

**DRAFT MINUTES OF THE
REGULAR BOARD MEETING OF THE
CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
HELD ON JANUARY 28, 2010**

The regular meeting of the Central Contra Costa Solid Waste Authority's (CCCSWA's) Board of Directors convened at 1666 N. Main Street, 3rd Floor Conference Room, Walnut Creek, Contra Costa, State of California, on January 29, 2010. Chair Sue Rainey called the meeting to order at 3:02 P.M.

1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

PRESENT: Board Members: Candace Andersen
Mike Anderson (arrived at 4:04 p.m.)
Carol Federighi
Karen Mendonca (arrived at 3:03 p.m.)
Mary Piepho (arrived at 3:04 and left at 4:04 p.m.)
Sue Rainey, Chair
Gary Skrel
Victoria Smith, Vice Chair
Dave Trotter
Gayle Uilkema

ABSENT: Board Members: Steve Glazer
Karen Stepper

Staff members present: Paul Morsen, Executive Director; Janna McKay, Executive Assistant/Secretary to the Board; Bart Carr and Lois Courchaine, Waste Prevention and Recycling Managers; Janelle Cameron, Executive Assistant/Business & Accounting Operations. Kent Alm, CCCSWA Counsel, was also present.

2. ADOPTION OF AGENDA

MOTION by Board Member Federighi to approve adoption of the Agenda. SECOND by Vice Chair Smith.

MOTION PASSED unanimously.

3. PUBLIC COMMENT ON ITEMS NOT ON THIS AGENDA

Katie Garrison with Cal Recycle was asked to address the Board.

Paul Morsen introduced Ms. Garrison by saying there has been some changes at the State's, now reorganized, Integrated Waste Management Board and Katie Garrison, who is the Authority's contact at the State, is here to inform the Board about the changes that have been recently implemented.

Ms. Garrison thanked the Board for the opportunity to speak with them and gave them a brief update. She informed them that the Integrated Waste Management Board was an organization which was mandated to deal with tipping fees, landfills, tire fees, used oil fees, and other solid waste related

activities. With the Governor's signing of SB63, the Integrated Waste Management Board was dissolved. The department, however, still exists with its solid waste responsibilities and has changed its name to the Department of Resources, Recycling and Recovery; however, they are calling themselves Cal Recycle. Ms. Garrison will continue to be Bart Carr's contact for AB939 reporting and noted that the level of staffing has not changed. The Governor appointed Margo Brown as the Acting Director; she is officially the Chief Deputy Director and has been a Board Chair for a number of years.

Chair Rainey thanked Ms. Garrison for her report.

4. CONSENT CALENDAR

a. Consider Approving Minutes of the Regular Board Meeting on December 10, 2009*

MOTION by Board Member Piepho to approve 4.a. SECOND by Board Member Mendonca.

MOTION PASSED unanimously.

5. WRITTEN COMMUNICATIONS TO THE AUTHORITY

a. Congratulation Letters received by Sustainable Contra Costa*

b. Customer Website Comment to the Authority regarding *Diversions* Newsletter*

c. Correspondence from Grant Hankins of Waste Management*

Chair Rainey shared her enthusiasm with the writer of item 5b regarding her comments congratulating the Authority on the Diversion newsletter. She then requested Mr. Morsen to respond to item 4c.

Mr. Morsen answered by saying there has been several customers that have approached the Board to complain about service issues with Waste Management. The Authority has been working with WM on these issues and their recent call center move to Washington. Among the problems that have been identified, are those that escalated due to not having—after the recent WM reorganization—staff locally at a high enough level to make customer service decisions that resolve service issues before they escalate. As item 5c states, WM has promoted Michael Bocage as manager and have installed two new supervisors at the local office to resolve problems at the customer/neighborhood level. Mr. Morsen stated he was pleased with Waste Management's actions and is now hopeful that customer service issues will be resolved in a better manner that has been the experience in the recent past.

6. NEWS ARTICLES OF INTEREST TO THE BOARD*

No comments made.

7. ADMINISTRATIVE AND FINANCIAL MATTERS

a. Solid Waste Rates

Paul Morsen stated that every year at the staff level, an analysis of solid waste hauler's costs are examined beginning in August. After much review, collection rates are developed from this examination for the coming rate year (now for RY6) and are presented to be board for adoption at their January meeting. Accordingly, RY6 rates are now recommended for approval and adoption by resolution for the period beginning March 1, 2010.

He noted that the final check of the rate sheet did disclose an error in the Moraga rates and that error has been corrected. The correct information has been presented to the Board on updated rate sheets; Mr. Morsen requested that any motion for approval include the corrected rates. He also noted that Rick Simonson of HF&H Consultants is here and available for any questions.

Chair Rainey asked the Board if they had any questions.

Vice Chair Smith commented about the projected commercial food waste program costs by Member Agencies, and asked if that is broken down by projected number of restaurants in each jurisdiction. Mr. Morsen responded that the costs are based on the number of restaurants that they hope to have on board by September 2010, plus the additional restaurants (and other food waste producers) planned to be on board in the first six months of 2011. He reminded the Board that a reconciliation of costs would occur next year.

Chair Rainey opened it up to the public for comments. None were given.

MOTION by Board Member Trotter to adopt Resolution 2010-01, adopting rates for RY6 with the revision of Moraga's rates. SECOND by Board Member Piepho.

MOTION PASSED unanimously.

b. Review of Draft Agreement between the Central Contra Costa Solid Waste Authority and East Bay Municipal Utility District for Food Waste Processing and Disposal Services*

Paul Morsen started by saying at last month's Board meeting staff presented the first draft of the food waste processing contract with EBMUD; however, the insurance and indemnity language had not yet been reviewed by EBMUD Risk Management and Legal staff at that time. Now, with the second draft on today's agenda contains that language and has been approved by EBMUD. An Errata sheet was given to Board Members to explain those changes.

Mr. Morsen requested the Board to approve the contract as presented. Staff will then forward the agreement to EBMUD for their Board's approval. Once Authority staff receive the approval from EBMUD, it will be brought back to the CCCSWA Board for their final approval which we anticipate at the March meeting.

He requested Kent Alm and Bart Carr to brief the Board on the revenue sharing negotiations that occurred.

Kent Alm stated that one of the issues the CCCSWA Board raised in the past meetings was since this is a partnership operation with EBMUD, they should share equally in both the potential green

house gas credits and the potential Renewable Energy Credits (RECS). In the prior draft the Authority was going to get 100 percent of the green house credit and EBMUD was going to get 100 percent of the Renewable Energy Credits (RECS). Mr. Alm reported that they had a number of negotiation meetings and the outcome was EBMUD would not agree to split them 50/50.

He explained EBMUD's position: 1) RECs come out of the energy generation. The revenue the Authority would get for their proportion of the food waste when combined with other community's wastes would be a more difficult calculation, 2) neither side knows what the value is going to be for those credits and there is now a provision in the agreement to look at pricing after three years (in Section 7.03), 3) the Authority will go through the process of getting certified and being able to collect any of those revenues for the future; however, if RECs turn out to be relatively profitable, it would not be a division that EBMUD would give up, so they developed a methodology and when there is money to split, agencies will try to reach an equitable division of those revenues when they have some solid numbers.

Chair Rainey opened this matter to the Board for Q&A.

Board Member Skrel noted that the staff report spoke about the RECs, the carbon offsets, and the revenue resulting in the sale of electricity; however, looking at the contract agreement there was no notation of the sharing of revenue from the sale of electricity.

Kent Alm responded that is correct. The underpinning of their pricing is that they will receive all of the revenues from the sale of electricity, at least in the initial stages. Their position is that they are investing in about \$32M in hardware and need 100 percent of the revenues or the offset costs (the value of the electricity) to pay back the capital improvements that they are making as volumes increase.

Board Member Skrel requested some statement in the contract agreement that EBMUD will receive 100 percent of the value of the electricity that they produce. Kent Alm agreed.

Board Member Trotter asked that since it was indicated that the revenue from the sale of electricity is factored into their costs, did this influence the disposal fee?

Kent Alm responded yes. He stated that EBMUD initially reported that their actual cost for processing food waste was in area of \$90/ton fee, and the CCCSWA negotiators made clear that this cost, as a basis for a disposal fee, would be too high. This caused EBMUD staff to take a harder look at their costs, find reductions, and apply 100 percent of projected revenue from the sale of electricity as an offset which resulted in pricing which was under \$60/ton opposed to the initial \$90/ton.

A discussion ensued with the Board Member about the term, "adaptive management" and what it actually meant. In the end, Mr. Morsen explained that it means when problems arise, the parties will meet, discuss, resolve the issue, and adapt the contract to meet new circumstances. He noted that this is been happening throughout the pilot project.

Vice Chair Smith commented about Section 6.01 regarding the minimum tonnage that will be taken. She asked if there was a maximum amount, and also if the Authority was assured that everything they produce, EBMUD will take.

Kent Alm responded that EBMUD has sufficient capacity, especially within the term of this agreement, but the nature of the discussions has always been about the Authority having the capability of bringing in enough material and ensuring that EBMUD reserve that capacity. He called on Bart Carr to give the Board some sense of estimates.

Mr. Carr referred Board Members to the last sentence in the paragraph of Section 6.01, which indicates that EBMUD will adjust their acceptance based on actual program performance and disposal, but will also adjust the capacity as they grow the program.

Vice Chair Smith suggested that the Authority put in the contract agreement that there is no maximum and that they will take all of the material that the Authority produces.

Kent Alm stated that he doesn't see an issue requesting EBMUD to include that language into the contract agreement and stated that EBMUD had been resistant to including that kind of language during negotiations.

A discussion ensued with Board Members regarding the capacity limits and it was determined: 1) that EBMUD has sufficient capacity for the Authority's jurisdiction, even when the program grows and they have the ability to bring in more material than the 75 tons indicated in the contract. Currently, the Authority is bringing in about 10 tons a day, collecting three times a week. It was noted that they would have sufficient space even if it became universal with other Bay Area cities starting-up programs, 2) EBMUD is permitted for a 100 tons per day which is a lot of material to accept and they are currently working on an application process to double that to 200 tons plus per day, and 3) it was determined that they have six digesters out-of-service and six digesters working; at times one or two maybe down for maintenance, so four working digesters can hold well beyond the 200 tons per day. The number of digesters online, the bio solids, food waste, and other materials that they are currently taking in determines the capacity.

Mr. Morsen reinforced to the Board that staff has a great deal of confidence that there is plenty of capacity available for the term of this contract.

Vice Chair Smith brought up Article 11.01-B4 and asked after year three—parties have not reached an agreement with the tonnage and the disposal fee—is the contract terminated. She asked if there was there any discussion about the mediation in terms of resolution and suggested some language to be included into the contract.

Kent Alm stated that they can certainly insert some language into the contract; however, the intent was to give the Authority an escape route just in case EBMUD came back and stated that it is \$90 ton to process, then the Authority would not be bound to continue for the next two years of the contract. He stated that the Authority would certainly go through a mediation process and other settlement revenues would be attempted.

Vice Chair Smith commented that it would be better to have a term where both parties meet to discuss and reach an agreement. Kent Alm agreed.

Vice Chair Smith shared her concern about the Authority possibly missing out on a great deal for bringing the program forward for the future, and are they better off just taking the 100 percent of green house gas credits. She explained that other jurisdictions may come forward and make the deal that the Authority walked away from and we would then lose out.

A discussion ensued with Board Members regarding RECs and green house gas offsets (credits).

Bart Carr stated that neither party is operating with a whole lot of information—as of today—on what the true value for RECs and offsets are. Trading markets are very early in the development stages and the Authority is the first agency to have those conversations on how to distribute potential revenues from them. He noted in time markets will evolve and mature and have some trade in the near future which will help determine the costs and the values. At that time, the Authority will be able to determine the true value for either offsets or RECs based on how much food waste they produce. This will actually determine how many RECs is produced based on bio solids generated or how many offsets are produced based on the green house gasses captured.

Board Member Skrel supports moving forward with the adaptive management approach because Agencies will reopen discussions on year four and five.

MOTION by Board Member Skrel to move forward with the current EBMUD contract that has been presented to the Board. SECOND by Board Member Federighi.

MOTION PASSED unanimously.

A few contract language suggestions were made by Board Members, they were: 1) Board Members Anderson and Trotter suggested adding language in Section 7.03 that will include any other potential revenue generating instruments, in addition to offsets and RECs, that may result from future climate change legislation or regulations. 2) Vice Chair requested “mediation” language as part of Section 11.01, 3) Board Member Skrel suggested adding language that needs to be memorialized five years from now that in fact, EBMUD is gaining 100 percent of the revenue of the sale of electricity.

Chair Rainey gave the Authority staff one month to insert that language into the contract for EBMUD’s approval and report back at a future Board meeting.

Modified MOTION. Board Member Trotter moved that the Authority approve the EBMUD contract with minor corrections to Section 7.02, 7.03 and 11.01 and direct staff to modify the contract. SECOND by Board Member Mendonca.

MOTION PASSED unanimously.

c. **Minutes of CCCSWA Board Minutes***

Discuss and provide direction to Staff on the preparation of Minutes of Authority Board.

Board Member Uilkema questioned the need to have the Minutes as detailed and lengthy as they currently are done.

A conversation ensued with Board Members why they prefer a more lengthy version of the Minutes and how having that historical record has helped Board members, staff, and the Authority.

Chair Rainey requested a vote to keep the existing format of the Minutes.

AYES: Andersen, Anderson, Federighi, Mendonca, Rainey, Skrel, Smith, Trotter. NOES: Uilkema. ABSENT: Glazer, Piepho, Stepper.

8. PROGRAMS

a. Schools Recycling Program

Presentation by Lois Humphreys, President of TRG & Associates.

Paul Morsen stated that one of our most important efforts at the Authority is imputing recycling and diversion mentality into young people and to this end; the Schools Program is the chief way in which we undertake that effort.

He introduced Lois Humphreys with TRG & Associates who is working under contract with the Authority and implementing our schools programs.

Ms. Humphreys started her presentation (see PowerPoint presentation slides attached) and gave an overview of the program and spoke about some new ideas that she has implemented in this school year (which has expanded to 46 schools in their jurisdiction).

She went over her objectives for the program, they were: 1) try to institutionalize recycling and source reduction, 2) increase diversion of waste and save money for the schools, which has become a big issue due to some of the schools are spending much money on trash services, and 3) provide meaningful education resources—working with principals, teachers, students, custodians and parents as well as keeping the program sustainable from year-to-year.

With the current programs, the following is provided: 1) hands on, hands off resources, 2) Pacific Rim Recycling field trips, 3) waste audits, 4) signage, posters, containers at no cost to the schools, 5) lunchtime assemblies and presentations, 6) technical assistance with the custodians to ensure they have enough bins throughout the school, 7) lunchtime reduction programs, 8) the 4Rs newsletter, and finally, 9) the Authority's website that has many resources and loads of information for teachers, principals and students.

Ms. Humphreys also spoke about the Wastebusters Program, which is a certification program that's been around for six years. There are two levels of Wastebusters; one is Wastebusters Winners and the other is Wastebusters Leadership Circle and those are the schools that have reduced their trash and increased their recycling.

New program highlights: 1) planning an afternoon tea for teachers on March 24 at the Lafayette School to share program ideas, 2) working directly with the school facilities management to coach them into decreasing their trash costs, 3) organizing and collaborating with EarthTeam (which is also funded by the Authority), a week long Earth Day Challenge in April with middle and high schools, and 4) organizing a fundraiser for Haiti by selling reusable water bottles.

Ms. Humphreys spoke about the food waste program with Buena Vista Elementary in Walnut Creek. Currently, they are the only school participating in the program and are doing a wonderful job—Ms Walker (a motivated teacher there) works with her SWAT (Students Wild About Trash) Team with quality control throughout the entire school. Ms. Humphreys is hoping to bring on additional schools in the future, so she is working on developing a training DVD.

She spoke about some of the challenges the schools face: 1) getting teachers and administrative staff more involved even though they are already stretched to their limit, so being more hands on with them will help, 2) due to cuts in maintenance staff; recycling is a low priority for them, so

they are having more kids involved for collection of the classrooms to the main bins for the recycling, 3) trash rates continue to increase and the school budgets are getting tighter, which is a great reason for them to reduce their trash costs. Some of the middle and high schools could also use a better system for green waste. Ms. Humphreys is working on a program to get bigger bins for them and divert more which is an additional way to save money. She gave an example of the Walnut Creek School district diverting more and saving money, and explained to the Board that some of the school districts are paying up-to \$200K a year on trash services.

Board Member Anderson suggested a column from Lois Courchaine about getting the word out about how schools can divert more and save big money.

That was the end of Ms. Humphreys presentation and she thanked the Board for all of their assistance.

b. Special events tool kit
Discuss and provide direction, if any, to Staff.

Lois Courchaine gave a brief report on the status of the Special Events Recycling Program and the subsequent "Toolkit" that has been developed by staff. Board Member Mendonca and other Board Members commented on the pleasing format of the Toolkit. Ms. Courchaine went on to explain that the a compact disc version of the Toolkit will be given to Member Agency permit staff and event sponsors for distribution to special event coordinators, and that the toolkit would also be available on the Agency's website.

Paul Morsen congratulated staff member, Ashley Louisiana regarding her very professional efforts in putting the toolkit together.

c. Single-use Plastic Bags and Expanded Styrofoam Food Packing

Tabled until March Board meeting.

9. Executive Director's Report

a. Report on PRR's Recycling Market & CRV Revenues

Mr. Morsen asked Steve Moore of PRR to provide a state-of-the-recycling market.

Steve Moore stated that the State has reduced the amount of money that they are paying out for CRV redemptions to cities, collectors and processors which is impacting the money that is going to the Authority. The good news is the recycling market continues to increase, so that has offset what they would have received from the redemption monies. He also mentioned a change for the Port of Oakland and that fewer containers are coming in due to the economy, so they are having less surplus containers to ship materials back to Asia, which has caused containers costs to go up to \$500-\$600 a container.

b. Organizational Change @ CIWMB/Department of Conservation

This information was presented earlier in the meeting under Public Comment.

c. Staff Changes: Christina Leard, Intern, resigned as of 1/28/10

Paul Morsen informed the Board that it was Intern Christina Leard's last day. He wished her good luck in her new endeavors.

d. Announcements

- Personnel/Program Committee Meeting on 2/17 @ 1:00-3:00 p.m.
- February Board Workshop at Roundhill CC on 2/25 @ 8:30-1:00 p.m.
- Mr. Morsen will be on vacation for most of March and will be leaving after the February Board meeting. During his absence, Bart Carr will be in charge.

10. Board Communications and Announcements

Board Member Federighi had on her calendar for February's Board meeting starting at 3:00 p.m. She has business in the morning but will try to get to the workshop as soon as she can.

Board Member Skrel gave out reusable bags to Board Members and Authority staff; bags were purchased for all of the Walnut Creek employees.

11. ADJOURNMENT

There being no further business to come before the Board, Chair Rainey adjourned the meeting at 5:04 p.m.

*Corresponding Agenda Report or Attachment was included in the Board packet.

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