



## Agenda Item # 4.2

### Minutes of August 23, 2012 Special Meeting

The Sonoma County Waste Management Agency (SCWMA) met on August 23, 2012, at the City of Santa Rosa Utilities Field Office, 35 Stony Point Road, Santa Rosa, California

#### **Present:**

|                      |                   |
|----------------------|-------------------|
| City of Cloverdale   | Nina Regor, Chair |
| City of Cotati       | Susan Harvey      |
| City of Healdsburg   | Mike Kirn         |
| City of Petaluma     | Dan St. John      |
| City of Rohnert Park | John McArthur     |
| City of Santa Rosa   | Jennifer Phillips |
| City of Sebastopol   | Sue Kelly         |
| City of Sonoma       | Steve Barbose     |
| County of Sonoma     | Phil Demery       |
| Town of Windsor      | Debra Fudge       |

#### **Staff Present:**

|         |                |
|---------|----------------|
| Counsel | Janet Coleson  |
| Staff   | Patrick Carter |
|         | Henry Mikus    |
| Clerk   | Debra Dowdell  |

#### **1. Call to Order Special Meeting**

The meeting was called to order at 10:34 a.m.

Chair Regor requested that Public Comments be added to the Agenda.

#### **Public Comments**

None.

#### **2. Ninth Amendment to Compost Operations Agreement**

Patrick Carter gave a brief recap of the previous eight amendments to the Compost Operations Agreement and the failed unanimous vote approval of the Ninth Amendment at the July 18, 2012 Board meeting.

On July 30, 2012 the Board of Supervisors (BOS) authorized the Chair to sign the Ninth Amendment. The BOS asked how the Sonoma County Waste Management Agency (SCWMA) would use the savings from the contract. At that meeting, County staff suggested the savings would be used to fund education programs. SCWMA noted at this meeting that the Joint Powers Agreement (JPA) governing the SCWMA prohibits the funds from the composting operation being used for any SCWMA program other than composting.

The pricing in the Ninth Amendment has been changed from the original pricing discussed at the June 18, 2012 SCWMA meeting. This is not a new revenue source, but a cost savings to the SCWMA. Currently the SCWMA pays Sonoma Compost Company (SCC) for each ton of material received. SCC processes the material, sells the finished product, and then shares its revenue with the SCWMA on a quarterly basis. The reduced expenditures is about \$137,498 and there is a decrease in revenue sharing of about \$33,000. The net savings would be

approximately \$104,000. The savings will be transferred to the Organics Reserve account per SCWMA reserve policy.

The Organics Reserve was proposed in FY 2001-2002 as a way to set aside money for replacement of the existing compost facility, which has always been considered temporary. Given that there's still a considerable amount of uncertainty about the future of this SCWMA program beyond the four month term of the agreement, there is no recommendation for lowering the wood waste or yard waste tipping fee. There have been no increases in tipping fees over the last six years. Staff recommended approving the Ninth Amendment to the agreement between the County of Sonoma, the SCWMA and SCC for organic material processing, composting and marketing services.

Henry Mikus, Executive Director, added that there has been some conversation about how this money could affect or benefit rate payers. When there has been surplus or extra it has always gone into the Organics Reserve, which is the reason for the robust fund balance. During the negotiating process with Recology and SCC one of the questions asked involved the effect on the consumer rates should there be a contribution toward buying the property or building the facility. Their numbers weren't identical, but the difference between doing it all on their own and doing it with SCWMA reserve fund assistance was pretty consistent at about five dollars a ton. Even though this does not appear now as a savings to the rate payers, it will in the future after a new site is built.

#### **Board Discussion**

Susan Harvey, City of Cotati, asked if the authority that's been provided by the BOS would be revoked if the reserve money cannot be used for education. Mr. Carter responded that it was his belief that the approval of the Ninth Amendment was not contingent on the reserve being allocated to education. Phil Demery, County of Sonoma, added that Mr. Carter was correct, the approval was not based on the reserve having to fund education.

Dan St. John, City of Petaluma, asked for clarification on how the current revenue sharing is calculated. Mr. Carter replied that any revenue above the guaranteed revenue is shared 50/50 between SCC and the Agency. It's a difficult process and has been simplified in the Request for Proposals (RFQ), which uses the calculation as a net cost per ton. Mr. St. John then asked what happens in four months when the contract extension expires. Mr. Mikus answered the extension was intended to be a stop gap measure to give the County time to look over the lease and settle their concerns about the term of the agreement, then come back in October or November and adopt the contract.

Debora Fudge, Town of Windsor, asked if it was possible to put the reserve funds into an account for the research and development of a countywide food composting program. Janet Coleson, Agency Counsel, replied Section 13 of the JPA talks about financing for the yard and wood waste. The yard and wood waste is defined as the Treatment System. It says the SCWMA shall receive all revenues accruing in connection with the Treatment System and use them to defray operation and maintenance expense of the wood and yard waste Treatment System. It has to be kept separate unless there were an amendment to the JPA agreement.

Chair Regor asked Mr. Carter to go over the language changes that were made since the June Board meeting. Mr. Carter explained that it's not so much language but how it's presented in the item. What the SCWMA had in the RFQ was basically net cost and this agreement talks about guaranteed revenue. These are not the exact same terms included in June, which is the reason for this Special Meeting. The June agreement focused on the net cost. This is more of a formatting difference than a numbers difference.

Steve Barbose, City of Sonoma, stated he understood the difference in how this was set up in terms of the net cost savings, but thought when the SCWMA last met and approved the previous amendment as a stop gap that the pricing was the same as it's always been. He understood the reduced cost that had been offered by SCC as part of the contract through 2017 was not available on the short term basis because they had amortized long term costs over the price and that's what the reduced pricing reflected. Mr. Mikus said Mr. Barbose was correct in his recollection. SCC is now offering a discounted price.

### **Public Comments**

None.

### **Board Comments**

Phil Demery, County of Sonoma, apologized on behalf of the County for any impact the delay on the contract has had and acknowledged its appreciation of SCWMA staff for bringing this issue back to the Board so quickly. He thanked SCC for coming to the table and honoring the contract. The County and the Agency will be working to improve their communication. Mr. Demery feels there should be a discussion on how the contract savings translates to the rate payer. There needs to be a consistent message from each jurisdiction.

Debora Fudge, Town of Windsor, agreed that a consistent message is something that needs to be worked on.

Susan Harvey, City of Cotati, agreed that communication needs to be worked on and voiced her concern that the Agency was not included in the discussion that was opened up with SCC and the County. It's her hope that in the future if there is anything related to the Agency and its contracts they will be brought to the table.

Dan St. John, City of Petaluma, thanked Phil Demery and the BOS for moving this along.

Steve Barbose, City of Sonoma, said he was prepared to vote for this item but wanted each jurisdiction to be aware of the direction that SWAG and the BOS is going on this. It's a unified master agreement with Republic for everything, including compost. This is an interim agreement but SWAG is looking at some major issues that would affect the future of the Agency and the County and how it handles waste management. For this to go the way of the BOS's would require a unanimous vote from this Board.

Chair Regor, commented that there are significant implications to assets owned by the JPA and that those assets are being used in negotiations by a single jurisdiction related to landfill operations.

Janet Coleson, Agency Counsel, added that she had a conversation with County Counsel and the lease agreement that was scheduled to go to the BOS on Tuesday didn't make it into their closed session. It was rescheduled for September 11, 2012.

Mr. Demery added that's their next available Board hearing. That's a problem they have jurisdictionally when issues like a lease that have to go to the BOS Board. It takes two weeks to get to the Board and then it can get kicked off the agenda. Mr. Mikus added that if it's deliberated by the BOS on September 11, 2012 then it probably won't be available for our agenda discussion in September.

Henry Mikus, Executive Director, said he appreciated the comments from Mr. Demery. The County has concerns about the term of the new agreement and it's something that hasn't been resolved. If there isn't some resolution on that soon we'll be where we were in June with some wanting a four plus year term and some not. That still needs to be resolved.

**Steve Barbose, City of Sonoma, moved to approve the ninth amendment to the compost operations agreement. Susan Harvey, City of Cotati seconded. There were no opposing votes. The motion carried unanimously.**

Phil Demery, County of Sonoma, said in light of the problems associated with this compost agreement there needs to be more dialogue on what is going to be done with these savings and there should be an advance calendar on some decision making. The calendar should include things like when the plastic bag ban is expected to come to the BOS for a decision, when the options for extending the JPA are going to be looked at and what those options are and the CEQA certification and site selection for the compost facility. Board members need to have an idea of how these things fit together and the timing so we're not surprised. There also needs to be a discussion on where the future compost site is going to be and how reserve funding would be used. One of the sites being considered and he thinks will rank pretty well is the site that's being provided by the County at Central. That property does not have a cost associated with it. What will our intention be for the use of that reserve? Is that to buy down the development cost, return back to rate payers, or returned back to the cities and county? This conversation needs to be sooner than later.

Chair Regor agreed that we need to keep an eye on the timeline. Looking at each of the major projects that Mr. Demery mentioned we have had a discussion at the Board level on what are the timelines we're looking at for the EIR, for the bag ban, etc. Those have been consciously thought through by the Agency periodically and her recollection is that this Agency has looked periodically at the timelines of how these things fit together. The Executive Committee can take a look at the calendar and talk about the scheduling of the items.

Steve Barbose, City of Sonoma, stated at the next regular Board meeting he will be reporting on the activities at SWAG and the rather far reaching implications of what is being discussed there. Mr. Barbose said movement is in place to have this unified waste system. He thinks we need to agendize that in a bigger way than simply having him give a report on what SWAG is doing. There ought to be a more complete presentation of that and maybe Phil could kind of lay that out for the Board. Mr. Demery replied he'd be happy to have that discussion whenever the Board is ready.

Chair Regor announced that this year the City of Cloverdale is the program arranger for the Sonoma County Mayor and Councilmember's Association meeting and last night at their Council meeting they talked about the October Association meeting and selected but have not confirmed yet Tim James a representative from the Grocer's Association to come and talk about the Grocers perspective on the single use bag ban. Since that is a topic that directly affects the JPA she wanted to mention that.

Deborah Fudge, Town of Windsor, added that it's October 11, 2012 in Windsor at Charlie's if anyone wants to attend.

**3. Next SCWMA Meeting – September 19, 2012**

**4. Adjournment**

Meeting adjourned at 11:13 a.m.

Respectfully submitted,  
Debra Dowdell