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MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT REGULAR MEETING MINUTES

Friday, 9:30 a.m.
June 23, 2017

Boardroom
MRWMD Offices
14201 Del Monte Blvd., Marina CA

MEMBERS PRESENT: Bruce Delgado (Chair), City of Marina Mayor
Carrie Theis (Vice Chair), City of Carmel-by-the-Sea Mayor Pro Tem
Gary Bales, City of Pacific Grove
Leo Laska, Pebble Beach Community Services District
Libby Downey, City of Monterey
Dennis Allion, City of Del Rey Oaks Councilmember
Jason Campbell, City of Seaside Councilmember
Jerry Blackwelder, City of Sand City Vice Mayor

MEMBERS ABSENT: Jane Parker, (Unincorporated) Monterey County Board of Supervisors Chair (District 4)

STAFF PRESENT: Tim Flanagan, General Manager
Rob Wellington, Legal Counsel
Guy Petrabor, Director of Engineering & Compliance/District Engineer
Jeff Lindenthal, Director of Communications & Sustainability
Peter Skinner, Director of Finance & Administration
Tim Brownell, Director of Operations
Berta Torres, Human Resources Manager
David Ramirez, Senior Engineer
Kacey Christie, Safety & Risk Manager
Rick Downey, Site & Facilities Manager
Becky Aguilar, Executive Assistant/Clerk of the Board
Kimberle Herring, Public Education and Outreach Coordinator
Angela Goebel, Public Education and Outreach Specialist
John Easton, Site Maintenance Supervisor
David Reyes, Materials Recovery Facility Maintenance Worker

OTHERS PRESENT: Ted Terrasas, City of Monterey
Gabe Gordo, City of Watsonville
Charlie Cordova, GreenWaste Recovery
Rob Durham, Monterey County Environmental Health
Mike Niccum, Pebble Beach Community Services District
Brian Kennedy, Salinas Valley Solid Waste Authority

ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice duly given and presence of a quorum established, the June 23, 2017 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Chair Delgado at 9:30 a.m.

PUBLIC COMMUNICATIONS

There were no comments from the public.

INTRODUCTION OF NEW SITE & FACILITIES MANAGER RICK DOWNEY

General Manager introduced new Site & Facilities Manager Rick Downey and stated that he had a wealth of experience with a 28-year career in the solid waste industry. Rick addressed the Board and thanked everyone for the opportunity to apply his knowledge and work ethic at the District. Chair Delgado welcomed him on behalf of the Board.

CONSENT AGENDA

Director Campbell requested that his question, and the subsequent answer, with regard to the pipeline easement and hazards of the material being carried in the pipes be included in:

1) Approve Minutes of May 19, 2017 Board Meeting

He stated that knowing that the material was not hazardous was one of the reasons he had voted in favor of the project. It was requested that revised minutes be brought back to the Board for approval at the next meeting.

Following a motion by Director Downey, seconded by Vice Chair Theis, the Board unanimously approved Item 2 on the Consent Agenda.

2) Approve District Report of Disbursements, and Board and Employee Reimbursements

PRESENTATIONS

3) Small Planet News: Chapin Concrete Crushing

Guy Petraborg, Director of Engineering & Compliance provided a presentation on the concrete recycling and aggregate processing activities occurring on site through a public/private partnership with The Don Chapin Company (Chapin). The recycled concrete ends up as base rock sometimes utilized by the District on site for internal roads, although most is sold to the building industry for road projects. The aggregate processing along with sand excavation helps develop future landfill modules by removing the sand, which is processed and sold for various uses. The District has worked with Chapin over the last nine years with a contract set to expire in 2018. Board discussion followed regarding how many tons of aggregate processing was sold, the various uses, and the financial arrangement. Director of Engineering & Compliance responded that over 75,000 tons were sold annually, the uses depended on the grade and size, and the District received royalty payments from the sale of the sand, as well as the recycled concrete. He stated that staff could summarize the history and provide more detailed information at a future meeting. Director Campbell stated that being able to recycle concrete at a reduced rate of \$1 per ton was a great service.

General Manager stated that the public/private partnership came at a time that the District needed to re-adjust its operational functions in order to meet financial shortfalls. Three competitive bids had been received with Chapin being awarded the contract, and it had been a successful venture. Director Downey inquired whether the contract services would go out to bid once the contract expired with Chapin and if it would come before the Board for approval. General Manager responded that there was language in the existing contract to extend it for five years. Staff would be evaluating with Chapin and the any extension would come back to the Board for approval.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

4) **Receive Report on June 7, 2017 Personnel Committee Meeting**

The Board reviewed a memorandum from Personnel Committee Co-Chair Downey. Director Downey clarified why the management unit would receive 3.8% cost of living increase in accordance to the SF-CPI and the Operating Engineers units would receive a fixed 3% as negotiated. In the previous two years, the management unit had received 2.4% and 2.7% and the other units had received 3%.

It was moved by Director Downey, seconded by Vice Chair Theis, and Unanimously Carried To: Receive Report on June 7, 2017 Personnel Committee Meeting.

5) **Approve 24-Month Extension of Memoranda of Understanding for Management Unit and Operating Engineers Local 3 Units Through June 30, 2019**

The Board reviewed a memorandum from Director of Finance & Administration Peter Skinner. He stated that following direction by the Board, a two-year extension had been accepted by the Management and Operating Engineers bargaining units.

It was moved by Director Bales, seconded by Director Campbell, and Unanimously Carried To: Approve 24-Month Extension of Memoranda of Understanding for Management Unit and Operating Engineers Local 3 Units Through June 30, 2019.

6) **Approve Updated Salary Schedules for the Management Unit and Operating Engineers Local 3 (OE3) Units to Incorporate Cost of Living Adjustments for Fiscal Year 2017/18**

The Board reviewed a memorandum from the General Manager requesting approval of the updated salary schedules and in accordance with the 24- month extension approved under Agenda item 5.

It was moved by Director Allion, seconded by Director Bales, and Unanimously Carried To: Approve Updated Salary Schedules for the Management Unit and Operating Engineers Local 3 (OE3) Units to Incorporate Cost of Living Adjustments for Fiscal Year 2017/18.

7) **Approve Updated Salary Schedules for Unrepresented, Confidential, and At-Will Employees to Incorporate Cost of Living Adjustments for Fiscal Year 2017/18**

The Board reviewed a memorandum from the General Manager requesting approval of the updated salary schedules for the unrepresented and at will employees. General Manager stated that it has been the District's past practice to provide the same adjustments to the unrepresented employees as the bargaining units.

Chair Delgado asked for further clarification on the differences between the adjustments for the OE3 employees and the management unit. General Manager stated that in 2014, the OE3 units had negotiated a flat 3% increase every year, which would continue during the 24-month extension. The management unit had negotiated the increase based on the SF-CPI, and with a floor of 1.5% and a ceiling of 4.5%, which would also continue during the 24-month extension. Director Allion asked if the adjustments were included in the 2017/18 Final Budget and staff responded affirmatively. Chair Delgado thanked District employees for agreeing to the 24-month extension and everyone involved in the process. He inquired about the employee round table sessions and General Manager replied that several meetings have been held regarding various subjects and monthly meetings are scheduled for the rest of the year.

It was moved by Director Bales, seconded by Downey, and Unanimously Carried To: Approve Updated Salary Schedules for Unrepresented, Confidential, and At-Will Employees to Incorporate Cost of Living Adjustments for Fiscal Year 2017/18.

8) Approve Revisions to General Manager Performance Evaluation Procedures

The Board reviewed a memorandum from Human Resources Manager Berta Torres regarding the need to revise the General Manager Performance Evaluation Procedures (Procedures) timeline in order to ensure timely completion. Following discussion with the Personnel Committee, the Procedures had been revised further to clarify the process.

It was moved by Director Bales, seconded by Director Allion, and Unanimously Carried To: Approve Revisions to General Manager Performance Evaluation Procedures.

9) Receive Report on June 7, 2017 Finance Committee Meeting

The Board reviewed a memorandum from Board Chair Delgado. He stated that the primary purpose of the meeting was to review the Draft Final Budget for FY 2017/18, notification of the regional waste contracts cancellation and potential negotiation of new contracts, the north slopes remediation design, and the purchase of a new dozer.

Director Downey inquired if there would be opportunity to increase the fees if the regional waste contracts were renegotiated, especially in light of the tip fee increase scheduled for July 1, 2017. General Manager responded that the agreements rates established were for disposal only for waste taken directly to the landfill with no processing involved. Chair Delgado stated that if additional services were needed, the Board would have opportunity to approve the fees for those services. Director Laska clarified that the cancellation clause was for a five-year notice, so the current agreements would not end for five years. Chair Delgado stated that the agreements could be renegotiated before the end of the five-year period. General Manager stated that the current agreements included cost of living adjustments which have been applied, and that staff has been communicating with jurisdictions who have regional waste acceptance agreements over the past several months to let them know that the conditions for continued acceptance of waste without processing would not be able to be supported over the long-term due to changes in state regulations.

Director Bales asked that based on the new state regulations which the district has to meet, did that put the District at any risk for the next five years. General Manager stated that the diversion compliances were held by the individual jurisdictions and not by the District. He inquired if the discussion would be best held under Agenda Item 13, which was seeking Board approval of the cancellation notification. Chair Delgado requested to move Agenda Item 13 following this item.

It was moved by Director Allion, seconded by Director Laska, and Unanimously Carried To: Receive Report on June 7, 2017 Finance Committee Meeting.

13) Approve Proceeding with Notification for Cancellation of Regional Waste Disposal Agreements

Board discussion continued on the draft notification. Director Bales asked if language for renegotiation options should be included in the notification. Chair Delgado stated that the Finance Committee had inquired about the same thing and that staff thought that the cancellation of the agreement was the appropriate method. General Manager stated that some of the jurisdictions may have other plans to meet changes in state regulations, which included separation of food waste and 65% diversion from residential and commercial construction projects, while others might need to utilize the District site to meet those mandates. The question was asked whether it was easier to terminate or renegotiate. Legal Counsel replied that sending out the notification would initiate discussions on the individual needs of each jurisdictions for negotiation with the District.

Director Allion inquired how much revenue was currently received from the regional waste contracts. Staff responded that \$670,000 was included in the FY 2017/18 budget. Director Campbell inquired when the state mandates would become effective. General Manager stated that the dates varied between 2017 and 2025.

Gabe Gordo, Assistant Director of Public Works & Utilities for the City of Watsonville, addressed the Board and stated that the City looked forward to having discussions with District staff for the development of a mutually beneficial arrangement to meet the regulatory challenges going forward and the ability to expand services to their constituents.

It was moved by Director Allion, seconded by Director Campbell, and Unanimously Carried To: Approve Proceeding with Notification for Cancellation of Regional Waste Disposal Agreements.

10) Adopt Resolution 2017-13 Approving Final Budget for Fiscal Year 2017/18

The Board reviewed the Final FY 2017/18 Budget, which was reviewed with the Finance Committee on their meeting held on June 7, 2017. Director of Finance & Administration acknowledged Finance Manager Chuck Rees, who was not in attendance at the meeting, for his excellent efforts in pulling the information for the budget together. Director of Finance & Administration highlighted the changes from the preliminary budget to the final budget and stated that as the Board had directed at the May 2017 Board meeting, staff had modified the preliminary budget with a focus on meeting the 20% Unrestricted Cash Reserves guideline. He stated that contract waste revenues had been increased by \$950,000 with the addition of 40,000 tons of refuse. Capital Outlay had decreased by \$1,724,000 as staff had opted to finance the dozer and wheel loader purchases and delay the replacement of another wheel loader. With the dozer purchase, staff had also opted to purchase a smaller unit while still meeting the District's needs, for an additional cost savings. Operating expenses increased by \$120,000 for Environmental Services necessary for the landfill gas collection and control system. Ending unrestricted cash reserves were now budgeted at \$4,199,538, which was approximately \$70,000 shy of the 20% guideline.

Board discussion followed regarding predicted ending unrestricted cash in outlaying years being negative. Director of Finance & Administration stated that staff is in the process of long-term financial planning to include building a model that creates a positive cash flow model into future years and those predictions assumed continued downturn of contract tonnage revenue and very little tip fee increase. Director Allion expressed concern about passing a budget that would send the District into a downward spiral in the future. Director of Finance & Administration stated that there is concern about the future and staff does have a lot of work to do and it would be reflected in the goals and objectives for the next fiscal year.

General Manager stated that staff plans to have an extended meeting in October to discuss long term financial planning. There are several one-time expenditures in the 2017/18 budget at a cost of almost \$5 million. Staff is working on strategic planning and long term funding plan for future capital requirements. Chair Delgado inquired whether future years' reserves included assumptions used in the 2017/18 budget. Director of Finance & Administration replied that they did not. Director Campbell inquired whether the additional \$120,000 was for Agenda Item 12 to which staff replied no. He also asked about delaying the purchase of a new wheel loader and what would happen if there was a catastrophic failure of the current wheel loader. Director of Finance & Administration responded that the wheel loader was financeable.

Chair Delgado thanked Board members who had expressed concerns over the preliminary budget, and he also thanked staff for bringing back the budget with revisions.

It was moved by Director Allion, seconded by Vice Chair Theis, and Unanimously Carried To: Adopt Resolution 2017-13 Approving Final Budget for Fiscal Year 2017/18.

- 11) **a. Adopt Resolution 2017-14 Authorizing Sole Source Purchase of New Caterpillar D8T Dozer Using Preferential Competitive Pricing Through National Joint Powers Alliance; and**
b. Accept the Proposal from Quinn Company of Salinas, CA, to Provide New Caterpillar D8T Dozer for a Total Purchase Price of \$915,875.00 (Including Sales Tax and Freight)

The Board reviewed a memorandum from Equipment Maintenance Manager Ron Mooneyham. General Manager expressed appreciation to staff for their excellent job in researching options for both operational needs and cost-effectiveness. Equipment Maintenance Manager stated that purchasing through the National Joint Powers Alliance (NJPA) removed the need to go out to bid. The proposal from Quinn Company included preferential competitive pricing offered through the NJPA and also included an extended warranty worth \$38,000 at no additional cost.

Director Bales inquired when the new Caterpillar would be delivered. Equipment Maintenance Manager responded that delivery was expected anticipated five to six months after ordering. Chair Delgado clarified that although the expenditure was being placed during this fiscal year, the expenditure would be in the FY 2017/18 budget.

It was moved by Director Laska, seconded by Chair Delgado, and Unanimously Carried To: Adopt Resolution 2017-14 Authorizing Sole Source Purchase of New Caterpillar D8T Dozer Using Preferential Competitive Pricing Through National Joint Powers Alliance; and Accept the Proposal from Quinn Company of Salinas, to Provide New Caterpillar D8T Dozer for a Total Purchase Price of \$915,875.00 (Including Sales Tax and Freight).

- 12) **Approve Contract with Golder Associates, Inc., for Modules 1 & 2 Final Cover – North Slopes Remediation Design Services at a Cost of \$59,728.**

The Board reviewed a memorandum from Director of Engineering & Compliance, who stated that staff has notified the Board of the failures of the north slopes during previous rainy seasons. The latest was in February 2017 and state funding may be available and applicable to the mitigation measure required to address the near-surface instability that has been experienced on the north slopes. Staff retained Golder Associates to investigate the field conditions, perform stability analyses and develop preliminary recommendation for design of remedial measures to mitigate the conditions associated with the slope instability. The primary causes of the instability, are the surface and subsurface drainage characteristics of the vegetative soil layer materials, which are allowing rainfall to infiltrate the surface soil layer and come in contact with the underlying barrier layer, which in turn causes the surface of the clay soil to become saturated, soften, and lose strength.

Board approval was now necessary for the final design services, which would allow staff to bid the scope of work and construction for Board approval in the future.

Director Laska asked about the cost of mitigation construction and whether it was included in the FY 2017/18 budget. Director of Engineering & Compliance replied that the cost was not included in the budget and that staff would propose an interim solution for FY 2017/18 and pursue state funding to reduce District's costs. Director Laska asked about the cost of the interim solution and Director of Engineering & Compliance responded that it was slightly above \$200,000. Director Bales inquired who had conducted the initial sloping work. Director of Engineering & Compliance stated that District staff had done the slope work, although the problem was with the design of controlling the water. Following a question from Chair Delgado, Director of Engineering & Compliance stated that staff would be monitoring the interim solution for a period of five to ten years to develop the long-term solution.

General Manager stated that in the early 2000s, District staff had evaluated the slopes in Module 1 and 2, had conducted sliver filling to steepen the slopes adding additional site life. Director Campbell inquired if by monitoring, staff would know how to construct future modules to mitigate future failures. Director of Engineering & Compliance responded that the 3:1 slope angle was acceptable and steepening the slopes led to the failure.

It was moved by Director Allion, seconded by Director Downey, and Unanimously Carried To: Approve Contract with Golder Associates, Inc., for Modules 1 & 2 Final Cover – North Slopes Remediation Design Services at a Cost of \$59,728.

STAFF REPORTS

14) Review Finance, Operating, and Recycling Reports

The Board reviewed the financial statements for April 2017. The Year-to-Date Operating Income through April 2017 is \$3,023,330 or \$3,151,330 above Budget. The Year-to-Date Operating Expenses through April 2017 is \$481,752 (2.7%) above budget. The Tipping Fees Revenues for the month of May 2017 are continuing the good start and are estimated at \$2,035,000 which is \$540,000 (36%) above budget and \$95,000 (5%) above last year. The Year to Date Tipping Fees Revenues through May is estimated at \$21,210,000 which is \$4,745,000 (29%) above budget and \$1,850,000 (10%) above last year. The Operating Report for May 30, 2017 was also reviewed by the Board.

15) Report on Public Education and Recycling

The Board reviewed a memorandum from Director of Communications and Sustainability Jeff Lindenthal regarding the household hazardous waste collection event scheduled from 9 a.m. to 2 p.m. in Monterey Peninsula Community College parking lot. Outreach for the event had been conducted through direct mail flyers targeting the District's farthest southern eastern service areas.

16) Report on District Capital Projects

The Board reviewed a memorandum from Director of Engineering & Compliance, who stated that work was moving forward on the Materials Recovery Facility (MRF) project. With the awarding of all three phases of the construction, the projected project costs remained consistent with the revised budget presented to the Board inclusive of the planned contingencies. The equipment foundations and pits have been completed and the new

electrical room was 25% complete. The equipment from Bulk Handling Systems had arrived and the equipment foundations were 90% complete. The order for the 4160V/480V electrical transformer and 5kV switchgear had been completed with a September 2017 delivery date.

Senior Engineer David Ramirez provided the Board with a presentation of the project thus far to include the relocation of the owls that had been found in the MRF during the painting portion of the project.

17) Report on May 17, 2017 Technical Advisory Committee Meeting

The Board reviewed the minutes of the May 17th Technical Advisory Committee (TAC) meeting. Director Bales commented on the TAC's request of moving up the date of the submittal of the annual rate adjustment data to allow more lead time for review and analysis. Director of Communication and Sustainability stated that the TAC would be discussing this issue further at their August meeting.

OTHER CORRESPONDENCE

18) Letter to Salinas Valley Solid Waste Authority (SVR) RE: Comments for SVSWA Notice of Preparation of an Environmental Impact Report for the Long Term Facility Needs Study Project

The Board reviewed a letter sent to the Salinas Valley Solid Waste Authority (SVR) in response to their Notice of Preparation of an Environmental Impact Report for the Long Term Facility Needs Study Project. The letter summarized District capabilities and ability to assist SVR in the future. General Manager stated he and SVR General Manager have been in communication and that SVR had sent a response letter to the District's letter, which staff would review and bring to the Board at the next meeting.

GENERAL MANAGER COMMUNICATIONS

General Manager commented that staff provided a tour of District facilities to San Benito County staff with discussion focused on possibilities of supporting San Benito County with their organics and possibly recycling processing, to include construction and demolition processing for Cal-Green compliance.

He expressed appreciation to District's HR Manager and staff for bringing ESL classes for District employees to fruition. The classes appear to be well received.

The Board was provided a copy of the CSDA preliminary finding to the Little Hoover Commission's investigation of special districts. One potential outcome, which could potentially have a negative impact on the MRWMD and other districts, would be the need to quantify through elections or other means special districts existence. He will keep the Board apprised of this issue as it progresses.

General Manager reminded the Board of the annual SWANA WasteCon conference that will be held in conjunction with the International Solid Waste Association World Congress in Baltimore, Md. from September 25-27, 2017, and if any Board members were interested in attending to let staff know.

General Manager recognized Director of Engineering & Compliance for receiving the Clean Air Leader Award from the Monterey Bay Air Resources District. Director of Engineering & Compliance stated that Mark Stone had been the guest speaker at the event and that the District had also received a Clean Air Leader Award.

BOARD COMMUNICATIONS

Director Downey stated that on June 22, 2017, the District's Litter Abatement Task Force along with Monterey SEA hosted a meeting to introduce the CalTrans Protect Every Drop public outreach campaign designed to keep litter out of storm drains, which will also help address litter from motor vehicles.

Director Allion stated that he would not be able to attend the July Board meeting.

CLOSED SESSION

The Board went into closed session at 11:41 a.m. regarding the following:

- 1) Conference with Property Negotiators
Property: Sale of Land for Construction of Pure Water Project
District Negotiators: Tim Flanagan and Guy Petraborg
Negotiating Parties: Monterey Regional Water Pollution Control Agency
Terms: All Terms and Conditions
- 2) Conference with Legal Counsel--Anticipated Litigation
Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: (One Case)

Director Allion retired at 12:08 p.m.

Chair Delgado retired at 12:10 p.m.

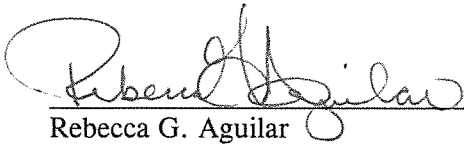
RETURN TO OPEN SESSION WITH ANY REQUIRED ANNOUNCEMENTS FROM CLOSED SESSION

The Board came back into open session at 12:29 p.m. and Legal Counsel announced that in the closed session the Board had received information with regard to Item 1 and 2; no reportable action was taken.

ADJOURNMENT

There being no further business to come before the Board at this time, the June 23, 2017 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned by Vice Chair Theis at 12:30 p.m.

RECORDED BY:



Rebecca G. Aguilar
Executive Assistant/Clerk of the Board

AUTHENTICATED BY:



Timothy S. Flanagan
General Manager/Secretary