and put the SBWMA in a position to make capital improvements, and he thought this was the prudent and appropriate approach.

Member Bonilla agreed with Member Benton and Brownrigg.

Member Aguirre made a motion to approve Resolution 2016-29

Member Bonilla seconded the motion

Roll Call Vote: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 Dist.	X			

B. Resolution Approving Review of Collection Services and Facility Operations Reports, Tonnage Data and Customer Service Systems Audit Findings for 2015 (Approval item)

Staff Gans gave an explanation for the reason for the reports being approved in items 6B and 6C, and the value to the financial and operational audits. These audits are a third party check to verify the integrity of the data that Recology and SBR report, and that sets the foundation for the rate setting process. He added that only minor issues were found, and he thought having this item as a resolution and needing Board approval isn't necessary, but it is being brought to the Board because of the importance of the financial character of the information assessed.

Chair Grassilli asked if they needed to approve the resolution.

Counsel Savaree noted that there was a resolution on the agenda and suggested moving the resolution.

Member Benton asked if SBR's staffing vacancies in 2016 might impact their performance when the 2016 audit is completed.

Dwight Herring from South Bay Recycling noted that the short answer is no performance wouldn't be impacted. They have been able to do the work both operational and financially.

Member Benton asked if SBR is running short staffed are they improving their profit.

Staff Gans answered that there is a set staffing level in the contract, and it's his job to make sure that staffing levels are met. He added that to date SBR owes the SBWMA \$42,000 for staffing gaps. He also noted that he has asked SBR to get a staffing plan together so an agreement on staffing levels could be made, and for it to include where the SBWMA will get the credit for the \$42,000. Noting that options include a credit on the invoice or there might be additional things asked of SBR that may cost something extra. He noted that it's still in process and when negotiations are complete it will come back to the Board.

Member Dehn commented that in last year's audit it was found that many of the calls were coded incorrectly and she recalled that measures would be put into place to help people at the call center code calls correctly, and she wondered if there was a discrepancy in the way the auditors audited the coding and Recology's coding.

Mario Puccinelli of Recology noted that measures have been put into place to help calls get coded correctly. He added that the nature of the calls is very objective, and used the example of a possible missed pick up call, but they can use Route Ware to determine if the truck had been to the address and the carts weren't out. He noted that the audit helped Recology perform better this year, and that they have the most stringent call center as compared to other Recology companies.

Vice Chair Bronitsky thanked Recology and SBR for their continued excellent work on the Member Agencies behalf, and asked to agendize a time to discuss doing audits less than annually. He noted that he couldn't remember the last time he had heard a complaint about Recology's service.

Chair Grassilli noted that over the last three years the auditing process has cost \$117,000 and returned \$28,000, and thought there should be a tonnage reporting audit, but perhaps not customer service every year.

Member Aguirre made a motion to approve Resolution 2016-29

Member Dehn seconded the motion

Roll Call Vote: 11-0-0-1

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 Dist.	X			

C. Resolution Approving 2015 Financial and Accounting Systems Audit of Recology and SBR Findings (Approval item)

Member Slocum and Member Mueller are now absent at 2:57PM

Staff Fakira gave a brief overview of the findings of the financial audit, and noted that both audits had positive results.

Member Aguirre made a motion to approve Resolution 2016-29

Member Stone seconded the motion

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 Dist.	X			

D. Staff Update on 2016 Contractor Compensation Adjustment Applications (Update item)

Staff Gans gave a brief overview of the staff report, pointing out that in the two tables in the staff report, there is \$1.1M reduction in operation expense from Recology, which translates to less cost, and less of a rate impact, and \$327,000 reduced compensation for SBR. He reiterated that the compensation decrease is largely related to lower fuel cost. He also noted that table 3 breaks down the rate setting process which is almost complete and staff will be back to the Board in September with the final compensation.

**7. Collection and Recycling Program Support and Compliance**

No Items

**8. Shoreway Operations and Contract Management**

No Items

**9. Informational Items Only (no action required)**

- A. 2016 Finance and Rate Setting Calendar
- B. June 2016 Check Register Detail
- C. Technical Consultant Contracts - 2nd Quarter 2016
- D. Potential Future Board Agenda Items

**10. Board Member Comments**

Member Benton thanked the Board Members present for allowing all the roll call votes.

Chair Grassilli thanked Member Benton and Member Brownrigg for calling in, and for the Board Members who attended, and asked to adjourn the meeting in honor of Hilary Gans for the good work he did as the Interim Executive Director.

Mario Puccinelli congratulated Joe La Mariana, and congratulated the Board on their choice. He also thanked Hilary Gans on behalf of Recology, and the SBWMA staff for their work.

**11. Adjourn 3:05PM**