



CONSENT CALENDAR

DRAFT MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
October 25, 2012 – 2:00 p.m.
San Carlos Library Conference Room A/B**

**1. Call to Order at 2:07 PM
Roll Call**

Agency	Present	Absent	Agency	Present	Absent
Atherton		X	Menlo Park	X	
Belmont	X		Redwood City	X	
Burlingame	X		San Carlos	X	
East Palo Alto		X	San Mateo	X	
Foster City	X		County of San Mateo	X	
Hillsborough		X	West Bay Sanitary District	X	

2. Adjourn to Closed Session - pursuant to Government Code Section 54957: Public Employee Performance Evaluation; Executive Director; pursuant to Government Code Section 54956.9(A): Conference with Legal Counsel – anticipated litigation – one case.

Regular Session Called to Order at 2:48 PM

3. Report from Closed Session

None

4. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so.

Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting.

If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

Chair Porter thanked Vice Chair Nava for his years of service on the SBWMA Board of Directors and wished him luck in his new position as he presented him with a plaque.

Vice Chair Nava thanked the Board and introduced Diana Truong as the new representative of Burlingame on the Board of Directors.

Chair Porter added that there will be a new Board member from the City of Atherton: George Rodericks, City Manager, and that San Carlos is being represented at today's meeting by Jay Walter, Public Works Director.

5. Approval of Consent Calendar:

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

A. Adopt the September 27, 2012 BOD Meeting Minutes

- B. Approval of Technical Revisions to SBWMA Retirement Plan
- C. Resolution Approving Third Amendment to the Executive Director's Employment Agreement
- D. Resolution Approving Revised SBWMA Investment Policy
- E. Resolution Approving Adjustment to FY13 Non-Master Plan Capital Budget
- F. Receipt of Recology and SBR Monthly Reports

Due to the Resolution items included in the Consent Calendar, Chair Porter asked for a roll call vote.

Motion/Second: Oskoui/Chan

Vote: 8 – 0 – 1 – 3 on A

8 – 0 – 1 – 3 on C

9 – 0 – 0 – 3 on B, D, E, and F

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Atherton				X	Menlo Park	X		X(C)	
Belmont	X				Redwood City	X			
Burlingame	X				San Carlos	X		X(A)	
East Palo Alto				X	San Mateo	X			
Foster City	X				County of San Mateo	X			
Hillsborough				X	West Bay Sanitary District	X			

6. New Business:

- A. Discussion on Potential Amendments to the Uniform Franchise Agreement for Collection Services

Executive Director McCarthy and Mario Puccinelli stated that there are number of potential amendments to the Member Agency Franchise Agreements, noting that this discussion will be general in nature and to explain the rationale behind the suggested changes. Executive Director McCarthy added that staff would be coming back to the Board with specific language regarding these amendments, and then went through Attachment A line by line to explain each suggested amendment.

Section 4.01.A and B – Scope of Agreement

Member Gibbons asked if a majority of the Member Agencies would have to agree to the suggested changes.

Executive Director McCarthy answered that this was a good question for all of the proposed amendments, noting that there are a number of proposed changes that would have to be approved SBWMA area wide, but that this isn't one of them. He also added that it would not be preferred for one agency to adopt and another agency not to adopt, but it could be done.

Member Galli asked if this would affect the landscapers.

Executive Director McCarthy stated that the intent is just for commercial organics, not separated plant materials, it's not intended to impact landscapers.

Mario Puccinelli added that when Recology loses a commercial organics account, the loss has a migration effect that leads to loss of revenue for a jurisdiction.

Member Fotu stated that Menlo Park provides a 50% discount for commercial customers who add organics service, and asked if this amendment would increase Menlo Park's rates. She also asked Recology to provide some information on how many additional commercial organics accounts they could get if this amendment were to be put in the Franchise Agreement.

Mario Puccinelli answered that he would give it some thought, and they could discuss the impact with Menlo Park directly.

Member Galli asked if Agencies would have to go to businesses that back haul and tell them they can't do that anymore.

Mario Puccinelli answered yes, that is something we need to consider.

Section 5.04.E and 5.05.A – Holiday Tree Collection and Bulky Item on Call Collection

Member Oskoui asked if there was a separate tree collection, or if trees went out on collection days.

Mario Puccinelli answered both, noting that it can be problematic if trees are left on the curb too long, so Recology would like to send trucks out during January to sweep the neighborhoods for trees, instead of doing Bulky Item Collections during that time.

Section 5.09 – Abandoned Waste Collection

Member Chan expressed concerns over reducing this service, noting that it would have a negative impact in San Mateo, and that one of the reasons the city agreed to the Recology contract was this service.

Mario Puccinelli stated that this program has expanded greater than our intent, and we need to work with Member Agencies to get code enforcement involved.

Member Fotu asked for more specific information on how it would work, if there would be a specific threshold to determine problem sites.

Member Oskoui suggested creating a hot spot report, and tweaking communications between the member agencies and Recology, to track if there is a trend.

Mario Puccinelli added that this is the exact kind of change we are looking for.

Member Scott asked what happens if an agency doesn't adopt these amendments.

Member Oskoui added that he would like to see a pros and cons analysis, so that it could be approached in a way that his council would not see it as a reduction in service.

Mario Puccinelli stated that it is not Recology's intent to reduce service, but to figure out ways to manage them with Member Agency's help.

Member Fotu asked for an analysis of how much this service is costing.

Member Truong added that she would like to see the originally anticipated costs versus the actual costs of maintaining the program, so that the two numbers could be compared.

San Mateo City staff Murray asked what time frame is expected for Board members to be going to their City Councils with the proposed changes.

Executive Director McCarthy stated that staff will be coming back to this Board in January or February, and presentations to Councils should be made outside the rate setting season, so that this won't caught up in the rate setting process. He also noted that it depends on how fast the subcommittee works.

Section 6.02 – Limitations on Contamination

Member Galli asked if the items SBR recovers off the sort line would be used to offset costs.

Executive Director McCarthy stated that if SBR is recovering it, then it goes into commodity revenue. This is a clean-up item, that if an item is not a targeted recoverable item, but it is recovered, it would not be considered contamination.

Section 7.02.F – Quality Assurance Program Calls

Member Walter asked if Recology is calling at the right time.

Mario Puccinelli answered that his staff makes calls in the middle of the day when the phones have slowed down during non-billing periods, doing at a different time would increase costs, noting that 73% go unanswered, and the calls are not yielding any significant value. He also noted that the recent Godbe survey yielded much more thorough information than Recology's two minute phone survey.

Member Scott asked if doing this survey costs Recology money, if they were proposing to take over the Godbe research. He also asked what the SBWMA would get in exchange for some of these items.

Mario Puccinelli answered that for this particular item there is no additional cost because it's done during normal business hours, so there is no cost savings with this amendment. He also stated that they are not proposing to take over the Godbe survey.

Section 7.03 and 7.04.A – Commercial Recycling Program Staff

Member Oskoui asked if staff would be using the information from the Godbe survey to refine the public outreach messaging.

Executive Director McCarthy stated that this was one of the items that needed more clarification, and yes, the deficiencies noted in the Godbe survey are where we want to focus outreach efforts this year.

Member Fotu asked for clarification on how effective each of the collateral pieces are.

Executive Director McCarthy noted that staff has asked Recology to quantify dollars for anything that will potentially be eliminated, so any potential savings could get passed on to agencies, but we won't be spending any more on public outreach, this proposed change is that SBWMA staff would be responsible for public education instead of Recology.

Executive Director McCarthy also noted that there is a possibility of SBR getting a sales rep position, noting that it would need to be cost neutral to the franchise. He stated there is a possibility of getting national accounts and tons out of our service area to bring more tons to the MRF.

Section 8.02.G – Collection of Excess Materials (Overages)

Member Fotu expressed concern over not having proof if the resident calls the city.

Mario Puccinelli noted that we haven't received calls questioning overage charges, and the photos are taking up a lot of bandwidth in our system.

Member Galli asked if Recology has received any complaints regarding overage charges, and added that if they are a repeat offender the overage should be backed up with a photo.

Mario Puccinelli answered no, we do not receive calls.

Section 8.02.L – Change in Collection Schedule

Mario Puccinelli noted that most of the changes are small tweaks.

Member Oskoui asked for a definition of what a minor and major change is, so that the Board can determine that distinction.

Attachment K (and Article 11) – Contractor’s Compensation and Rate Setting Process

Executive Director McCarthy stated that the change proposed is that Recology will submit its compensation application on June 1st instead of July 1st. He added that Recology would need to collect their metrics data in April instead of May, which could lead to a one-time effect because of using a different data pool. He also added that as far as schedule goes, the staff draft report would be coming to the Board sometime in August, and then the Board would get an additional week to 10 days to review it.

Member Scott clarified that getting the rate application a month earlier will only end up netting 10 extra days.

Executive Director McCarthy clarified that Board members will get the report a month earlier, but added that staff’s final report probably can’t go out a full month earlier. He added that staff and Recology are working towards a better review process.

Member Galli asked staff to look at how moving the time frame up by a month will affect the integrity of the data.

Executive Director McCarthy acknowledged that it is a concern, which is why Recology is looking at the differences in data now, so it can be discussed.

Miscellaneous

Executive Director McCarthy explained that Recology has made some cost saving changes in good faith, and that this provision would allow in the future for them to retain the profit from any cost saving measures. The Member Agencies would all share in the savings, but Recology would get the profit.

Member Truong asked how savings would be defined, and how would the savings be evaluated.

Executive Director McCarthy answered that it could be any number of different kinds of savings, and that it would be reviewed during the rate setting process.

Chair Porter asked for Board Members to volunteer to serve on a subcommittee to review these potential Franchise Agreement Amendments.

Roxanne Murray, Joe LaMariana, and Rebecca Fotu agreed to serve. Chair Porter stated that he would talk to Member Masbad about joining the subcommittee to balance the committee with a financial background member.

B. Discussion on Status of Recology Implementation of Recommendations from HF&H Review of Collection Services Reports, Tonnage Data and Customer Service Systems Report

Executive Director McCarthy stated that an implementation plan was requested of Recology when this item was discussed in June. He noted that the attachment to the staff report is that implementation plan, he asked Board members to make any comments they have on the implementation plan in the next week to 10 days. He also added that there a few areas to follow up on, but no significant money to be spent in terms of audits.

C. “Rethink Waste” Trade Name

Executive Director McCarthy explained that he received correspondence from a company back East that they had trademarked the RethinkWaste name and told the SBWMA to stop using the name. He noted that the SBWMA retained outside council, who has sent the Company a letter stating that we’ve had the name longer, and we could file paperwork to prevent your company from using the name, and that the SBWMA would not stop using the name. He added that the SBWMA is not a national company, so there is no reason to prevent them from using the name outside of California. He also noted that the SBWMA has filed a Trademark application for the state of California which would give the SBWMA exclusive rights to the name inside California.

Member Chan asked if we have received any feedback from the other company.

Executive Director McCarthy said that there has not been a response.

Member Scott asked if the SBWMA could change the name.

Executive Director McCarthy noted that a new name would cost \$50,000 to \$100,000, and that it would not be an easy change.

Executive Director McCarthy added that staff will update the Board when a response on our Trademark application is received.

7. **Old Business:**

A. RSMC Franchise Agreement Operational and Contract Administration Update

Gino Gasparini spoke about illegal dumping, and how Recology plans to work with Member Agencies to combat the issue.

B. SBR Shoreway Operational and Contract Administration Update

Dwight Herring apologized to Menlo Park for missing their compost delivery. He also noted the SBR has a tentative agreement with Recology to begin receiving 20 to 30 tons of recyclable material from the City of Pacifica.

8. **Staff Updates**

- a) Update on Recology Commercial Recycling Outreach Efforts
- b) Recycling and Outreach Programs Update
- c) AB 341 Update: CalRecycle Workshops

Executive Director McCarthy noted that staff was asked to keep tabs on the AB 341 process.

Member Murray stated that San Mateo City Council is asking what the City's diversion rate is, and she asked how a city can get that number.

Executive Director McCarthy answered that you can give them what your measured diversion rate is through your franchise services, but that won't include any non-franchised business.

Member Murray noted that franchised services doesn't include a lot, and there doesn't seem to be a way to get the whole number.

Executive Director McCarthy stated that one of the projects in our budget for this year is to develop reporting system options, so that non-franchised recyclables would get reported.

- d) Shoreway Operations and Master Plan Update
- e) Update on 2012/2013 Franchise Rate Setting Process
- f) Preview of Upcoming Board meetings

9. **Board Member Comments**

Chair Porter stated that there would be an election of a Vice-Chair at the November meeting.

10. **Adjourn 3:56 PM**



STAFF REPORT

To: SBWMA Board Members
From: Marshall Moran, Finance Manager
Date: November 15, 2012 Board of Director's Meeting
Subject: Approval of Quarterly Investment Report for the Quarter Ended September 30, 2012

Recommendation

It is recommended that the SBWMA Board review and accept the Quarterly Investment Report as attached.

Analysis

The primary objective of the Investment Policy for the SBWMA is safety of principal, while meeting the cash flow needs of the Authority, through prudent investment of unexpended cash. As of September 30, 2012, the investment portfolio was in compliance with the Investment Policy. The portfolio contains enough liquidity to meet the next six months of expected expenditures by the Authority as well as by other third parties.

Fiscal Impact

The attached Investment Portfolio Summary indicates that on September 30, 2012, funds in the amount of \$19,674,533 were invested producing a weighted average yield of 0.32%.

Accrued interest earnings this quarter totaled \$13,094. The slight increase in interest earnings is a result of a slightly higher balance in the investment portfolio.

Below is a summary of the changes in the portfolio.

	Qtr Ended 9/30/12	Qtr Ended 6/30/12	Increase (Decrease)
Total Portfolio	\$ 19,674,533	\$ 19,040,171	\$ 634,362
Weighted Average Yield	0.32%	0.32%	0.00%
Interest Earnings	\$ 13,094	\$ 12,578	\$ 516
Lehman Recovery Payment	\$ -	\$ 23,106	\$ (23,106)

The increase in the total portfolio of \$634,362 is primarily due to debt service payment of \$1.6 million in September offset by the transfer of \$2.2 million from the SBWMA's checking account to the LAIF investment portfolio account in September. No Lehman recovery payment was received in this quarter. The County notified us that the next Lehman bankruptcy distribution will take place in October.

A table comparison of the portfolio components is provided below:

	9/30/2012 Balance	% of Total	6/30/12 Balance	% of Total	Change over prior qtr
SM County Pool	\$ 2,121,172	11%	\$ 2,116,407	11%	\$ 4,765
LAIF	12,938,094	66%	10,730,281	56%	2,207,813
Bond Account	4,615,267	23%	6,193,483	33%	(1,578,216)
Total Portfolio	\$ 19,674,533	100%	\$ 19,040,171	100%	\$ 634,362

Note: There may be minor differences in totals as individual amounts are rounded to the nearest dollar

The average yield of the portfolio in the quarter excluding the bond proceeds was 0.42%. The Local Agency Investment Fund (LAIF) is used as a benchmark and the average LAIF yield for the quarter ending September 30, 2012, was 0.35%. The San Mateo County Pool average yield for the quarter was 0.87%.

Due to arbitrage restrictions, bond investments are not included in our LAIF rate comparison. As of September 30, 2012, the bond reserve and payment accounts of approximately \$4.6 million were invested with the trustee in short-term investments.

The Investment Advisory Committee, consisting of Jeff Maltbie, City Manager of San Carlos; Brian Moura, Assistant City Manager of San Carlos; Michael Galvin, City Treasurer for San Carlos; and Rebecca Mendenhall, Administrative Services Director, have reviewed this report before presentation to the Board.

Attachments

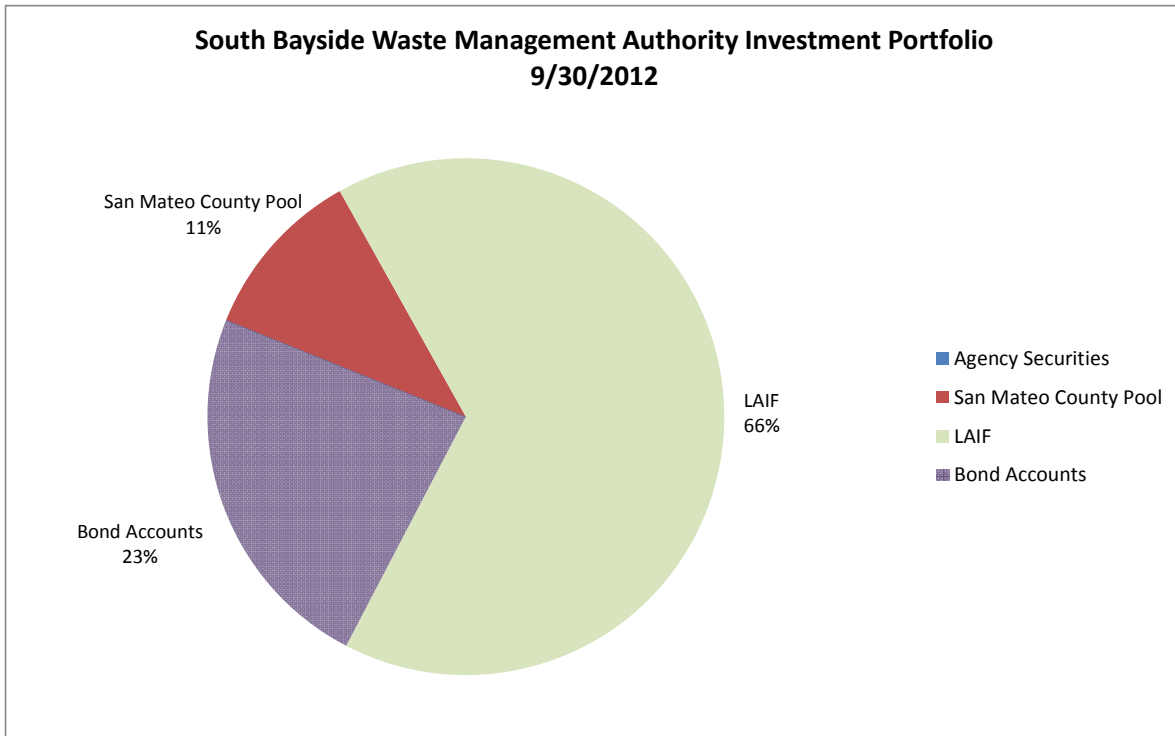
A – Investment Portfolio Summary for the Quarter Ended September 30, 2012

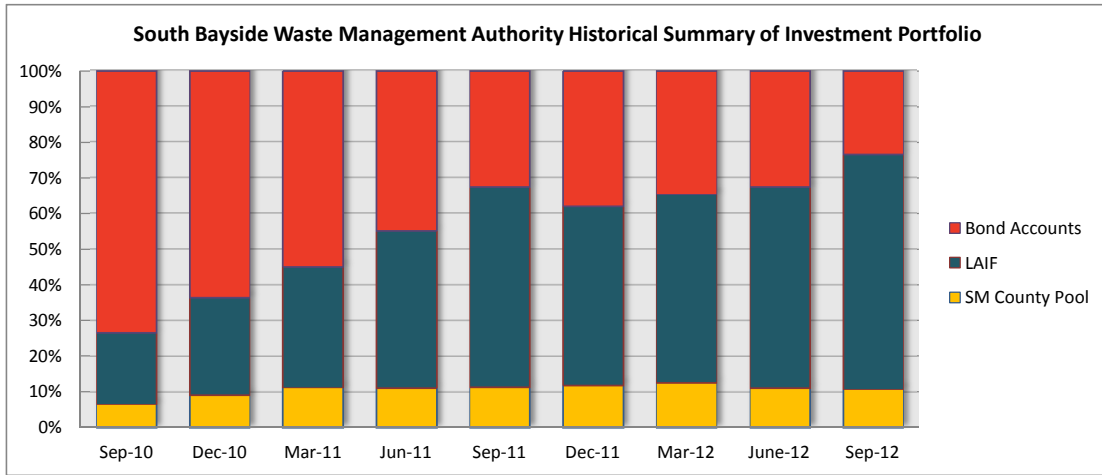
B – Historical Summary of Investment Portfolio

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

SUMMARY OF ALL INVESTMENTS
For Quarter Ending September 30, 2012

Category	Weighted Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value	Interest Earned
Liquid Investments:				
San Mateo County Investment Pool (COPOOL)	0.87%	2,121,172	2,130,166	4,014
Local Agency Investment Fund (LAIF)	0.35%	12,938,094	12,955,096	9,081
Total - Investments	0.423%	15,059,266	15,085,261	13,094
Bond Proceeds Accounts - Cash with Fiscal Agents				
BNY Western Trust - LAIF 2009 Project Fund Account	0.00%	-	-	-
BNY Western Trust - Dreyfus Cash Mgmt 670 Inv 2009 Project Fund Account	0.00%	-	-	-
BNY Western Trust - Dreyfus Payment Fund 2009B Payment Fund Account	0.00%	-	-	-
BNY Western Trust - Dreyfus Cash Mgmt 670 Inv 2009A Reserve Fund Account	0.00%	4,240,375	4,240,375	
BNY Western Trust - Federal Home Loan Bank 2009A Reserve Fund Account	0.00%	-	-	-
BNY Western Trust - Dreyfus Cash Mgmt 670 Inv 2009A Payment Fund Account	0.00%	374,893	374,893	
Total - Bond Accounts	0.000%	4,615,267	4,615,267	-
GRAND TOTAL OF PORTFOLIO	0.324%	19,674,533	19,700,529	13,094
Total Accrued Interest this Quarter			13,094	
Total Accrued Interest Fiscal Year to Date			13,094	





South Bayside Waste Management Authority Portfolio

	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	June-12	Sep-12
SM County Pool	2,053,315	2,060,200	2,065,675	2,070,798	2,077,198	2,083,418	2,088,589	2,116,407	2,121,172
LAIF	6,174,485	6,182,460	6,189,561	8,197,304	10,206,329	8,714,239	8,722,866	10,730,281	12,938,094
Bond Accounts	22,690,918	14,335,911	10,045,187	8,341,931	5,940,947	6,611,970	5,733,099	6,193,483	4,615,267
Grand Total	\$30,918,719	\$22,578,571	\$18,300,423	\$18,610,033	\$18,224,474	\$17,409,627	\$16,544,554	\$19,040,171	\$19,674,533



STAFF REPORT

To: SBWMA Board Members
From: Cyndi Urman, Board Secretary
Date: November 15, 2012 Board of Director's Meeting
Subject: Approval of the 2013 Board Meeting Calendar

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY 2013 BOARD MEETING SCHEDULE

*Meetings of the South Bayside Waste Management Authority are held
on the fourth Thursday of the month from 2:00pm to 4:00 pm*

Location: City of San Carlos Library, 2nd Floor, Conference Room A/B, 610 Elm St., San Carlos, CA 94070

January	24	2013
February	28	2013
March	28	2013
April	25	2013
May	23	2013
June	27	2013
July	25	2013
August	NO MEETING IN AUGUST	
September	26	2013
October	24	2013
November	21* (Third Thursday)	2013
December	NO MEETING IN DECEMBER	

* The 4th Thursday of November falls on the Thanksgiving Holiday; the Board Meeting has been scheduled for the week prior.



Agenda Item 5D
Receipt of Recology and SBR Monthly Reports

Attachments:

- ★ **Attachment A – Recology October 2012 Monthly Report**
- ★ **Attachment B – SBR October 2012 Monthly Report**

- ★ *As per the contracts these reports are due on the 15th of the following month. October's monthly contractor reports are due 11/15/12. They will be posted on the web and emailed to Board members by 11/16/12.*

Posted on Website: www.rethinkwaste.org after 11/15/12