

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
CASTRO VALLEY SANITARY DISTRICT
HELD ON FEBRUARY 5, 2008**

[1. Call to Order, Roll Call and Pledge of Allegiance.]

The regular meeting of the Board of Directors of the Castro Valley Sanitary District was called to order by President Johnson at 6:30 p.m., Tuesday, February 5, 2008 at the District Office. The Pledge of Allegiance was led by President Johnson.

ROLL CALL:

PRESENT: DIRECTORS Daniel Akagi, Harry Francis, Ralph Johnson,
Timothy McGowan and Dennis Waespi

ABSENT: None

LATE: None

Staff in attendance:
Roland Williams, Jr., General Manager
Anthony Varni, District Counsel
Barbara Nagy, Recording Secretary

Others in attendance are listed on the attached attendance sheet.

[2. President's Comments.]

President Johnson made the following three comments:

- thanked staff for their hard work on the February 2nd Employee Appreciation/Tim Helton, Sr., Retirement dinner.
- the new newsracks are out and thanked resident Carl Owens for his hard work.
- with all of the headlines on Bay Area sewage spills, we tend to take OLSD for granted and should thank them for the professional job they do in running the plant.

[3. Open Public Hearing for Comments, Protests, or Objections to Ordinance No. 145, Amending Sections 5302, 5303, 5304 and 5305 of the Castro Valley Sanitary District Code.]

President Johnson opened the Public Hearing. Manager Williams stated he had received three written protests after the Prop. 218 Notice went out. He summarized the letters, which are hereby entered into the record, as follows:

- 1/2/08, 18779 Brickell Way, resident objects to any increase.
- 1/2/08, 20047 Leroy Drive, no increase in rates due to poor service, garbage pile-up; should get reprieve from “strike”.
- 2/5/08, 2949 Giovana Way, vehemently objects to rate increase due to poor garbage collection service, deficient management and questionable ethics.

President Johnson asked if there were any comments from the audience. There were none.

[4. Close Public Hearing.]

There being no further comments, protests, or objections, Member Akagi made a motion to close the public hearing. Member Francis seconded and the motion passed on a 5 - 0 vote.

[5. GENERAL ORDER – FINDING AND DETERMINING THAT PUBLICATION AND POSTING OF NOTICE OF PUBLIC HEARING (for District Ordinance No. 145) HAS BEEN PROPERLY MADE.

President Johnson confirmed Notice of Public Hearing had been properly posted.

There being no further discussion, Member Waespi made a motion to adopt the General Order. The motion was seconded by Member McGowan and passed on a roll call vote 5 - 0.

ROLL CALL

AYES: DIRECTORS Akagi, Francis, Johnson, McGowan and Waespi
NOES: None
ABSENT: None

MOTION CARRIED

[6. ORDINANCE NO. 145 – AMENDING SECTIONS 5302, 5303, 5304 AND 5305 OF THE CASTRO VALLEY SANITARY DISTRICT CODE.]

Manager Williams stated this increases solid waste services rates by 2.87% effective March 1, 2008.

There being no further discussion, Member McGowan made a motion to adopt Ordinance No. 145. The motion was seconded by Member Waespi. President Johnson asked if there was any discussion. Member Francis inquired about a “flasher charge of \$17.49 per pull” in Section 5305 “c”. Manager Williams explained that if a drop box is left longer than the allotted time, continued service of a flasher is required for safety reasons, which would require an extra charge. The motion passed on a roll call vote 5 - 0.

ROLL CALL

AYES: DIRECTORS Akagi, Francis, Johnson, McGowan and Waespi
NOES: None
ABSENT: None

MOTION CARRIED

[7. *Consent Calendar.*]

The Consent Calendar contained: A. Minutes of Regular Meeting on January 8, 2008; B. Accounts Payable List for the Regular Meeting of February 5, 2008; C. Monthly Statement of Operations for November 2007; D. Monthly Report on District Investments and Deposits for November 2007; E. Wastewater Department Report for December 2007; F. Solid Waste Projects Report for January 2008; G. Report of Budget & Long Range Planning Committee Meeting on January 4, 2008; H. Report of EBDA Special Commission Meeting on January 7, 2008; I. Report of OLSD Construction Committee Meeting on January 8, 2008; J. Report of Solid Waste Ad Hoc Committee Meeting on January 8, 2008; K. Report of Budget & Long Range Planning Committee Meeting on January 15, 2008; L. Report of ACSDA Meeting on January 16, 2008; M. Report of EBDA Commission Meeting on January 17, 2008; N. Report of ACWMA Meeting on January 23, 2008; O. Report of Budget & Long Range Planning Committee Meeting on January 29, 2008; and P. Donation Request Report for the month of January 2008.

President Johnson asked if there were any items to be discussed. Member Francis asked to pull Item B; Member McGowan asked to pull Item E.

Member Francis inquired as to the payment on the Accounts Payable list to Airport Appliance for \$4,317.16. Manager Williams explained that this covered all the new appliances for the office kitchen remodel. Member Francis asked if this was necessary; Manager Williams replied, yes.

Member McGowan had questions on the Wastewater Department Report under New Projects. Regarding Castro Valley Boulevard Streetscape Project he asked at whose cost would these changes be made. Manager Williams replied that if moving and/or upsizing pipes due to FOG, etc., the District would pay; if just a conflict in location, ALCO would pay.

Member McGowan then inquired about the I580/Castro Valley Interchange Improvement. Manager Williams stated Caltrans will pay for this relocation, as there is no up-sizing of the pipe. CVSD will inspect. Plans will be presented to the Board. Jeff Lewandowski is working on this.

Member Francis asked about letters sent to residents regarding basketball hoops interfering in Waste Management's collection services as noted in the Solid Waste Projects Report (Item F.), and would there be a follow up. Solid Waste Specialist II, Naomi Lue, replied

that residents don't necessarily need to move the hoops. Moving their carts 3-5' away from the hoops would also solve the problem. The District is working with Waste Management's route manager to resolve these issues.

There being no further discussion, a motion was made by Member Akagi to accept the Consent Calendar. The motion was seconded by Member Francis and passed on a 5 – 0 vote.

[8. Board Expenditures and Event Attendance Approval.]

President Johnson asked if there were any questions regarding Board Expenditures. There were none.

Manager Williams noted two upcoming events for consideration for Board compensation; the CAC meeting on February 13th and the Town Hall meeting on February 20th.

There being no further discussion, a motion was made by Member McGowan to approve Board Expenditures and authorize Board attendance and compensation at the two above mentioned meetings. The motion was seconded by Member Francis and passed on a 5 - 0 vote.

[9. Items from the Public.]

There were none.

[10. Presentation of Petitions.]

There were none.

[11. Regular Calendar.]

A. Report of Solid Waste Ad Hoc Committee Meeting on January 29, 2008.

Manager Williams stated this meeting was held during the process of negotiations with Waste Management. Staff received direction. The issues will be discussed later in this meeting during the presentation.

There being no further discussion, Member Francis made a motion to accept the report. The motion was seconded by Member McGowan and passed on a 5 – 0 vote.

1. Solid Waste Services Contract Negotiations.

Manager Williams stated the Board has a copy of the slide presentation. At the last Board meeting, staff was directed to enter into a period of time to negotiate with Waste

Management, the bidder chosen from bids submitted. This presentation is to report to the Board what has transpired during this time and hopefully receive a recommendation from the Board.

Manager Williams began the slide presentation:

- explained what proposals were received and that the District moved forward negotiating with Waste Management.
- went over new program enhancements which are designed to increase diversion to the 75% goal, as we are currently stagnant at approximately 60%.
- stated proposed rates could be reduced depending on final outcome. Tonight is the first time rates have been shown for public consumption. Both bidders show substantial rate increases, with Waste Management's being slightly lower. Manager Williams commended R3 Consulting Group and staff for reviewing all elements of the proposal with a fine-toothed comb and negotiating with Waste Management in a business-like manner. Ric Hutchinson of R3 was to negotiate best numbers, currently at 68% increase. Mr. Hutchinson stated it is a significant increase in all cases with Waste Management lower.
- Initial Proposals for residential and commercial were shown. Commercial and bin, ACI was lower; overall, Waste Management was lower.
- Mr. Hutchinson reviewed the process that had taken place since the previous Board meeting and explained the possible options the Board could accept, including extending the current contract for two years at current rates. If extended, \$8.4M could be saved, if not, \$5M will be given back in the current proposal. Option 4 is supported by the Negotiation Team, which includes Accept WMAC Collection & Disposal Proposals with \$5M reduction; direct staff to finalize collection service and disposal service agreement language, present at Community Advisory Committee Meeting February 13th and Town Hall Meeting February 20th; report back to Board in March with actual package. Manager Williams stated there may be some adjustments between service levels. The sum total of the 10-year contract is \$120-125M. It's important to keep in mind the significance of the contract as reductions may be a small total in the scheme of things.

Discussion ensued beginning with Member Akagi stating he feels the Waste Management proposal is reasonable to him. Member Wasepi stated he wished the District could have negotiated the whole \$8.4M and wants to hear the pulse of the community at the CAC and Town Hall meetings.

Member McGowan expressed concern over Waste Management's exceptions. Manager Williams addressed these. Member McGowan asked about a 10-year fixed with 2-year extension option agreement. Manager Williams stated that had been discussed and a 10-year fixed agreement was the favorable proposal.

District Counsel Varni spoke to closure/post closure stating the District is paid up. Capacity is clear. No one else can assure us of that. Also, need to work for alternative landfill at closure.

Member Francis agreed with Member Waespi stating commercial and residential rates are astonishing.

President Johnson inquired as to surrounding jurisdictions. Manager Williams stated this is the trend in new contracts. Castro Valley would be on the higher end of the spectrum—newest contract, highest rates. Proposals are at current market rates.

President Johnson then opened discussion to the audience. David Tucker of Waste Management thanked negotiating teams on both sides and hoped for a successful outcome. He explained exceptions included more language clarification than issues. He added capacity guarantees can control costs; in California new landfills are difficult. Since 2001 costs have not kept up with the CPI. Proposed rates are a fair rate of return. Member Waespi asked in the 45% increase and what portion is the cost of doing business vs. enhancements. Mr. Tucker replied it's a combination of all, and with CVSD wishing to do more recycling, we must have new programs.

There being no further discussion, Member Akagi made a motion to follow staff's recommendation of the Option 4 Offer and direct staff to present the issue to the CAC on February 13th and at the Town Hall Meeting on February 20th and a bring a finalized proposal to the Board at the March Board Meeting. The motion was seconded by Member McGowan. President Johnson asked for discussion. Member McGowan commended staff adding he needs to see the agreement details. Member Waespi concurred with Member McGowan adding he also wants to see the public's reaction to rates, and is leaving the 2-year extension option open. The motion passed on a 5 - 0 vote.

Note: A 10 minute break was taken at 7:50 p.m.

B. Report of Personnel Committee Meeting on January 14, 2008.

Manager Williams stated the Minutes of this meeting are in the agenda packet. The Committee and Employee Representatives reviewed and discussed the red-line strikeout MOU. Staff has agreed to work on Columbus Day and receive 4 additional hours off on New Year's Eve and an additional 4 hours added to each employee's annual leave each year at Columbus Day. The new implementation plan differs slightly from the previous recommendation and indicates a \$421 shortfall amongst a few employees. The Committee recommended adjusting the affected employees' shortfall by issuing a lump sum payment at March 1, 2008.

The District hopes to expand its administrative staff from 3.83 full time positions to 5. This was recommended by the Committee if the budget can support it. This will be decided at the Board Workshop on February 19th.

There being no further discussion, Member Waespi made a motion to accept the report. The motion was seconded by Member Akagi and passed on a 5 – 0 vote.

1. RESOLUTION NO. 3157 – ADOPTING MEMORANDUM OF UNDERSTANDING BETWEEN THE BOARD OF DIRECTORS OF THE CASTRO VALLEY SANITARY DISTRICT AND THE EMPLOYEES OF THE CASTRO VALLEY SANITARY DISTRICT.

Manager Williams stated each Board Member has the red-line strikeout MOU. It has been reviewed by staff, Committee and Employee Representatives. One change to be made is a new Exhibit A which now shows the multi-year phase-in of several positions due to the 5% annual cap place by the Board. Manager Williams discussed each of those positions.

There being no further discussion, Member McGowan made a motion to adopt the resolution including the amended Exhibit A. The motion was seconded by Member Akagi. and passed on a roll call vote 5 - 0.

ROLL CALL

AYES: DIRECTORS Akagi, Francis, Johnson, McGowan and Waespi
NOES: None
ABSENT: None

MOTION CARRIED

President Johnson stated, “the most valuable assets are the employees and those assets walk out the door every night”, adding he hopes this contract will attract and keep good employees.

C. RESOLUTION NO. 3158 – ADOPTING POLICY FOR INVESTMENT OF DISTRICT FUNDS.

Manager Williams stated this was discussed at the Budget & Long Range Planning Committee Meeting. This must be reviewed every year. Manager Williams referred to Item 7.C. Reporting, changing wording to follow actual practices.

Member McGowan asked if Item 7.B.6. should be removed as the District does not participate in this type of investment. It could be added in at a later date should that change.

There being no further discussion, Member McGowan made a motion to adopt the resolution with the deletion of Item 7.B.6. The motion was seconded by Member Akagi and passed on a roll call vote 5 - 0.

ROLL CALL

AYES: DIRECTORS Akagi, Francis, Johnson, McGowan and Waespi
NOES: None
ABSENT: None

MOTION CARRIED

D. Board Compensation.

Manager Williams stated the District received the December 2007 CPI which indicates a 4.2% increase, which is the indicator used by employees for the March 1st annual COLA adjustment. The Board previously changed their policy to match the time and CPI consideration for Director's fees.

Member Waespi stated it is a terrible time for the Board to consider taking a raise. President Johnson concurred. Manager Williams asked when the Board would revisit the subject. The reply was next year.

There being no further discussion, a motion was made by Member Akagi to make no adjustment to the current Director's Fees for this year. The motion was seconded by Member McGowan and passed on a 5 – 0 vote.

E. Report of CAC meeting on January 16, 2008.

Manager Williams stated the Board has Minutes in their packet. The meeting began with miscellaneous comments. CAC Guidelines were reviewed and it was decided to add a mandatory requirement that one CAC member would, on a rotational basis, attend Board meetings.

The CAC received new Solid Waste Services Contract update. The Committee decided to add an April meeting in order to address topics in a timely manner.

A lengthy discussion was had regarding commercial sewer service rates. The Committee agreed that the next steps at the February 13th CAC meeting would be for Member Alikian to present data that was previously distributed to the CUAC. District staff will present the existing and anticipated rates for the commercial accounts that are readily linked to EBMUD flow data as well as the pros and cons of the SSC options under review.

1. Recommendations from CAC.

Manager Williams read the memo containing eight CAC recommendations, which included:

- A. Research possibility of purchasing in-sink food scrap containers for distribution to Castro Valley residents (CAC member Lucille Lorge provided an example).
- B. Add requirement to CAC Guidelines that a CAC member attend each Board meeting.
- C. Publicize the potential solid waste service rates increase in dollar amounts well in advance of the February 20th Town Hall meeting.
- D. Publish post-storm photos of the accumulation of FOG at CVSD/OLSD Treatment Plant.
- E. Schedule a staff presentation of the new solid waste services contract marketing plan to the CAC.
- F. Add an April 2008 CAC meeting to accommodate Item E. above.
- G. Schedule commercial sewer service rate presentation for the February 13th CAC meeting.
- H. Offer the District's Nalgene water bottles for sale to the public.

Manager Williams asked for the Board's response to each of the above recommendations. Member Waespi felt the in-sink food scrap container was a good idea and will present it at a StopWaste meeting tomorrow. The Board felt it a good idea to have at least one CAC member attend each Board meeting. The Board concurred with publishing solid waste services rate increase dollar amounts well in advance of the Town Hall meeting. Member McGowan felt publishing post-storm photos in the District's Pipeline Newsletter would be a better idea. The Board agreed that an April CAC meeting should be scheduled. A presentation regarding commercial sewer service rates should be made at the next CAC meeting. The Board unanimously agreed against selling Nalgene water bottles.

F. Library Naming Opportunities.

Manager Williams referred to his memo. The District has cumulatively donated \$165,000 to the Library fund. For an additional \$10,000, the Library Foundation will allow the District naming rights to one of the two main rooms. The District could donate an additional \$10,000 donation from the RPPP fund towards the green building, or stay with the original plan of naming several areas of the library in conjunction with the \$165,000 donation.

Member McGowan does not want the District to donate anymore funds and feels that the target audience is children, adding the main rooms would primarily be used for adult functions. Member Waespi likes the idea of donating an additional \$10,000 out of RPPP toward the green building as that is what the funds are for. Member Francis asked about RPPP funding. Manager Williams replied there are many conditions, one being you can't use RPPP funds for a second

round purchase of the same item. District Counsel Varni warned that the District should have a naming agreement as room names could be changed in the future. Member Akagi supports an additional \$10,000 funds out of RPPP. President Johnson concurred with Member McGowan. It was decided that an additional \$10,000 would be donated out of RPPP funding. April 17th has been set for the reception.

G. Committee Assignments for 2008.

President Johnson referred to a handout proposed by Member McGowan for Board discussion. Committee Chairs would remain the same, with secondary committee members rotating on an annual basis. This will be brought back to the Board at the February 19th Workshop for finalization. Board Members can call President Johnson with questions or comments.

[12. Communications.]

There were none.

[13. Miscellaneous Comments from Board Members and Staff.]

Member Waespi asked if an article could be written praising Carl Owens for his efforts in procuring the newsracks along the Boulevard.

Member Francis stated he borrowed three Clearstream recycling containers from the District for his church's annual crab feed. He feels they are very useful and should be more widely publicized. He also thanked staff for their work on the February 2nd party.

Manager Williams stated Board Members have a Draft Workshop Agenda before them, and asked if there were any items to be added.

Member Waespi asked if the February 20th Town Hall Meeting time could be 7:30 p.m. All agreed that would be fine. Member Akagi stated he would be unable to attend.

[14. Adjournment of Meeting.]

There being no further business to come before the Board, Member Akagi made a motion, seconded by Member Francis and passed on a 5 - 0 vote, to adjourn the meeting at 8:52 p.m. by President Johnson.

Respectfully submitted,

Daniel M. Akagi,
Secretary of the Sanitary Board