
MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
October 28, 2010 – 2:00 p.m.
San Carlos Library, Conference Room A
610 Elm Street, San Carlos, California

1. Roll Call: CTO 2:05 p.m.

2. Public Comment

Mr. Tony Fan, founder and part owner of South Bay Recycling, formally introduced himself to the board and reiterated his commitment to the future services SBR will be providing to the SBWMA and the community it serves.

Antonia DeMatteo, 531 Entrada Way, Menlo Park, representing her self. She expressed her concern over the configuration of the 20 gallon garbage cart and the non-usable space.

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 are 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 September 23, 2010 BOD Meeting Minutes

B. Receipt of Allied Monthly Metrics

Member Fil asked Allied Waste to explain the changes to their monthly metrics, specifically the increase in the average hold time, the decrease in calls answered within 30 seconds, and the increase in abandoned calls.

Carl Mennie, Assistant General Manager of Allied Waste, informed the Board that the changes were related to the increase in call volume due to the delivery of the new carts and the recovery of the old recycle bins and customer cans. Mr. Mennie informed the Board that Allied's head count was not increased to help manage the call volume increase; and there are no plans to add additional staff at this time. Mr. Mennie did offer to add an outgoing message stating that wait times may increase due to the number of cart delivery inquiries being received.

M/S Nava/Fil approve Consent Calendar.

Motion passes 11-0-0-1 (Absent: West Bay Sanitary District)

4. New Business:

A. Resolution Approving Allied Waste/Republic Services 2010 Shoreway Rate Application

Rick Simonson of HF&H Consulting made a Power Point Presentation on the Allied Waste/Republic Services 2010 Shoreway and Collection Rate Applications.

Discussion of Items 4A and 4B

Member Fil asked Mr. Simonson what the process is for resolving disputes Allied Waste has with the reports.

Mr. Simonson replied that HF&H has an audit team that puts together the reports. Allied Waste has the opportunity to review the reports and if there is a dispute HF&H will set up a meeting with Allied, SBWMA management and the audit team. If the dispute is not settled at the meeting it will be part of the final report.

Member Nava asked if the "recyclables" in the report included green waste.

Mr. Simonson replied that it did not include green waste.

Member Hardy asked Mr. Simonson to clarify the percentage of the impact of the Teamsters' Pension Audit-Related Legal Fees. He asked him to confirm that it was 0.03% and not 0.3%.

Mr. Simonson replied that Member Hardy was correct, that the percentage is 0.03 not 0.3. There was a typo in the Power Point.

Member Nava asked if the basis of the dispute with Allied Waste is that they did not conform to SBWMA notification requirements?

Executive Director Kevin McCarthy replied that when there is an out of the ordinary expense Allied Waste must notify SBWMA in advance.

Member Nava asked if there will be interest on late balancing account payments?

Executive Director Kevin McCarthy replied that the contract does not mention interest, only that the balancing account must be paid off over a one year period.

Member Nava asked to speak to the dynamics of Member Agencies who did their Prop 218 notices and who adjusted their rates along with imposing the County's fees. He asked Mr. Simonson to confirm that it was a combination of actions that chipped away at the balancing account and not just Allied's costs.

Mr. Simonson agreed and stated that the combination of cities increasing their fees, imposing the County fees, as well as increases in commodities aided in the reduction of the balancing account.

Members Nava and Patterson asked Allied Waste to explain the transition-related costs of \$155,000.

Carl Mennie, Assistant General Manager of Allied Waste, explained the costs were related to the delivery of the new carts and exchanges that were made for residents who either did not get the size they wanted or who requested a reduction in size. The changes to cart sizes impacted the subscription rates. Subsequent to the meeting Mennie also noted these costs included the rental of residential side loaders from Recology so as to collect single stream recyclables.

Member Nava asked if the money would be allocated to the Member Agency where the changes were made.

Mr. Mennie replied that the accounting system is not that sophisticated but a report could be produced of where the requests came from.

Member Patterson stated that the cost for the delivery of the carts seemed high.

Mr. Mennie replied that the cost may also include the commercial container exchanges that were made.

Member Patterson asked if staff could provide a breakdown of the residential and commercial costs.

Member Fil asked if a Member Agency could conduct their own audit?

Executive Director Kevin McCarthy replied, yes, a Member Agency could conduct their own audit. He recommended that the agency meet with HF&H. He also offered SBWMA staff as a resource, too.

Member Nava stated that Executive Director Kevin McCarthy cautioned Member Agencies in using the balancing account to set rates. Member Nava asked for recommendations on setting rates and addressing the balancing account.

Executive Director Kevin McCarthy directed the Board to the recommendations in Staff Report 4C. He informed the Board that their agencies could start to pay the balancing account down in 2011 for the last 3 months of the year. He reminded the Board that they do not have to cover the entire balancing account in 2011; that it could be done in a 3-12 month period.

Member Scott stated that Allied Waste owed his agency money. How would this impact their rate setting?

Executive Director Kevin McCarthy advised Member Scott to seek legal counsel. And he stated the "payable in one year" language goes both ways. He also urged Allied to try and make a reasonable accommodation for West Bay.

M/S Patterson/Nava approve Resolution 2010-29 Allied Waste/Republic Services 2010 Shoreway Rate Application

Motion passes 10-0-2-0

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. Resolution Approving Allied Waste/Republic Services 2010 Collection Rate Application

M/S Patterson/Nava approve Resolution 2010-30 Allied Waste/Republic Services 2010 Collection Rate Application

Motion passes 10-0-2-0

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. Presentation on Consolidated 2011 Rate Report

Discussion

Member Nava asked if the services and rates in Attachment Q should be included in the Prop 218 notices?

Chair Porter advised legal review by each agencies attorney. The interpretation of Attachment Q should be made by an attorney.

Recycling Programs Manager Cliff Feldman stated that the Franchise Agreements only list costs, not rates. Rates should be based on the costs.

Member Fil encouraged communication from Allied Waste on future billing. He asked if notification could be printed on the invoices Allied sends.

Recycling Programs Manager Cliff Feldman replied that Allied Waste has already starting including this information on their invoices.

D. Resolutions Approving Change Orders with S.J. Amoroso Construction Inc.

Discussion

Member Patterson asked staff to elaborate on the change orders related to the foundation modification made to the pits.

Facility Operations Contract Manager Hilary Gans explained that JRMA provided generic MRF design configurations and power requirements prior the RFP with the intent to more clearly define the design and power requirements once a contractor had been

selected. This process resulted in change orders and impacted both costs and schedules. Hilary stated that there are no over head claims in the change order.

Member Steffens asked why the contractor would not assume the costs of the changes in price of the steel purchased.

Facility Operations Contract Manager Hilary Gans replied that the cost increases were related to the delays in the construction start date. The construction start date was delayed by almost one month which delayed the purchase of the steel. As the owner of the project we could not provide the contractor clear detail of the design; this resulted in the contractor delaying the purchase of the steel. During this delay there was a dramatic increase in the cost of steel.

1. Shoreway Master Plan Phase II – Construction

Member Steffens asked why so many change orders per JRMA? Should they be compensated for design changes due to their problems or mistakes?

Facility Operations Contract Manager Hilary Gans replied that we are documenting areas of concern if needed as part of final payment to JRMA. He also noted that a number of the changes are related to the prior points re: generic MRF design and power configurations.

M/S Patterson/DeBry approve Resolution 2010-31 Change Orders with S.J. Amoroso Construction Inc. for Shoreway Master Plan Phase II – Construction

Motion passes 9-0-1-2

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			

2. Transfer Station Construction Scope of Work (Delta Eight)

M/S Patterson/Moura approve Resolution 2010-32 Change Orders with S.J. Amoroso Construction Inc. for Transfer Station Construction Scope of Work (Delta Eight)

Motion passes 8-0-1-3

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			

E. Resolution Approving Amendments to Shoreway Operations Agreement with South Bay Recycling

Discussion

Member Kent asked for clarification to Section 8.05: are we paying SBR's staff time to recover the recyclables from the waste stream?

Executive Director Kevin McCarthy replied yes, the way the contract is written today we are paying for their staff time, but we receive the commodity revenue if the materials are processed at the MRF. There is no change to the contract just to the language to make the revenue reconciliation process more clear.

Member Moura asked if Board Members will be receiving a model staff report?

Executive Director Kevin McCarthy replied yes.

M/S Fil/Moura approve Resolution 2010-33 Amendments to Shoreway Operations Agreement with South Bay Recycling

Motion passes 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. **Staff Updates**

- a) Update on Allied Contract Compliance
- b) Shoreway Construction Update
- c) Update on Rollout of New Collection Services
- d) Update on Recology Commercial Recycling Outreach Efforts
- e) Recycling and Outreach Programs Update
- f) Preview of Upcoming Board meetings

6. **Board Member Comments**

None.

7. **Adjourn 4:38 p.m.**