



**recyclemore**  
WEST CONTRA COSTA INTEGRATED  
WASTE MANAGEMENT AUTHORITY

## Addenda

**Date:** September 20, 2018  
**To:** West Contra Costa Integrated Waste Management Authority Board  
**From:** Stan Hakes, Executive Director  
**Subject:** June 14, 2018 Authority Board Meeting Minutes

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The June 14, 2018 Board meeting minutes were not completed prior to distributing and posting the September Board meeting agenda packet on September 13, 2018. The minutes of the June 14, 2018 Board meeting have been completed and are attached.

A handwritten signature in black ink, appearing to read "Stan Hakes", written over a light blue circular stamp.

Stan Hakes  
Executive Director

**Attachment:** Meeting Minutes of June 14, 2018 Board Meeting

# WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS MEETING MINUTES – JUNE 14, 2018

Meeting Date | Time 6/14/2018 7:00 PM | Meeting Location San Pablo City Council Chambers, 13831 San Pablo Avenue, San Pablo, CA

Meeting called by Board of Directors  
Type of meeting Regular  
Authority Staff Present Stan Hakes, Andy Schneider, Melinda Wong, Christina Leard  
Legal Counsel Kent Alm

**Board Members Present:**  
Directors: P. Fadelli, El Cerrito (alternate); D. Romero, Hercules; P. Murray, Pinole; B. Choi (Chair), J. Myrick, M. Willis, Richmond; C. Valdez (Vice Chair), San Pablo  
**Absent:** F. Glover (Ex-Officio) Contra Costa County

## CALL TO ORDER/ROLL CALL

Chair Choi called the meeting to order at 7:05 p.m. The roll call established the existence of a quorum (Fadelli, Valdez, Murray, Choi, Romero, Myrick, Willis).

## CLOSED SESSION

The Board entered into Closed Session at 7:06 p.m. to discuss 1) Conference with Legal Counsel – Anticipated Litigation: Initiation of litigation pursuant to subdivision (c) of Section 54956.9: (one potential case); and 2) Public Employee Performance Evaluation Title: Executive Director: Closed session with respect to every item of business to be discussed in closed session pursuant to Section 54957: PUBLIC EMPLOYEE PERFORMANCE EVALUATION. Title: Executive Director.

Report out of Closed Session: The Board reconvened in open session at 8:12 p.m. Chair Choi reported that there was nothing to report on item #1: Anticipated Litigation; and regarding item #2: Public Employee Performance Evaluation, the Board plans to extend Mr. Hakes' contract as Executive Director for the length of 1 year.

## EX-PARTE COMMUNICATIONS & DISCLOSURE/PUBLIC COMMENT

Chair Choi called for any ex-parte communications. Chair Choi and Director Myrick reported that they had a brief telephone discussion with a representative of Republic Services.

Chair Choi called for any public comment. There were none.

## CONSENT CALENDAR

Chair Choi called for approval of the consent calendar.

Director Romero requested that Consent Item 6.5 - Two County Joint Exercise of Powers Agreement Issues be pulled and the documents attached should be added to Consent Item 6.0 April 12, 2018 Authority Board Meeting Minutes. Director Romero stated that on May 10<sup>th</sup>, Mr. Hardman of the County spoke in regards to the April 12<sup>th</sup> JEPA agenda item, and the County staff's concern that the meeting minutes did not contain enough detail to accurately reflect the discussion. Director Romero said that the document attached to Consent Item 6.5 is the document Mr. Hardman read from on May 10<sup>th</sup> expressing the County's concerns and therefore should be attached to the updated April 12, 2018 meeting minutes.

**MOTION** by Director Romero to approve the Consent Calendar Items 6.0 through 6.4, with the following changes: in lieu of being a separate item, documents attached to Consent Item 6.5 are to be included into Consent Item 6.0, the revised April 12, 2018 meeting minutes. **SECOND** by Director Myrick.

**MOTION PASSED** unanimously.

## STAFF REPORT

Mr. Hakes provided the staff report. Mr. Hakes gave updates on the following items:

- 1) Financial Management provider: Mr. Hakes informed the Board that Maze & Associates (Maze) who has been the Financial Services Provider for RecycleMore will no longer be providing these services due to a potential conflict of interest with accounting and financial principles because Maze would be the auditor for both the City of San Pablo and RecycleMore. The issue has been resolved and the City of San Pablo will be providing monthly reconciliation services at no extra cost.
- 2) EAR & AB 1826 follow up: RecycleMore has completed a Confidentiality Agreement between Republic Services and RecycleMore which will allow RecycleMore access to Republic commercial customer lists with protections for them that this information is confidential.
- 3) Organics: RecycleMore hired Matt Cotton, a composting consultant to better understand the organics process in order to plan for the potential organics management changes from SB 1383. Green waste overs will not count as disposal under AB 1594, but will be considered disposal under SB 1383. Mr. Hakes stated that an opinion from a compost specialist that the compost facility is operating effectively would be beneficial, and that the agreement would be between \$7,700 and \$9,900.
- 4) Regional Staff Meeting: Mr. Hakes discussed the items on the agenda for the Regional Staff Meeting.
- 5) Household Hazardous Waste (HHW) Events: Mr. Hakes gave an update on the HHW Event on May 19 in Hercules. There were about 450 cars and an unannounced inspection by the County Hazardous Materials Program inspector and there were no violations. For the upcoming event on August 4, a site has been secured at a church in El Sobrante. The site for the September 22 event in Richmond is still to be determined.
- 6) HHW Side Agreement: Mr. Hakes reported that the agreement is still in process with Republic.
- 7) The Family Car: Mr. Hakes reported that RecycleMore contracts with Soluna Outreach Solutions using oil payment program funds received from CalRecycle for a program called "The Family Car." Soluna provides "Teach the Teacher" opportunities to teachers of English-as-a-second-language (ESL) classes in the West Contra Costa County Adult School program.
- 8) Status of HHW Grant: There has been no word from CalRecycle on the HHW grant, but RecycleMore is still in consideration.
- 9) July Board meeting: Mr. Hakes proposed that the July Board meeting, which the Board had agreed to move to July 29, start at 6:30 p.m. due to a large agenda.

## REGULAR AGENDA

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**Agenda Item 8.0 - Approve Fiscal Year 18-19 Authority Budget | Presenter Stan Hakes - Executive Director**

**Discussion:** Mr. Hakes provided the staff report. Mr. Hakes said that his presentation will focus on four major areas: Board Direction to Authority Staff received at the conclusion of the May 2018 Budget Workshop, the proposed FY 2018-19 Operating Budget; FY 2018-19 Major Projects and Issues; CalPERS Unfunded Accrued Liability (UAL) and Other Post-Employment Benefits (OPEB) liabilities.

Mr. Hakes said that at the May 2018 Budget Workshop staff received direction from the Board to use reserves to balance revenues and expenses, increase the Operating Fund in Salaries and Benefits by \$25,500 to include funding

for a Civic Spark Fellow (intern); place \$105,000 in the Recycling fund for three one-time projects for Records Management Plan and Implementation (\$30,000), Disaster Debris Management Plan (\$50,000), and an Organization and Staffing Study (\$25,000).

Mr. Hakes said that the Board also directed staff to balance the proposed 2018-19 Operating Fund Budget using funds in the Operating Reserve Mr. Hakes noted the Power Point presentation had incorrect information on the Operating Reserves estimated June 30, 2018 Opening Balance (\$1,455,104.) and the use of reserves (\$156,510). This led to incorrect calculation of the end of fiscal year (June 30, 2019) estimated Operating Reserves of 1,298,594.

Mr. Hakes explained the dollar amounts in the agenda report and in proposed Resolution 18-03 were correct: a) an Operating Reserve balance as of June 30, 2018 of \$1,544,826; b) use of \$179,299 in Operating Reserves to Balance the FY 18-19 Budget; and c) deducting \$179,299 from the estimated beginning Operating Reserve balance would result in an estimated end-of-year account balance of \$1,365,527 on June 30, 2019.

Mr. Hakes also noted the Board would discuss an Operating Reserves Policy report and Resolution later in the meeting. He explained the June 30, 2019 estimated balance of \$1,365,527 would be more than the Operating Reserves Policy target of 67% of annual operating revenues ( which would be about \$683,500 in FY 2018-19).

After reviewing the FY 2018-19 Major Projects and Issues list presented by staff, suggestions were provided by members of the Board to revise the list to separate the one-time major projects and issues from the annual on-going projects and issues. Staff indicated that this list was not time sensitive or crucial to the budget approval process and that those revisions will be made and brought back to a later meeting for the Board's consideration and approval.

In the next section of his report, Mr. Hakes presented information on the proposed creation of a special fund and the appropriation of \$550,000 for future funding activities specifically for the CalPERS UAL and OPEB liabilities. Mr. Hakes said that in the next month or two a report being prepared by the Authority's consultant Maze and Associates will be available and this report will contain options and strategies on how to address the CalPERS UAL and OPEB liabilities. The Board Chair suggested that since the additional information from the consultant will be available soon, that the Board may wish to hold off on any discussion until this information has been received. There was no objection by members of the Board. Staff indicated that the funds were available in reserves in the proposed budget and would not be impacted by delaying the discussion to a later date.

**Conclusion:** The Board took the following actions:

**MOTION** by Director Romero to:

1. Adopt proposed Resolution 18-03 adopting the Fiscal Year (FY) 2018-19 Authority Operating Budget (Fund 780).
2. Approve the appropriation of \$105,000 from the Recycling Fund (Fund 781) for a Disaster Debris Management Plan, a Records Management Plan and Implementation and an Organization and Staffing Study.

**SECOND** by Director Valdez.

**MOTION PASSED unanimously.**

Action items	Person responsible	Time Frame
Update FY 2018-19 Major Projects List	Executive Director	July 2018
Bring back PERSUAL & OPEB items for Board approval and discussion.	Executive Director	July 2018

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**Agenda Item 8.1 - Joint Exercise of Powers Agreement (JEPA) Update | Presenter Stan Hakes – Executive Director**

**Discussion:** Mr. Hakes reported that at the May 10, 2018 Board meeting, staff received direction to circulate the updated draft JEPA document to member agency city managers, city attorneys, and regional staff for their review and comments by the deadline of May 31st. Staff received some feedback from certain member agencies, but not all, by the deadline of May 31st, with some of the feedback being that one key component of the Framework recommendations was not included in the May updated draft, and there was a difference in the understanding between one member agency and the rest on the issue of what types of actions would require a unanimous vote for approval by the Board. Mr. Hakes said additionally, member agencies received an email communication from Authority staff and Legal Counsel that there were four small, but important, language revisions that would be included in the next update. Mr. Hakes said that representatives from all the member agencies requested that Legal Counsel produce a new clean copy of the updated draft complete with the omissions and language revisions that were noted. Mr. Hakes said that the revised version is currently being worked on by Legal Counsel along with a new time line for comments from the member agencies.

Although the County had also submitted comments to the draft updated JEPA, discussion of those comments was limited and postponed to a later time since the current direction from the Board to staff was to proceed with a five member agency JEPA document which does not include the County.

**Conclusion:** The Board took no formal action but gave direction to Authority staff and Legal Counsel to move forward with the updated draft JEPA document for the five current member agencies.

Action items	Person responsible	Time Frame
Submit a revised updated draft JEPA to member agency city managers, city attorneys, and regional staff for review and feedback. Bring draft updated JEPA along with member agency feedback for the Board’s consideration at the July meeting.	Authority Staff and Legal Counsel	July 2018 Board Meeting

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**Agenda Item 8.2 - Amendment to Agreement with R3 Consulting Group, Inc. | Presenter Stan Hakes – Executive Director**

**Discussion:** Mr. Hakes provided the staff report and back ground information on this item. Mr. Hakes said the current agreement with R3 was approved by the Board in May 2017 and the scope of work covered two projects: 1) assistance with the CalRecycle 2016 EAR including an analysis of the resulting 2016 self-haul disposal numbers and 2) evaluate and review Republic Service’s dry material processing program and expected goals.

Mr. Hakes said that the Board has been made aware that the Authority’s self-haul and other disposal outside of the collection franchise system tonnage increased significantly in both 2016 and 2017 and that this increase in disposal affects the region’s diversion rate. Mr. Hakes said the proposed amendment to the existing agreement would allow the consultant to include self-haul disposal numbers for 2017 in their analysis which will be helpful in identifying and understanding the reasons behind these increases. This analysis will ultimately assist in the completion of the 2017 EAR and in identifying the sources of the tons, which in turn may allow the Authority and its’ members to have better diversion management. The analysis of the 2017 self-haul disposal would increase the consultant’s scope of work by about 64 hours which adds slightly more than \$10,000 to the existing agreement.

Mr. Hakes said with the recycling markets being really unstable, Republic Services, R3 staff, and Authority staff have all agreed that waiting six months before the starting the dry material processing program evaluation in order to allow more time for the markets to potentially stabilize, would likely result in the analysis being more representative of the ability to recover materials. The proposed amendment extends the agreement ending date to June 30, 2019, thereby allowing the extra time for the markets to potentially stabilize before starting the evaluation.

Mr. Hakes said staff's recommendation is to authorize the Executive Director to approve an amendment to the existing agreement with R3 Consulting Group, Inc., for special projects management services, extending the agreement ending date to June 30, 2019 and increasing the agreement amount by \$10,060 from \$13,160, to a total of up to \$23,220.

**Conclusion:** The Board took the following actions:

**MOTION** by Director Myrick to authorize the Executive Director to approve an amendment to the existing agreement with R3 Consulting Group, Inc., for special projects management services, extending the agreement ending date to June 30, 2019 and increasing the agreement amount by \$10,060 from \$13,160, to a total of up to \$23,220. **SECOND** by Director Willis.

**MOTION PASSED** (6 ayes – Fadelli, Valdez, Choi, Romero, Myrick, Willis; 1 absent - Murray).

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**Agenda Item 8.3 - Operating Fund and Recycling Fund Reserves Policy Resolution | Presenter Stan Hakes – Executive Director**

**Discussion:** Mr. Hakes said staff had received direction from the Board at their April 12, 2018 meeting to incorporate the changes to the draft resolution as discussed and to bring back the revised version for the Board's review and adoption at the May Board meeting. Due to the late hour of the May meeting, staff was directed to postpone the item to the June agenda.

Mr. Hakes provided a brief review of the history of this item and the details of the policies set forth upon the approval of proposed Resolution 18-02 that would formally recognize proposed target levels of reserves, and to describe the process in addressing shortfalls and excesses of those target levels.

**Conclusion:** The Board took the following actions:

**MOTION** by Director Murray to adopt proposed Resolution 18-02 approving an Operating Fund Reserves policy and a Recycling Fund Reserves policy, including target levels of reserves, and a process to address reserve fund shortfalls and excess reserve funds. **SECOND** by Director Myrick.

**MOTION PASSED unanimously.**

## **BOARD MEMBER AND STAFF ANNOUNCEMENTS**

Director Valdez requested a future agenda item to address the recycling markets and how Republic Services is handling recyclables now that China has stopped accepting many materials. Specifically she would like to know how this affects revenue for the agency. Mr. Hakes responded that an agenda item is scheduled for September to discuss the decline in recycling markets and how it will affect post-collection rates next year.

Director Myrick announced that the City of Richmond is having their annual Juneteenth parade and festival on Saturday June 16.

## **ADJOURNMENT**

With consensus of the Board, Chair Choi adjourned the meeting at 10:01 p.m. until the next special Board meeting scheduled for July 26, 2018.

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I hereby certify the foregoing to be a true and correct statement of the Official Minutes of the West Contra Costa Integrated Waste Management Authority Board meeting held June 14, 2018.

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Board Secretary

Date