

WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS MEETING MINUTES – SEPTEMBER 12, 2019

Meeting Date | Time 9/12/2019 6:00 PM | Meeting Location San Pablo City Council Chambers, 13831 San Pablo Avenue, San Pablo, CA

Meeting called by Board of Directors

Type of meeting Special

Authority Staff Present Steve Duran, Christina Leard, Andy Schneider

Legal Counsel John Bakker

Board Members Present:

Directors: G. Lyman (Chair), El Cerrito; D. Romero, Hercules; V. Salimi (Alternate), Pinole; R. Xavier (Alternate), San Pablo; N. Bates, B. Choi, and J. Myrick, Richmond

Absent: F. Glover (Ex-Officio) Contra Costa County

CALL TO ORDER/ROLL CALL

Chair Lyman called the meeting to order at 6:00 P.M. The Roll Call established the existence of a quorum (Bates, Choi, Lyman, Myrick, Romero, Salimi, and Xavier). *Director Myrick arrived at 6:56 P.M.

CLOSED SESSION

Legal Counsel John Bakker advised that the Board would adjourn into Closed Session regarding the appointment of the Executive Director. The Board adjourned into Closed Session at 6:01 P.M.

1. Public Employee Appointment

Title: Executive Director

2. Report Out of Closed Session

The Board returned to open session at 6:51 P.M., and Chair Lyman reported that the Ad-Hoc Committee comprised of Directors Choi, Lyman, and Romero had been directed to move forward with Executive Director Recruitment.

PLEDGE OF ALLEGIANCE

Chair Lyman led the Pledge of Allegiance.

EX-PARTE COMMUNICATIONS & DISCLOSURE AND PUBLIC COMMENT

Chair Lyman called for ex-parte communications. There were none.

There were no comments from the public.

CONSENT CALENDAR

Interim Executive Director Steve Duran presented an Errata to clarify that Consent Calendar Item 6.2, a contract with Maze & Associates for audit and related services was for a three-year period and not the one-year period identified in the staff report included in the agenda packet.

MOTION by Director Romero to approve the Consent Calendar consisting of Items 6.0, 6.1 and 6.2.
SECOND by Director Choi.

MOTION PASSED unanimously.

STAFF REPORT

Staff Report Item 7.0 | Presenter Steve Duran – Interim Executive Director

Mr. Duran reported that:

- 1) Discussions related to the non-member household hazardous waste cost allocation for the Kensington area had reached consensus on the methodology to invoice every quarter based on a budget of the previous year's actuals, to be reconciled with the actuals once a year, to be followed with language to update the agreements based on the established methodology.
- 2) RecycleMore staff had met with CalRecycle and Republic Services staff, had reviewed the numbers for the August report, the numbers were better and more accurate, Cascadia had been doing a good job, and CalRecycle had been pleased with the progress to date.
- 3) No suitable public space had been found for the relocation of RecycleMore offices, and commercial space availability was now being considered with a focus on San Pablo Avenue near the San Pablo City Offices.
- 4) Christina Leard reported that the Household Hazardous Waste (HHW) event on August 10 in El Sobrante had a great turnout when mattresses had been collected for the first time; 157 mattresses had been collected by 10:00 A.M. filling the available trailer, and people had then been redirected to the permanent HHW facility when an additional 148 mattresses had been collected. There had been a total of 306 participants depositing 10,000 pounds of hazardous waste; 9,000 pounds of paint based materials; and 8,000 pounds of e-waste totaling 13.5 tons of waste collected. Another HHW event had been scheduled for September 14 at the Galileo Club in Richmond, which would include a propane tank exchange. Larry Sweetser, Sweetser & Associates responded to comments from the Board related to the disposal of the hazardous waste and mattresses.
- 5) Andy Schneider introduced the new Civic Spark Fellow, Shannon Casey, a UC Davis graduate in Environmental Science; identified a new agreement with the School District and Republic Services to focus on elementary grade cafeteria composting, a requirement for all school sites which had started at the Washington School this week and one or two new schools would be added each month; Cascadia's follow-up work under contract with Republic had been going well and 400 newly covered commercial accounts had been identified that needed follow-up, which had to be done before the end of the calendar year, and nearly 300 site visits had been completed in the last six weeks; CalRecycle was pleased with the progress which has been reported.

Agenda Item 8.0 – Review of Household Hazardous Waste Program Expenditures for the Years 2014-2018 | Presenter Dana Shigley, Municipal Resource Group (MRG)

Dana Shigley, Consultant, MRG, reported that she and Mike Oliver, President of MRG, had recently completed a review of HHW Program expenditures for the years 2014-2018. She summarized the process that had been undertaken and noted that the recently adopted Side Agreement now called for an annual true-up rather than waiting for five years. To do that, expenditures had been reviewed in contracted services, direct labor, other direct program costs, and indirect site and administrative costs, and while not asked to audit every program expenditure, MRG had reviewed the information provided by Republic, verified the most significant costs, and determined that the expenses presented and cost methodology used was reasonable and consistent with the terms of the Side Agreement. She presented the analysis of each category.

Ms. Shigley offered recommendations as a result of the review, one of which related to the cost for property taxes, utilities, fuel, and insurance which had directly been identified in the agreement with a fixed amount, although MRG recommended that area as one where changes could be made to take some of the other site/maintenance type of costs into a fixed amount as well to avoid some of the tedious and subjective calculations required every year, potentially to be increased by a CPI amount every year.

Ms. Shigley reported that after adding in the profit margin and deducting revenues from out-of-area providers, for the entire five-year period Republic had received program revenues of \$4,522,716 and had spent \$4,528,516 for the program, resulting in a net of \$5,800, a credit due to Republic.

Ms. Shigley stated that throughout the review Republic had been very cooperative, its accounting system was reliable and reasonable and accurately tracked expenditures, and no irregularities or discrepancies had been found in the review. The relationship between RecycleMore and Republic had been found to be good and cooperation and planning had resulted in improvements in service and cost efficiencies.

Ms. Shigley and Mr. Oliver responded to questions from the Board and clarified the numbers and relationship between Richmond and El Cerrito figures; the 85 percent CPI that had been used since it had been included in the Side Agreement; and the recommendations for fixed amounts in some of the categories such as security, landscaping, janitorial, repairs, and pest extermination, those costs required to maintain the entire facility site, including hazardous waste.

Director Romero requested that the recommended categories for fixed amounts be spelled out in more detail.

PETER NUTI, Republic Services, explained that because Republic had a hard date of September 1 to submit the rate package to RecycleMore staff, it had contracted with MRG and had taken the next step with the recommendations to adjust the individual categories with respect to the budget. As such, Republic's 2020 budget and future budgets had been based on MRG's recommendations. He added that RecycleMore staff had also been given the recommended changes to Exhibit A related to the calculations that would align everything into a set formula to allow the creation of more accurate budgets.

As to whether that system would have anything to do with the Kensington issue and the status of that issue, Mr. Nuti reported that the parties involved had met with Supervisor Gioia, staff had met with the County separately, and a similar but slightly tweaked methodology was being considered and would apply to the out-of-service area communities. He clarified that the 2020 HHW Budget would show a billing of the 100 percent current year budget divided by four (four quarters), which would accurately represent the actual cost divided by the total number of users for all services, no matter what, and then be allocated to each community by the specific number of users in that community so that everyone would pay the same based on usage. He reiterated that MRG's recommendations would truly make the budget for that year the actual since the true-up would roll into the next year and would more accurately reflect the total costs moving forward. As such, he suggested that the County billing would work itself out.

Chair Lyman requested that the rewrite of Recommendation 2 include those categories with annual recurring flat line costs as opposed to those that might not be annual recurring costs and also requested that the minor edits he had submitted be included in the revised final report.

Director Xavier reported that the City of San Pablo had the same concern.

PUBLIC COMMENTS

JUSTIN SULLIVAN, Contra Costa County staff, reported that an additional meeting with the County, RecycleMore and Republic staff had been set up to discuss the Kensington issue to craft a fair methodology for all. Regarding the Side Agreement and MRG report, he stated that the Member Agencies and the County should be involved with that agreement.

Mr. Duran clarified that with the changes in the methodology that had been proposed there would have to be an update to the Side Agreement at which time the County and Member Agencies could be involved to provide input.

Mr. Nuti concurred that there was a need to continue to provide services to the out-of-service-area communities and once there had been agreement on the billing methodology for the County that new methodology would be included in a new updated agreement. He concurred with the need for input from all involved.

The Board requested a final version of the report with editorial changes and a revised Recommendation 2.

On the question, Mr. Nuti verified that the Member Agencies had access to all Republic services for household hazardous waste, while some of the outlying communities had only portions of those services.

Agenda Item 8.1 – Legislative Update Presentation on SB 1383 | Presenter Larry Sweetser – Sweetser & Associates

Larry Sweetser, Sweetser & Associates, reported with respect to SB 1383 that the regulations were ongoing and were expected to be finalized by the end of the year. Another 15-day comment period would open up in September or October for the last version of the official comments. Some changes were expected to occur although the main requirements would likely remain intact. CalRecycle was attempting to develop some resources to address the mandatory requirements and create a statewide education campaign. The regulations were expected to be adopted by January 2020, when the state would determine if it had met the 50 percent diversion for organics, and many of the regulations would have to be in place by January 1, 2022. He identified those regulations and some components such as recovery of edible food, education, a review of customer waste streams, enforcement, and penalties, reporting, data collection, and rate impact. He responded to comments with respect to the baseline that would initially be used and explained that everyone would have to be ready to proceed by January 2020.

Director Romero referred to a CalRecycle Link that offered an overview of SB 1383. He also expressed continued concern for the unfunded mandate from the state.

Agenda Item 8.2 – Approve Fiscal Year 2019-2020 Budget | Presenter Steve Duran – Interim Executive Director

Mr. Duran presented the Fiscal Year 2019-20 Budget and advised that Budget Workshops had occurred in May and June when specific direction had been provided by the Board. The Operating Budget revenue was identified at \$1,034,500, while expenses were reported at \$1,183,497, a reduction of \$16,002 from last year, with a requested use of \$148,997 of reserves to balance the budget. The Recycling Fund had interest earned of \$22,260. He detailed the breakdown of the budget by operating fund revenues and expenses, identified the Board's recommendations for this year's budget with respect to personnel and other services and expenses, and recommended with respect to policy the designation of a separate fund, with no funds to be encumbered at this time, for CalPERS Unfunded Accrued Liability (UAL) and Other Post-Employment Benefit (OPEB) liabilities.

Mr. Duran clarified that leaving the designated fund empty at this point would allow RecycleMore some reserves to handle emergency expenses, such as those that might be related to the upcoming move to new offices. He also recommended a process for a mid-year budget review when budget adjustments could be considered to facilitate the next year's budget, at which time the Recycling Coordinator/Administrative Assistant position recommended for elimination could be reconsidered.

Director Xavier reported that the City of San Pablo opposed the elimination of the Recycling Coordinator/Administrative Assistant position and supported the hiring of a CalPERS UAL-OPEB consultant.

The Board discussed the recommendation to appropriate \$70,000 from the Recycling Fund Budget for a CalPERS UAL-OPEB Consultant and SB 1383 Plan or Technical Assistance, and noted Director Romero's request that those funds be taken out of the Operating Fund Budget instead and that the Operating Fund be increased accordingly, which would take more funds from the reserves. It was also recommended that Professional Services be increased from \$60,000 to \$80,000 to accommodate a CalPERS UAL-OPEB consultant. It was reiterated that zero dollars would come from the Recycling Fund Budget while the Operating Fund Budget would be increased for a CalPERS OPEB Consultant, which might require some reduction of the reserves.

Director Romero requested more information on a mid-year budget review and using actuals for three quarters of the year and then determining what to do for the last quarter, and he wanted that in writing.

Director Myrick asked the Interim Executive Director if he was comfortable with RecycleMore's staffing level, and Mr. Duran explained that staff was overworked, although in terms of a permanent Recycling Coordinator/Administrative Assistant position it would be prudent to wait to see what the position should be.

Director Bates asked about the reserves that he stated had previously been indicated in the budget, and requested that the reserves be identified and included as an informational guide. He also requested that the budget be presented in a slightly larger font.

MOTION by Director Romero to adopt Resolution 19-03 approving the final Fiscal Year (FY) 2019-20 Operating Budget (Exhibit A) in the amount of \$1,253,497, including use of reserves in the amount of \$218,997 to balance the Operating Fund Budget; eliminating Section 1B; authorizing staff to create a Special Fund specifically designated for CalPERS Unfunded Accrued Liability (UAL) and Other Post-Employment Benefit (OPEB) liabilities; and approving the Authority Compensation Plan (Exhibit B) to reflect Board directed adjustments to the Approved Salary Range Schedule. **SECOND** by Director Choi.

MOTION PASSED unanimously.

Agenda Item 8.3 – Request for Proposals Related to SB 1383 and Core Services Planning | Presenter Steve Duran – Interim Executive Director

Mr. Duran reported that City of Richmond staff had recommended a Request for Proposal (RFP) similar to one that had been issued by RecycleSmart in Central County for a consultant to identify the expected work load with the implementation of SB 1383 organics reduction requirements, along with the impact on RecycleMore's other work and core services, adequate record keeping, monitoring, and compliance.

Director Romero referred to the Sweetser report and the SB 1383 requirements, acknowledged the extra work that would be required, but questioned the need for an RFP at this time. He suggested it was premature since CalRecycle had yet to provide a final report. While he could support a study, he did not see the need to include core services planning given that the new Executive Director should be able to provide that service.

The Board asked about the intent to review core services, particularly since the RecycleSmart RFP had not included core services.

Mr. Duran explained there was a desire that the study identify the additional work that would be involved with SB 1383, identify the work required for core services, and offer recommendations on how best to staff RecycleMore to accommodate everything. There was no intent to change core services. He also noted that a list of qualified consultants had been compiled.

Chair Lyman suggested it was not premature to consider the RFP given the way the state had handled AB 1826 reporting. He was unsure what the work plan would produce although he was inclined to proceed with subtasks 1 through 4 under the work plan at this time. He recommended deferring subtask 5 pending the determination of what the new Executive Director could provide. He recommended that the sections related to core services, subtask 5 and A through K be eliminated.

Director Romero objected to the use of the document since it was already two and a half years old and suggested it did not accurately reflect today's circumstances. He preferred that the new Executive Director be on board to guide the Board through the process.

Director Myrick suggested the report date indicated that RecycleMore was already late in its planning and wanted to begin the RFP process to be sure that RecycleMore was prepared to respond to the upcoming regulations.

Director Lyman suggested that the RFP could be modified to solicit input from the professionals, agreed the inclusion of core services was misleading and should be eliminated, and explained that a consultant could identify the needed scope of work.

Director Salimi referred to the scope of work and the proposed cost and suggested that each question be identified by percentage to measure the responses from consultants, recommended an evaluation of the proposed costs, and urged that the scope of work be focused to capture the most qualified consultant who had specialized knowledge of organics. He also recommended that interviews be conducted in person.

The Board directed staff to move forward with an RFP for services related to SB 1383, specifically subtasks 2, 3 and 4 of the work plan for concrete deliverables, selection criteria to be expanded to include the qualifications of the individuals proposed to work on the project, with evaluation criteria to be prepared prior to distribution of the RFP.

BOARD MEMBER AND STAFF ANNOUNCEMENTS

There were no announcements.

ADJOURNMENT

With consensus of the Board, Chair Lyman adjourned the meeting at 9:21 P.M. until the next regular Board meeting scheduled for October 10, 2019 at 7:00 P.M.

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 September 12, 2019.

Christina Leard

Board Secretary, Christina Leard

Jan 13, 2022

Date






2019 09-12 Board Meeting Minutes-WCCIWMA-RecycleMore

Final Audit Report

2022-01-13

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