

WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS MEETING MINUTES – OCTOBER 8, 2020

Meeting Date | Time 10/8/2020 6:15 PM | Meeting Location The meeting was held exclusively via teleconference participation of a quorum of Board members in locations not open to the public in compliance with the Governor's Executive Order N-25-20 (March 12, 2020) as superseded by Order N-29-20 (March 17, 2020), allowing for deviation of teleconference and physical location meeting rules otherwise required by the Ralph M. Brown Act. The purpose of the orders is to provide the safest environment for staff and the public consistent with Contra Costa County Health Services' current public health recommendations, while allowing the public to observe and address the Board. All votes of the Board to be Roll Call votes.

Meeting called by	Board of Directors	Board Members Present: Directors: A. Pineda (Chair) San Pablo; G. Lyman (Alternate), El Cerrito; P. Murray, Pinole; D. Romero, Hercules; B. Choi, N. Bates (Vice Chair), and J. Myrick, Richmond Absent: F. Glover (Ex-Officio) Contra Costa County
Type of meeting	Regular	
Authority Staff Present	Peter Holtzclaw, Christina Leard, Andy Schneider	
Legal Counsel	John Bakker	

CALL TO ORDER/ROLL CALL

Chair Pineda called the meeting to order at 6:21 P.M. The Roll Call established the existence of a quorum (Bates, Choi, Murray, Myrick, Pineda, and Romero). Director Lyman arrived at 6:54 P.M.

CLOSED SESSION

There was no closed session.

PLEDGE OF ALLEGIANCE

Chair Pineda led the Pledge of Allegiance.

EX-PARTE COMMUNICATIONS & DISCLOSURE

There were no ex-parté communications or disclosures.

PUBLIC COMMENT

There were no comments from the public.

CONSENT CALENDAR

MOTION by Director Romero to approve the Consent Calendar consisting of Items 6.0, 6.1, 6.2 and 6.3. **SECOND** by Director Myrick.

MOTION PASSED unanimously by a Roll Call vote.

STAFF REPORT

Staff Report Item 7 | Presenters | RecycleMore Staff

Executive Director Peter Holtzclaw reported that final interviews had been conducted for the Manager of Finance and Administrative Services position and a conditional offer was expected to be offered to the candidate; the Request for Proposal (RFP) for the website had been finished and four companies had responded with a contract to be returned to the Board in November for approval; and the Electronic Annual Report (EAR) would soon be submitted to CalRecycle. He stated that diversion rates and solid waste generation looked good and more would be submitted in November. CalRecycle had been pleased with the RecycleMore program so far and because of the current contract with R3 Consulting for SB 1383 planning, RecycleMore would be kept off the Compliance Monitoring Review List. He added that SB 1383 updates would be provided to the Board in 2021 when the law was to become official.

Recycling and Solid Waste Program Manager Christina Leard:

- 1) Summarized 2020's Household Hazardous Waste (HHW) events and provided the statistics related to participants, mattress pickup, pounds of HHW and e-waste collected, with paint identified separately, compared to 2019 with a breakdown of participation by jurisdiction for the Hercules HHW one-day event on June 27; the El Sobrante event on August 29, and the Richmond event on September 19. She identified a significant increase from last year in waste and mattresses collected, primarily due to COVID-19.

Ms. Leard responded to questions and clarified that the Mattress Recycling Council collected the mattresses and provided the trailers and labor at the one-day events without cost to the West Contra Costa Integrated Waste Management Authority (WCCIWMA). The Council recycled the mattresses and there was no revenue generated to RecycleMore. The disposal of the hazardous waste collection from the one-day events was shipped to one vendor; paint recycled through Paint Care; electronics shipped to a different vendor; and other materials were handled by Stericycle, a subcontractor also known as Clean Earth.

The Board discussed the mattress fee collected at the time of purchase for disposal purposes and how that did not relate to the mattress collection at the one-day events. More discussion on that issue was recommended.

Director Romero requested consideration of an ordinance to force big box retailers that sold paint to collect unused paint for recycling.

PETER NUTI, Republic Services, identified how the paint was handled and noted that some paint was able to be recycled while others were not, although the point was to recycle as much as possible.

Director Myrick complimented staff on the successful events that collected materials that might otherwise have been dumped.

Agenda Item 8.0 – Agreement with Recyclist Program Tracker Software | Presenter Peter Holtzclaw – Executive Director

Mr. Holtzclaw removed the item from the agenda in that it was not ready to consider at this time.

Agenda Item 8.1 – Workshop: Calendar Year 2021 Household Hazardous Waste Budget | Presenter Peter Holtzclaw – Executive Director

Mr. Holtzclaw presented the proposed Household Hazardous Waste Budget for 2021 as part of the Post-Collection Agreement (PCA) and the Side Agreement. Mr. Holtzclaw identified the expenses and programs, the one-day a week satellite facility in El Cerrito, the door-to-door medical sharps and pharmaceuticals service for senior residents and those with disabilities, and the three one-day collection events. He reported that HHW expenses were rising by about \$24,000 a year, the biggest increase with the one-day events, and the budget had been increased by almost 10 percent for next year. The balancing account as part of the Side Agreement was negligible, and the 15 percent profit margin to Republic Services had been added in, as had the \$65,000 credit as part of the Side Agreement. The budget was increasing from \$1.178 million to almost \$1.2 million. The reason for the budget was to identify the rate per ton (\$6.86), which would be blended with the blended rate of \$110, about 5 percent of the total rate structure. He stated the one-day events as well as the Richmond facility were very strong programs with little impact on the rate structure overall. He clarified that the line item for El Cerrito had been kept the same because El Cerrito had been closed for four months because of the pandemic and some expenses had been saved as a result.

There was no member of the public who wished to speak to the item.

GARTH SCHULTZ, R3 Consulting Group, Inc., responded to questions related to the 15 percent operator profit margin to Republic Services.

PETER NUTI, Republic Services, responded to the question of the credit offset to the 2021 budget and clarified that the HHW revenues credited were estimated by what had come in from the small businesses that traditionally had been small quantity generators, and what Republic did for HHW services for areas outside West County, so the revenues had been estimated and credited to expenses.

Director Romero asked about the medical sharps program and whether more sharps or pharmaceutical containers were needed in other areas, to which Ms. Leard explained that RecycleMore had been unable to find a location in the City of San Pablo, and discussions would have to occur with Larry Sweetser of Sweetser & Associates, and Mr. Nuti as to the regulations where those containers could legally be located.

Director Romero requested a report in early 2021 to advise the Board whether additional locations for sharps and pharmaceuticals had been identified. He suggested that the new San Pablo City Hall and West County Health facility at the same location might be appropriate areas to consider.

Mr. Holtzclaw advised that the door-to-door medical sharps and pharmaceuticals program had been suspended for a few months and continued to be suspended.

Director Romero referred to the same budget for the El Cerrito satellite facility as last year and asked how that would work with the balancing account given that those budgeted funds had not been spent. He also asked if there had been any overspending compared to last year.

Mr. Holtzclaw noted that Republic would provide the annual statement at the end of April when the expenses related to the budget would be identified, which would flow into the balancing account for next year's budget.

Ms. Leard reported that due to the volume, the budget had been overspent this year on the one-day events and there would be an overage for 2020.

Director Lyman, the alternate for Director Quinto, joined the meeting at this time.

MOTION by Director Murray to consider approval of the 2021 HHW Budget at the November 2020 Board meeting, with a notation to staff to provide a report in early 2021 to advise of potential locations for the medical sharps and pharmaceuticals program. **SECOND** by Director Romero.

MOTION PASSED unanimously by a Roll Call vote.

Agenda Item 8.2 – Workshop: Calendar Year 2021 Post-Collection Rates | Presenter Garth Schultz – R3 Consulting Group, Inc.

GARTH SCHULTZ, R3 Consulting Group, Inc., presented the review of Republic’s proposed blended per ton rate for 2021 and what that looked like for the proposed 2021 Post-Collection Rates that would be set by the Authority and collected by Richmond Sanitary Service in 2021 after the rate hearing in 2021.

Mr. Schultz stated that two elements fed into the annual rate setting process; the calculation of the blended per ton rate prescribed in the Post-Collection Agreement (PCA) with Republic Services, and translating the revenue requirement from those blended per ton rates into Post-Collection Rates (PCR) that could be set by the Authority and collected along with the collection rates by Richmond Sanitary Service. He clarified that El Cerrito had a separate PCA but set and charged PCR to cover its portion of the Authority budget as well as the HHW budget under a separate process.

Mr. Schultz explained that Republic’s initial 2021 blended per ton rates were compensation to Republic for services provided under the PCA and were not tied to the actual costs of operation. He identified the five elements of annual adjustments pursuant to the PCA that were: Material specific, the majority of the overall blended per ton rate which represented the majority of the contract escalating pursuant to the contract at 85 percent of CPI per year; the HHW component based on the Board approved HHW budget; the Authority component based on the calendar year 2021 revenue projection; the recycling rebate component which was a credit back to the blended per ton rate and which changed with market conditions; and the government fees component which changed in accordance with the tonnage and adjusted fees for host facilities which were set pursuant to formulas in the PCA.

Mr. Schultz identified the current 2020 per ton rate at \$106.26. The calculated 2021 per ton rate was \$110.14, an increase of 3.65 percent per ton. He added that tonnages had increased 3.7 percent from 156,334 in 2020 to 162,164 in 2021. For this year, the \$110.14 per ton times the projected tons (162,164) would yield a \$17,860,580 revenue requirement to Republic to compensate them for the five elements. He stated a methodology had been employed for the last five years which allocated the requirement to the residential, commercial and industrial sectors based on container size, number of cubic yards for commercial, and tons per industrial customers as in prior years. Based on the proposed blended per ton rates and all the required fees, he identified the expected increase that would be included in the monthly bills for residential customers and explained that did not include all the increase the customer might see in that the rate set by the individual Member Agencies and Richmond Sanitary Service would have to be included. He identified the expected increase for commercial and industrial customers as well.

Mr. Schultz explained that the final PCR would be brought back to the Board at its November meeting for a rate hearing and adoption so that they could be included in the Richmond Sanitary Service rates to be set on January 1, 2021.

There was no member of the public to speak to the item.

In response to Director Bates as to the continuing effect of the China sanctions, Mr. Holtzclaw explained that while some material still got into China, more was going to Indonesia, Vietnam and Mexico, the major paper markets, while glass, aluminum and metals generally remained in the United States as did plastic, which was also exported. Mr. Nuti clarified that China was not buying anything right now as far as raw materials to be recycled were concerned and the materials were being shipped to Indonesia and Southeast Asia, which was accepting paper. He added there would be a brand new paper mill in Taiwan in the near future.

Director Lyman referred to the 16 percent increase on residential, a 3 percent reduction in industrial, and a 4 percent increase in tonnage year over year, and asked what sector had the largest tonnage increase, reported by Mr. Nuti to be the residential sector given that more folks were home because of the pandemic.

Director Lyman commented that this was the largest increase in rates he could recall and he questioned why of the overall increase the Authority was almost 40 percent of it, to which Mr. Holtzclaw noted the amount used for compliance (\$250,000) translated to \$.16 per month per can. He had brought that issue to the Board in the rates because he was using last year as precedence. He explained that the Board had agreed to increase rates with respect to \$300,000 for compliance fees last year; \$75,000 for staff and \$225,000 for compliance related duties. He had come back to the Board in June with a budget to codify the \$225,000, and noted that a good portion of that amount had been used on R-3 Consulting's SB 1383 planning. He suggested that amount could be codified in a budget and used for next year's rates.

Chair Pineda asked how much of the \$300,000 had been spent given his concern that this was not the right time to increase rates given the impacts of COVID-19 on the San Pablo community.

Mr. Holtzclaw reported that the \$75,000 for a staff person would be brought on by January 2021 and the other portions of the \$225,000 that had been spent were \$65,000 for R3 Consulting for SB 1383 planning, the majority of which had already been spent, and the \$60,000 allocation for the website renovation, with web oriented training where commercial customers could visit RecycleMore electronically instead of requiring staff field visits. The initial \$225,000 approved in the budget in June and \$250,000 had been proposed in the rates. He clarified that the workshop would determine whether the Board wanted to do that now or wait until next summer to propose a budget and put programs together to back that number up. The \$250,000 represented the attempt to stay ahead of the SB 1383 requirements mandated by law when the law became effective next year.

Chair Pineda suggested waiting. With respect to government fees, he asked if the fees were the same or whether they had been increased, to which Mr. Schultz verified that government fees were increasing, and in accordance with the PCA fee calculation there would be increased compensation to Republic to pay for those fees. He also clarified that there was a myriad of different fees, which were handled in different ways and details could be provided.

Director Romero verified with staff that the funds dedicated for SB 1383 compliance represented a one-time expenditure given that it was related to planning, although some funds would likely need to be set aside for ongoing expenses related to staff or resources with respect to SB 1383. With the \$300,000 in the current budget, he suggested that if staffing and everything else stayed the same \$225,000 would be available every year in the budget. As a result, he suggested there was \$475,000 extra in the budget for SB 1383 compliance given that the funding had been included in the rates and it would be important to identify whether the funds were one-time or ongoing funding give that it had been included in the rates. He emphasized the need to consider what had been included in the PCA as well as in the rates. With respect to the rate increases, he asked how the reduction in dry waste because of COVID-19 would affect the rate structure. He also noted as new programs came on money had been set aside for future recycling programs and this might be one of those years where the Board needed to consider the use of some of the reserves to be able to supplement the programs for SB 1383.

Mr. Schultz explained that he would get further information and return with specific information on the dry waste.

Mr. Holtzclaw clarified what had occurred with Richmond Sanitary Service and the reduction in the dry waste program as a result of the China sanctions.

PUBLIC COMMENT

Mr. Nuti commented that the \$225,000 from this budget year and the \$250,000 for the next year were not one-time expenses and would be ongoing expenses that would fall in different areas when moving through the final compliance process for AB 1826, as well as the beginning steps towards implementing SB 1383, which was the commitment that he and Mr. Holtzclaw had made to CalRecycle which kept RecycleMore out of an informal or formal compliance situation with the state with implementation of some of the mandated SB 1383 components. He clarified that some of the expenses were one-time expenses but the overall commitment towards SB 1383 compliance would be ongoing.

JUSTIN SULLIVAN, Contra Costa County staff, stated with respect to the government fee portion of the rate that there were various fees that made up one of the components of the blended per ton rate and he referred specifically to the County Landfill Surcharge for the Keller Canyon Landfill. He noted a past practice had used a fee that had been built into the PCA that would be taken off the projected annual fee amount for the government fee portion of that rate. He stated the County set rates for the Keller Canyon Landfill Surcharge and provided Republic that rate to be used for the next year moving forward. The County suggested it was more appropriate to use the actual fee that would be used in the future rather than a projection of a fee when the County had determined the fee. The rate currently in the PCA was higher than the actual fee to be paid as the Landfill Surcharge for 2021, and the actual number to be used for 2021's government fee would drop by 14 cents rather than increasing by 10 cents. He stated that R3 Consulting had looked at the County's methodology last year and had determined it was a matter of contract language interpretation and it would be up to the Board to have its legal counsel investigate the matter. As such, he stated the County would be happy to meet with legal staff and RecycleMore staff to present its methodology and have legal counsel provide a final opinion on the matter.

PUBLIC COMMENTES CLOSED

Director Lyman verified that the additional increase this year for compliance was not overlapping and was needed to complement the increases made a year ago. He preferred to wait to increase the portion that could possibly involve a 10 or 11 percent increase on residential carts and not increase the Authority's portion by \$1.50.

Director Romero explained that the state was mandating the compliance and if not allowing the \$.16 increase RecycleMore could fall behind and SB 1383 would only become a growing mandate. He wanted to stay ahead of the curve and stated the R3 Consulting contract would help the Authority better understand what was going on. He did not see how \$.04 cents/week would affect anyone right now.

Mr. Holtzclaw stated he would come back in November to show what it would look like if using the reserve fund to keep that increase from impacting residents this year, admittedly a tough year, and still get the resources needed to show CalRecycle they were staying in front of the curve.

Director Bates asked about the staff increase, reported by Mr. Holtzclaw to be a minimal increase of \$75,000 for an entry level Recycling Coordinator. Going forward a Waste Prevention Specialist position had been unfilled for a few

years and that position should be filled at \$75,000 for SB 1383 compliance. Currently, Republic had two Recycling Coordinators and through the PCA a third Recycling Coordinator would likely be added.

Director Bates stated that as a result of COVID-19, most cities were not increasing salaries or staff and he could not support hiring additional staff at this time.

Mr. Holtzclaw noted that the proposed staff would supplement existing staff, and in response to Director Murray clarified that filling the positions at this time would reduce reliance on consultants, which would reduce consulting costs. The SB 1383 planning being done by R3 Consulting included model ordinances and the Authority might need some consulting help to draft those ordinances and interact with city managers, city attorneys and city councils to make sure those ordinances would work with the Member Agencies, and the same thing with respect to enforcement.

Director Murray asked staff to return in November with a blended scenario and with the potential to use reserve funds.

Director Lyman made a motion to direct the Executive Director to come back at the November meeting with at least two alternatives, with and without the blended rate increase of \$1.50 for the SB 1383 compliance, and also identify the status of the reserve funds for the Retirement Fund (\$350,000), the Operating Fund (\$727,000), and the Reserve Fund (\$1.8 million), and to identify the status of the funds with respect to their targets. Director Bates seconded the motion.

Director Romero stated that with a \$1.8 million reserve there would be more than enough money to pay for some of the programs. He suggested right now to decide to take \$250,000 to pay for that future increase and consider using it for the budget afterward since that was what the money had been assigned to do and would defray the costs of SB 1383. He offered a friendly amendment to the motion to allocate \$250,000 of recycling reserves into the budget to defray the costs.

Director Bates withdrew his second to the motion because he wanted to see a clear analysis of the recommendation for the upcoming budget and for the Board to collectively make a decision on the percentage of the budget to be in reserve. He preferred to wait for that report to verify the available funds.

Chair Pineda seconded the original motion made by Director Lyman.

Mr. Holtzclaw stated that in November he would return with an analysis of where the reserves were in relation to policy, and if dipping into the reserves for the \$250,000 what the result would be on reserves versus policy and the result on the residential can rate.

MOTION by Director Lyman to direct the Executive Director to come back at the November meeting with at least two alternatives, with and without the blended rate increase of \$1.50 for the SB 1383 compliance, and also identify the status of the reserve funds for the Retirement Fund (\$350,000), the Operating Fund (\$727,000), and the Reserve Fund (\$1.8 million), to identify the status of the funds with respect to their targets, and to identify the results with respect to the residential can rate. **SECOND** by Director Pineda.

MOTION PASSED unanimously by a Roll Call vote.

BOARD MEMBER AND STAFF ANNOUNCEMENTS

Director Romero reiterated his request for a discussion to give direction to staff and legal counsel for a countywide ordinance similar to the San Luis Obispo County ordinance to mandate big boxes like Home Depot and Lowe's to collect paint cans given the massive amount of paint coming in through the one-day HHW events.

Director Romero also noted that with an increase in home construction, particularly during the pandemic, large debris boxes were being used instead of Republic's service cans and the Member Agencies were not getting credit for the diversion.

Director Bates suggested that Ace Hardware and WalMart be included in a paint recycling program. He also asked about mandatory garbage pickup and requested that the item be placed on a future agenda for clarification and discussion.

Mr. Nuti described the Mandatory Service Ordinance.

Director Murray introduced Vincent Salimi who would be the new representative from Pinole on the Board.

ADJOURNMENT

With consensus of the Board, Chair Pineda adjourned the meeting at 8:12 P.M. until the regular Board meeting scheduled for November 12, 2020 at 6:15 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 October 8, 2020.

Christina Leard

Board Secretary, Christina Leard

Jan 13, 2022

Date






2020 10-08 Board Meeting Minutes-WCCIWMA-RecycleMore

Final Audit Report

2022-01-13

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