

WEST CONTRA COSTA INTEGRATED WASTE MANAGEMENT AUTHORITY (WCCIWMA) BOARD OF DIRECTORS MEETING MINUTES – JUNE 8, 2023

Meeting Date | Time 6/8/2023 6:15 PM | Meeting Location Hercules City Council Chambers, 111 Civic Drive, Hercules, CA 94547

Meeting called by Board of Directors
Type of meeting Regular
Authority Staff Present Peter Holtzclaw, Reka Abraham, Lisa Borreani, Webster Nguyen, Donald Sturman
Legal Counsel John Bakker

Board Members Present:
Directors: T. Rudnick, El Cerrito (Chair); D. Romero, Hercules; D. Murphy (Alternate), Pinole (Vice Chair); G. McLaughlin, M. Willis and C. Zepeda, Richmond; and R. Xavier, San Pablo
Absent: F. Glover (Ex-Officio) Contra Costa County

CALL TO ORDER/ROLL CALL

Chair Rudnick called the meeting to order at 6:15 P.M.

The Roll Call established the existence of a quorum (McLaughlin, Murphy, Romero, Rudnick, Willis*, Xavier and Zepeda*). *Directors Willis and Zepeda arrived after Roll Call.

CLOSED SESSION

There was no Closed Session.

PLEDGE OF ALLEGIANCE

Chair Rudnick led the Pledge of Allegiance.

EX-PARTE COMMUNICATIONS & DISCLOSURES

There were no ex-parte communications or disclosures.

PUBLIC COMMENT

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

CONSENT CALENDAR

1. May 11, 2023 Authority Board Meeting Minutes

MOTION by Director Romero to approve Consent Calendar Item 1, as submitted. **SECOND** by Director Xavier.

MOTION PASSED unanimously by a Roll Call vote:

STAFF REPORT

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

Executive Director Peter Holtzclaw introduced Rachel Dice, RecycleMore's New Recycling and Household Hazardous Waste Coordinator.

Rachel Dice introduced herself to the Board and stated she had been a Public Outreach Fellow at RethinkWaste in San Mateo County and looked forward to working with RecycleMore. The Board welcomed Ms. Dice to RecycleMore.

Recycling & Household Hazardous Waste Program Manager Reka Abraham provided an update on the Multifamily Property Compliance Program and reported that she expected full compliance by the end of the week. Republic Services had started its rollout to the non-compliant properties and would be following up with a second letter to all properties to explain the required compliance with the program. She also explained that the first Household Hazardous Waste (HHW) one-day event this month would be at the Hercules Corporation Yard.

Outreach Program Manager Lisa Borreani reported that she would be at the Pride event in Pinole on June 11, 2023 handing out oil drainers and oil filters free to the public. She encouraged people to attend the event.

Mr. Holtzclaw reported that the Ad Hoc Committee to Assist the Executive Director for a decision on the Post-Collection Agreement (PCA) had not met last month but would meet next month and return to the Board in July or September.

WCCIWMA Legal Counsel John Bakker stated, when asked by Director McLaughlin, that a confidential memo had been submitted to the Board of Directors to advise it had been determined that Director Tave would not be able to participate as a member of the Ad Hoc Committee due to an abundance of caution. The committee was now comprised of Directors McLaughlin and Zepeda from Richmond and Director Romero from Hercules.

Agenda Item 8.0 – West Contra Costa Integrated Waste Management Authority Fiscal Year 2023-2024 Draft Budget | Presenter | Peter Holtzclaw - Executive Director

Executive Director Holtzclaw presented the Draft Fiscal Year 2023-2024 Budget as presented to the Board last month, which now included the changes recommended by the Board at that time to add \$100,000 for consulting costs for the Post-Collection Agreement (PCA) process and the removal of \$157,500 from the program budgets into the Compliance Fund, all SB 1383 related.

Mr. Holtzclaw reminded the Board of the points that bound the budget together: the mission to provide cost-effective compliance with state law, to provide effective oversight of the privately-owned IRRF [Integrated Resource Recovery Facility]; to protect ratepayer interest and provide cost-effective waste disposal and diversion for the region; to fulfill the agency's compliance responsibilities; and to portray a good faith effort if RecycleMore programs failed to meet state mandates. His PowerPoint presentation offered background on RecycleMore and the overall mission and desire for the region. One of the main responsibilities was to manage the PCA contract with Republic Services as well as manage numerous other programs to comply with SB 1383 and other state mandates.

Mr. Holtzclaw identified the proposed FY 2023-2024 Budget of \$1.6 million in expenditures and \$1.2 million in revenues and stated that some reserves would be moved over from the Reserve Fund to the Operating Fund to balance the \$424,000 deficit. He explained that the budget would be evaluated in coordination with the rate structure. He also explained that Board policy had stipulated a minimum Operating Fund at 67 percent of revenues. Over \$1 million annually was paid by Republic Services and El Cerrito into the Operating Fund.

Mr. Holtzclaw stated the Board Policy for the Reserve Fund was for a balance of \$662,000, although the fund had a total over \$1.5 million for two years now. He commented that a lot of spending patterns had been related to the pandemic and staffing. With six full staff members at this point, the funds that had not been spent in past years would be spent this year.

Mr. Holtzclaw presented the budget summary and identified a \$400 error in the figures presented where the budget was actually \$1,662.78. Given the almost \$424,000 deficit, there could be a possible increase in the RecycleMore B Budget with the next rate structure. He described the budget as 7 percent of the entire Post-Collection Rate structure and 2 percent of the entire residential collection rate.

Mr. Holtzclaw summarized the revenues of almost one and a quarter million from Republic Services, funds from the HHW Program, the Oil Program and Interest. He presented a summary of expenses and pointed out where the \$100,000 for consultants had been identified in the budget at the Board's direction to add in consultants costs for the PCA. Other expenditures including the projected budget of \$80,000 for the Mattress Collection Program were also pointed out and he clarified that most of the SB 1383 programs had been zeroed out and moved to the Compliance Fund account. He noted that all the line items had been discussed last month., as had the compliance activities, Recyclist software, mandatory outreach, the Memorandums of Understanding (MOU) with the member agencies, enforcement of edible food for Tier 1 and Tier 2 businesses and route reviews. He also pointed out where the \$157,500 for projects had been added for SB 1383.

Mr. Holtzclaw explained how the Post-Collection Rate went into the overall garbage rate and identified all the Republic Services active operations. He also pointed out all the line items and the recycling rebate based upon the mixed paper index. He offered a visual representation of how small the RecycleMore budget was compared to everything else and stated the budget was trying to meet the challenges of SB 1383 while not being apart from the commercial and residential ratepayers.

Director Zepeda asked about the recycling rebate, and Mr. Holtzclaw explained it was based on a mixed paper index associated with an approximate 75 different paper grades where there was a price for each paper grade from various ports around the country and from various paper mills (primarily in the Midwest where there were a lot of mills) with prices on the high and low sides. That process set a market between buyers and sellers, a stock market of sorts for paper. The recycling rebate was based on the mixed-paper grades that fluctuated. He explained in the last few years when China stopped buying paper, the recycling rebate had gone down because the value had gone down. But in the last couple of years the paper market had recovered with more mills coming on board and there was a higher rebate based on tonnage and changes in price. The rebate represented about \$1 million that was returned to RecycleMore ratepayers.

Director Zepeda noted that the cities of Richmond and San Pablo had voted to pursue a Request for Proposal (RFP) for a new PCA and if every member agency decided to do their own thing he asked how that would impact the different collection systems.

Mr. Holtzclaw stated that remained to be seen. As far as he was concerned, the existing PCA was active for a few more years. With respect to the effect on the rebate, he stated with different companies there could be a situation where Richmond, for instance, would have to decide whether or not to remain as a member of RecycleMore and whether a new collector could work with RecycleMore's contract with respect to the collection facility.

Director McLaughlin noted that would also be dependent upon whether RecycleMore decided to pursue an RFP as well, which would be a question of the Ad Hoc Committee.

Director McLaughlin referred to operational expenses in Attachment 8.3 for “operational subscriptions” and “operational supplies” and stated the numbers did not appear to be correct, although Mr. Holtzclaw clarified that not every box had been shown.

Director McLaughlin referred to the projects and forecasted expenses the Board had adopted on May 25, 2023 for the Compliance Fund, noted the Board had requested a quarterly report on the Consent Calendar for the Compliance Fund implementation, and requested that when the item came back the actuals be included.

Mr. Holtzclaw suggested that September would be better given that there had been a delay getting RecycleMore’s financial accounting system set up from San Pablo. He planned to put the financial actions in his Board report pending the final financial setup.

Director Xavier asked about the home composters, and Mr. Holtzclaw stated there had been feedback from other cities that the Home Composting Program was supported and there had always been a \$50 subsidy for home composters. While the Home Composting Program had never been promoted, it had been on the RecycleMore web site, and since the price of home composters had increased there was a desire to increase the subsidy. He stated that more funds could be added to that program in the budget if more people were interested in the program, which could be promoted, if desired. He did not support adding more funds to that program if the interest was not there.

Director Xavier asked about repairing or replacing the trolley, and Mr. Holtzclaw stated to replace the trolley would cost around \$75,000, which might need to be thrown into the next PCA contract. For now, it would cost \$25,000 to repair the battery issues associated with the trolley, which would last for a few more years.

Director Romero referred to Page 7 of Mr. Holtzclaw’s agenda report and asked about the Recycling Fund Reserves and a pending payment of \$320,000 for OPEB/UAL [Other Post-Employment Benefits/Unfunded Accrued Liability].

Mr. Holtzclaw explained that the last couple of years RecycleMore had been making sure that retirement liabilities had been paid, and two years ago RecycleMore had made a \$320,000 or larger payment. This year another \$320,000 payment would be made leaving the current liability at about \$175,000, which was low and very manageable. Those funds had been taken from the Reserve Fund, which still had \$1.5 million. Given Board policy that the Reserve Fund maintain a balance of \$662,000, in this budget cycle an estimated \$785,000 would be transferred from that account. He emphasized that was an estimate given the fluctuations in revenues and expenditures. He noted for the last three years overall tonnages had gone down, which was strange because that was usually associated with a recession, which was currently not the case. In the big picture, he commented that might not be a bad thing because potentially more material was being diverted but in general when volumes went down it usually meant less home and business activity or a contracting economy. He did not expect that trend to continue. He stated the Reserve Fund had been used to make sure that the OPEB/UAL was paid and up to date. He imagined next year the budget would reflect Board policy much better.

Director Romero verified that the \$424,000 deficit for this fiscal year would be closed, which would leave just under \$800,000 after moving \$785,000 to shore it up. He wanted to make sure that the Board could describe publicly where the funds had come from.

Mr. Holtzclaw stated that the budget would change in November as a result of the rate structure and RecycleMore would be getting extra revenue, and if not there could be some cutbacks. In further response to Director Romero, he explained that the Compensation Plan would also be brought to the Board during the rate setting process. He acknowledged Director Romero’s request to put that in writing.

Director Romero stated it had been difficult as a RecycleMore Director to see that two member agencies had directed their Directors to vote on the PCA without knowing what was going on, and the two member agencies doing that

represented four Directors, which in his mind was a borderline Brown Act violation because it was not the majority of the member agencies but the majority of Directors. While it was known there might be two possible other companies that could bid on the PCA, and because of its circumstances Recology might not be able to qualify, he stated the other potential provider would have to truck everything out of the area. He expressed serious concern for the situation where two member agencies had circumvented the process and RecycleMore's Executive Director was almost being guided into what two member agencies might want, which was improper. He urged that those two member agencies not be allowed to direct RecycleMore to pursue a PCA.

Director Romero added that the City of Richmond had used an R-3 Consulting Report that had never been published and the City of San Pablo had also referenced the R-3 Report. Both cities had taken the action on their City Council consent calendars. He suggested information was being hidden from the public and he requested that the R-3 Report, which had been funded by public funds, be published and be made available to the public. He noted that the City of Richmond was attempting to place another transfer station in a high-risk area that already had a transfer station and all the trash and other debris from those two facilities would negatively impact nearby ratepayers. He emphasized that would be one of the important things for the Ad Hoc Committee to discuss.

WCCIWMA Legal Counsel John Bakker advised that the item had not been included on the agenda for discussion and Director Romero recognized that fact and noted that when talking about specifics related to the PCA it was important to remember that the numbers had been solid for over 20 years and the PCA was a great document written 13 years ago that had produced stable rates.

Director McLaughlin concurred that those issues should be discussed with the Ad Hoc Committee.

Director Zepeda asked about outreach and how many people had been contacted with respect to the Mattress Program, Oil Buyback Program and other things such as home composting.

Mr. Holtzclaw stated that RecycleMore had reorganized itself a year ago. There used to be Program Managers for each program, although that had since been combined by one HHW/Recycling Manager position with a HHW/Recycling Coordinator position, along with an Outreach Manager and an Outreach Coordinator, with a background in outreach. He added that since those positions had been filled, the outreach had become exponentially wider and better and there was a bigger social media presence. Outreach was better especially in coordination with the member agencies and Republic Services, particularly around SB 1383 outreach.

Outreach Program Manager Lisa Borreani advised that she had put a plan together for outreach that had worked well from social media to the HHW events and others, and had created flyers, a website, news block pages, and an advertisement in Contra Costa Marketplace on its events page and in this month's issue for upcoming one-day HHW events. She explained that putting a plan together and executing the plan had been beneficial. Metrics and other things had been posted on the website and a plan had been put together for SB 1383 along with overarching plans for the programs.

Director Zepeda referred to the \$50,000 budget allocation for outreach and suggested it might be low, particularly for the multifamily units and there needed to be visits, conversations and information provided to residents. He commented that there were many seniors and others in the community who did not use social media, computers, or scan a QR Code, and he wanted to make sure that those folks who were not as connected as millennials would not be forgotten.

Mr. Holtzclaw noted that Republic Services was also sending select employees to meet residents of multifamily units and to create champions in the complexes to make sure that the programs worked.

In response to Director Murphy as to the direction to the Board at this time, Mr. Holtzclaw stated the request was to approve the \$1.6 million budget essentially broken down to \$900,000 in salaries and \$700,000 in programs, and since the deficit would bring the Operating Fund below Board policy, take \$785,000 from the \$1.5 million Reserve Fund and move it over to the Operating Fund with 67 percent of revenue by next July 1, which would bring the Reserve Fund (the savings account) to \$790,000 where it should be consistent with Board policy of at least \$662,000. He added that ideally revenues should reach expenditures.

Director Murphy verified the Compliance Fund for SB 1383 and the required programs involved along with the list of activities the Board had decided to pursue, and use the Compliance Fund for public education. He asked the percentage of the additional programs that were part of compliance, and Mr. Holtzclaw stated those extra programs represented \$157,500 which compared to the programs needing to be in compliance and represented between 30 and 40 percent of the Compliance Fund for the new programs, as directed by the Board last month to ensure that all SB 1383 expenditures had been captured in one fund separate from everything else.

With respect to projects, Director Murphy referred to edible food recovery and verified that those participating were both for-profit and non-profit entities. He also verified that each project would be tracked and he asked how that would be done.

Mr. Holtzclaw noted a staff report next month would lay out the details of how the \$100,000 in that budget would be spent. He explained that there were different ways to track, each required by the state, such as the number of businesses that had mailed postcards, the number of businesses visited by representatives of the waste disposal company or RecycleMore and the like, and each had a metric of success.

Director Murphy wanted to know how to maximize economies of scale with the larger micro/macro bins and verified that funds had not been removed from the Reserve Fund over continuous years to cover deficits in that while proposed, funds had not been removed to cover a deficit prior to this year because it had not been needed.

Mr. Holtzclaw verified for Chair Rudnick that \$100,000 had been earmarked for consultants, which was one of the differences in the Operating Budget presented last month. The overall impact was not great and the proposal was still to move a significant amount over from the Reserve Fund to cover the \$424,000 deficit. He noted the swing in revenues that could occur with a change in volume, recession or other significant impact to the budget.

Chair Rudnick referred to the Compliance Fund and a number of the earmarks that did not talk about the compliance element, and Mr. Holtzclaw explained that SB 1383 was extraordinarily bureaucratic and participation in the programs had to be tracked by law.

Chair Rudnick stated from the public perspective it was important for the public to be apprised of the compliance required. She referred to the trolley and suggested the repair of the trolley would ultimately cost more than \$25,000, and given the uncertainty she suggested it could be leverage in the PCA discussion to work around being able to have events knowing that \$25,000 would not repair that trolley. She did not think it wise to budget \$25,000 to repair the trolley, and while she understood the attraction of the trolley recommended a vehicle to safely accommodate tours of the recycling facility.

Mr. Holtzclaw suggested not spending those funds for the trolley and working around field trips to the facility. He stated the IRRFs were dangerous places for kids and there were options that could be considered for those field trips. Director Romero verified that RecycleMore was paying \$20 each for mattress collection as part of the Side Agreement and that the \$80,000 budgeted for the Mattress Collection Program would only accommodate 4,000 mattresses. He supported the proposal and suggested more funding would be appropriate.

Mr. Holtzclaw advised that he could provide a metric to update the Mattress Collection Program which had last been updated in December 2022 with the HHW report. He suggested the \$25,000 budgeted to repair the trolley could be forwarded to the Mattress Collection Program.

Director Murphy suggested that staff be directed to create a Compliance Fund Policy given the potential for future budget issues, and Mr. Holtzclaw reported there was a Compliance Fund Policy separate from the RecycleMore Budget. He clarified that the Compliance Fund was a restricted fund for SB 1383 specific items.

Director Zepeda referred to the Compliance Fund Policy and asked how to measure the effectiveness of the items in the budget, the success of those programs, and how they were being measured to keep the agency in compliance, and Mr. Holtzclaw explained that the ultimate measure of compliance was whether or not the state had indicated an agency was in compliance.

In further response to Director Murphy who referred to two types of compliance; agency compliance and user compliance, Mr. Holtzclaw advised that RecycleMore was currently negotiating MOUs with the member agencies to formalize responsibility. Ultimately, each member agency was responsible for SB 1383 compliance and other laws related to recycling and solid waste, and the member agencies delegated that responsibility and the duty to the member agencies. RecycleMore was responsible to make sure compliance happened. Fines for non-compliance related to SB 1383 were an aspect both to the individual member agency and to RecycleMore. He did not believe that West County cities had ever been fined for non-compliance and the whole fear of a member agency being fined was low although compliance with state law was still being sought.

Mr. Holtzclaw clarified that the MOUs would stipulate who was responsible for the fines and much of the responsibility would be on the hauler, which would know if an individual business was participating in the program to ensure compliance. He added that staff was already working with Republic to make sure the individual businesses were working with the programs.

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

MOTION by Director Romero to approve the Final Draft of the West Contra Costa Integrated Waste Management Authority Fiscal Year 2023-2024 Budget, as submitted. SECOND by Director Zepeda.

MOTION PASSED unanimously by a Roll Call vote:

Chair Rudnick acknowledged the arrival of Directors Willis and Zepeda to the meeting.

BOARD MEMBER AND STAFF ANNOUNCEMENTS

WCCIWMA Legal Counsel Bakker advised that he would be unavailable from June 23 to July 3, 2023 and Erica Gonzalez would be in charge during his absence.

It was reported that the City of Richmond would hold a Juneteenth Parade/Festival on June 17, 2023 ending at Nicholl Park.

Director Murphy announced the City of Pinole's Inaugural Pride event on Sunday, June 11, 2023 from 12:00 to 3:00 P.M., and stated the date would also honor Juneteenth, the City's 120th Anniversary, and the 200th Anniversary of the Mexican land grant known as the El Pinole Grant, which had created the structure of the City.

Chair Rudnick announced that the City of El Cerrito would hold its Fourth of July Festival again this year during the day on the Fourth of July. She urged people not to set off fireworks in celebration of that event anywhere in Contra Costa County.

Director Xavier stated that the City of San Pablo's Fourth of July event is having a drone show instead of fireworks this year.

ADJOURNMENT

With consensus of the Board, Chair Rudnick adjourned the meeting at 7:47 P.M. until the regular Board meeting scheduled for July 13, 2023 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 June 8, 2023.

Donald W. Sturman

Board Secretary, Donald W. Sturman

Jul 26, 2023

Date






2023 06-08 Board Meeting Minutes-WCCIWMA-RecycleMore - Corrected

Final Audit Report

2023-07-26

Created:	2023-07-26
By:	Lisa Borreani (lisab@recyclemore.com)
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