

# WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS MEETING MINUTES – OCTOBER 14, 2021

**Meeting Date | Time 10/14/2021 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in locations not open to the public in compliance with the Governor's Executive Order N-25-20 (March 12, 2020) as superseded by Order N-29-20 (March 17, 2020), allowing for deviation of teleconference and physical location meeting rules otherwise required by the Ralph M. Brown Act.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

Type of meeting Regular

Authority Staff Present Peter Holtzclaw, Lisa Borreani, Christina Leard, Donald Sturman

Legal Counsel John Bakker

## Board Members Present:

Directors: A. Pineda, San Pablo; T. Rudnick, El Cerrito; A. Tave, Pinole; D. Romero, Hercules (Vice-Chair); and G. McLaughlin, M. Willis, and N. Bates (Chair), Richmond

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

## CALL TO ORDER/ROLL CALL

While Chair Bates was present, he requested that Vice Chair Romero conduct this meeting. Vice Chair Romero called the meeting to order at 6:15 P.M. The Roll Call established the existence of a quorum (Bates, McLaughlin,\* Pineda,\* Romero, Rudnick, Tave, and Willis\*). \*Director McLaughlin arrived at 6:21 P.M.; Director Pineda arrived at 6:18 P.M.; and Director Willis arrived at 6:16 P.M.).

## CLOSED SESSION

There was no Closed Session.

## PLEDGE OF ALLEGIANCE

Director Tave led the Pledge of Allegiance.

## EX-PARTE COMMUNICATIONS & DISCLOSURE

There were no ex-parté communications or disclosures.

## PUBLIC COMMENT

No written comments were submitted, or oral comments made, by any member of the public.

## CONSENT CALENDAR

**MOTION** by Vice Chair Romero to approve Consent Calendar Items 6.0 and 6.1. **SECOND** by Director Willis.

**MOTION PASSED** unanimously by those present with a Roll Call vote.

## STAFF REPORT

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**Staff Report Item 7 - | Presenter | Peter Holtzclaw - Executive Director**

Executive Director Peter Holtzclaw welcomed April Canavan, the new Civic Spark Fellow, who was making great contributions in RecycleMore's social media outreach. He also reported that CalRecycle had accepted RecycleMore's 2020 Annual Report without comment; and the new RecycleMore website was now operational.

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**Agenda Item 8.0 – Receive a Presentation on Recyclist Software Platform from Republic Services | Presenter | Peter Holtzclaw – Executive Director**

Executive Director Holtzclaw requested that the item be continued to the November meeting.

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**Agenda Item 8.1 – Workshop – Calendar Year 2022 Household Hazardous Waste (HHW) Budget | Presenter | Peter Holtzclaw – Executive Director**

Executive Director Holtzclaw presented the HHW 2022 budget in comparison with the 2021 budget, and explained the purpose of the budget was to come up with a per ton rate that flowed into the rate structure. He noted a big change in the one-day HHW collection events due to the popularity of the events when more material was being processed. The total program expense would be \$1,385,000, a substantial increase with a rate per ton of \$7.73. While the rate last year was \$1 less, he reiterated that the increase was due to the popularity of the one-day collection events, the increase would be offset by other rate issues, and the rate would have minimal impact on ratepayers.

Director McLaughlin requested that the last five years of data for the one-day HHW collection events be posted on the RecycleMore Website so that the public could see how those events were being patronized more and more.

Mr. Holtzclaw advised that Christina Leard, the Recycling and Solid Waste Program Manager, was already doing that and next month would present a summary of last year's data. For the website, he stated that not only historical context but pictures and videos would be posted.

Director Pineda supported the one-day events, stated the expense was justified, and wanted to know how the use of those events had been tracked with the day-to-day usage of the permanent HHW facility. He wanted to know how that information was being shared and the days that were the most popular. He asked about the use of electronic billboards and whether that type of device could be used at the one-day events to better market the permanent facility.

Ms. Leard reported that Republic Services and Larry Sweetser had tracked the day-to-day use of the facilities, those numbers would be shared, and as to the one-day events everyone who participated had been given a brochure to identify the permanent facility.

Director Rudnick asked about the data being collected at the El Cerrito satellite facility, which she noted was open to the use of any West County resident, and Ms. Leard explained that every resident coming to the facility had to show an ID, all participants were being tracked, and Republic Services held those records.

Director Rudnick wanted to be more strategic in communicating with constituents given that those in the trades were aware of the services being offered while most other residents were generally unaware of the services being offered.

Director Tave commented he had used RecycleMore programs that were being offered and while the word was getting out about those services, there was no way to offer feedback. He suggested the signage related to the events be larger to better advertise the services offered. He also supported a line item in the budget for communications.

Mr. Holtzclaw explained that Ms. Leard had created questionnaires for participants at the events to ask how they had heard about the event to provide better marketing going forward, and had been working with Recyclist to create better algorithms for the projects from the website to get the message out and to better target the audience.

Vice Chair Romero referred to the postcards sent to Hercules residents and to some areas of Pinole, which had been very successful but with that success and the greater popularity of the events, many people did not want to wait in line to use the services. He added that mattress collections had really ramped up the events. He also noted there was a limit on paint and the excess paint being brought in by contractors was no longer being accepted. He stated the programs were good, it would be nice to see more information coming out, and information that would include the El Cerrito facility and what was being dropped off there. He sought an update on the sharps program and whether the number of drop-off locations needed to be increased.

Ms. Leard stated with respect to the sharps program that the state had passed new legislation (SB 212) effective January 1, 2021, which required product stewardship for sharps programs. CalRecycle was going through the process to identify vendors applying for the sharps program and there would be a statewide mail back program for sharps that would replace some of the drop-off kiosks. The cost of the program would be paid by the sharps manufacturers as opposed to being paid by RecycleMore.

No written comments were submitted, or oral comments made, by any member of the public.

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**Agenda Item 8.2 – Workshop – Calendar Year 2022 Post-Collection Rates | Presenter | Garth Schultz, R-3 Consulting, Inc.**

Garth Schultz, R3 Consulting, Inc., presented the calculation of compensation to Republic Services pursuant to the Post-Collection Agreement (PCA) and what that meant for the Post-Collection Rates RecycleMore adopted annually in order to fund the various programs on an annual basis.

Mr. Schultz stated there were two primary components: The PCA included a formulaic method for calculating the blended per ton rates payable for every ton of solid waste collected under the PCA to Republic Services, with payment through ratepayer rates from residential, commercial and industrial ratepayers in the service area.

Mr. Schultz stated that compensation to Republic Services under the PCA was a blended per ton rate, indexed and calculated pursuant to an index year over year. Six elements added to the total cost per ton and included a material specific component, an HHW component, a RecycleMore component, a CalRecycle compliance element, a recycling rebate component and a government fee component. The blended per ton rate for last year was \$106.14 and in 2022 was projected to be \$107.60. The overall increase was \$1.46 per ton which included a \$2.31 credit for a recycling rebate.

Mr. Schultz explained that tonnages had increased 2.49 percent from 2021 to 2022. The RecycleMore Board of Directors had a policy that translated that into the Post-Collection Rates. R-3's role was to verify and ensure the calculations were consistent with prior practice in accordance with the policy and implementation of rates that had been done the last several years. The blended ton rate helped set the sole compensation to Republic Services for post-collection services paid by customers. He noted that conventional recycling tonnages and organics tonnages had not been used for that allocation based on prior Board direction. The per customer amounts had been based on the relative number of units for residential, commercial and industrial.

Mr. Schultz identified the effective increases based on the blended per ton rate changes and the number of tons projected for the coming year in the methodology for the PCA ranging from \$0.51 for a 20-gallon residential cart to \$2.51 for a 95-gallon residential cart in addition to any increase for the collection component of the rates. For commercial, the per cubic yard rate of \$12.91 had decreased \$0.51 due to COVID-19 effects on tonnages and subscription rates, and for industrial there was a \$6.39 increase in the per ton rate. He presented a graph to identify

additional details related to the proposed 2022 Post-Collection Rates, and sought Board direction to bring back final proposed Post-Collection Rates to the rate workshop in November.

Director McLaughlin asked about regulatory compliance funding and sought a clarification of the \$300,000 that had initially been funded at \$1.33 per ton last year, proposed next year for \$250,000 at \$1.40 per ton.

Mr. Holtzclaw reported that \$75,000 had been allocated to staffing although that funding had not yet been expended. The other \$225,000, and \$250,000 from last year, \$475,000 total, had not been spent other than on Recyclist software and Cascadia work on AB 1826 and some SB 1383 work going forward. Approximately \$75,000 had been spent from a total of \$550,000, and the \$250,000 proposed for this year would result in \$725,000 left for compliance. More exact figures would be provided next month. He was confident that having those funds available would be good to show CalRecycle that RecycleMore was serious about complying with SB 1383 and there would be significant resources to help ratepayers when implementing the SB 1383 program for essential outreach to get businesses and multifamily dwellings to subscribe and use organics services, subsidizing backyard composting units, and helping restaurants and businesses recycle organics and promote the edible food waste component of the bill and help the food insecure.

Director McLaughlin sought more detail or an expenditure list. She asked if there were grants that RecycleMore could apply for to help in that regard, and Mr. Holtzclaw stated that a large grant had just been received to help keep rates down. He noted that the Post-Collection Rate had decreased last year because the Board had approved the use of reserves to subsidize the ratepayers during the pandemic. While the rate would increase this year, it would be a small percentage and staff was applying for grants to offset rates.

Mr. Holtzclaw emphasized that he had two prime directives as the Executive Director: to maintain compliance and to keep rates competitive and low.

Vice Chair Romero also highlighted the Board actions that had been taken to save the ratepayers from excessive rate increases. He stated that language could be added to describe the Board's philosophy in building up the fund.

Director Willis asked how the rates would be impacted next year if the rates were over or under estimated and how that would impact ratepayers.

In response, Mr. Holtzclaw stated the way the PCA worked was that the majority of the rate was to reimburse Republic Services for its cost of handling all the material, which remained fairly consistent. The over/under estimating came to 12 or 15 percent of the overall financial environment which was under \$18 million. Last year given the pandemic, RecycleMore had not spent that much money and had built up its reserves. The Board had agreed to spend the reserves this year and by doing so had subsidized the ratepayers for the Post-Collection Rate for the last year. If underestimating where rates would be raised, it would represent only a small part of the rate structure. He did not see that rates would be impacted and the intent was to keep the rates as even as possible.

Mr. Schultz explained that if the projections did not end up being true to reality it would true up the next year with a set of actuals. The same would occur with the RecycleMore budget, which over time would become normalized. Director Willis suggested that only a slight rate increase was being proposed but any rate increase could impact some ratepayers more than others.

Chair Bates commended the Executive Director for handling the financial matters for RecycleMore in that with the pandemic there had been no idea what the impacts would be but as a result of the Executive Director and staff RecycleMore had not experienced heavy deficits.

Director Tave asked what would happen if things turned for the worse and how the agency could curb unexpected increases or spread the burden over time, and if there was a failsafe or relief valve for ratepayers moving forward.

Mr. Holtzclaw stated there was a pretty good balancing account with the tonnages and volumes, and if there was an economic crisis he suggested it would be similar to what the pandemic had presented, which was less volume where Republic Services would get less money given less volume to process. He noted that other jurisdictions had seen big rate impacts because they had a different type of rate structure where different haulers had to go back to the cities with huge rate increases. Given the way the rate structure worked with Republic that would not likely happen with RecycleMore. He commended Republic and Richmond Sanitary Services for not having to go back to the cities during a pandemic to negotiate for a rate increase on the collection side. He stated it was important to make sure that residential customers were not impacted. In an economic crisis, RecycleMore had operational reserves and special project reserves of over \$1 million. He did not support the use of reserves every year to avoid the need for rate increases. He stated the rates could be subsidized if the Board was concerned about a \$0.90 increase for a standard cart, and emphasized that last year was unique because of the pandemic. He emphasized that RecycleMore was in much better shape than most other agencies given the impacts associated with SB 1383.

Vice Chair Romero noted the question of whether the agency was inflation proof. He explained that the budget was set in July but funded with rates established in January, which was why reserves were in place in case there was a catastrophic plunge in the economy. Given the new membership, he asked staff to provide an analysis of the last seven years of all the residential, commercial and industrial collection to identify what had been going on with respect to the rates. He noted the PCA had been a blessing and as a Board he wanted to get the numbers on composting for the future. He spoke to the impact of COVID-19 on composting, and also noted that residential brown waste had increased although the commercial and industrial had decreased.

Mr. Schultz stated during the pandemic it had been universal throughout the state that commercial tonnages whether garbage, organics or recycling had declined due to shuttered businesses and there had been an increase in the amount of waste generated by residential because most people remained at home. The trend in RecycleMore was indicative of what had been seen throughout the state and in every rate setting process.

Vice Chair Romero noted his concern for how many people had been using a 95-gallon brown waste or 65-gallon brown waste in the region, which would mean that recycling was failing and the messaging had not been successful. He sought a report in that regard.

Mr. Holtzclaw noted that approximately 78 percent used 35-gallon cans, and Mr. Schultz stated that currently across the Richmond, Hercules, County, Pinole, San Pablo service areas there were 624 95-gallon customers (1 percent of the overall subscription base); 3,700 65-gallon customers (6 percent); 35-gallon (78 percent); and 20-gallon (15 percent). There were a small number of subscriptions in the larger container sizes. El Cerrito largely mirrored those outcomes with a higher percentage in the 20-gallon containers and with few 65-gallon and 95-gallon carts overall.

Vice Chair Romero sought that information in a report to the Board.

Director Pineda referred to the additional \$250,000 for compliance regulations, understood that not all the money previously allocated had been spent, and suggested that once there was a plan for how the money would be utilized that plan should return to the Board for approval.

Vice Chair Romero explained that the funds had not yet been expended because all the rules related to SB 1383 had not yet been identified by CalRecycle, and the cost of compliance was as yet not fully known. He noted that inflation had not yet been factored in and he sought a mid-year report prior to setting the rates in comparison with what had already been set in the budget.

Mr. Holtzclaw stated he could return in November with year to date expenses, revenues, and reserves to get a better picture related to the rate structure. He clarified that the rate setting had been set up through the Post-Collection Contract to have calendar year rates, to start with a workshop, to pass the rates in November, and to implement the rates in January. He explained that RecycleMore operated on a government fiscal year and the budget was passed in June and July. The rates would offer a nice mid-year review of the budget looking at both side-by-side moving forward even though separated by six months.

Vice Chair Romero added that the time would also give Contra Costa County a chance to have their public meeting in December and set the rates on January 1.

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**Agenda Item 8.3 – Discussion – SB 1383 Memorandum of Understanding (MOU) | Presenter | Peter Holtzclaw – Executive Director**

Executive Director Holtzclaw updated the Board on the discussions that were occurring with every jurisdiction, which had all received the draft MOU. Official comments had been received from the City of El Cerrito; one regional staff meeting to go over the MOU had occurred and more were expected, and CalRecycle was still interpreting SB 1383 and it was difficult to pursue specifics in the MOU or the ordinances when CalRecycle’s stand on the issues was currently unknown. He therefore supported generalities at this point to allow room to maneuver as the different elements in the law became more apparent. There would be more momentum to get the MOU done in the next three or four weeks.

When asked, Legal Counsel John Bakker stated that comments had been received from Republic Services and minor changes had been incorporated to reflect Republic’s comments. He advised there would be a number of versions of the document and redlines could be shared with the Board. There was a desire to accomplish the goal of delegating the responsibility to the Authority and obtaining approval from CalRecycle that it met their requirements, as well as maintaining the flexibility to make changes on the fly without having to go back to the Authority to make changes. He sought a constitutional document with the details to be handled in negotiations between the parties and the various groups. He also sought the ability to maneuver, to find out how things would operate, and to learn what CalRecycle was expecting. Discussions would continue with staff and the jurisdictions and a final version would be returned to the Board.

Each Director was polled as to the status of each jurisdiction’s process with respect to the MOU.

TANYA LITTLE, the President of a homeowner’s association (HOA) in Hercules, wanted to ensure her community was in compliance with SB 1383. She asked how the communities would be educated on what had been done and how the mandate had been planned. She was particularly interested in how all residents in homes, condominiums specifically and apartments would be aided and encouraged to comply. She noted that West County communities, condos, apartments and townhomes had no way of recycling organic waste at this time and she looked forward to the Board’s guidance with respect to enhanced education and outreach to see how they could become equipped to recycle organics to comply with SB 1383.

## **BOARD MEMBER AND STAFF ANNOUNCEMENTS**

Mr. Holtzclaw stated that due to Veterans Day, the November 11 Board meeting had been rescheduled to November 18, 2021.

Chair Bates thanked the Vice Chair for chairing the meeting.

Director Tave reported on his encounter with a contractor engaged in bio energy off of compost. He supported a presentation of that process as a possible revenue generator.

Mr. Holtzclaw agreed that a presentation from Republic Services, RecycleMore's current contractor, could be worthwhile. He commented with respect to renewable gas that methane was captured at the landfill, from compost facilities or digesters, was burned to create power, and when burned created carbon. When harvested, he noted that a gas as bad as methane, considered to be a greenhouse gas, would result in atmospheric harm reduction. With respect to SB 1383, there were still 105 landfills in California with millions of tons of organic waste going through digestion that was still creating methane, and would be for years. He emphasized the need to avoid the emission of carbon which was why solar, wind, hydro and even nuclear were preferred because they did not emit carbon.

## ADJOURNMENT

With consensus of the Board, Chair Bates adjourned the meeting at 8:00 P.M. until the Special Board meeting scheduled for November 18, 2021 at 6:15 P.M.

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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 October 14, 2021.

*Donald W. Sturman*

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Board Secretary, Donald Sturman

Jan 20, 2022

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Date






# 2021 10-14 Board Meeting Minutes-WCCIWMA-RecycleMore

Final Audit Report

2022-01-21

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