



DRAFT MINUTES

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
 SPECIAL MEETING OF THE TECHNICAL ADVISORY COMMITTEE
 WORKSHOP: Draft Recology Amended Franchise Agreement, and Comprehensive Review of the Franchise Agreement Negotiations
 May 3, 2017 – 9:30 a.m.
 San Carlos Library Conference Room A/B

Call to Order: 9:44AM

1. 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	

Board Members Present: Bill Widmer (Atherton), Davina Hurt (Belmont), Michael Brownrigg (Burlingame), Jay Benton (Hillsborough), Bob Grassilli (San Carlos), Rick Bonilla (San Mateo)

FAX Committee Members Present:, Afshin Oskoui, Brenda Olwin, and Jim Porter

2. 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.

None

3. 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. Approval of the April 13, 2017 TAC/FAX Meeting Minutes

Member Gibbons made a motion to approve the minutes

Member Walter seconded the motion

Voice Vote: All in favor

4. Welcome Remarks

Chair Oskoui noted that the intent of the meeting was to be an explanation of the process of the FAX Committee, and to share the methodology and the reasoning of the numbers.

Executive Director LaMariana added that we want you to feel comfortable that due diligence was done and feel comfortable moving forward with the FAX recommendation.

5. Review of the proposed Model Franchise Agreement – Recommended Changes

Q&A:

Q: Concern about negotiating back in to the individual agreements current services like the extra green cart services in Atherton.

A: The cost does reflect the current services you are being provided, but the language will need to be put into the individual agreement.

Q: Question about the 2013 amendments.

A: The 2013 amendments have been integrated into the model agreement

Q: Have the questions from the Board meeting on the extension term been incorporated into the agreement.

A: Not yet, we wanted to get feedback from today after the numbers were explained.

Q: Will the customer be charged for containers that are owned by the Member Agency

A: Mario noted that the intent was for it to stay the same

Comment: Bill Widmer noted that Atherton owns their carts so it needs to be addressed.

A: We will look into it.

Q: Could an individual Member Agency negotiate their own solution to the cap on bulky item collections if the cap is reached.

A: There is a meet and confer in the contract, so yes.

Q: Will a longer window for pickups be offered if the cap is reached, and is there a maximum amount on the delayed schedule.

A: Yes one of the choices once the cap is reached is to allow a longer time frame for Recology to collect the BIC, and there is not a Maximum on the delayed schedule.

Q: Burlingame has a lot of MFDs on El Camino that don't get picked up.

A: Circle back with Recology on the issue

A: SBWMA staff will see if there is a trend as the individual Member Agencies are negotiating their nuances, and if so it could be added to the model agreement.

Q: At what point does the BIC average cause a notification to the SBWMA.

A: As soon as a one week average is 140.

Q: Will there be a picking order if they go over?

A: Yes.

Q: Will every city get notified or is it Agency wide?

A: Bulky Item Collections and Abandoned Waste collections are Agency wide.

Q: How often is Recology maxed out on BIC collections?

A: There is a spike in December when people have one of their two left and want to use it, and explained that the bid was for 400 collections and they are now at 700, so the 3 collection vehicles and crews are nearly maxed out.

Q: What are the hours of collection for mixed use?

A: Right now it is set up as commercial service hours, but it can be negotiated in the individual agreement.

Q: Can a property manager still implement organics collection?

A: Yes, that service is still available.

Q: Are audited financial statements still required?

A: Yes, in article 9.

Q: Who pays for the auditing in the contract?

A: It's part of the RethinkWaste budget.

Q: If an agency doesn't want much outreach how will the costs work?

A: No change to outreach costs, but cost could go to a specific program in a community.

A: This is a base rate and ala carte causes regulatory issues with the new organics regulations being implemented

A: There is a benefit to all member agencies from the commodity revenue, because recycling revenue affects everyone despite the type of accounts in each individual community.

A: Outreach will have a greater good approach.

Q: There should be a change to section 7.13 to revise that the agreement is with the Agency, and not the SBWMA?.

A: Global change will be made.

6. Review of the proposed Model Franchise Agreement – Financial Elements

Staff Gans described the cost analysis work that was done by Sloan/Vazquez, and Ron Proto. He concluded that the results were that compensation and costs are in alignment, and that we are getting a good deal.

Q: Regarding depreciation, was there over compensation early in the contract.?

A: Yes, but they are operating at a loss in the last year of the contract.

Q: Is depreciation the main reason compensation is expected to be higher?

A: It's depreciation plus interest.

Q: Is the \$4.7M an arbitrary number?

A: It's a difference in timing.

Q: Will all vehicles be replaced?

A: Yes, with the exception of 2-3 vehicles.

Q: Regarding the comparison of G&A costs proposed in other local contracts, as a percentage of the total cost, it is not a fair comparison when their overall compensation is lower.

A: It is usually done based on a comparison and percentage of overall costs.

Q: Uncollected billed revenue is almost \$1M. Is that high?

A: It is in line with the rest of the Recology contracts.

Q: Regarding G&A--what is specific to our contract, and what is corporate?

A: About \$3M is corporate overhead.

Q: What in the original bid process caught you off guard by \$3M. And if you were off by 50% and won the bid based on lower cost, there needs to be more comfort in what is included in that number.

A: In 2007 Recology had a website and email, now there is an app, security upgrades due to customers paying online, environmental compliance etc. The negotiating team put a package of adjustments together that everyone can be comfortable with. Recology also added that disposal costs were not known at the time of the bid, so they did underestimate. Recology answered that they were not the low bidder.

Q: None of the companies used to compare G&A costs were large like Waste Management, was that comparison available?

A: Will be sent out when it is available, via the SBWMA.

Q: What will the number be in 2020 with normal depreciation and not moving the extension depreciation forward?

A: The answer is in the 4th column of page 7 of the handout \$5,258,570.

A: That does include some depreciation so will get you the number.

Q: Concern over the duration of the contract.

A: There are a number of communities that have had the same contracted company for 50 years.

Q: How many collection contracts are 15 year contracts?

A: Can get the number of contracts that are 15-year terms, but the benefit of a 15--year term is two vehicle fleets over a 25 year period. With a 10-year term the cost is 3% higher with no benefit of asset depreciation.

Q: Discussion around weather or not the documents shared on the numbers were confidential.

A: It is the time in the process where the sole source documents have to be public.

6. Adjourn 12:34PM