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MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY  
MEETING OF THE BOARD OF DIRECTORS  
September 23, 2010 – 2:00 p.m.  
San Carlos Library, Conference Room A  
610 Elm Street, San Carlos, California

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1. Roll Call: CTO 2:06 p.m.

2. Public Comment 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 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 July 22, 2010 BOD Meeting Minutes
- B. Approval of Quarterly Investment Report as of 6/30/10
- C. Resolution Approving Release of Bid Documents for Transfer Station Floor Repair and Authorizing Executive Director to Accept Bids and Enter Into a Contract
- D. Receipt of Allied Monthly Metrics

Item 3C was pulled by Member Larry Patterson

M/S Patterson/DeBry approve Consent Calendar items A, B, D

Motion passes 10-0-0-2 (Absent: Atherton, East Palo Alto)

Item 3C was discussed immediately.

Member Patterson noted that most cities allow staff to release bids; an approval to release a bid is not needed. An approval is only needed when the bid is to be awarded.

Members Steffens and Chair Porter agreed.

Chair Porter suggested we review our policy in regards to our bid process.

Member Fil does not feel that the board needs to see every contract and prefers providing staff with flexibility in releasing bids.

Legal Counsel Lanzone informed the board that they adopted the same purchasing policy as the City of San Carlos. Lanzone stated he would send out the purchasing policy to all Board Members.

Chair Porter suggested that staff bring this back to the board for discussion at another board meeting if a policy change is needed.

M/S Patterson/Steffens approved Consent Calendar item 3C.

Motion passes 9-0-0-2 (Absent: Atherton, East Palo Alto)

4. New Business:

- A. Resolution Approving 2011 South Bay Recycling Compensation Application
- B. Resolution Approving 2011 Recology San Mateo County Compensation Application

Power Point Presentation of 2011 SBR and RSMC Compensation Applications.

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## Discussion

Member Nava noted that the clerical workers salary increase will have a significant impact on the rates. He asked if we are privy to the CBA.

Executive Director Kevin McCarthy replied that we are not privy to the labor negotiations between Allied and the union representing the clerical workers. We will only receive a copy of the final agreement once it is signed. Once it has been received it will be sent to the Board.

Member Nava stated that the board and member agencies should make sure the public knows the Clerical CBA is the reason for the rate increases.

Member Moura inquired about the change to Hillsborough's service level on the RSMC Summary of Cost Changes chart for 2008-2011.

Recycling Programs Manager Cliff Feldman replied that Hillsborough has a unique scope of services and that change is based on the difference in cost from back yard service, what they currently have, to curbside service with Recology.

Member Hardy requested to bring the discussion back to the Clerical CBA and its impact on rates. Member Hardy asked how the compensation will be adjusted moving forward and what control our board and other rate setting boards have on such issues.

Executive Director Kevin McCarthy replied that the contractors, Recology and SBR, are not obligated to accept the CBAs, or adjustments and or amendments made to them. If the contractors accept the CBAs due to a strike threat, our agency is not obligated to reimburse them for the additional costs imposed by the CBAs such as the Maintenance CBA that has a reopener for a second wage increase in 2011. Our agency will only give compensation adjustments based on the annual index after the CBAs are amended or expire. The contractors are responsible for costs beyond the adjustments.

Member Scott asked for an explanation of approving Recology's request for an additional \$1.3 million for EPA emissions related costs. Member Scott stated that the 2010 EPA emissions standards were known by everyone well in advance of the RFP and that the additional costs should have been anticipated.

Mario Puccinelli, General Manager of Recology San Mateo County, replied that the cost implications of the new regulations were not known in 2008 when the RFPs were submitted. The pricing of a new fleet was not available at that time.

Chair Porter asked how other proposers handled this issue.

Recycling Programs Manager Cliff Feldman replied that none of the proposers included this cost in their bid. The RFP as it was written did not require the proposers to project the cost of a fleet of trucks that would be ordered two years later. The fleet was based on 2008 costs with an adjustment to be made in 2010 based on index. All the proposers knew and agreed to these conditions of the RFP.

Member DeBry asked what the cost increase is per vehicle.

Mario Puccinelli replied approximately \$12,400 per vehicle.

Member Patterson stated that when the board was drafting the RFP they knew that they would not be able to capture all costs. They were trying to create a level playing field for the proposers. The board did not ask them to project the cost increases due to the 2010 EPA emissions changes and they proposers did not supply this information. It was understood that if there were cost implications due to these changes the costs would be on us, not them.

Member Steffens expressed his concern about setting a precedent over this particular issue and what the exposures to the agency may be long term.

Recycling Programs Manager stated that it was important to note that the draft RFP was reviewed and agreed upon by the attorney of each member agency.

Member Nava stated that some member agencies will raise their rates to meet contractor compensation rates and some will not. He asked how the revenue shortfall will be handled by the SBWMA.

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Executive Director Kevin McCarthy replied that not setting rates that will produce the revenue needed for the contractor compensation is not an option. Rates must be set to meet the compensation requirement. In early October balancing account figures compiled by HF&H will be sent to each member agency; these numbers will help in the rate setting process. Even with this information some member agencies will not meet the Prop 218 deadline for setting their 2011 rates. Of these agencies some will do a retroactive capture of rates; some will not. Recology is willing to work with those agencies that will fall short so they will not be subject to interest. Recology has offered a grace period until March 1, 2011. They will not charge interest during this time if the member agency agrees to include the shortfall in the 2011 rate application to be made up in 2012. Staff feels this is a reasonable accommodation from Recology and notes that Recology is willing to bear some of the costs. Recology will extend this offer to the member agencies via a letter and the member agency will need to send a self confirming letter back to Recology to accept. Staff is putting this offer out for discussion; no agency is obligated to accept.

Member Patterson asked the board to consider offering a bulky item disposal pass to residents for use at Shoreway. Residents would be able to use the pass in lieu of a scheduled pick up. He noted that some residents need to dispose of bulky items immediately and should have the option to do so. Member Patterson suggested having a pilot program in one of our member agencies to see if there is a large need for this service.

At this time discussion of the Power Point Presentation of 2011 SBR and RSMC Compensation Applications commenced. Chair Porter asked for public comment before voting on the Resolution Approving the 2011 SBR Compensation Application and the Resolution Approving the 2011 Recology Rate Application.

There were no public comments.

Member Steffen informed the board that he intended to vote No on both Resolutions. He stated that the Clerical CBA increases are extraordinary and have posed a unique set of circumstance. Member Steffens feels that the rate payers need to be protected and that it is not in their best interest to move forward with the approval of the two rate applications. Member Steffens stated that other alternatives should be considered though the board has not been given any at this time. Member Steffens encouraged other board members to vote No on the Resolutions.

Member Scott informed the board that he, too, would be voting No on both Resolutions based on the reasons stated by Member Steffens.

M/S Nava/Hardy approve Resolution 2010-27: 2011 South Bay Recycling Compensation Application.

Motion passes 7-2-0-3 (Absent: Atherton, East Palo Alto, San Mateo) (SEE TABLE FORMATTING BELOW)

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

M/S Nava/Hardy approve Resolution 2010-28: 2011 Recology San Mateo County Compensation Application.

Member Fil noted that Belmont has a different Franchise Agreement and that he would not be voting on behalf of Belmont but as a board member.

Motion passes 6-3-0-3 (Absent: Atherton, East Palo Alto, San Mateo) (SEE TABLE FORMATTING BELOW)

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

C. Update on 48-Hour Work Stoppage by Teamsters Local 350

Discussion

Member Steffens asked Allied General Manager Kevin Finn why San Mateo received adequate liquidated damages and the other member agencies did not?

Kevin Finn replied that each member agency has an allowance of time in which garbage is to be picked up. Due to the day and the time the work stoppage began San Mateo missed pick ups were above the allowance threshold. They were the only city above the threshold.

Member DeBry asked Kevin Finn how much the work stoppage is going to cost Allied. She stated her displeasure regarding late communications from Allied during the stoppage. Also, stated she felt liquidated damages should have been paid on all residential accounts as the company admitted they missed all accounts.

Kevin Finn replied approximately \$200,000. He offered to send the costs once they are finalized.

Member Hardy asked Kevin Finn to confirm that the workers who honored the work stoppage and did not cross the picket line were not compensated for their time that day.

Kevin Finn confirmed that those workers did not receive compensation that day.

Executive Director Kevin McCarthy publicly thanked Kevin Finn and Carl Mennie for all they did to keep operations running during the work stoppage. Operationally the transfer station remained open. They handled the situation well and did the best they could give the circumstances. In hindsight communication with the board and member agencies could have been improved.

D. Discussion on New Collective Bargaining Agreement with Clerical Workers and its Impact on Member Agency Solid Waste Rates

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

Presentation

Tammy Del Bene, Commercial Recycling Manager for Recology San Mateo County, updated the board on the Commercial Recycling Blitz. Recycling Coordinators met with over 1500 commercial accounts in two months; 500 new commercial accounts have been recruited to date of which 75 are large waste generators.

- e) Recycling and Outreach Programs Update
- f) Preview of Upcoming Board meetings

6. **Board Member Comments**

None.

7. **Adjourn** 4:22 p.m.

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