

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
CASTRO VALLEY SANITARY DISTRICT
HELD ON MARCH 4, 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, March 4, 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
Naomi Lue, Solid Waste Specialist II (SWSII)
Barbara Nagy, Recording Secretary

Others in attendance are listed on the attached attendance sheet.

[2. President's Comments.]

President Johnson stated this afternoon he and Members Francis and Waespi attended the ribbon cutting ceremony for the new news racks, adding that resident Carl Owens was the driving force and we owe him a debt of gratitude. He added the District provided a \$2,000 grant towards the project.

Note: President Johnson moved to Regular Calendar Items 7. C., D., and E.

[7. Regular Calendar.]

C. Report of CAC Meeting on February 13, 2008.

Manager Williams noted that CAC Members Tony Graves and Wanda Davis are present. He stated the CAC reviewed their new Guidelines.

Negotiations and pricing with Waste Management were unveiled. Ric Huchinson of R3 and Naomi Lue, SWSII of CVSD, along with Manager Williams, were present to provide the status of the RFP process. The CAC provided no formal recommendations but made two comments to 1. Explore de-bundling of commercial services as a way to reduce commercial rates, and; 2. Review the process to assure the community that the selection process has been fair and honest.

Wanda Davis stated Manager Williams covered the discussion well and hopes the issues can be resolved immediately, as there is much controversy over the pending contract. She added other items on the CAC agenda were set aside due this lengthy discussion. Tony Graves stated the de-bundling of commercial rates was his only issue.

Committee Members agreed to postpone the Commercial Users Sewer Service Charges Review until the March 12, 2008 CAC meeting.

D. Report of Town Hall Meeting on February 20, 2008.

Manager Williams stated a presentation was made to an audience of approximately 45 individuals bringing them up to speed with the RFP/Negotiation process, which was followed by a lengthy Q&A session. Commercial rates with the de-bundling of garbage and recycling was reinforced from feedback from this meeting and the CAC meeting. Commercial rates need to be as economical as possible.

There were several written and spoken comments which were distilled down to a list of 14 items from the diverse group of Waste Management personnel, ACI, labor, and the community, which will be next discussed.

E. Solid Waste Services Contract.

Manager Williams stated there are 14 issues that came out of the CAC and Town Hall meetings.

Carlos Mora of Vasco Road Landfill spoke offering their services for landfill. Member McGowan asked when Vasco is to close. Mr. Mora replied 2020. Member McGowan then stated that only one bid was received during the RFP process for disposal and why didn't Vasco Road Landfill bid. Mr. Mora did not know. Member Waespi asked which municipalities used Vasco. Mr. Mora replied Livermore, San Ramon, Pleasanton and San Leandro. Member Waespi inquired as to the length of these contracts. Mr. Mora stated until 2013 for Livermore and San Ramon. He did not know about Pleasanton or San Leandro. The 15-mile rule was then discussed.

Ron Proto stated he is a 40-year resident of Castro Valley, has been in the garbage business for 50 years, owns stock in Waste Management and ACI is a client. He feels strongly

there must be more competition and feels a long-term disposal contract with fresh bidding for haulers is in the best interest of Castro Valley. Manager Williams confirmed a statement made by Mr. Proto at the Town Hall meeting that having more competition would not necessarily create lower rates. Mr. Proto confirmed that statement but feels that more competition is necessary.

Resident Jay Morgan echoed Ron Proto's statement regarding competition, adding he does not want Waste Management to get a "get out of jail free card" regarding their labor situation with no incentive to negotiate with labor, no financial incentives; vulnerable union/Waste Management conflict.

Resident and CAC Member, Hera Alikian, asked for the results of the feed back from the CAC and Town Hall meetings as well as an explanation of the two-year extension option—why bid now? President Johnson replied these items will be explained by Manager Williams with the 14 point list.

Dominic Chiovare of Local 70 spoke about labor issues not being completely resolved and no signed agreement with Waste Management. He stated he feels the two-year contract extension is the smart thing for the District to do.

Manager Williams proceeded to explain 14 key items brought up at the CAC and Town Hall meetings.

1. Process, double blind and time to negotiate. Manager Williams explained that the District received two bids that would have been veil thin and not truly blind. The District used an open process with an Ad Hoc committee. Both bidders were responsive and met requirements. The difference in numbers was 7-8%. Then went back to both bidders in interviews. Some revisions made with Waste Management slightly lower. At January Board meeting staff was given two weeks to negotiate with Waste Management. Initially \$4M rate adjustment; Ad Hoc committee said not good enough; final result was \$5M back. Two-year extension creates negative timeline for District. Leverage equals time.

2. De-bundling of commercial garbage and recycling rates is in the best interest of reducing the burden on small businesses.

3. The two-year contract extension has been discussed.

4. Manager Williams admitted the information was not posted on the District website. It was an oversight and is now on the web. There has been quite a bit of coverage in the papers, including the Valley Times.

5. CVSD and WMAC counsels have disposal rites reserved in pre-existing contract with interests in place. No savings have been revealed in talks regarding long-term disposal. 7-8 attended the pre-proposal meeting; only two bid. Until tonight's meeting, it was believed that Vasco Road Landfill would close sooner than 2020.

6. There were questions regarding holding a Town Hall meeting after contractor selection. Rates could not have been disclosed earlier due to negotiations. Real input comes from real numbers. Feedback from the community continues.

7. Revenue information on recyclables collected by the hauler. Manager Williams stated the District is not in business to partner in revenue, plus or minus.

8. Two reasons to provide new carts are the life span of the carts and to create a level playing field for all bidders. The current contractor would have a competitive edge keeping existing carts or trucks.

9. There are ongoing discussions with attorneys regarding Force Majeure – lockout and strike clauses.

10. Multiple bulky waste pickups send the wrong message to residents. The District promotes reducing, recycling and reusing—not disposing. The District always needs to promote diversion.

11. Curbside fluorescent bulb collection is not feasible due to breakage and safety issues. There are collection centers and the District provides two annual events for safe disposal.

12. New trucks and carts and breaking the RFP into three components; disposal, collection and disposal/collection created a level playing field for all bidders.

13. Consultant, R3, has written many other contracts and had conversations with StopWaste.Org regarding the 15-mile rule and has been told an exception to the rule is not possible, limiting options.

14. Dedicated vehicles to CVSD is not a good option in case of truck break-downs.

Another Town Hall meeting was suggested for March 17.

To put the rate issue in perspective, President Johnson presented a chart he received showing a person's average weekly costs of all utilities ranging from \$7.60/week for cable to \$11.50/week for PG&E. Having no solid waste services and transporting one's own garbage and recyclables to Davis Street Transfer Station would cost approximately \$5.21/week just in fuel costs alone.

Member McGowan confirmed that there is no actual contract to vote on at this meeting. Manager Williams answered that is correct and it would be ready at the April Board meeting. Member McGowan asked about the cost to de-bundle commercial garbage and recycling. Manager Williams stated there are no actual rates yet. Member McGowan asked how many days of "safe harbor" are being discussed in the Force Majeure language. Manager Williams replied currently two to three days—originally it was five.

Member Waespi stated he has been a member of the Ad Hoc committee from the beginning. He feels the numbers are not favorable for Castro Valley and wishes the District explore a long-term disposal deal. He is considering the optional two-year extension. Member Francis stated numbers are too high and Board Members must look out for their constituents. He also is contemplating the two-year extension. We must do some pencil sharpening for the seniors.

Member Akagi reminded all that several years ago Measure D requires 75% diversion by 2010. The current contract will not get us there. Price is not the only issue; the environment is a key component. We must think globally and act locally. The new contract is good for society.

President Johnson stated he feels we must take a long-term look. The District is falling further behind in the current contract. He suggested scheduling another Town Hall meeting.

A motion was made by Member McGowan to cease current recruitment and implement the two-year extension to the current contract with Waste Management. The motion was seconded by Member Francis. President Johnson called for discussion.

Member Waespi stated he was not prepared to vote tonight. After 14 months of work he feels it can be worked out. He wishes to look into more alternatives to the 15-mile rule. He added both bidders proposed excellent service contracts. He then asked Manager Williams if it would take a full year to acquire new trucks. Manager Williams answered it might not, but could.

Member McGowan stated there could be a substitute motion by Member Waespi to suspend negotiations with Waste Management and explore a disposal only contract. Staff would talk to obvious disposal vendors and StopWaste.Org regarding the 15-mile rule. All options would be explored. Member McGowan then withdrew his motion. Manager Williams stated whatever we do we will see the same rates—just sliced differently.

A motion was made by Member McGowan to set a Special Board Meeting on March 18, 2008 in place of a Town Hall Meeting for staff to research and report on the following: 1. Continue negotiating with Waste Management; 2. Extend current contract for one or two years and begin a new procurement process, or; 3. Negotiate a long-term disposal agreement and begin a new procurement process. The motion was seconded by Member Waespi and passed on a 4 – 1 vote with Member Akagi voting no.

David Tucker of Waste Management asked if this vote concludes the RFP process, now an open process and, what happens in two weeks? Counsel Varni stated this does not portray negotiating in good faith with legal issues. He went on to discuss closure/post closure issues and wishes to determine specifics over the next two weeks.

Louie Pellegrini of ACI stated he respects the Board's decision and reminded the Board their offer is still on the table and ACI is willing to step up and discuss any opportunities.

Manager Williams stated if other avenues are pursued, the RFP process should freeze. President Johnson stated landfill issues must be answered. Member Waespi stated the Board needs to understand closure/post closure, Force Majeure, de-bundling of commercial rates and costs (hypothetical vs. real). Member McGowan stated ethically there should be a two-week pause in negotiations.

Dean Kattler of Waste Management stated it is very late in the game for this as pricing has been disclosed and other players can come in. This is deviating significantly from the process and could be illegal. He stated the process should be respected. Counsel Varni stated he would like he and Waste Management's attorney to be allowed to write on paper what has been agreed to.

Resident Sam Alikian asked why these issues have not been brought to the public. President Johnson stated Town Hall meetings regarding solid waste services and public input began over one year ago. There were two proposers and the best one was selected.

All agreed that the two counsels could continue working together.

Ms. Alikian asked two questions which were answered by Manager Williams.

A Special Board Meeting was scheduled for March 18, 2008 at 6:00 p.m.

Note: A 10 minute break was taken at 8:20 p.m. and President Johnson returned to the original order of the Agenda.

[3. Consent Calendar.]

The Consent Calendar contained: A. Minutes of Regular Meeting on February 5, 2008; B. Minutes of Board Workshop on February 19, 2008; C. Accounts Payable List for the Regular Meeting of March 4, 2008; D. Monthly Statement of Operations for December 2007; E. Monthly Report on District Investments and Deposits for December 2007; F. Wastewater Department Report for January 2008; G. Solid Waste Projects Report for February 2008; H. Report of OLSD Construction Committee Meeting on February 13, 2008; I. Report of ACWMA Meeting on February 27, 2008; J. Donation Request Report for the month of February 2008.

President Johnson asked if there were any items to be discussed. Member Akagi requested one change to Item A. Minutes of Regular Meeting on February 5, 2008.

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

[4. Board Expenditures and Event Attendance Approval.]

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

Member McGowan stated Board Member will be working the March 22nd Compost Give Away (a sign-up sheet was circulated). Manager Williams noted this is a District sponsored event. Board Members are also encouraged to attend the annual ACSDA dinner to be held April 3, 2008. Member McGowan stated he has a conflict and will be unable to attend.

There being no further discussion, a motion was made by Member McGowan to approve Board Expenditures and authorize Board compensation for the Compost Give Away event, as well as the District will purchase meal tickets for Board Members wishing to attend the ACSDA dinner on April 3rd. The motion was seconded by Member Waespi and passed on a 5 - 0 vote.

[5. *Items from the Public.*]

There were none.

[6. *Presentation of Petitions.*]

There were none.

[7. *Regular Calendar.*]

A. RESOLUTION NO. 3159 – RESOLUTION OF APPRECIATION TO ORO LOMA SANITARY DISTRICT GENERAL MANAGER, MICHAEL C. CAMERON.

Manager Williams stated this resolution will be presented to Mr. Cameron at Oro Loma Sanitary District's April 15, 2008 Board Meeting.

There being no further discussion, Member Francis made a motion to adopt the resolution. 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

B. RESOLUTION NO. 3160 – RESOLUTION OF APPRECIATION TO EAST BAY DISCHARGERS AUTHORITY GENERAL MANAGER, CHARLES V. WEIR

President Johnson stated Mr. Weir is also retiring.

There being no further discussion, Member McGowan made a motion to adopt the resolution. The motion was seconded by Member Waespi 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

F. Report of EBDA Commission Meeting on February 21, 2008.

Manager Williams stated he was in and out of this meeting and there is currently no written report. The EBDA Commissioners interviewed two consultants and by motion hired Redoak Consultants to analyze EBDA staffing needs, possibly run EBDA in the future and provide interim General Manager services. There was a Closed Session to continue negotiations regarding EBDA employee, Carl Royer's contract.

Member Francis stated Commissioners are being interviewed one on one by Redoak. Managers will be interviewed next week.

Since a written report will not be available until the next regular Board meeting, the Board did not approve this report.

G. State Water Resources Control Board Order No. WQ 2008-0002-EXEC.

Manager Williams stated on February 20, 2008, an Executive Order was signed by the State Water Resources Control Board requiring the District to notify within two hours of becoming aware of an overflow, all applicable agencies. It also requires that within 24 hours, the Discharger shall submit a certification that all stakeholders have been notified of the discharge. These time frames must be adhered to even at night and on weekends. President Johnson asked what the cost implication to the District would be. Collection System Maintenance Supervisor, Elliott Johnson, stated he estimates ten percent of the Department's annual overtime budget or approximately \$500.00.

H. Staffing needs and position authorization.

Manager Williams referred to the memo in the Agenda packet, adding this topic was discussed at the February 19th Workshop where the Board authorized 3.5 FTE Administrative employees with one and one half Administrative Assistants and one full time Office Assistant. After some reevaluation, it was determined that, with the current workload, two full time Administrative Assistants and one half time Office Assistant would better serve the District's needs. The net effect of this change would be an increased cost of \$9,540 over three years

(excluding COLA). Instead of recruiting for a new Administrative Assistant, Manager Williams wishes to provisionally promote the current Office Assistant into that position with a six-month probationary period and hire a temporary half-time Office Assistant. Member McGowan stated he will not support this as he always believes in recruitment in lieu of internal promotions. He also proposed a third option, which was proven unworkable. Member Francis suggested further discussion at a future Board Workshop. Manager Williams stated timing is critical for administrative support for the Master Plan project and shop remodel, and it would be three months for recruitment. Member Francis stated he has concerns with the cost of adding more staff and then asked if current staff is over worked? Manager Williams replied yes.

The second issue is adding (Coordinator) to the Solid Waste Specialist II title, as the current pay range includes coordinator duties.

A motion was made by Member McGowan to approve Manager Williams' recommendation for Administrative staffing and add (Coordinator) to the Solid Waste Specialist II title. The motion was seconded by Member Akagi. President Johnson called for any discussion. Member Francis felt he needed more time, but will go with the Manager's recommendation as he knows District staffing needs. The motion passed on a 5 – 0 vote.

I. GENERAL ORDER – FINDING AND DETERMINING THAT POSTING OF DISTRICT ORDINANCE NO. 145 AMENDING SECTIONS 5302, 5303, 5304 AND 5305 OF THE CASTRO VALLEY SANITARY DISTRICT CODE HAS BEEN PROPERLY MADE.

President Johnson confirmed District Ordinance No. 145, reflecting Solid Waste Services rate increases, had been properly posted.

There being no further discussion, Member Francis 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

[8. Communications.]

- A. Letter from RowChabot regarding Extension of Community Development Project Grant.**
- B. CASA Alert – Possible Property Tax Shift.**

Manager Williams stated the letter from RowChabot is in accordance with our requirement to request an extension for expenditure of funds granted by CVSD.

The second letter from CASA refers to a possible Property Tax Shift, taking money away from Special Districts. As an enterprise district, we would be encouraged to raise rates in order acquire necessary revenue.

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

District Counsel Varni requested a Closed Session meeting on Friday, March 14, 2008 at 4 p.m. to explain possible potential litigation to the Board.

Staff was directed to request an “exception to the 15-mile rule” be added to StopWaste.Org’s agenda for next Thursday.

Manager Williams stated he will be off the remainder of the week.

[10. Adjournment of Meeting.]

There being no further business to come before the Board, Member Waespi made a motion, seconded by Member Francis and passed on a 5 - 0 vote, to adjourn the meeting at 9:30 p.m. by President Johnson.

Respectfully submitted,

Daniel M. Akagi,
Secretary of the Sanitary Board