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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.
 May 19, 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
 Jane Parker, (Unincorporated) Monterey County Board of Supervisors Chair (District 4)
 Dennis Allion, City of Del Rey Oaks Councilmember
 Jason Campbell, City of Seaside Councilmember (Seated at 9:35 a.m.)
 Jerry Blackwelder, City of Sand City Vice Mayor

MEMBERS ABSENT: None

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
 Chuck Rees, Finance Manager
 Clyde Walkup, Materials Recovery Manager
 Kacey Christie, Safety & Risk 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: Brian McMinn, American Public Works Association (City of Marina)
 Charlie Cordova, GreenWaste Recovery
 Stephanie Luna, Monterey County Environmental Health
 Tom Kouretas, Monterey Regional Water Pollution Control Agency
 Mike Niccum, Pebble Beach Community Services District
 JD Black, Salinas Valley Solid Waste Authority
 Cesar Zuniga, Salinas Valley Solid Waste Authority

ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice duly given and presence of a quorum established, the May 19, 2017 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Vice Chair Theis at 9:30 a.m.

Chair Delgado seated at 9:33 a.m.

NEW BOARD MEMBER REPRESENTING CITY OF SAND CITY

Chair Delgado welcomed Jerry Blackwelder to the District Board of Directors.

PUBLIC COMMUNICATIONS

Brian McMinn, City of Marina Public Works Director, addressed the Board representing the Board of Directors of the Monterey Bay Chapter of the Monterey Bay Public Works Association. He expressed appreciation for staff's efforts and assistance and informed the Board that the week of May 22nd was National Public Works Week.

CONSENT AGENDA

Clerk of the Board Becky Aguilar pointed out that a revised page to the April 21, 2017 Board meeting minutes had been placed on the dais. The revision clarified a motion to an agenda item.

Following a motion by Director Parker, seconded by Chair Downey, the Board approved the Consent Agenda, to include the revisions to Item 1.

- 1) **Approve Minutes of April 21, 2017 Regular Board Meeting, as Revised.**
- 2) **Approve District Report of Disbursements, and Board and Employee Reimbursements**

PRESENTATIONS

3) Small Planet News: District Site as a Natural Habitat

General Manager stated that the District is a natural habitat for many bird species and he recognized District employees John Easton, David Reyes, and Holly Yanez (who was not at the meeting) for their remarkable appreciation of the natural habitat on the District site and preservation of three different bird species nesting places while directing work away from their habitat – even though this directly impacted District operations. Angela Goebel, Public Education and Outreach Specialist, provided the Board with a presentation on California natural habitat history. The Monterey Peninsula Landfill is uniquely situated in a riparian corridor surrounded by agriculture and open space. When the nesting places were found, staff contacted Human Wildlife Control who provided feedback on how to best handle each individual situation. She stated that the District's commitment to sustainability includes wildlife on site.

PUBLIC HEARING

- 4) Consider Tipping Fee Increases Effective July 1, 2017 to:
- Solid Waste (Basic Rate) Landfill Rate, from \$51.75 Per Ton to \$56.00 Per Ton.
 - Yard Waste Rate From 30.00 Per Ton to \$32.50 Per Ton.
 - Food Scraps Rate From \$42.00 Per Ton to 45.50 Per Ton.

General Manager reported that the Public Hearing was duly noticed in the *Monterey Herald* and notices were provided to customers with their monthly invoices and posted around the site. No comments from the public had been received.

Staff was proposing an increase in disposal fees of approximately 8.2%, effective July 1, 2017. All fees have been unchanged since January 1, 2014. The tipping fee for solid waste disposal would increase by \$4.25 per ton, from \$51.75 to \$56.00; Yard Waste would increase by \$2.50 per ton, from \$30.00 to \$32.50; and the Food Scraps by \$3.50 per ton from \$42.00 to \$45.50. Minimum fees and fees for all other material types will remain unchanged.

The increase is required to fund operations for Fiscal Year (FY) 2017/18. Operating expenses have grown, in part, due to three and a half years of business cost escalators, including contractual salary cost of living increases, PERS retirement contributions and general business cost inflation. In addition, the District is planning capital investment that is necessary to keep pace with mandated regulatory compliance obligations and to support on-going business operations.

The proposed changes are estimated to raise revenue by \$951,500 in FY 2017/18 and are estimated to raise monthly bills for both residential and commercial customers by between 1.3% and 2.6%. For example, the monthly charge for a residential customer with a 32-gallon weekly service will increase by an average of \$0.33. At \$56.00 per ton, the District's Solid Waste disposal rate will continue to be the lowest in the region.

Chair Delgado opened the public hearing at 9:50 a.m. No public comments were received and the public hearing was closed at 9:50 a.m.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

- 5) Approve Tipping Fee Increases Effective July 1, 2017 to:
- Solid Waste (Basic Rate) Landfill Rate, from \$51.75 Per Ton to \$56.00 Per Ton.
 - Yard Waste Rate From 30.00 Per Ton to \$32.50 Per Ton.
 - Food Scraps Rate From \$42.00 Per Ton to 45.50 Per Ton.

It was moved by Director Allion, seconded by Vice Chair Theis, and Unanimously Carried To: Approve Tipping Fee Increases Effective July 1, 2017 to:

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

- 6) Receive Report on May 3, 2017 Finance Committee Meeting

The Board reviewed a memorandum from Finance Committee Chair Allion summarizing the May 3, 2017 Finance Committee meeting. Most of the discussion had been held on the budget for fiscal year 2017/18 and the fact that the unrestricted cash reserves would fall below the 20% Board established guideline because of substantial capital outlay expenditures. Chair Delgado asked if the Committee was comfortable with the reserves

falling below the guideline. Committee Chair/Director Allion responded that there was a level of concern with the reserve level and the Committee had requested staff provide a list of capital expenditures that could be delayed if necessary.

It was moved by Director Downey, seconded by Chair Delgado, and Unanimously Carried To: Receive Report on May 3, 2017 Finance Committee Meeting.

7) Receive Report on May 3, 2017 Personnel Committee Meeting

Please refer to the enclosed memo from Personnel Committee Co-Chair Theis. She stated that staffing would be increased by 16 positions, with 11 positions designated to meet the needs of the improved Materials Recovery Facility (MRF).

Board discussion was held regarding the flexibility of hiring the MRF staffing, and the overlap of hiring the Accounting Manager before the Finance Manager retires.

It was moved by Director Parker, seconded by Director Bales, and Unanimously Carried To: Receive Report on May 3, 2017 Personnel Committee Meeting.

8) Adopt Preliminary Budget for Fiscal Year 2017/18

General Manager expressed appreciation to District Finance Manager Chuck Rees for all of his efforts. This would be his last preparation of the budget as he will retire at the end of October 2017 and he recognized the Finance Manager for his precision in the budget preparation by keeping expenses to budget and being conservative in revenues.

The Board reviewed the Preliminary Budget for FY 2017/18 and the annual projections through FY 2021/22. The Finance Manager explained the process of preparing the preliminary budget and presenting it to the Board. The Preliminary Budget for FY 2017/18, estimated Revenues of \$26,795,000, Operating Expenses at \$25,738,000, with Net Income of \$94,000. Cash from operations showed compliance with debt covenants. Capital Outlay requests equal \$13,467,000 and Bond and Debt payments of \$1,330,000 Unrestricted Cash Reserves were projected to decrease by \$10,283,000 to \$1,645,538, which was \$2,600,062 below the 20% Cash Operating Expense Reserve guideline established by the Board. Finance Manager stated that as directed by the Finance Committee, staff had prepared a list of capital expenditures that could be delayed if necessary in an effort to increase reserves.

The Board discussed the shortfall in the Unrestricted Cash Reserves and conservative estimate of tonnage from contract waste. Operating revenues are items that the District cannot control, although staff makes a best estimate based on past experience and known information. Discussion was also held on the proposed increase in staffing which would potentially be offset with projected revenue in the increased sale of material. Director Allion asked whether any additional new revenue was included in the budget. Finance Manager stated no, and General Manager stated the Board should direct staff to continue to look for opportunities to accept additional materials waste. He stated that discussions have been held with jurisdictions that have regional waste agreements with the District, which is waste that is taken to directly to the landfill and not processed, to discuss bringing other waste to the District to process once the improved MRF is operational, which could provide additional revenue.

The Board reviewed the list of potential cost reductions prepared by staff and discussion was held in delaying any of the items and potential impacts to the District operations and staff. Staff stated that it intended to hold a Board workshop to discuss long term financial planning in preparation of the budget for FY 2018/19.

Board discussion continued for clarification of individual budget line items and additional discussion and expression of concern about approving a preliminary budget with Cash Reserves being so low. Discussion was also held on how the reserve level was established and how much conservatism should be used. The Board suggested various ways of revising conservative projections on incoming waste tonnage and revenue generation, to include establishing a line of credit, in an effort to meet the 20% Board guideline prior to presentation of the Final Budget at the June Board meeting.

It was moved by Director Allion, seconded by Vice Chair Theis, and Unanimously Carried To: Adopt the Preliminary Budget for Fiscal Year 2017/18 Subject to Changes Recommended by the Board, and Present the Final Budget at the June Board Meeting for Approval.

- 9) **Adopt Resolution 2017-12 Authorizing Execution of a Construction Contract for Materials Recovery Facility Administration Improvement Project, to Ausonio, Inc., of Castroville, CA in the Amount of \$1,118,921.00**

The Board reviewed a memorandum from Director of Engineering & Compliance Guy Petraborg recommending execution of a contract with Ausonio, Inc., for the Phase III - Materials Recovery Facility Administration Improvement project, as negotiated by staff, in the amount of \$1,118,921.00. At the April meeting, as recommended by staff, the Board rejected the bid due to the bid being over the \$950,000 budget estimate and authorized staff to negotiate a lower cost bid with two or more construction contractors after rescoping of the project. Staff had requested bids from two contractors for the revised scope of work and received the one bid from Ausonio, Inc.

Board discussion was held on the potential operational impacts with the rescoping and any contingency savings with Phase I and II.

It was moved by Director Laska, seconded by Director Allion, and Unanimously Carried To: Adopt Resolution 2017-12 Authorizing Execution of a Construction Contract for Materials Recovery Facility Administration Improvement Project, to Ausonio, Inc., of Castroville, CA in the Amount of \$1,118,921.00.

- 10) **Approve Agreement for Co-Location and Compatible Pipeline Easement with the Monterey County Water Resources Agency (Relating to the MCWRA's Current Easement for its Salinas River Diversion Facility Pipeline on District Property)**

The Board reviewed a memorandum from Director of Engineering and Compliance Guy Petraborg, who stated that the agreements in this agenda item and the following two agenda items had been thoroughly reviewed by joint legal counsel and respective staffs. The approvals were necessary for the Monterey Regional Water Pollution Control Agency (MRWPCA) to continue with their Pure Water Monterey project. He explained to the Board that the co-location easement with the Monterey County Water Resources Agency was the first step necessary to allow the easement with the MRWPCA. Agenda Item 11 allowed for the co-location easement with MRWPCA and Agenda Item 12 was for the purchase of a 0.401 Acre Non-Colocation easement

Chair Delgado inquired whether all three items could be approved at the same time and Legal Counsel responded affirmatively. Discussion was held on the compensation for the 0.401 non-colocation easement. Director of Engineering and Compliance stated that an appraisal was completed and he stated that there were some differences of opinion on the appraisal, although negotiation of compensation would ensue during the next 30 days as outlined in the agreement. Director Laska asked if Item 11 and 12 could wait until compensation agreement could be reached. He expressed concern about entering into an agreement without an agreed upon price for the easement. Legal Counsel stated that approving the agreements now were necessary because of the

timeframe of obtaining grant funding for the Pure Water Project. Language was included in the agreement that a fair price would be negotiated through mediation and arbitration, if necessary. Staff feels that the differences can be settled and an agreement on the compensation can be reached.

Tom Kouretas, MRWPCA Associate Engineer, addressed the Board and stated that the easements were necessary to obtain the grant funding. He stated that the mediation provisions provided the District flexibility to obtain a second appraisal and he did not believe that the absence of a purchase price negatively affected the District. He outlined the steps of mediation for the Board. He stated that with three public agencies involved, the process had required a significant amount of time. Director Allion expressed that water is an issue that affects many agencies and spoke in favor of the Board approving all three items.

It was moved by Chair Delgado, seconded by Vice Chair Theis, and Approved by Chair Delgado, Vice Chair Theis, and Director Allion, Bales, Blackwelder, Campbell, Downey, and Parker; Opposed by Director Laska To: Approve Agreement for Co-Location and Compatible Pipeline Easement with the Monterey County Water Resources Agency (Relating to the MCWRA's Current Easement for its Salinas River Diversion Facility Pipeline on District Property). Motion Carried

- 11) Approve Co-Location Easement Deed and Agreement for Grant/Purchase of Co-Location Easement with Monterey Regional Water Pollution Control Agency (for Blanco Drain Diversion Pipeline)

It was moved by Chair Delgado, seconded by Vice Chair Theis, and Approved by Chair Delgado, Vice Chair Theis, and Director Allion, Bales, Blackwelder, Campbell, Downey, and Parker; Opposed by Director Laska To: Approve Co-Location Easement Deed and Agreement for Grant/Purchase of Co-Location Easement with Monterey Regional Water Pollution Control Agency (for Blanco Drain Diversion Pipeline). Motion Carried

- 12) Approve Easement Deed and Agreement for Grant/Purchase of (0.401 Acre Non-Colocation) Easement with the Monterey Regional Water Pollution control Agency (for Blanco Drain Diversion Pipeline)

It was moved by Chair Delgado, seconded by Vice Chair Theis, and Approved by Chair Delgado, Vice Chair Theis, and Director Allion, Bales, Blackwelder, Campbell, Downey, and Parker; Opposed by Director Laska To: Approve Easement Deed and Agreement for Grant/Purchase of (0.401 Acre Non-Colocation) Easement with the Monterey Regional Water Pollution Control Agency (for Blanco Drain Diversion Pipeline). Motion Carried

STAFF REPORTS

- 13) Review Finance, Operating, and Recycling Reports

The Board reviewed the financial statements for March 2017, which continue to show 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 April 2017 are estimated at \$19.2 million which is above budget by \$4.2 million and prior year by \$1.8 million. The Board also reviewed the April 2017 Operating Report.

- 14) Report on District Capital Projects

Director of Engineering and Compliance provided a verbal update on capital projects. The MRF project was progressing about a month behind schedule.

15) Report on Status of District Strategic Goals and Objectives

Due to the absence of time, staff was directed to bring this matter back to the Board at the June 23, 2017 Board meeting.

16) Report on Local Agency Formation Commission's (LAFCO) Final Fiscal Year 2017/18 Budget and Work Plan

The Board reviewed LAFCO's Final Fiscal Year 2017/18 Budget and Work Plan. General Manager reported that the proposed FY 2017/18 budget represented an overall 5% increase as compared to the LAFCO's current year budget. The draft cost allocation spreadsheet prepared by the Monterey County Auditor-Controller's Office, showed that the District's contribution for FY 2017/18 will be \$41,936. In FY 2016/17, the District's contribution was \$40,189. The difference was \$1,747 or approximately 4.3%.

17) Report on April 18, 2017 Special Districts Association Meeting

The Board reviewed a summary of the meeting from Director Campbell.

OTHER CORRESPONDENCE

There was no other correspondence.

GENERAL MANAGER COMMUNICATIONS

General Manager reported that District and MRWPCA staff met with City of Marina staff and reviewed the data regarding wind direction, time of day observations and locations. Staff has also shared this data with the local Air Quality Management District and the County LEA. Staff will continue to monitor and report to the appropriate agencies all odor related comments or complaints that are directed to the District. He also reported that the District will hold its annual community Household Hazardous Waste and electronic waste collection event on June 24th from 9 a.m. to 2 p.m. in Monterey Peninsula Community College parking lot.

General Manager reminded the Board that this year the annual SWANA WasteCon conference will be held in conjunction with the International Solid Waste Association World Congress in Baltimore, Md. from September 25-27. He encouraged Board members to consider attending the event. He also reminded the Board that staff intended to cancel the Board meeting in August and December as depicted on the 2017 Calendar of Board Meetings approved in November 2016.

BOARD COMMUNICATIONS

Chair Delgado stated that, although he had been unable to attend, he had heard that the twice annual Employee Appreciation BBQ held on Thursday May 18th had been a success. General Manager commented that Director Blackwelder had attended the event.

CLOSED SESSION

No closed session was held.

ADJOURNMENT

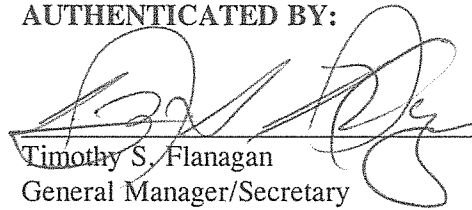
There being no further business to come before the Board at this time, the May 19, 2017 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned by Chair Delgado at 12:36 p.m.

RECORDED BY:



Rebecca G. Aguilar
Executive Assistant/Clerk of the Board

AUTHENTICATED BY:



Timothy S. Flanagan
General Manager/Secretary