

as their Walnut Creek staff met with Operations personnel to ensure communication channels were going both ways and addressed any specific concerns or issues within the work that they do at the Walnut Creek operations facility. Mr. Hankins passed out his business cards and his phone number where he can be reached at any time and stated that he is truly available 24/7 if any of the Board Members are notified that their constituents have any issues that have not been resolved.

In conclusion, he told the Board about WM's new sustainability project at their landfill (Altamont) in Livermore. They've just begun a process using landfill gas (methane) to make alternative fuel for collection vehicles and plan for this new process to recover and convert the methane to make about 13,000 gallons of fuel a day. They are excited about this new project and asked if anyone is interested in taking a tour, to let him know and he'll make the arrangements.

4. CONSENT CALENDAR

All items listed in the Consent Calendar may be acted upon in one motion. However, any item may be removed from the Consent Calendar by request by a member of the Board, public or staff, and considered separately.

- a. Consider Approving Minutes of the Regular Board Meeting on October 29, 2009*
- b. Consider Approving Board of Directors 2010 Meeting Schedule*
- c. Consider Amendment to Contract with Paul Morsen to Perform Responsibilities of Executive Director *
- d. Consider Sending letter to Central Contra Costa Sanitary District*

MOTION by Board Member Andersen to approve items 4.a. with amendment to include Board Member Stepper's attendance, and items 4.b.c.d. SECOND by Vice Chair Smith.

MOTION PASSED unanimously.

5. REPORT FROM CHAIR

Chair Rainey introduced Heather Ballenger, Public Services Director with the City of Walnut Creek who briefed the Board and spoke about the City's new in-house recycling center at City Hall. She gave examples of office items that are commonly used and before any employee orders new office supplies; they look in the "recycling closet" where staff has put items they no longer need but are still usable. Chair Rainey suggested other cities could startup this type of program to save money and reuse items that would otherwise have to be purchased.

6. NEWS ARTICLES OF INTEREST TO THE BOARD*

Chair Rainey mentioned the article about California Redemption Value (CRV) budget changes and asked Paul Morsen to give an update.

Mr. Morsen stated that the Governor has taken the lion's share of the CRV money to help out with the State's budget shortfall and spoke about how it will affect the Authority. Every year about \$45,000 in grant funds from the CRV are available to assist the Authority with the Schools Program and their recycling efforts. The latest information he has is that the grant will be reduced to about \$2500. He

reinforced to the Board that this monetary change will not affect our Schools Program; however, there will be some downsides as a \$40,000 shortfall will have to be made up. Staff is currently working with Steve Moore of PRR to identify what the total impact might be and hope to bring back more information to the Board in January.

Chair Rainey requested that this be monitored, hopefully without lowering the support for the Schools Program because it is very important to start training our residents on recycling and ingrain this behavior at an early age.

7. ADMINISTRATIVE AND FINANCIAL MATTERS

a. Outline for Contract with EBMUD for Processing Services Supporting the Commercial Food Waste Diversion Program*

Approve CCCSWA and EBMUD Outline of Contract Terms and Authorize Staff to continue negotiations with EBMUD resulting in a draft contract for Board consideration at the January Board Meeting.

Paul Morsen began by stating that it has been over two years since the start of the commercial food waste program with investigation, planning, and implementation of the pilot project—it has been a tremendous success with a lot of hard work involved. He stated it has been a team effort and recognized those who have contributed to the success of the program. He thanked the Board for their guidance, leadership and support. He then highlighted the participating restaurants and other food waste producers EBMUD staff, Tim Argenti and the Allied Waste Services team and the Authority staff. He called out Bart Carr for his leadership on the project.

Finally, he asked the Board for their approval of the project by placing the costs of the program in the RY6 solid waste rates. This will then implement the program beginning in September 2010 with continuation of their pilot program until that time. Mr. Morsen then introduced John Coleman, EBMUD Board member, to offer comments to the Board.

Mr. Coleman addressed the Board thanking them for the opportunity to speak and stated that this is a unique partnership between public agencies, the cities, EBMUD, Allied Waste, the private sector and the restaurants. He spoke about EBMUD bringing a new turbine (for electrical generation) on line next year. This addition to EBMUD's water treatment facility will cost about \$32M. The process will be able to reduce green house gasses by eliminating the atmospheric release of methane gas associated with organic material in landfills. He mentioned two staff members, David Williams and Sophia Skoda from EBMUD that have really led their efforts.

Mr. Colman asked if there were any questions.

Board Member Federighi asked if it is anticipated that EBMUD will have 100 percent of the revenue from the sale of renewable energy credits (RECs) and the Authority will have ownership of the carbon credits. She asked if there were any attempts to share in the revenues.

Mr. Colman responded that they are essentially attempting to recover their costs. EBMUD must pay for the \$32M expenditure for turbines and will rely on revenue from increased energy generation and sale of RECs as a means to recover these costs. He also stated that the Authority will receive revenue for the green house gas credits, as well as use green house gas avoidance as part of their response to AB 32 requirements.

Board Member Federighi then asked are you saying that it is more likely that the renewable energy credit will produce approximately the same revenue as the carbon credit.

Mr. Colman called on David Williams of EBMUD to address the question.

Mr. Williams responded that the whole issue of green house gas credits in the future, the value of them and the issue of renewable energy credits, has a very small value. Green house gas credits have a higher value particularly in the market for trading, so they have potentials for additional revenues. Both of the organizations decided that they would just split and EBMUD would take one and the Authority would another.

Board Member Federighi commented that the value of either one is up in the air. Mr. Williams agreed.

Board Member Anderson added that he was more interested in splitting it than being able to share in the future value for carbon credits. He stated that he understands they need to get the revenue from the sale of electricity, but the market is really about global warming, and hopefully a good amount of recycling.

Mr. Williams stated that they were under the impression that the Authority was only interested in the green house gas credits, so it was agreed upon; however, he stated a discussion about splitting the green house gas credits and the renewable energy credits can happen.

A discussion ensued with the Board regarding the amount of plastics coming out of the grinder.

Tim Argenti spoke to the Board about his experiences with some of the challenges and rewards of the food waste program and thanked the Board and the partners involved for their assistance. He added that they are in the process of getting their permit revised for the transfer station which (when installed) will cut down on costs and increase the size of the routes. He will be expanding the program to about seven additional cities in Contra Costa County; this will help lower the amortization costs of the grinder for the Authority.

Mr. Argenti asked the Board if they had any questions on the operational portion of the program.

None were asked.

Vice Chair Smith thanked the staff and partners for doing a great job with the program. She then asked Paul Morsen "how do these credits work"? Is this a source of income to us or are we just complying with some regulatory requirements?

Mr. Morsen called on Bart Carr to address the question.

Mr. Carr responded that the carbon credits add up to one metric ton of carbon dioxide that is kept out of the atmosphere. He stated when you come up with a new process like this program that captures methane gas, a greenhouse gas, which is 23 times more powerful than carbon dioxide, you can go through a process to establish a greenhouse gas credit value for the amount of methane gas that we're capturing. After going through that evaluation process which establishes so many credits, they can be sold using the Chicago Climate Exchange, domestically. Market

demand is created by industries that are unable to reduce CO2 emissions. They can offset those emissions by buying carbon credits when generates revenue.

To answer the question earlier on why we didn't try to get the renewable energy certificates or why we settled for the carbon credits – it was a negotiation and we took a look at the current value – the markets for both the RECs and the carbon credits are very new in California. In view of what has happened in Europe where they have cap and trade regulation—they have an established market where carbon credits are being exchanged at a fairly good value—more than here. There are plans in California and nationally for a cap and trade system which could really bolster the market for carbon credits. So we took a look at that and felt there was more near term value for the Authority in taking the credit.

If EBMUD would like to discuss this during coming negotiations—to relook at that—then we can go ahead and do that.

Board Member Smith commented that either one of those credits is revenue to the Authority.

Mr. Carr agreed and responded that once they go through a process where they can validate and establish the value for credits, we'll have a better idea of the revenue potential for the Authority.

MOTION by Board Member Mendonca to continue negotiations with EBMUD.
SECOND by Board Member Piepho.

MOTION PASSED unanimously.

b. Rate Year Six Matters for Decision*

- 1. Receive presentation from HF&H Consultants regarding draft rate decisions for RY6; provide input, changes and discussion as appropriate (note: member agencies have until January 12, 2010 to make final changes to the draft decisions previously determined in individual meetings with member agency representatives),**
- 2. Authorize implementation of residential food scrap program in the city of Walnut Creek beginning in autumn 2010,**
- 3. Authorize beginning the full roll-out of the commercial food waste program effective September 1, 2010 and include expenses for this commercial diversion effort within RY6 rates individually as determined by CCCSWA member agencies,**
- 4. Authorize the continuation of the commercial food waste pilot program in the interim period from March 1, 2010 until September 1, 2010, and**
 - a. Direct collected commercial food wastes collected during this period of time to the EBMUD facility for digestion at a cost of \$245,947 to be paid from the Diversion Incentive Fund (DIF), or**
 - b. Direct collected commercial food wastes collected during this period of time to the Newby Island facility for composting at a cost of \$219,456 to be paid from the DIF.**

Mr. Morsen introduced Rick Simonson of HF&H Consultants, LLC to present item one.

Rick Simonson began his presentation (see PP slides attached) and stated that what he is presenting is a status update from the original Board meeting in October 2009 and the individual meetings with each of the Member Agencies. He will return in January 2010 to get Board approval on the final rate increases.

He went through the presentation outline: 1) Final RY6 revenue requirement before any agency adjustments such as vehicle impact fees, or any new fees, 2) RY6 projected reserve balances before any agency adjustments, 3) Commercial Food Waste Program decisions made by Member Agencies, 4) Summary of agency-proposed adjustments and noted to the Board that they have until January 12th for any rate changes, 5) Projected RY6 surplus/shortfalls by Member Agency with their reserve accounts, 6) Residential 32-gallon rate comparisons, 7) Next steps, and 8) Board decisions on the commercial food waste program.

Some information highlights were: 1) after receiving all of the information from the haulers; the revenue requirement is relatively flat from RY5 to RY6 with a 0.1% increase overall. This includes Allied Waste and Waste Management's compensation, in addition to city fees, vehicle impact fees and the Authority's operation budget; plus special programs, such as the Reuse and Cleanup Days, Walnut Creek Street Sweeping and the Walnut Creek Recycling Center costs, 2) each Member Agency decided how they wanted to allocate the costs for the commercial food waste program and each one assigned those costs based on their specific participation. The RY6 costs that was included in this year's revenue requirement which only covers 6 months of the program and will start in September 2010. A reconciliation of the projected costs and the actual costs based on which restaurants participated will occur in 2011, 3) he went through a matrix which showed each Member Agency's decision on their rate increases for RY6, 4) he showed each Member Agency's RY6 operating surpluses and shortfalls projections based on their recommended rate increases and noted that everyone would be in a positive balance in their reserves at the end of RY6, and 5) all Member Agency's rates (except Orinda which has only increased sixth tenths of a percent) are still lower than they were in 1993/94.

Board Member Uilkema commented that her understanding is that the vehicle impact fees for Lafayette and Walnut Creek are questionable.

Kent Alm responded that the Authority contracted with HF&H to perform the study and provide information to each of the cities and it was the determination of the city if they wanted to go forward with the study and the vehicle impact fees and not a Board action.

Then Board Member Uilkema stated that the Authority just signed an agreement for the Regional Agency. If there are ultimate liabilities, then does this agency have any responsibility under that agreement or would it be the responsible jurisdiction that would bear the liability and be responsible, including the legal costs to defend themselves.

Kent Alm responded yes; and that the legal costs of defending each city would be borne by that city and under those circumstances, we would tender the defense of the Authority, if the Authority was also sued. He stated this has nothing to do with the Regional Agency and the County would be no more exposed because of the Regional Agency agreement but could possibly be a JPA Agreement issue.

Board Member Uilkema commented so if it is a JPA Agreement issue then it would be the individual cities responsibility for defense and payment.

Kent Alm responded generally speaking that is correct and stated that in his judgment the responsibility if any, would be part of the cities that haven't imposed and collected these fees and not the Authority.

Chair Rainey requested a vote from the Board for each bulleted item below:

- Expansion of the residential food scrap program into Walnut Creek in autumn 2010. (Paul Morsen added that there will be no increase in costs).

MOTION by Board Member Anderson to approve the expansion of the food scrap program into Walnut Creek. SECOND by Vice Chair Smith.

MOTION PASSED unanimously.

- Authorize the full rollout of the commercial food waste program.

MOTION by Board Member Andersen to authorize the full rollout of the commercial food waste program beginning September 2010. SECOND by Board Member Uilkema.

MOTION PASSED unanimously.

- Authorize the continuation of the commercial food waste pilot program in the interim period from March 1, 2010 until September 1, 2010.

MOTION by Board Member Skrel to direct collected commercial food wastes collected during this period of time to the EBMUD facility for digestion at a cost of \$245,947 to be paid from the Diversion Incentive Fund (DIF). SECOND by Board Member Andersen.

MOTION PASSED unanimously

c. Second Hearing of Revised Ordinance (09-1) for Permitting of Commercial Recyclers*

Conduct second public hearing for Ordinance 09-1, amending Ordinance No. 96-1, Permitting of Commercial Recyclers, dated 6/1/05, and waive reading. Because the Board voted unanimously to approve the revisions at the October 29 meeting, no vote is required at this time.

Kent Alm stated that a vote is required at this time.

MOTION by Board Member Uilkema to approve the second hearing of revised Ordinance 09-1 for Permitting of Commercial Recyclers. SECOND by Vice Chair Smith.

MOTION PASSED unanimously

d. Customer Service Issues with Waste Management*

No specific action is recommended; discussion and direction from the Board, if any, is requested.

Paul Morsen reported that with the move of the Waste Management (WM) Call Center to Oak Harbor, Washington, it has raised some concerns because of the problems that arose when they moved their center to Oakland. So when WM informed the Authority that they plan to move the call center in December to Oak Harbor, Washington, staff became quite concerned.

The Authority Staff recently met with regional WM Executives and discussed issues of concern and came to an agreement about customer service expectations. He stated that WM's goal is to

have the same service but to additionally improve their customer service—they set-up a process that Authority staff can observe closely. The Authority plans to inform our customers of this change and request they let the Authority know how their inquiry or complaint was handled which will provide information upon which to evaluate the service received.

Board Member Stepper commented that she feels what is more important is how many customer calls have been resolved over a period of time—percentage of positive solutions—and representatives being able to solve customers issues versus the call times of answering the phone.

Mr. Morsen responded that it is a good point and felt that he could not yet discuss the solutions that have been worked out since this is just the beginning of the change, but will inform the Board at a later date.

Board Member Glazer added that it is more statistically valid to analyze the customer service that meets our standards. Besides call times, problems solved, and volume—how will staff compare a before and after—that is something that should be provided to the Board as part of a semi or annual report.

Grant Hankins of WM returned to the podium to inform the Board that they survey customers on a monthly basis through a JD Powers program and can gather information at any time the Authority requests it. He presented some statistics on how much time they are spending with the customers on the phone. This week the average talk time has been about 13 minutes and this past Monday through Wednesday, they took in average of 238 calls each day from this jurisdiction.

Board Member Glazer requested clarification from the Authority on what approach they would take on some objective ways to analyze how things were before and after and how they have changed over time.

Paul Morsen responded that the current plan is first the wait times after calling the Call Center and monitoring that. Then, every single complaint that arises to the Authority's level; staff is keeping data on complaints from each customer to see what the issue was, was it solved to the satisfaction of the customer. In time we will have enough data to answer your questions. He reiterated to the Board that they will be informing their customers with the change through the Authority's website and newsletter, and will ask for feedback on their experience with the new call center.

Grant Hankins added that the approximate 200+ calls a day are not necessarily complaint calls; it could be any type of call such as requesting information, container replacement, etc.

Board Member Piepho commented that her concern is with the transition and staff investment with constant following-up with this process, and how it will affect the day-to-day operations with staff that already are working very hard. She stated they need to be mindful of that as staff monitor the process, plus the costs impact and customer service impact need to be looked at equally.

Board Member Federighi asked does WM differentiate at all between questions and complaints calls that come in and do they have any idea of what the level of calls of this service area before they switched locations.

Grant Hankins responded that he can get more information on the calls and report back to the Board, and also stated that the overall calls that are coming in are pretty much consistent to what has been experienced in the past.

8. EXECUTIVE DIRECTOR'S REPORT

Paul Morsen stated the Pharmaceutical drop-off program for Orinda and Moraga are up and running as of last week. Danville's bin is ready to go but the police chief has a couple of issues with the Drug Enforcement Administration (DEA) letter and staff are working out the details and hope to get them up and running soon.

Schools Program was reported earlier in the meeting.

Mr. Morsen was excited to report that in November 2009, the CIWMB (which only exists for another couple of weeks prior to their reorganization) approved the Authority's Regional Agency status for reporting.

Mr. Morsen will be on vacation during the Christmas and New Year's week. He is available by cell phone.

The Holiday party will be at Salvatore Ristorante (which is one of the participating restaurants in the food waste program).

A list of participating restaurants or those scheduled to participate in the Food Waste Program was provided to each Board Member.

Board Member Anderson asked if the Authority will be providing the participating restaurants a medallion or window sticker. Mr. Morsen responded yes, the staff is now working on this recognition and hope to bring Staff's ideas it to the Board in the next two or three months.

9. BOARD COMMUNICATION AND ANNOUNCEMENTS

Board Member Trotter stated at their last City Council meeting they elected a new Mayor for Moraga and introduced Karen Mendonca as the new Vice Mayor.

10. ADJOURNMENT

There being no further business to come before the Board, Chair Rainey adjourned the meeting at 4:15 p.m.

Respectfully submitted by:

Janna McKay, Executive Assistant/
Secretary to the Board of the
Central Contra Costa Solid Waste Authority,
County of Contra Costa, State of California