

**DRAFT MINUTES OF THE
REGULAR BOARD MEETING OF THE
CENTRAL CONTRA COSTA SOLID WASTE AUTHORITY
HELD ON MAY 27, 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 May 27, 2010. Chair Victoria Smith called the meeting to order at 3:00 P.M.

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

PRESENT: Board Members: Candace Andersen
 Mike Anderson
 Steve Glazer (arrived at 3:04 p.m.)
 Mary Piepho (arrived at 3:15 p.m.)
 Gary Skrel
 Victoria Smith, Chair
 Karen Stepper (left at 4:45 p.m.)
 Dave Trotter
 Gayle Uilkema

ABSENT: Board Members: Carol Federighi
 Karen Mendonca, Vice Chair
 Sue Rainey

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 Uilkema to approve adoption of the Agenda. SECOND by Board Member Stepper.

MOTION PASSED unanimously.

3. PUBLIC COMMENT ON ITEMS NOT ON THIS AGENDA

No comments were made.

4. CONSENT CALENDAR

Board Member Skrel requested to pull Item No. 4.b.

MOTION by Board Member Uilkema to approve Consent Items 4.a. and 4.c. SECOND by Board Member Stepper.

Board Member Skrel asked several questions regarding the Materials Revenue report for Rate Year 5. He wanted to know why is there such a difference in the cost of material prices between Pacific Rim Recycling (PRR) and Valley Waste Management (VWM) listed on Table 2.

Paul Morsen explained in the case of PRR, they are not paying the collection costs, whereas for VWM, it includes the collection costs.

Board Member Skrel then commented that the Authority is guaranteed \$441K each year and that amount is directed to the solid waste rate base and rate reviews. He asked is that amount directed to the entire rate base or just Lamorinda.

Kent Alm clarified to the Board that with VWM, they have a guaranteed \$441K which is applied against the rates and in addition to that, if the amount they collect goes over a certain threshold, then the Authority is paid a shared amount of revenue per ton. He stated with regard to PRR, there is no collection costs at all; there is a sharing of the revenues over the numbers that are set forth for every ton.

Mr. Alm also stated that there is another provision in the PRR contract, where the Authority shares in the possibility of revenues received from other new customers that PRR would be able to accommodate based on the capitalization that was done as a result of CCCSWA being an anchor tenant. He was informed that amount over the last five years has been about \$140K per year which is an addition to those monies listed.

Board Member Skrel requested to calendar this for future Finance Committee meetings to get a better understanding of the differences on how they generate revenue and how they offset costs.

Mr. Morsen agreed to put that on the agenda for the spring Finance Committee meeting.

MOTION by Board Member Skrel to approve Consent Items 4.b. SECOND by Board Member Uilkema.

MOTION PASSED unanimously.

5. NEWS ARTICLES

a. News Articles of Interest to the Board*

Chair Smith mentioned articles regarding AB32 and the attempts to delay implementation and how it could affect the Authority's goals.

She also mentioned the recent news with the City of Fremont being the latest bay area city to ban expanded polystyrene (Styrofoam).

She stated as the Authority moves further into discussion of banning materials, she asked that the Board and Staff read the articles (contained in this month's packet) which spoke about landfill operations changing to provide the conversion of organics into reusable energy. She requested that Staff keep the Board informed as information becomes available.

6. ADMINISTRATIVE AND FINANCIAL MATTERS

- a. **Proposed Operations Fund Budget and Diversion Incentive Fund Budgets for Fiscal Year 2010/11***
1. **Review the Staff proposed FY 2010/11 budgets and provide input.**
 2. **Direct Staff to place the Budget, with any input from the Board on the June 24, 2010 Board Meeting Agenda for final Board review and formal adoption.**
 3. **Provide direction to Staff regarding continued development of a two-year Budget process for the DIF and Operations Budget in future budgeting cycles.**

Paul Morsen reported that the May meeting is when Staff brings the Authority's next fiscal year budgets to the full Board for input and discussion. Final approval and adoption takes place at the June Board meeting.

He noted that information about existing and upcoming projects, in concept, were presented to the Personnel/Programs Committee in early February. The draft Operations (OPS) budget which funds office operations and the Diversion Incentive Fund (DIF) budget which funds special projects, new recycling programs, and one-time expenses was reviewed with the Finance Committee at their April meeting; any recommendations these committees had has been included in the budget.

Mr. Morsen stated that for the most part, he and the Staff would try to answer any questions the Board may have regarding the Operations Budget but brought up three matters he wanted to specially bring to the Board's attention: 1) last year the Finance Committee suggested developing a two-year budget which Staff has prepared and believes is a great idea. He asked Board Members if they had any thoughts regarding the two-year budget process and save any other direction, Staff will continue to prepare the budget on a two-year cycle. 2) the Finance Committee recommended that the School's Program be moved over to the DIF budget alongside the Wastebusters Program and the school recycling containers, which have always been considered "special programs" and placed within the DIF, and 3) the Authority originally was set to move its offices this fiscal year. However, after many months of uncertainty that has changed and now the office move is scheduled for July 2010. Mr. Morsen stated it perhaps looks like it has been budgeted twice (once in this and once in next fiscal year); those funds have not been spent this fiscal year and are budgeted and, will be used, next fiscal year.

He opened it up to the Board for questions.

Board Member Skrel noticed the downward trend of the OPS budget carryover starting with FY 2009/10 projected @ 29%, 2010/11 projected @ 21% and 2011/12 projected @ 17%, and asked if there is a certain percentage of the budget that they want to carryover and should the Authority be concerned about the downward trend. Mr. Morsen responded that the goal is to have at least 10% in the reserve (carryover) and anything between 10-20% is ideal.

Board Member Glazer asked if the Authority has a reserve policy. Mr. Morsen stated that the only reserve policy is to utilize unspent monies by rolling them into the next year. Each year's budget plans for a carryover which can be used as a reserve if expenses should be greater than anticipated.

A discussion ensued with Board Members regarding issuing a Board policy and it was determined that Staff will present a recommended policy for an Authority reserve at a Finance Committee meeting for ultimate Board Consideration.

Board Member Stepper added that the reserve number needs to be with some rational with respect to the recycling industry and not just based on the budget.

Board Member Skrel suggested having a modest contingency so you wouldn't have to come back to the Finance Committee or full Board for expenditures.

Chair Smith asked if there were any other questions from the Board.

None were made.

Chair Smith opened it up for public comment.

No comments were made.

Mr. Morsen asked the Board to direct their attention to the DIF budget, specifically attachment two. He stated that there are two sections on that budget attachment and the non-shaded sections are the "standard items" that are addressed each year and, as he had no special remarks on this portion of the DIF, he opened it up for questions from the Board.

Board Member Uilkema requested clarification of the funding for the Walnut Creek Food Scrap program. Mr. Morsen responded that the startup funding for that program which includes the kitchen pails, outreach and some small advertising will be coming out of the DIF (pails are to be purchased this fiscal year and other start-up expenses next fiscal year), but the expense of the actual collection will not cost the Authority anything in its operations budget due to the collectors not processing as much green waste as expected so now they are able to add the food waste tonnage without any increase to collection costs. He reminded the Board that the policy for introducing pilot and special programs is that every member agency pays for new program startup costs such as was the case in the Lamorinda Food Scrap program.

With no further questions in this part of the budget, Mr. Morsen directed the Board's attention to the purple shaded area of the DIF budget attachment, which are the year's new programs and discussed the following:

A two part sharps disposal program. Part A is working with Waste Management's Healthcare Solutions Division where residents can request a specially designed sharps container by calling WM's Customer Service line and requesting a container be delivered to their home in a prepaid postage shipping box. The costs are about \$24-\$28 depending on what size container they get (three sample sizes were available to Board Members to view); it is very convenient to the homeowner and the charge is applied to their garbage bill or placed on a customer's credit card bill; there is no cost to the Authority.

Part B of the program is replacing a sharps collection container in every community and Waste Management servicing the dropped-off used sharps. Both WM and Allied Waste have made an informal proposal to the Authority for the collection services. Each container would cost about \$4K to \$5K each per year and \$45,000 has been budgeted to cover the whole service area, including one container at the Household Hazardous Waste Facility in Martinez. He

noted to the Board that about 45-48% of the customers who use the HHW facility are from their jurisdiction and it would be a convenient way for them to dispose of their sharps.

Mr. Morsen asked the Board for questions on the proposed sharps program.

Board Member Piepho stated that it sounds like a great program and asked about the collection box and it being bio-hazard wondering how postal workers are able to carry a biohazard box through the U.S. mail stream.

Paul Morsen introduced Janie Bobbit of Waste Management. She approached the Board and stated that WM is an approved vendor of mail out waste products in the State of California and has met all of the postal requirements. She stated that the product has gone through an extensive approval process with the USPS and explained the sturdy plastic materials used for packing the container and the strong structure of the mailing box.

Strategic Marketing for Commercial Programs. Bart Carr described the program and is proposing the project will cost \$46,500 to contract out with the consultant, RHDG. The effort will be to develop a campaign that would help promote commercial services which would include a campaign identity, possibly a logo, articles, newsletters, display advertisement, etc. to make their programs more visible. At the end an action report would be produced to evaluate the success of this effort.

Mr. Carr opened it up to the Board for questions.

Board Member Glazer asked Staff if they are currently working with RHDG. Mr. Carr responded no. Board Member Glazer reminded the Board and Staff of his concerns about sole sourcing. Mr. Morsen added that when they did the RFP for the Diversion newsletter, RHDG was one of the interviewees and top finalist. The Authority was impressed with their services and wanted to try them out on this particular project.

A discussion ensued and it was determined that the contract for RHDG for professional services is a separate item from the budget. The following was decided: 1) that the contract is not being approved today and will be brought back to the Board in June for discussion, 2) the funds can be approved and set aside until a determination of professional services is made, and 3) a scope of work and an itemized budget will need to be submitted with the contract in June which has already been negotiated and received by Staff.

Another Board consensus was to discuss the RFP requirements and determine a policy and threshold when a RFP should be issued. This will be calendared for consideration at the Spring Finance Committee meeting.

RecycleBank. Paul Morsen spoke about the single-family residential recycling sector and stated that it has dropped in tonnage over the last few years due to the economy, smaller newspapers, etc. Staff has been looking at ways to increase the tonnage and found RecycleBank who has a reward program that has increased the home recycling tonnage in many other jurisdictions. Recycle Bank gave a presentation to the Board last year in their approach to get the maximum tonnage out of that sector.

Mr. Morsen introduced Bart Carr to give the Board more information. Mr. Carr started by saying that Staff is proposing to implement a one-year pilot program beginning in the fall for

the communities of Orinda and Moraga with the goal of increasing recyclables from households by 200 lbs. per household, per year. The program is an incentive based program that allows residents to earn points by increasing the amounts of collected curbside recyclables. The earned points can be redeemed at local, regional, and national businesses for reduced cost services or products. Earned points can also be converted into funds that can be contributed to local schools. The costs to the Authority's DIF would be approximately \$102K. He went further into describing program details.

Mr. Carr introduced Axel Neue, Western Regional Representative of RecycleBank who was there to help Mr. Carr answer any questions the Board may have.

Chair Smith asked how RecycleBank is able to measure each household.

Mr. Carr responded that the RecycleBank GPS system records the "lift" as a cart is emptied next to a residence, and by dividing the number of lifts/dumps into the weight of collected materials, they are able to determine the weight of collected materials for that route, and will come up with the weight collected for each household. By comparing this to the baseline amount, RecycleBank is able to determine points earned. Mr. Neue stated it only takes two-to-three days for residents to receive their points and are able to cash them for rewards. Mr. Morsen added that it would be easy to determine the baselines for the communities because the Authority has that information dating back to 1996. He stated that they have two goals: 1) to see if this incentive program works and if it does, the Board could possibly roll it out to other communities within the service area, 2) they are not too far away from a new franchise period; if it is successful, this approach could be incorporated in the new franchise period with enough time to ensure it works.

A discussion ensued amongst the Board Members about the rewards portion of the program.

Board Member Glazer asked how the \$102,000 is being spent. Bart Carr stated he worked with Axel Neue to develop the scope of the program, the cost breakdown which consists of the GPS retrofit system to record the lifts, installation of some microchips on the carts, setting up the account page system on the internet and administering account information for access by residents. Mr. Carr also stated that in the original RecycleBank presentation, company representatives discussed financing the program through revenues that are generated by the additional recyclables that are created using this system. However, since this is a "pilot" program, it was determined to use the DIF to subsidize this pilot and if it worked, they could expand the program to other communities and look at other ways to finance it.

Bart Carr responded to Board Member Glazer's concern about sole sourcing; Mr. Carr informed the Board that there are no other companies that offer this type of rewards incentive program like RecycleBank.

Board Member Glazer asked about testing it in one single community versus two communities to ensure the program works.

Mr. Neue responded that when the rewards partner sign-up, the agreement is to have a certain number of residents in the community to contract with, alongside with a certain amount of foot traffic in their stores and once they get below 10,000 residents—the foot traffic just isn't there.

Chair Smith asked the Board if there were any other questions. None were asked.

She thanked Mr. Newe for presenting his information to the Board.

Student Reusable Bag Program. Mr. Morsen started by saying that this is a new opportunity that has emerged since they reviewed the budgets with the Finance Committee. He noted that it is another component to the schools program and it speaks to the Board's direction on encouraging the use of reusable bags. Mr. Morsen introduced Lois Humphreys of TRG & Associates; the Authority's Schools consultant which has been working with Staff on development of the program.

Ms. Humphreys explained that the Authority was approached by Mt. Diablo High School's Digital Safari Academy and Mark Westwind (in audience) the coordinator of the program. She explained the details of the program and working with three student interns to develop a design for a reusable bag, a promotional video and a marketing program on how they can get the habit of using reusable bags into the schools and from there into the student's homes. Ms. Humphreys will then be talking with specific middle schools within the Authority's jurisdiction about the program and implementing the program within their areas middle schools. A question was asked regarding Mt. Diablo High School not being within the CCCSWA's service area.

Mark Westwind added that they (Mt. Diablo High School) were selected as two academies in the entire nation to participate in an internship. The internship is to develop a pilot program to model out a series of workshops, which will be developed into actual work products that can be used in communities. The program is funded by the Department of Education and is to model it out in Contra Costa County and expand it to other schools districts throughout Contra Costa County. As of yet, it has not been expanded to schools in the Authority's jurisdiction. He suggested that if successful this year's program would be helpful in getting CCCSWA schools to implement similar efforts.

Paul Morsen reiterated that the work product that these students will undertake and produce will be used in CCCSWA's schools under their Schools Program. The key is to develop the program to ultimately convince parents to use reusable bags.

Cart Lid Program. Paul Morsen stated that it was decided by the Finance Committee to eliminate this project for this year until the new franchise period begins.

A discussion ensued about the new franchise period and if it made sense to undertake the program before the new franchise period to determined if it works and if so, then negotiate it into the new franchise period.

Mr. Morsen gave some background on the two options of applying labels on the cart lids and also the difficulty in measuring the success of the program at this time.

Board Member Stepper requested that the Board have the discussion at another time regarding the cart lid pilot program and look at another area or route where it can be measured for successfulness or not.

Board Member Uilkema shared her concern and asked for comments from the Board regarding the internships for the high school students of Mt. Diablo High School. She is concerned that these types of opportunities should be for the students and school districts within the CCCSWA

service area. She is interested in the components of what can be done in this service area with the benefits of training in the recycling industry as well as the benefits of promoting the reusable bags.

Board Member Anderson requested Board Members to read the flyer that was handed out and stated that it is a three-year program that has been organized for some time for that particular institution. He suggested Mr. Westwind consider some options or ways for something to come out of CCCSWA schools; however, he would not want to not proceed with this program simply because they don't have a program like this in their communities. He stated that kids that live in Contra Costa County which is also important to him should benefit from this, and the Board should recognize the process of putting these programs together which takes a lot of thought and time and suggested to them to support this program.

Board Member Uilkema responded that she wants to keep the door open and see if there are any opportunities for the kids within their service area and stated it could be an expansion of the program.

Chair Smith asked Board Members if they had any more questions regarding the DIF budget and the new programs. None were asked. She stated to Mr. Morsen that he should have enough information from the Board to come back next month and address any questions or concerns that were brought up today.

Paul Morsen spoke about the Member Agency's reserves and stated that the DIF budget is estimated to have \$276,619 for distribution to the reserve settlement this fiscal year—next year it will be a little over \$300K—the year following a little over \$500K.

Board Member Skrel asked if you determined this based on the reserve distribution of maintaining a \$1.5M reserve. Mr. Morsen responded yes.

Board Member Anderson asked about when Orinda will be able to share in the distribution of reserve revenues.

Mr. Morsen responded that his understanding is that Orinda is excluded from the revenues of the reserve through this franchise period (through RY10). He explained to the Board the calculations of the distribution and stated that the \$276K will be split in two; half of that money will go to Walnut Creek and to the County on a 45/55 split for those two communities. The other 50% of the \$276K will be distributed to each of the Member Agencies excluding Orinda based on the approved formula. Mr. Morsen stated that during the Authority's rate setting for RY7, he will detail the allocation for the Board's information.

Chair Smith asked Board Members if they had anymore questions. None were asked.

- b. **Recommendation for Kitchen Food Pail Supporting the Walnut Creek Residential Food Scrap Program***
Staff requests Board approval to purchase 22,000 kitchen food scrap collection containers from Norsemen Inc. at a cost of \$86,680 (\$3.94 per container including tax, shipping, and message imprints).

MOTION by Board Member Piepho to approve the purchase of kitchen food scrap containers to support the Walnut Creek Food Scrap Program. SECOND by Board Member Uilkema.

MOTION PASSED unanimously.

7. **PROGRAMS**

- a. **Report on Expanded Polystyrene Restaurant Take-out Food Packaging Alternatives***
This report is intended to provide the Board with information and points for potential discussion. No Board action is requested at this time.

Paul Morsen stated that the Board has requested, in previous Board meetings, alternatives to expanded polystyrene (Styrofoam) food take-out containers. He handed out examples of the alternative take-out food containers to Styrofoam while Lois Courchaine explained each alternative material in detail to the Board.

Mr. Morsen informed the Board that at the June Board meeting, the CA Grocer's Association and the CA Restaurant Association representatives have been invited to provide a short presentation and it is planned, at the July Board meeting, Staff will be presenting what other cities are doing about Styrofoam and plastic bags.

Chair Smith requested the displays be brought back to each meeting as they continue their discussions on that matter.

- b. **Special Meeting for Local Businesses on Commercial Planning Process (Draft)***

Authorize Staff to conduct a commercial recycling meeting for local businesses in June to obtain feedback on recycling strategies and technologies that the CCCSWA is considering to increase commercial recycling diversion.

Paul Morsen stated as they look to increase the diversion of commercial waste, Staff feels that reaching out to the effective businesses is important. Mr. Morsen introduced Bart Carr to give a brief update in regards to those plans.

Mr. Carr started by saying at the February Board workshop, it was suggested that the Authority reach out to local business in terms of franchising with exclusive versus semi-exclusive, etc., so Staff is proposing that they conduct one or two workshops in July, working with consultants, Harriette Heibel and Gary Liss to get feedback from businesses in their service area on recycling strategies and technologies. They would also work with the local Chambers and do informal discussions to get support and recruit local businesses to attend those workshops. They will be getting their input and feedback on ideas, record it very carefully and present that information to the Board in September.

MOTION by Board Member Uilkema to approve authorization for Staff to conduct one or two workshops for local businesses to learn about the CCCSWA commercial plans. SECOND by Board Member Anderson.

MOTION PASSED unanimously.

c. **Community Event Activities***

No Board action is recommended. This report is submitted for information, to engage discussion and to provide the opportunity for Board direction, if any.

Paul Morsen reported about upcoming events and stated while all the Staff is involved in assisting with special events, Ashley Louisiana oversees the program.

Mr. Morsen asked if there were questions.

Board Member Trotter suggested attending Moraga's Pear Festival and noticed that other Member Agencies have two events scheduled and Moraga only has the one. Ashley Louisiana explained that with the small Staff of six, it was agreed to do one event per city and if there are two events for that city, it is because the other event is an environmental event that should be attended by the Authority.

Board Member Piepho suggested informing the Directors of upcoming events which then they can work with their staff to recruit volunteers at those events.

Paul Morsen added that they also provide the service areas Events a Recycling Toolkit and recycling containers to coordinators planning events. He informed Board Member Trotter that the Staff will participate in the Pear Festival this year.

Chair Smith complimented Ashley Louisiana on a well written report.

d. **Legislative Update***

This staff report is for informational purposes only.

Lois Courchaine gave an update and stated that AB 2139 – the Product Stewardship bill is now on the suspense file.

She stated the one bill that is still in play is SB 1100 – the Battery bill. It was scheduled to be on the floor on May 24th; however, two key members were absent so it may be heard later this week.

If anything crucial happens, she will update the Legislative Committee at that time.

8. EXECUTIVE DIRECTOR'S REPORT

a. **Office Lease Agreement**

The lease was signed for 1850 Mt. Diablo and Staff are scheduled to move between July 15 and July 31.

b. **Bill Insert Mailing Error**

There was an error made in the bill inserts for this billing cycle. The mail house that mails out the bills inserted Antioch's bills which announced senior rates coming in Antioch and their Diversions newsletter was not inserted. All of that is being reprinted and an apology letter is being mailed out to customers.

c. **Announcements**

None.

9. **BOARD COMMUNICATIONS AND ANNOUNCEMENTS**

Board Member Trotter thanked the Authority Staff for donating composting bins to a member of his community, Isabel Mercurio.

10. **ADJOURNMENT**

There being no further business to come before the Board, Chair Smith adjourned the meeting at 4:58 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