



Minutes of March 19, 2014 Meeting

The Sonoma County Waste Management Agency met on March 19, 2014, at the City of Santa Rosa Council Chambers, 100 Santa Rosa Avenue, Santa Rosa, California

Present:

City of Cloverdale	Bob Cox
City of Cotati	Susan Harvey
City of Healdsburg	Jim Wood
City of Petaluma	Dan St. John
City of Rohnert Park	John McArthur
City of Santa Rosa	Jake Ours
City of Sebastopol	Larry McLaughlin
City of Sonoma	Steve Barbose
County of Sonoma	Shirlee Zane
Town of Windsor	Debora Fudge

Staff Present:

Counsel	Janet Coleson
Staff	Henry Mikus
	Patrick Carter
	Lisa Steinmann
Clerk	Rebecca Lankford

1. Call to Order

The meeting was called to order at 9:02 a.m.

2. Agenda Approval

There were no changes to the Agenda.

3. Public Comments (items not on the agenda)

Roger Larsen, Happy Acres, noted that at last month's SCWMA board meeting he misspoke when he accused the compost operation of violating the zero-discharge requirement. Mr. Larsen stated that after speaking with the North Coast Regional Water Quality Control Board he learned of the grace period allowed before compliance was mandatory. Mr. Larsen apologized for potentially misleading the Board about a violation; however, he noted he believes the spirit of the requirement was violated.

Trathen Heckman, Executive Director of Daily Acts, spoke in favor of Sonoma Compost Company which has been an essential partner in making Daily Acts effective at serving Sonoma County residents. Mr. Heckman stated that Sonoma Compost donates one yard of compost for every

resident that registers for Daily Act's Home and Garden Challenge. There is a significant amount of power and influence involved with public-private partnerships like SCC and the Agency.

Adam Goldberg, Global Student Embassy, spoke in favor of Sonoma Compost Company. Mr. Goldberg noted that SCC provides all schools in Sonoma County with up to 10 yards of free compost per year for their gardening ventures.

Nea Bradford, Central Landfill Site Neighbor, inquired if Sonoma Compost Company is only able to operate at the Central Landfill Site or if they will also be able to operate an alternative site. Ms. Bradford noted that a public speaker last month expressed concern regarding how the dust and other compost particulate will affect his grapes; Ms. Bradford asked how will these things affect the children at Dunham school near the Central Site. Ms. Bradford noted her desire to have particulate monitors throughout the neighborhoods near Central.

4. Consent (w/attachments)

4.1 Minutes of February 19, 2014

Susan Harvey, City of Cotati, noted several discrepancies in the minutes to be reviewed by Agency Staff.

Dan St. John, City of Petaluma, asked for his comments regarding Item 5: FY 14-15 Draft Work Plan be reviewed.

Item continued to the April 16, 2014 Agency meeting.

Regular Calendar

5. FY 14-15 Draft Budget

Patrick Carter, Agency Staff, presented the Draft Fiscal Year (FY) 14/15 budget, which was noted as a deficit budget due to two uncertainties the Agency faces with its two largest contracts: the cost of labor to run the Household Toxics Facility and the operational needs at the current compost site. With the potentially significant cost increases and knowing that the Agency has sufficient fund balances which would not require the use of Reserve Funds, a deficit budget is being presented. Mr. Carter urged input and feedback from the Board to develop an understanding of what the Board would like to see on the FY 14/15 Final Budget at the April Agency Board Meeting. Mr. Carter noted the proposed budget is currently being presented to draw down existing fund balances with minor tipping fee increases to wood waste and yard debris.

Mr. Carter reported as the budget is presented four of the Agency's five cost centers would remain above their balance goals with the exception of Household Hazardous Waste; noting that does not mean there is a deficit in the HHW cost center, simply that it would be below its fund balance goal.

Henry Mikus, Agency Executive Director, explained the process of how the draft budget is developed, include the analysis of actual expenses versus budgeted expenses from previous years. Mr. Mikus stated that Agency Staff are concerned about the labor rates that will be presented in the new HHW Contact and are anticipating a significant increase; clarity regarding these rates should be available in April.

Board Questions

Jake Ours, City of Santa Rosa, asked for clarity regarding the Agency's Reserve Policy as well for a copy of it.

Mr. Carter responded that surplus funds from the Education and Planning cost centers are deposited into the Contingency Reserve Fund which is used for general one-time uses as directed by the Board. Surplus funds from the HHW cost center are first transferred to the Facility Closure Fund then to a Facility Reserve Fund. From the Wood Waste and Yard Debris cost centers surplus funds are transferred to the Organics Reserve; the specific fund goals for all cost centers range from 15%-25% of our annual expenditures in the specific cost center.

Mr. Ours noted there seems to be reserve accounts for the reserve accounts.

Mr. Carter agreed the Agency does have a substantial number of Reserve Accounts as contingency planning has been a focus.

Mr. St. John asked to confirm that the goals for the five cost centers in based on 15%-25% of the budgeted expenditures, or about three months of operating costs.

Mr. Carter responded affirmatively.

Mr. St. John asked for the distinction between the two HHW reserve funds.

Mr. Carter explained that the HHW Facility Closure Fund is for the future deconstruction of the facility while the Facility Reserve Fund is for any incident or catastrophe at the HHW facility.

Mr. St. John asked if the projected 9% increase in tip fee revenues was based solely on the proposed tip fee increases.

Mr. Carter responded that the proposed wood waste and yard debris tip fee increase is included in the revenue increase but that it also included tip fees for education, planning and HHW which will remain at \$5.95 per ton.

Mr. St. John noted that contract service costs are being projected to increase 17%. He inquired if the 17% (\$700,000) increase includes the anticipated increase in HHW contract cost and the proposed Sonoma Compost (SCC) Amendment.

Mr. Carter responded affirmatively.

Shirlee Zane, County of Sonoma, asked if staff is estimating having over \$1,000,000 in reserve funds at the end of FY 14/15 and the policy is \$600,000 why a balanced budget is not being presented.

Mr. Carter responded in the present draft budget it was the intention of staff to not draw down reserve funds. Mr. Carter noted drawing down reserve funds would be a viable option to balance the HHW cost center, however, not Wood Waste or Yard Debris; Organics would ultimately still experience a structural deficit due to the tip fee discrepancies.

Ms. Zane asked that assuming that Board approved the 1st Amendment to the SCC Agreement wouldn't they be able to increase production and sales which would in turn increase Agency revenues from the operation.

Mr. Carter stated the assumption of increased revenues from SCC as a result of an approved 1st Amendment to their agreement was not calculated into the draft budget; noting that while an increase in revenue is likely determining an anticipated amount would be speculative.

Ms. Zane state that she would like to see a balanced budget for approval, noting she believes it is the Agency's obligation to the public.

Ms. Harvey asked for clarification as to why the wood waste tip fee increase is \$1.30 opposed to yard debris tip fee increase of \$5.80.

Mr. Carter explained that the difference is primarily based on the price sensitivity of wood waste, historically when the wood waste tipping fee has increased the amount of incoming material has decreased due other disposal options for wood.

Mr. Mikus noted that about 90% of the material taken in is yard debris, while the remaining 10% is wood waste, significantly increasing the tip fee for wood would have provided minimal impact due to the small amount of material.

Ms. Harvey inquired about the Agency's liability insurance rate, noting that it seems to consistently increase. She also asked if insurance is something the Agency regularly rebids.

Mr. Carter stated that liability insurance is not something the Agency has bid recently, but would be feasible at the direction of the Board. He also noted that last year the Agency's liability insurance increased due to the addition of Cyber Liability Coverage.

Ms. Harvey asked about the increase membership fee for the California Product Stewardship Council (CPSC) as it has nearly doubled.

Lisa Steinmann, Agency Staff, responded that the CPSC fee is now based on population. Ms. Steinmann explained the CPSC has been a valuable partner to the Agency, particularly with EPR programs.

Ms. Harvey asked if the increase in EFS costs due to the modernization of the County's accounting system would be a recurring expense.

Mr. Carter explained that program modules will be implemented at different times throughout upcoming years and at this time it is unclear if additional module implementation will incur new costs.

Ms. Zane stated that she believe the budget for marketing the Carryout Bag Ordinance should be increased from \$22,000. She also inquired why there is such a large increase in expenditures for contract services and asked if they are negotiable.

Mr. Carter responded that the contracts are negotiable, noting that the Agency could also set a maximum not to exceed limit, then asking what services are available at that amount opposed to proposing desired service then asking for costs.

Ms. Zane expressed her belief that staff should be able to negotiate contracts but does think a not to exceed limit could help maintain costs.

Mr. Ours confirmed that the labor rates in the current HHW contract are from 2005, noting that a not to exceed limit cannot realistically be set without knowing what the new labor rates may be. He also expressed his belief that an increase in labor rates is to be expected in order to complete the job.

Mr. Carter explained that the costs being presented are considered to be the worst case scenarios, Agency Staff have predicted high expenditures to ensure adequate appropriations are made at the beginning of the fiscal year instead of having to present and approve budget amendments and appropriations transfers throughout the fiscal year.

Jim Wood, City of Healdsburg, stated that when he hears the term structural deficit he hears “problems going forward”; he asked what is being done now to ensure these deficits are not issues for FY 15/16

Mr. Mikus responded that Agency Staff has started conversations about the FY 15/16 budget, noting that by that time the Agency’s largest contracts will have been settled which will allow staff to better understand what changes, such as tip fee surcharge increases, need to be addressed.

Public Comments

None.

Board Discussion

Mr. St. John asked is the current HHW contract has escalator labor rates.

Ms. Steinmann responded that they do not; the Agency is currently paying the exact same labor rates as it did in 2005, there have been no increases.

Mr. St. John noted that the Agency has four reserve funds which all meet or exceed their goals. He believes the Agency should draw down reserves to goal levels *or* readjust goal amounts; he favors raising goal levels to support more than three months of operating costs however would also be comfortable drawing down reserve funds to help balance the budget. He would also like to have a discussion regarding the Reserve Account Policies.

Mr. Carter stated that Agency Staff would bring up the Reserve Policy for discussion at the April Board Meeting prior to the presentation of the budget for approval.

Deb Fudge, Town of Windsor, agrees with the thoughts discussed by other board members so far. She noted that she would like to see the wood waste tip fee increased to cover the actual service cost. Ms. Fudge also noted her appreciation for staff’s candidness in presenting the draft budget; however, she would like to see a balance budget.

Steve Barbose, City of Sonoma, stated that he is in general agreement with what has been discussed by other board members. Mr. Barbose stated that he would not be opposed to raising transfer station yard debris tip fees a little more than suggested in the presented draft budget. Mr. Barbose inquired what the allocation between HHW and wood waste on the tip fee surcharge.

Mr. Carter responded that the HHW tip fee surcharge is \$5.95 per ton, the yard debris tip fee at the transfer stations is \$36.20 per ton and \$34.10 at Central

Mr. Barbose suggested increasing the HHW tip fee surcharge from \$5.95 as a way to increase HHW revenues.

Ms. Harvey noted her agreement with the thoughts which have been brought forward. She believes the issues faced are two-fold, the upcoming fiscal year's issues have to be addressed as well as the future financial health of the Agency.

Bob Cox, City of Cloverdale, noted he is inclined to go along with the policy of drawing down reserve funds whether it is to balance the budget or to remain at the set goal levels of the established policy, or, revise the policy.

Mr. Ours stated that he would like to have a thorough discussion about the reserve policies as he was surprised by the number of reserve accounts. Mr. Ours noted he supported drawing down the reserve funds.

Larry McLaughlin, City of Sebastopol, stated his general agreement with the rest of the Board as well as supporting the need for a discussion regarding the reserve policy.

Ms. Zane stated that it is hard to raise tipping fees when accounts have such a significant surplus. Ms. Zane inquired how often contracts are renegotiated, as they are a significant expenditure.

Mr. Mikus replied that in the last two years nearly all of the Agency's contracts have been rebid, with HHW being the final one. Mr. Mikus explained that to date most of the Agency's contracts had been set for five years, however, with the future of the Agency unknown they are all set to expire in February 2017.

Mr. Mikus noted that in late 2011 the Reserve Policy was reviewed and revised. He suggested staff present the reserve policy as a discussion item in April prior to the presentation of the budget.

Mr. Carter indicated he believe he had adequate direction to move forward.

6. Sonoma Compost Agreement 1st Agreement

Mr. Carter provided the staff report noting that Sonoma Compost Company (SCC) has been the compost contractor for the Agency for many years and was awarded the contract most recently after a rebid in 2013. During the bid process SCC proposed a number of site improvements they would perform; the inclusion of a mechanical sort-line and another screen were included in the proposals as equipment for later consideration

Currently SCC is having difficulty meeting certain conditions of its Solid Waste Facility Permit in relation to the amount of time the material is onsite before it is processed. Mr. Carter noted that SCC's permit conditions are the most stringent in California, however, this does not negate them

from compliance. Agency Staff along with SCC have identified two strategies for addressing the current permit conditions: changing internal processes and acquiring additional equipment. The additional equipment needed as identified by SCC would be a new mechanical sort-line and screen as well as a larger windrow turner. The Agency and SCC have been working with the Local Enforcement Agency (LEA) to identify and implement internal processes to help obtain permit compliance. The implementation of new processes and new equipment will aid in permit compliance, overall site efficiency and employee safety. The mechanical sort-line and screen will allow for more efficient and effective sorting in turn making a better quality product. The windrow turner would result in an increased amount of material in each windrow, increasing site capacity. Mr. Carter presented five scenarios, ranging from complete acceptance of SCC's request, which would involve an additional payment to SCC of \$420,000 per year for three years, acceptance of just one of the pieces of requested equipment, a reduced/ negotiated payment or complete rejection of the proposal. Mr. Carter reported that Agency Staff recommends the approval of the complete request using a combination of fund balances and increased tipping fees. Mr. Carter noted that if nothing is done it is essential for the Board to understand the consequences which include continued permit issues. Mr. Carter informed the Board that they have no obligation to act or approve the appropriation of Agency funds for this request; noting that zero-discharge requirements will also require significant financial contributions from the Agency.

Board Questions

Mr. Barbose noted that in Scenario 3, the purchase of just a windrow turner, ease of permit compliance is used as a justification; Scenario 2, purchase of just a sort-line and screen, ease of permit compliance is not addressed. Mr. Barbose asked if this meant the sort-line and screen will does not aid in permit compliance.

Mr. Carter explained that contaminated product, known as "overs", have become increasingly problematic for permit compliance as they stay on site and take up space. The purchase of a sort-line and screen would aid in permit compliance by helping produce less contaminated, better quality product, in turn producing more revenue to be shared with the Agency.

Ms. Zane noted that the purchase of this equipment may be a business investment; however, it is a significant amount of money. Ms. Zane asked how this equipment will address the zero-discharge requirements being imposed.

Mr. Carter responded that the zero-discharge requirements will not be specifically addressed by this equipment.

Ms. Zane stated that the zero-discharge requirements are a high priority for the Board and purchasing new equipment would ultimately mean a decreased fund balance to address zero-discharge issues. Ms. Zane asked if the proposed equipment would be applicable at a new compost site.

Mr. Carter responded that SCC has indicated the sort-line and screen would likely be applicable at any new site; the new site as envisioned would have no need for a windrow turner, therefore the Amendment being presented has a clause that will provide the Agency with 50% of the revenue from the sale of the windrow turner.

Ms. Zane asked what the projections are in terms of increased revenues.

Mr. Carter asked to defer Ms. Zane's question to a SCC representative.

Mr. Barbose asked what the rationale was behind the Agency receiving only 50% of the revenues from the sale of the windrow turner.

Mr. Carter replied that the percentage is primarily arbitrary and can be negotiated, 50% was presented as a reasonable share as SCC will be investing in maintenance and needed repairs to the equipment.

Mr. St. John asked to confirm that the compost operator contract was not awarded solely to the lowest bidder; it was also based on qualifications. Mr. St. John also inquired what the tonnage requirements are in the contract between SCC and the Agency.

Mr. Carter responded that there are no requirements in the contract noting that the operating permit allows for 108,000 tons and that SCC processed about 100,000 tons in 2013.

Mr. St. John stated that his understanding of SCC's sale is that they actually have such high demand that they sell futures in advance of product being completed.

Mr. Carter confirmed that the sales of futures are quite common, occasionally with wait times as long as weeks.

Mr. St. John asked what the current contract with SCC says about amendments.

Mr. Carter responded that it states the contract may be amended from time to time by mutual agreement.

Mr. St. John inquired about what has changed since the project bid on and awarded.

Mr. Carter responded that the overs have become a major issue on the site for a variety of reasons and the site is at capacity for optimal operation.

Mr. St. John asked if staff had reviewed the other proposal received during the bid process and whether any of them included a sort-line and screen as well as a windrow turner while SCC's did not.

Mr. Carter responded that the proposals were all very similar. Mr. Carter also clarified that SCC does currently have two screens on-site, the third would be dedicated to processing incoming material.

Mr. St. John asked how much the Agency spent on the SCC contract in FY 12/13.

Mr. Carter responded about \$2,500,000.

Ms. Fudge noted that within the last couple of years SCC has made it clear that without a new site the capacity constraints at the current site would become an issue that would ultimately lead them to ask the Agency for additional assistance, funds, equipment or something.

Mr. Wood inquired to what extent site capacity would be increased.

Mr. Carter responded that manufacturers report up to a 30% increase in capacity, noting that even half of that amount would be significant.

Mr. Mikus emphasized the fact the SCC's proposal had addressed items that would be needed in the future, including the sort-line and additional screen, all of which were presented to the Board. Mr. Mikus also emphasized how the overs that were once a profitable product are now a liability.

Mr. Wood asked if somebody from SCC would address the Board.

Pam Davis, Sonoma Compost Company, addressed the Boarding noting that the overs situation on the site cannot be overstated. Ms. Davis reiterated that the utilization of a sort-line and screen to eliminate contaminants would produce additional compost for sale, and limit the amount of overs which produce a loss. Ms. Davis also reported that SCC currently has five fulltime employees who sort incoming materials which are spread out on the ground, the sort-line and screen would dramatically increase worker safety and the cleanliness of the material to be processed. Ms. Davis believes the windrow turner will be the most significant piece of equipment for SCC, by making higher and wide windrow piles the capacity of the site will increase and allow SCC to process incoming material in compliance with their permit. Ms. Davis noted that SCC has been working with the local fire department, Republic Services and the Agency to find additional locations to store finished products. Ms. Davis also noted that new increased distance requirements for piles and the on-site methane have negatively impacted site capacity. Ms. Davis stated that the LEA has indicated that the violations that have occurred at the compost facility are indicative of limited site capacity, equipment and regulatory challenges.

Ms. Davis addressed a previously asked question regarding an increase in revenue due to the potential purchase of new equipment. Ms. Davis noted that it is easy and realistic to believe there would be an increase in revenues; however, she predicts it to be less than 10%.

Ms. Harvey asked if SCC would consider increasing the Agency's share of revenues from the windrow turner once it is no longer needed.

Ms. Davis indicated SCC would be comfortable potentially increasing the amount from 50% to 55% or 60%.

Ms. Zane stated that SCC is asking the Agency to invest a large amount of money and indicated her desire to see a business plan specifically addressing the return on the investment.

Ms. Davis indicated she was not certain what the dollar amount increase would be as she did not have the company's financial information with her.

Ms. Zane asked if alternatives, other than asking the Agency to purchase the equipment, have been considered.

Ms. Davis responded that a loan is something that could be considered by the company, however, SCC has purchased nearly \$1,000,000 in equipment and is now looking for the Agency to match it.

Ms. Zane asked which piece of requested equipment would be the highest priority for the site.

Ms. Davis indicated that the windrow turner as it will assist in site capacity issues.

Mr. St. John noted that he had met with Ms. Davis earlier in the week. Mr. St. John inquired what operational conditions have changes and what expenses have been incurred by SCC due to these changes.

Ms. Davis responded that the contract indicated that SCC is responsible for the first \$50,000 of environmental costs per year, noting that they paid for nearly \$40,000 already and are on track to contribute the entire \$50,000.

Mr. Barbose asked to confirm that the windrow turner is \$750,000.

Ms. Davis responded affirmatively.

Mr. St. John stated that he does not see an increase in the volume of incoming materials that would justify the purchase of this new equipment.

Ms. Davis responded that there had been an increase in volume but not necessarily the reported tonnage, noting that regardless of any projected increases or not the operation and site are having difficulties processing the amount of materials they are currently receiving.

John McArthur, City of Rohnert Park, asked who will be responsible for the actual purchase of the equipment.

Ms. Davis indicated SCC would be.

Mr. McArthur asked to clarify if the dollar amounts being presented were “not to exceed” amounts.

Mr. Carter responded affirmatively.

Mr. McArthur confirmed that the windrow turner is SCC’s highest priority for the current site, noting that it would not be needed at a new compost site.

Ms. Davis responded affirmatively, noting that SCC has looked to purchase a used windrow turner to meet their needs and save money, however, they have been unsuccessful.

Mr. McArthur inquired what the life expectancy of the equipment is.

Ms. Davis responded that the current windrow turner on site is more than 20 years old.

Mr. McArthur asked to see a spec sheet for the proposed equipment.

Ms. Davis indicated she would send it to him via email.

Mr. Wood asked if any of the environmental costs incurred by SCC has been related directly to the zero-discharge requirements.

Ms. Davis responded affirmatively.

Mr. Wood asked if a LEA representative would address questions from the Board.

Mr. Wood asked the LEA representative about the violations SCC has incurred and if the purchase of the requested equipment would help mitigate their issues.

Leslye Choate, LEA, responded that the LEA is very supportive of anything that can be done to increase site the efficiency of the operation as well as positively impacting the welfare of individuals and the environment.

Mr. Wood stated that the sort-line and screen has a significant capital cost but also noted there is a safety issue involved with manually sorting material.

Ms. Choate concurred with Mr. Wood's statement noting that in the past couple of years there have been two accidents on site.

Mr. St. John inquired about Agency Staff's statement that the SCC operation has the most stringent permit conditions of any site in California.

Ms. Choate indicated that is a topic that is difficult to address, however, she would be willing to respond in writing to the Board.

Mr. St. John asked if there is any flexibility in the permit conditions, specifically regarding the 72 hour processing constraints.

Ms. Choate responded that the conditions of the permit are not easily changed, it would require revising the permit. Ms. Choate indicated that she would be willing to develop a written response to address all of the questions pertaining to permit conditions. Ms. Choate also indicated that if she could change the conditions of the permit and know that health and safety were protected she would.

Mr. St. John asked if there had been discussions between the LEA and SCC regarding what flexibility the LEA does have in assisting SCC with permit compliance.

Ms. Choate responded the two organizations have had many meetings; however, the issues revolve around not having a sufficient operating area.

Mr. Wood asked if the violations SCC has received are due to site constraints.

Ms. Choate responded affirmatively.

Ms. Zane stated the health and safety of employees is a very complex issue which involves OSHA requirements as well as the LEA and there is no strong evidence to indicate that the requested equipment will in fact improve health or safety.

Ms. Zane inquired how many accidents on site have involved the actual use of equipment opposed to regulations, operations and the day- to- day activities of the employee.

Ms. Choate indicated that LEA representatives are not professionals in the area of composting; they are a regulatory agency and cannot say for certain that new equipment will promote better health and safety on site only that it has the potential to.

Ms. Zane inquired if any of the employee safety issues that have occurred on site have been significant enough to trigger an OSHA review.

Ms. Davis responded that there have been two incidents which OSHA has responded to; for one of the incidents the proposed equipment would have had no impact, the other which resulted in a fatality occurred during the sorting process and may have been avoided with a sort-line and screen.

Mr. Wood asked if the stringent permit conditions are due to the site constraints.

Mr. Choate responded that she would be willing to research the question and respond in writing.

Ms. Davis reported that the current permit took effect in 1998, with five year reviews performed with the LEA and CalRecycle. When the permit was written there were few industrial compost facilities so it was drafted with the best professional judgment of LEA and SCC employees.

Public Comments

Roger Larsen, Happy Acres, stated that based on his research the higher the windrow piles the higher the fire hazard, noting there has been a fire on the site every year. Mr. Larsen also stated that if the piles are closer together, any fire that does occur will be more difficult to battle. Mr. Larson also expressed that he does not understand the environmental benefits presented in the staff reporting, noting that more compost will not benefit his environment.

Rick Downey, Republic Services, stated that the equipment being requested by SCC is needed at the site, however, there are other alternatives the Board could consider, including diverting wood waste and yard debris to other sites in order to address capacity issues.

Stu Clark, Environmental Consultant, addressed the implications of having a differential rate at Central and the transfer stations. It is a policy change that would impact each jurisdiction differently.

Board Discussion

Mr. Wood inquired if the Board was ready to make a decision.

Zane indicated that she is not ready to make a decisions noting that she believes the Agency needs to receive 100% of the revenues from the windrow turner when it is sold. Ms. Zane also disclosed she is uncomfortable with SCC asking for \$1.2 million dollars without providing a business plan.

Mr. Barbose agrees with Ms. Zane's position that the Agency receives 100% of the revenues from the sale of the windrow turner, noting there is not reasonable justification not to. Mr. Barbose also indicated he wants to ensure that the zero-discharge issues will be dealt with prior to agreeing to \$1.2 million expenditure for the operation.

Ms. Fudge agrees the Agency should receive 100% of the revenues from the sale of the equipment

Mr. McArthur echoes the belief the Agency should receive 100% of the revenues generated by the sale of the equipment. Mr. McArthur also noted he did not understand where the urgency is in purchasing this equipment.

Mr. St. John stated that through his experience it is rare for a contractor to ask for such an increase in the contract without any substantial changes in conditions. Mr. St. John believes for the Agency to move forward with the funding for these purchases SCC needs to present a business plan and better explain what conditions have changed to justify the purchases.

Ms. Harvey agrees with the positions of the other board members and does not believe she has enough information to make a decision.

Mr. Cox agrees with the points made by the other board members and will need more information before making a decision.

Mr. Ours stated that he cannot support the purchases without obtaining additional information especially with the potential operations could cease due to an inability to meet the zero discharge requirements.

Mr. McLaughlin stated that he believes at this time it would be fair for the Agency to assist SCC, however, he does understand some of the uncertainties and would need more information addressing them prior to making a decision.

Mr. Wood stated that this item would be continued.

Ms. Zane stated that at some time she would like compost diversion to be discussed by the Board.

Mr. Wood indicated his belief that the biggest issue facing the compost operation is that there are currently too many unknown items, such as: the Agency's future, SCC's future, the site's future. Mr. Wood noted that he would bring up for discussion at a future meeting the possibility of a working group.

7. Compost Site Selection: Draft RFP for Engineering

Mr. Mikus addressed a letter from the North Coast Regional Water Quality Control Board (NCRWQCB) which had been referenced by a speaker during a public comment session. Mr. Mikus reported that the day before the board meeting the County received a letter from the NCRWQCB, the Agency received a copy of the letter as well. The letter included some information Mr. Mikus indicated may not be accurate. Mr. Mikus informed the Board the Agency has participated in meetings with Republic Services, SCC and the County to address water quality issues.

Mr. Wood stated that he had recently met with the NCRWQCB regarding a separate issue; however, he did mention the zero discharge requirements for the compost site and got the impression that October 1, 2014 is a firm date for compliance.

Mr. Mikus reported that at the end of 2013 the Board asked for the formation of a technical subcommittee to address some of the issues with the compost site selection and other technical issues. The subcommittee has recommended that the Agency contact with a firm to provide detailed engineering site design and in-depth and accurate site analysis. Mr. Mikus noted that the scope of work includes different analysis for each site and provided detail information regarding them. Mr. Mikus also reported that Agency Staff became aware of a grant opportunity, Greenhouse Gas Reduction Grant, through CalRecycle that will be aimed towards projects similar to the Agency's plan for a new compost site. Mr. Mikus noted it has been indicated the closer to shovel ready an applicant is the better their chances for an award.

Board Questions

Ms. Fudge asked why water supply analysis is not included in the scope of work for Site 40.

Mr. Mikus responded that the water supply for the site is addressed in the EIR.

Ms. Zane inquired how long the RFP process will take.

Mr. Mikus responded that Agency Staff will be able to start the process tomorrow assuming there are no significant changes to the scopes of work.

Ms. Zane noted that engineering services are available through the County and she would like to ensure they are included in the RFP distribution.

Mr. Ours expressed his skepticism that the Agency will be shovel ready enough to be receive funds.

Mr. St. John inquired why the CEQA document has not been certified since it is in final form.

Janet Coleson, Agency Counsel, responded that ultimately the selection of a site should occur before certifying the document. Ms. Coleson noted the document could be certified now but may require being reopened and revised if sites change.

Mr. St. John indicated that he believes the scope of work is adequate, however, air quality issues are not being analyzed.

Mr. Mikus addressed Mr. St. John's air quality concern stating that there will not be any significant difference pertaining to air quality between the two sites.

Mr. St. John inquired if there were still land use issues at Site 40.

Mr. Mikus responded that Agency Counsel has provided information regarding the land use at Site 40 and that the owner of the property is in the process of obtaining a use permit.

Mr. St. John asked if composting bio-solids would require reopening the EIR.

Mr. Mikus replied affirmatively.

Mr. St. John noted his belief that the Agency should focus on Central until it is determined whether it is a viable option or not.

Public Comments

Margaret Kullberg, Site 40 neighbor, stated that in the scope of work there is no mention of increased traffic, despite it having tripled while the roads continue to deteriorate. Ms. Kullberg noted there is not a viable amount of water on Site 40 for a compost operation and the neighboring farms desperately need the reclaimed pond water. Ms. Kullberg also noted zoning issues with Site 40 and the fact that the site is only 3.5 miles away from an airport.

Board Discussion

Dan St. John, City of Petaluma, moved to approve the Draft RFP for Engineering Service. Mr. McArthur seconded the motion. The motion passed unanimously.

Vote:

Cloverdale- Aye	Cotati- Aye	County- Aye	Healdsburg- Aye
Petaluma- Aye	Rohnert Park- Aye	Santa Rosa- Aye	Sebastopol- Aye
Sonoma – Aye	Windsor- Aye		

AYES -10-

NOES -0-

ABSENT -0-

ABSTAIN -0-

8. June and July Strategic Planning Meetings

Item continued to the April 16, 2014 Agency meeting.

9. Attachments/Correspondence:

9.1 Reports by Staff and Others:

9.1.a March, and April 2014 Outreach Events

9.1.b. EPR Report

9.1.c Organics Grant Program Overview

10. Board member Comments

11. Staff Comments

12. Next SCWMA meeting: April 16, 2014

13. Adjourn

The meeting was adjourned at 12:08 P.M.

Submitted by
Rebecca Lankford