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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.
April 21, 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
David Pendergrass, City of Sand City Mayor
Leo Laska, Pebble Beach Community Services District
Libby Downey, City of Monterey
Jane Parker, (Unincorporated) Monterey County Board of Supervisors Chair (District 4)
Jason Campbell, City of Seaside Councilmember (Seated at 9:35 a.m.)

MEMBERS ABSENT: Dennis Allion, City of Del Rey Oaks Councilmember

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
David Ramirez, Senior Engineer
Kacey Christie, Safety & Risk Manager
Ron Mooneyham, Equipment Maintenance Manager
Becky Aguilar, Executive Assistant/Clerk of the Board
Kimberle Herring, Public Education and Outreach Coordinator
Ida Gonzales, Administrative Support Specialist
David Anguiano, Laborer I
Kirk Bennett, Laborer I
Mel Campa, Laborer II
Ulysses Fregoso, Laborer II
Jose Marquez, Maintenance Worker II
Lee Roach, Laborer I
Mario Rodriguez, Laborer I
Jose Venegas, Maintenance Worker I

OTHERS PRESENT: Troy Fink, Ausonio, Inc.
Hans Uslar, City of Monterey
Rob Durham, Monterey County Environmental Health
Maria Ferdin, Monterey County Environmental Health
Tom Parola, Monterey City Disposal
Mike Niccum, Pebble Beach Community Services District
Brian Kennedy, Salinas Valley Solid Waste Authority
Keith Day, Keith Day Company

ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice duly given and presence of a quorum established, the April 21, 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

Kristin Skromme, Public Sector Manager for Waste Management, Inc., addressed the Board to provide information on Big Sur trash pickup services. She stated that customers would be receiving credits on their monthly statements since regular pick-up service has not been possible due to damage caused by the recent storms.

Director Campbell seated at 9:35 a.m.

Chair Delgado read an obituary for Monterey City Disposal owner Gary Parola who passed away on April 1, 2017 unexpectedly. Gary's son, Tom Parola, was in attendance at the meeting. General Manager expressed that Monterey Disposal has been an integral part of the District's success and a true partner in managing solid waste. Director Downey stated that he would be missed by the City of Monterey and she had valued his dedication to highway litter.

CONSENT AGENDA

Following a motion by Director Parker, seconded by Chair Delgado, the Board approved the Consent Agenda.

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

Although Eric was not present at the meeting, the Board expressed appreciation for his 26 years of service, as did the General Manager, and wished him well in his retirement. Staff will ensure that he receives the resolution signed by the Board.

8) Presentation of Resolution of Appreciation to Mayor David Pendergrass

Chair Delgado read the resolution expressing appreciation to Director Pendergrass for his nineteen years of exemplary service on the MRWMD Board of Directors as well as serving on the District's finance committee and personnel committee since 2007. He served as mayor of Sand City since March 1978 for a total of 39 years, the longest in the history of California. Director Pendergrass thanked his wife for her support throughout all those years and stated that it had all been a learning experience and it was now time to be closer to his family. All Board members individually expressed appreciation to Director Pendergrass for his input and guidance at different levels over the years. Chair Delgado invited everyone to the farewell reception that would be held immediately following the meeting.

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

The Board recognized the District's maintenance crew for their outstanding efforts during the recent storms in which they faced extremely challenging circumstances such as extreme winds, pouring rain, disruption in power, and falling trees. Chair Delgado presented Mario Rodriguez, Ulysses Fregoso, Jose Venegas, Lee Roach, Kirk Bennett, David Anguiano, Jose Marquez, and Mel Campa with a "Jonathan Livingston Seagull" award for soaring "above and beyond" to deliver great service. Absent from the meeting was Site Maintenance Supervisor John Easton.

10) Small Planet News: History of Earth Day

Director of Operations Tim Brownell provided a presentation on the history of Earth Day, which began in 1970. This first Earth Day effectively jumpstarted the environmental movement in the US and led to many recycling programs finding their roots. In 1990, Earth Day was celebrated nationally. In 1970 there were over 24,000 landfills and today there are less than 1,900 landfills. In 1970, there were very few material recovery facilities and today the number has expanded dramatically.

Chair Delgado expressed appreciation to be part of an organization that made it possible to have a better and cleaner world. Director Bales recollected that the District participated in the first Earth Day in 1970 held locally at Toro Park.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION**11) Receive Report on April 5, 2017 Finance Committee Meeting**

The Board reviewed a summary of the meeting from Finance Committee Chair Allion.

It was moved by Chair Delgado, seconded by Vice Chair Theis, and Unanimously Carried To: 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**

Director of Finance & Administration Peter Skinner provided the Board with a presentation regarding the proposed increase in disposal fees of approximately 8.2%, effective July 1, 2017. He stated that the proposed increase had been reviewed with the District's Technical Advisor Committee (TAC) and that there had been an underlying assumption in the financing of the revenue bonds that there would be an ongoing cost of living adjustment (COLA) to fees of 3%. Fees have not been increase since January 2014. The tip fees for solid waste, yardwaste, and food scraps are proposed to increase by \$4.25 per ton, \$2.50 per ton, and \$3.50 per ton, respectively, which is projected to bring in an additional \$950,000 in revenue. The increase is required to fund operating expenses and capital projects for fiscal year 2017/18, and to comply with regulatory obligations, as outlined in the District's Preliminary budget. The fee increases are estimated to raise monthly bills for both residential and commercial customers by between 1.3% and 1.5%. This does not include other price adjustments by the franchise hauler.

Director of Finance & Administration stated that although the preliminary budget had not been presented to the Board, a timely action on the proposed increases was important to meet the Pebble Beach Community Services District's need to have an identified rate on their garbage bill for the Prop 218 notice requirement for insertion in the County property tax bill by an April cut-off date. Staff intended to present the 2017/18 preliminary budget to the Finance Committee at their May meeting. He reviewed estimated 5-year capital outlay projections and draft budget cash flow scenarios with and without the tip fee increases. Either way, the District anticipated having to use reserves. He also stated that staff was in the process of creating a 20-year long term financial plan for presentation to the Board in the fall. Preliminary analysis of projected cash reserves showed reserves going negative in 2019 and 2020 even with the proposed increase and a \$2 tip fee increase each following year. At \$56.00 per ton, the District's solid waste disposal rate will continue to remain the lowest in the region.

Board discussion followed regarding regular COLAs and automatic pass through at the city level, impact to individual residential monthly bills, and projected incoming tonnage. COLA increases had been paused for a few years as part of the new franchise agreement provision, and the proposed increase was actually less than if there had been a COLA every year. With the exception of the City of Monterey, jurisdictions has an automatic pass through provision in their franchise agreements. Staff is using conservative estimates for contract waste tonnage due to the uncertainty of that waste flow.

Director Campbell stated that the presentation was mostly clear and that the 20% reserve was set by Board policy. Chair Delgado inquired how much of an increase was needed in order meet the District's 20% reserve policy as he was not comfortable knowing that even with regular COLA increases, it was still projected that reserves would reach negative levels within five years. Staff responded there were many factors and that some scenario planning could be done with preliminary analysis, although staff intended to come back to the Board later in the year with more complete long-term planning information.

Director Downey asked if it was simplistic to believe that due to the contract waste revenue, it was not necessary to expect that a tip fee increase was necessary every year. Director of Finance & Administration responded that although the contract waste has helped offset some cost increase, it is not guaranteed, and staff is conservative on contract waste projections. General Manager added that if contract waste importation were to decline, there would be no correlating reduction in expenses nor delay in capital spending to minimize the impact.

Director Bales stated that there were a lot of unknowns in outlying years, and although it was good to review, it tended to confuse the need for the \$4.25 increase for FY 2017/18. Director of Finance & Administration responded that the presentation was intended to stimulate discussion in preparation of the information that would be provided in the fall. Director Delgado agreed that although some of the information was projected, it was good to know in order to start thinking of future challenges.

It was moved by Director Laska, seconded by Director Bales, and Unanimously Carried To: 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

The Board reviewed a memorandum from Director of Engineering and Compliance Guy Petraborg, which providing background information and a recommendation to award a construction contract to GraniteRock for the Materials Recovery Facility Site Improvement Project Base Bid and Alternate 2 Combined Amount of \$1,077,528. Alternate 2 was for the exterior concrete pavement to complement the opening of the south wall of the tipping floor, which was approved as Phase I of the MRF Improvement Project.

It was moved by Director Bales, seconded by Chair Delgado, and Unanimously Carried To: 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

The Board reviewed a memorandum from Director of Engineering and Compliance in which it was recommended that the Board reject the only bid that was received for the MRF Administration Improvements. Director of Engineering and Compliance commented that the Phase III work involved remodeling employee facilities and office space. The sole bid of \$1,690,000 significantly exceeded the project budget of \$950,000. 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. It was requested that the Board authorize staff to negotiate a contract bid with construction contractors as staff believed that the Phase III work could be reduced in scope with the office addition being constructed at the ground floor level and thus reducing the cost. Staff anticipated presenting a lower cost bid to the Board for approval the May 19, 2017 Board meeting.

Chair Delgado inquired whether it was usual to negotiate rather than go out to bid and whether there was an indication that the bid would be reduced in cost with the revised work scope. Director of Engineering and Compliance responded that the current bidder Ausonio, Inc., would be interested in submitting a revised bid. Director Parker inquired who else staff would consider negotiating with and Director of Engineering and Compliance responded that there had been an additional contractor who had attended the pre-bid who was interested in submitting a bid for the revised scope of work. Director Campbell inquired about the need for the Phase III work and coordination of timing with Phase I and Phase II. Staff responded that although there were

several factors, one of the basic reasons for Phase III was that with the overall improvements, additional space would be needed for the additional personnel. It was not anticipated that delaying the work would impact the completion of Phase I and Phase II.

It was moved by Director Laska, seconded by Director Parker, and *Unanimously Carried To: Reject Bid for Construction of Materials Recovery Facility Administration Improvements and Authorize Staff to Negotiate with Construction Contractors.*

15) Approve Contract with Sloan 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

The Board reviewed a memorandum from Director of Operations. The contract with Sloan Vasquez is part of the contractual obligations of the Materials Recovery Facility (MRF) equipment agreement with Bulk Handling Systems (BHS)) and as part of the bonding requirement to engage a third-party consultant to verify the performance of the equipment before making final payment. Director of Operations stated that during the request for proposals process, the District contracted with Sloan Vasquez to detail the performance testing and commission process. 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. The metrics developed will become operating standards management staff can use to ensure safety conditions, productivity levels, and material quality standards are met. Due to their familiarity with the MRF project and their vast experience, staff is confident Sloan/Vasquez has the capability to verify and certify whether the BHS equipment system is compliant with the contractual obligations.

Chair Delgado inquired if the training manuals already existed and how many trainers would be available to train District staff. Director of Operations responded that the training manual would be unique to the District's equipment configuration and that there would be three to five trainers involved in the training process. Vice Chair expressed appreciation for the information provided as it detailed the intricacy of the MRF project. Director Parker appreciated knowing that the equipment would be tested to make sure that it was working properly and that staff would be satisfactorily trained.

It was moved by Director Downey, seconded by Chair Delgado, and *Unanimously Carried To: 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

The Board reviewed a memorandum from Director of Engineering and Compliance which provided background information on the Jenbacher engine Unit 2 fire, which occurred in September 2016. Staff evaluated several options relative to rebuilding the damaged engine or replacing with a new engine, and determined that replacing the fire-damaged engine with a new 2012 Jenbacher J320 – B Series was the best option because it offered the quickest repair, lower engine emission, better parts availability (as the existing J320 engine parts were being phased out), removed the concern for integrity of the existing block involved in the fire.

Board discussion followed regarding location of the 2012 engine, differences between a 2012 model and 2017 model, replacement of certain parts that may have degraded due to the engine sitting for five years, and how long it would take to get the engine delivered and running. Staff responded that the engine had been located in the Turlock area from a buyer who had been unable to sell the engine, the difference was mainly in the look of

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the body, that the buyer would be replacing any parts necessary to return it to new condition, and it would take six to eight weeks for delivery and installation.

It was moved by Director Pendergrass, seconded by Vice Chair Theis, and Unanimously Carried To: 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.

Director Parker retired at 12 p.m.**17) Accept Report on Employee Injuries and Property Loss Incidents for Calendar 2016**

The Board reviewed a memorandum from Safety and Risk Manager Kacey Christie on the 2016 employee injuries and property loss incidents. She stated that although historically staff has reported on OSHA recordable injuries, she had added first aid incidents as they were an indicator of where injuries could occur in the future. Most of the injuries occur in the MRF since most of the population of District employees are in the MRF. Slips, trips, and falls, are of most concern as they can potentially result in the most serious injuries. Safety and Risk Manager added that when she came on board, District staff had conducted job hazard assessments for all District job tasks in an effort to mitigate injury. She explained to the Board job hazard assessment scoring method. Staff is also looking to at high visibility uniforms to mitigate risks of injury. As previously reported to the Board, and in reference to property loss and other incidents, staff had begun conducting the D.I.V.E (Define, Investigate, Verify, and Ensure) process for conducting a systematic incident investigation and correction action review.

Safety and Risk Manager stated that significant progress had been made in 2016 to the District safety program, although significant measures were still needed as part of the continuous improvement process to building a "high performance safety oriented culture" as stated in the District's Pillars.

The Board expressed appreciation for the detailed report.

It was moved by Chair Delgado, seconded by Director Downey, and Unanimously Carried To: Accept Report on Employee Injuries and Property Loss Incidents for Calendar 2016.

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

The Board reviewed a summary of the meeting from Personnel Committee Co-Chair Downey.

It was moved by Director Downey, seconded by Vice Chair Theis, and Unanimously Carried To: Receive Report on April 5, 2017 Personnel Committee Meeting.

STAFF REPORTS**19) Review Finance, Operating, and Recycling Reports**

The financial statements for February 2017 continue to show favorable results primarily from the increased Contract Waste tonnages, with Operating Expenses 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 Board also reviewed the March 2017 Operating Report.

20) Report on Public Education and Recycling

The Board reviewed a memorandum from Communications and Sustainability Director Jeff Lindenthal in which he reported on the medication take back bins that were being installed in Monterey County with funds received from the Rose Foundation and as part of the “Don’t Rush to Flush” campaign. Drop off sites were now available in Carmel, Pacific Grove, Marina, and Monterey.

21) Report on District Capital Projects

Director of Engineering and Compliance provided an update to the Board on the status of the MRF Phase I and Phase II improvement project. The project is about two weeks behind schedule so staff is monitoring the process on a daily basis, especially with so much wet weather. Completion is anticipated for October 2017.

22) Report on Status of Monterey Bay Community Power Formation

General Manager provided an update to the Board on the jurisdictions that had approved participation in the Monterey Bay Community Power. He reported that the City of Del Rey Oaks had concerns about liability repayment and would be reconsidering the issue at their meeting of April 25, 2017. The first meeting of the Monterey Bay Community Power Authority would be held on May 3, 2017 at the Marina Library at 9 a.m.

23) Report on March 22, 2017 Technical Advisory Committee

The Board received the minutes of the March 22nd Technical Advisory Committee meeting.

OTHER CORRESPONDENCE

There was no other correspondence.

GENERAL MANAGER COMMUNICATIONS

General Manager reported that an article had appeared in Monterey County Weekly regarding mysterious odors being experienced by residents in north Marina. The social media platform Next Door has been the principle vehicle for the conveyance of the issue. He stated that District operations and the Monterey Regional Water Pollution Control Agency (MRWPCA) operations had substantially remained unchanged, with the exception of the anaerobic digestion project, which had been operational for the past four years. District staff considered and implemented operational adjustments including exclusion of materials that may be the cause of odors, pumping and transferring storm and pond contact water to the MRWPCA, placement of additional windsocks to track wind velocity and direction, and prompt staff review of notices of odors, even though the data supplied by residents on the site Next Door did not correlate entirely with information staff had with wind direction from the site. Staff would continue to monitor and report to the appropriate agencies all issues that are directed to the District.

He reported that the draft agreement between the MRWMD and has been thoroughly reviewed by joint legal counsel and respective staffs would be working together on discussion of the valuation of the easement. MRWPCA was presenting the agreement for Board approval at their April meeting and District staff would be presenting the same recommendation to the Board at the May 19th meeting.

General Manager invited the Board to the District bi-annual annual Employee Appreciation BBQ on Thursday May 18, 2017 from 11 a.m. to 1 p.m.

BOARD COMMUNICATIONS

Chair Delgado stated that with Director Pendergrass' retirement it was necessary to appoint a new member to the personnel committee and he was appointing Director Campbell.

He also stated that the odor issue had become a quality of life issue and it was possible that the odor was coming from multiple sources. He stated that many residents reported not being able to open their windows because of the odor and that it was important to find out what was causing the problem. He expressed appreciation to District staff for working closely with other agencies in trying to resolve the issue.

CLOSED SESSION

The Board went into closed session at 12:30 p.m. regarding the following:

- 1) Conference with Labor Negotiators:
District Negotiators: Tim Flanagan, Peter Skinner, and Berta Torres
Employee Organizations: Operating Engineers and Management Employees

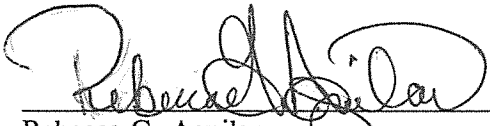
RETURN TO OPEN SESSION WITH ANY REQUIRED ANNOUNCEMENTS FROM CLOSED SESSION

The Board came back into open session at 12:34 p.m. and Legal Counsel announced that in the closed session the Board had received information; no reportable action was taken.

ADJOURNMENT

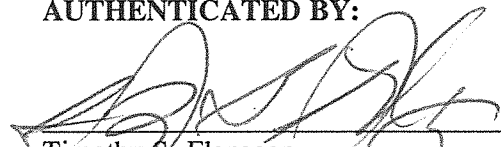
There being no further business to come before the Board at this time, the April 21, 2017 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned by Chair Delgado at 12:35 p.m. in memory of Gary Parola and in honor of Mayor David Pendergrass.

RECORDED BY:



Rebecca G. Aguilar
Executive Assistant/Clerk of the Board

AUTHENTICATED BY:



Timothy S. Flanagan
General Manager/Secretary