



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: April 14, 2017
TO: Board of Directors
FROM: General Manager
SUBJECT: Agenda Information for the April 21, 2017 Board Meeting

CALL TO ORDER AT 9:30 A.M.

ROLL CALL AND ESTABLISHMENT OF QUORUM

PLEDGE OF ALLEGIANCE

PUBLIC COMMUNICATIONS

Anyone wishing to address the Board on matters *not* appearing on the Agenda may do so now. *Please limit comments to a maximum of three (3) minutes.* The public may comment on any other matter listed on the agenda at the time the matter is being considered by the Board.

CONSENT AGENDA

These matters include routine financial and administrative actions, which are usually approved by single majority vote. Individual items may be removed from Consent for discussion and action.

- 1) **Approve Minutes of March 24, 2017 Regular Board Meeting**
- 2) **Approve District Report of Disbursements, and Board and Employee Reimbursements**
- 3) **Adopt Resolution 2017-07 Designating Agent for California Office of Emergency Services - Emergency Relief Funding**

Please refer to the enclosed memo from Senior Engineer David Ramirez.

- 4) **Adopt Resolution 2017-08 Establishing Authorized Signers for the District Credit Card Merchant Services Provider**

Please refer to the enclosed memo from Finance Manager Chuck Rees.

- 5) **Adopt Resolution (2017-09) of Appreciation to Retiring Materials Recovery Facility Supervisor Eric Sanico**
- 6) **Adopt Resolution (2017-10) of Appreciation for Retiring Sand City Representative Mayor David Pendergrass**

PRESENTATIONS

- 7) **Presentation of Resolution of Appreciation to Eric Sanico**

Please join us in recognizing Eric for his 26 years of service if he is able to attend the meeting on Friday.

- 8) **Presentation of Resolution of Appreciation to Mayor David Pendergrass**

Please join all of the MRWMD staff and Board in recognizing Mayor David Pendergrass for his nineteen years of exemplary service on the MRWMD Board of Directors. Mayor Pendergrass has served on the Finance and Personnel committee, helped in the drafting of our “Guiding Principles” and our “Pillars of Sustainability” and helped lead the staff and Board through challenging financial circumstances. Mayor Pendergrass’s leadership and steady hand will be sorely missed by District staff. Following the meeting, light appetizers will be available to celebrate his service and retirement.

- 9) **Recognition of Site Maintenance Staff for Their Efforts During Recent Storms**

Several members of the site maintenance staff faced extremely challenging circumstances on February 17th when they faced gale force winds, pouring rain, and disruption in power and falling trees. Maintenance staff made sure that customers were escorted to safe areas, made roads passable, and helped recover from the high wind and storm damage that day and subsequent days. The assembled crew is being recognized today with the “Jonathan Livingston Seagull” award for soaring “above and beyond” to deliver great service. This is the District’s highest award recognizing outstanding work from outstanding individuals and working as a team.

- 10) **Small Planet News: History of Earth Day**

Director of Operations Tim Brownell will be giving us a history of the Earth Day movement in the US. This first Earth Day effectively jumpstarted the environmental movement in the US and led to many recycling programs finding their roots in activities started that day in 1970.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

11) Receive Report on April 5, 2017 Finance Committee Meeting

Please refer to the enclosed memo from Finance Committee Chair Allion.

Recommendation: Receive Report on April 5, 2017 Finance Committee Meeting.

12) Receive Presentation on Long Term Financial Planning and Schedule a Public Hearing for May 19, 2017 to Consider Tipping Fee Increases Effective July 1, 2017 to:

- a. Solid Waste (Basic Rate) Landfill Rate, from \$51.75 Per Ton to \$56.00 Per Ton**
- b. Yard Waste Rate From 30.00 Per Ton to \$32.50 Per Ton**
- c. Food Scraps Rate From \$42.00 Per Ton to 45.50 Per Ton**

Please refer to the enclosed report from Director of Finance & Administration Peter Skinner. Staff is proposing an increase in disposal fees of approximately 8.2%, effective July 1, 2017. The Tipping Fee for solid waste disposal would increase by \$4.25 per ton, from \$51.75 to \$56.00. Fees for other major disposal categories would increase commensurately. All fees have been unchanged since January 1, 2014. The increase is required to fund: 1) operating expenses that have grown due to three and a half years of cost escalators, and 2) capital expenses that are necessary to keep pace with regulatory compliance obligations. The fee increases are estimated to raise monthly bills for both residential and commercial customers by between 1.3% and 1.5%. By way of example, the monthly charge for a residential customer with a 32-gallon weekly service will increase by an average of 33 cents. At \$56.00 per ton, the District's solid waste disposal rate will remain the lowest in the region.

Recommendation: Receive Presentation on Long Term Financial Planning and Schedule a Public Hearing for May 19, 2017 to Consider Tipping Fee Increases Effective July 1, 2017 to:

- a. Solid Waste (Basic Rate) Landfill Rate, from \$51.75 Per Ton to \$56.00 Per Ton*
- b. Yard Waste Rate From 30.00 Per Ton to \$32.50 Per Ton*
- c. Food Scraps Rate From \$42.00 Per Ton to 45.50 Per Ton*

13) Adopt Resolution 2017-11 Authorizing Execution of a Construction Contract for Materials Recovery Facility Site Improvement Project, to Qualified Low Bidder, GraniteRock, of Watsonville, CA for the Base Bid and Alternate 2 Combined Amount of \$1,077,528

Please refer to the enclosed memo from David Ramirez.

Recommendation: Adopt Resolution 2017-11 Authorizing Execution of a Construction Contract for Materials Recovery Facility Site Improvement Project, to Qualified Low Bidder, GraniteRock, of Watsonville, CA for the Base Bid and Alternate 2 Combined Amount of \$1,077,528.

14) Reject Bid for Construction of Materials Recovery Facility Administration Improvements and Authorize Staff to Negotiate with Construction Contractors

This authorization is essential to completing the third phase of the MRF Improvement. This project had been delayed for almost seven months due to the first round of bids that we received that were substantially higher than estimates. The total of the first two phases bid have been almost right to project estimates. This phase is key to bringing the project in on time as equipment is being shipped in the next 30 days and assembly and installation will be following delivery. Staff expects that with the authorization to negotiate, and with a recommended scope change we will be able to bring the project in substantially on budget and on time.

Recommendation: Reject Bid for Construction of Materials Recovery Facility Administration Improvements and Authorize Staff to Negotiate with Construction Contractors.

15) Approve Contract with Sloane Vasquez McAfee of Tustin, CA in an Amount Not to Exceed \$122,000 for Materials Recovery Facility Improvement Project Operational Acceptance Testing and System Training

This authorization for Sloan/Vasquez is a key component to ensuring that the equipment ordered and installed by BHS meets or exceeds the specifications established in the MRF RFP in 2015. These acceptance testing protocols were drafted by Sloan/Vasquez for the original RFP. This expertise for evaluation is not within staff experience. The third-party review of BHS's equipment is also required as a condition of the bond covenants to make sure the equipment meets the necessary standards dictated in the RFP. Sloan/Vasquez as part of the acceptance testing will also develop MRF operating standards, maintenance and inventory processes, and staff testing and productivity levels or metrics. These metrics developed will be the operating standards staff will use to make sure that safety conditions, productivity levels, and material quality standards to make sure our material is marketable are met or exceeded. Sloan/Vasquez has substantial industry experience and currently performs all these functions for Republic Industries and many other independent MRF operations across the US and internationally.

Recommendation: Approve Contract with Sloane Vasquez McAfee of Tustin, CA in an Amount Not to Exceed \$122,000 for Materials Recovery Facility Improvement Project Operational Acceptance Testing and System Training.

- 16) **Authorize Funding Not to Exceed \$615,000 for the Purchase of an Unused 2012 Jenbacher 320 “B” Series Engine and for Related Power System Repairs Due to Fire Damage of Landfill Gas Engine 2**

Please refer to the enclosed memo from Guy Petraborg

Recommendation: Authorize Funding Not to Exceed \$615,000 for the Purchase of an Unused 2012 Jenbacher 320 “B” Series Engine and for Related Power System Repairs Due to Fire Damage of Landfill Gas Engine 2.

- 17) **Accept Report on Employee Injuries and Property Loss Incidents for Calendar 2016**

Please refer to the enclosed memo from Safety and Risk Manager Kacey Christie. Kacey will present the data from 2016. While some areas show improvement over 2015, staff believes we have room for improvement in the areas of training, documentation, and incident and injury prevention. The only acceptable goal is ZERO accidents and ZERO injuries. That is the goal we aspire to and work on culture of safety and prevention.

Recommendation: Accept Report on Employee Injuries and Property Loss Incidents for Calendar 2016.

- 18) **Receive Report on April 5, 2017 Personnel Committee Meeting**

Please refer to the enclosed memo from Personnel Committee Co-Chair Downey.

Recommendation: Receive Report on April 5, 2017 Personnel Committee Meeting.

STAFF REPORTS

- 19) **Review Finance, Operating, and Recycling Reports**

The financial statements for February 2017 are completed and continue to show the favorable results primarily from the increased Contract Waste tonnages and Operating Expenses are at budget levels. The FY 2016/17 year-to-date Tipping Fees Revenues through March 2017 are estimated at \$17.3 million which is above budget by \$3.8 million and prior year by \$1.7 million. The Draft Preliminary Budget for the FY 2017/18 was reviewed with the Finance Committee on April 5th. One of the Budget assumptions was an across the board tip fee increase of 8.2%. The Committee supported the tip fee increase based on the facts presented in the Draft Preliminary Budget and the presentation by Director of Finance and

Administration Peter Skinner (see Agenda Item 12). The committee provided guidance to staff and the Preliminary Budget will be presented to the full Board in May.

The Operating Report for March 31, 2017 is enclosed. The following table shows increased District tonnage in March 2017 of 31.6% from the prior month, increased tonnage from the prior year of 7.7% and increased tonnage year-to-date of 8.1%. The Contract waste is above last month by 25.7% and continues to be significantly above last year for both the month and prior year.

Operating Report Statistics					
Month	March 2017	February 2017	Inc (Dec)	March 2016	Inc (Dec)
Customer Type	Tons	Tons	%	Tons	%
Franchised	13,058	10,998	18.7%	12,989	0.5%
Commercial	8,967	6,257	43.3%	7,950	12.8%
Cash	9,077	6,381	42.3%	7,928	14.5%
Total District	31,102	23,636	31.6%	28,867	7.7%
Regional	1,509	1,375	9.7%	2,035	(25.9%)
Contract	29,756	23,672	25.7%	25,278	17.7%
Contract ADC	5,929	5,663	4.7%	3,901	52.0%
Total	68,296	54,347	25.7%	60,081	13.7%
Year-to-Date	March 2017	March 2016	Inc. (Dec)		
Customer Type	Tons	Tons	%		
Franchised	109,543	103,860	5.5%		
Commercial	70,340	59,080	19.1%		
Cash	64,862	63,363	2.4%		
Total District	244,745	226,303	8.1%		
Regional	13,030	15,876	(17.9%)		
Contract	240,346	193,873	24.0%		
Contract ADC	62,691	36,514	71.7%		
Total	560,812	472,566	18.7%		

20) Report on Public Education and Recycling

Please refer to the enclosed memo from Jeff.

21) Report on District Capital Projects

Guy will present a verbal update on capital projects to include updates on the MRF Improvement project and LFG engine repair.

22) Report on Status of Monterey Bay Community Power Formation

Almost all the (currently 20 out of 22) cities and the three counties of San Benito, Monterey, and Santa Cruz County have approved and are in JPA or just have second reading remaining (Pacific Grove and Carmel). Del Rey Oaks may potentially re-schedule a second reading of the ordinance.

23) Report on March 22, 2017 Technical Advisory Committee

Enclosed are the minutes of the March 22nd meeting.

OTHER CORRESPONDENCE

GENERAL MANAGER COMMUNICATIONS

- **Marina Odor Issues**. An article appeared in Monterey County Weekly last week that spoke to “mysterious odors” being experienced by residents in north Marina. The social media platform Next Door has been the principle vehicle for the conveyance of this condition. The recent experiences of north Marina residents is something new. District operations, and to our knowledge PCA operations, have not changed substantially over the past decade. Even the installation of the AD project has been operational for the past four years. That being said, District staff and operations of KDC composting have made operational adjustments including exclusion of materials that may be the cause of odors, pumping and transferring storm and pond contact water to the PCA (at a cost of about \$50,000), the placement of additional windsocks to track wind velocity and direction, and prompt staff review of notices of odors. Staff has forwarded these reports to the Air District and to the County LEA. The data supplied by residents on the site Next Door does not correlate all the time with the information staff has with wind direction from the site – several observations in fact have the wind blowing in the opposite direction of the District and the PCA. Staff will continue to monitor and report to the appropriate agencies all issues that are directed to the District.
- **Easement Agreement with MRWPCA**. A draft agreement between the MRWMD and Monterey Regional Water Pollution Control Agency (MRWPCA) has been thoroughly reviewed by joint legal counsel and respective staffs will be working together on discussion of the valuation of the easement. This approval is necessary for the PCA to continue with their Pure Water Monterey project. MRWPCA anticipates bringing a recommendation to their Board at their April meeting and District staff will bring forward the same recommendation to the District at the May 19th meeting.

- SWANAPALOOZA Presentations. I was honored to present three papers at SWANAPALOOZA in Reno last month. The MRF Development Project and its tie-in with the Franchise RFP, the District's efforts on the Landfill Gas Facility, and our initiatives in developing the beginnings of a safety culture were presented. Several papers were presented on the challenges on organics management and the emerging trends in technology in material processing and artificial intelligence utilization.
- Employee BBQ – May 18th. The Board is invited to our twice annual Employee Appreciation BBQ on Thursday May 18th from 11 a.m. to 1 p.m. Management staff and the Social Committee hosts this for all site employees as a thank you for braving the tough winter this year and appreciation of all staff efforts.

BOARD COMMUNICATIONS

CLOSED SESSION

As permitted by the Brown Act (California Government Code Sections 54950, et seq.), the Board may adjourn to a Closed or Executive Session to consider specific matters dealing with pending or prospective litigation, real property negotiations, certain personnel matters, or to confer with District's Meyers-Miliias-Brown representative.

1) Conference with Labor Negotiators:

District Negotiators: Tim Flanagan, Peter Skinner, and Berta Torres

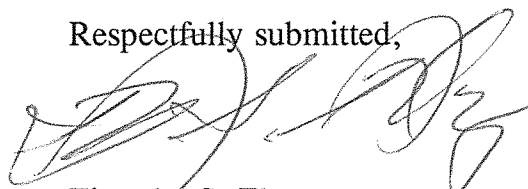
Employee Organizations: Operating Engineers and Management Employees

Staff will provide information at the meeting.

RETURN TO OPEN SESSION WITH ANY REQUIRED ANNOUNCEMENTS FROM CLOSED SESSION

ADJOURNMENT

Respectfully submitted,



Timothy S. Flanagan