



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: April 15, 2016
 TO: Board of Directors
 FROM: Dennis Allion, Finance Committee Chair
 SUBJECT: Summary of Finance Committee Meeting of April 13, 2016

The Finance Committee met on April 13th at 9:00 a.m., at the District administrative offices. Committee members in attendance were Directors Laska and Pendergrass. Director Bales was unable to attend. Staff members in attendance were Tim Flanagan, Chuck Rees, Guy Petraborg, and Becky Aguilar. Deborah Mall from Rob Wellington's office was also in attendance. The purpose of the meeting was to update Fiscal Year 2016/17 Budget preparation, assumptions and timeline, discuss future Tipping Fee increases, discuss power sales to Monterey Regional Water Pollution Control Agency (MRWPCA), update on Anaerobic Digester Agreement with MRWPCA, provide updates on the Capital Project Updates, and General Management Comments. There was a scheduled closed session item regarding anticipated litigation. Discussion is summarized below and followed the attached agenda.

1. **Preliminary Budget for Fiscal Year 2016/17.** Staff reviewed the financial impact of the key assumptions used in the preparation of the Preliminary Budget. The Committee discussed the key assumptions and provided guidance to staff for preparation of the Preliminary Budget. It was noted that the construction of the MRF Improvements will cause operational disruptions, however, staff is documenting the financial impact of these key assumptions for presentation of the Preliminary Budget to the Board in May 2016. The Committee discussed the impact of staffing for the improved MRF, the value of the recycled material to be recovered from the MRF, the impact on the unrestricted cash reserves and the computation of the ratio of net current revenues to debt service as required by the 2015 Revenue Bonds. Discussion followed and the Committee requested that staff refine the Preliminary Budget for review at the next meeting on May 4th.
2. **Tipping Fee Increases.** Staff reviewed the timing of the previous tipping fee increases for several items and noted that some had not been adjusted since 2009. Staff is preparing an analysis of numerous items to determine if it is appropriate to adjust tipping fees in the future. Staff noted that the refuse tip fee was last adjusted in January 2014, but is not anticipating an increase to the refuse tip fee until at least January 2018.
3. **Discussion on Power Purchase Agreement (PPA) for Sale of Landfill Gas to Monterey Regional Water Pollution Control Agency.** The Committee was informed that staffs from both agencies, along with joint legal counsel, had developed a formal PPA, for the potential sale of renewable power generated from the District's Landfill Gas system for use by the MRWPCA Groundwater Replenishment Project (GWR). The MRWPCA Board approved the PPA unanimously at their March 28th Board meeting. Staff reported that the 20-year PPA increases the rate of compensation to the District at a rate of \$0.0939 p/kwh compared to the current open market rate of \$0.045 p/kwh and provides MRWPCA with a significantly lower rate for their purchase of power. The District is currently developing the infrastructure to supply power to the MRWPCA when their project comes on line in the 2017/18 timeframe.

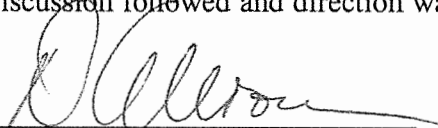
4. **Anaerobic Digester Connection Agreement.** Staff reported that a formal application had been submitted to PG&E and they will be following up to expedite the connection of the AD Project to MRWPCA. Discussion followed and staff was directed to prepare a co-authored letter to PG&E from MRWPCA and the District to stress the need for prompt response to the application.
 5. **Capital Project Updates.** Guy Petraborg updated the Committee on the Capital Projects.
 - **Landfill Gas Update:** The Committee was updated on the progress to date. Engine #4 has been received and an air permit is in process. Engine #3 is scheduled to arrive in May and on line by mid-year 2016.
 - **Compressed Natural Gas Facility:** The Committee was updated on the progress to date. The fueling station is scheduled to have power and commissioning completed by the mid May.
 - **Truck Yard and Maintenance Facility:** The Committee was updated on the progress to date. Staff noted that the contractor has increased their performance and completion is now anticipated after mid-year 2016.
 - **Materials Recovery Facility Equipment Installation:** The Committee was updated on the progress to date. The Request for Bids for the Removal of existing equipment and Construction of the MRF Improvements have been issued.
 6. **General Manager Comments.** Tim reported that AB 1817 passed the Local Government Committee of the Assembly and is proceeding to the Assembly floor. No date has been set, but is expected in the next couple of weeks. It will then move to the Senate for consideration.
 7. **Next Meeting Date:** Wednesday, May 4, 2016 at 9:00 AM.
-

Closed Session

The Committee went into closed session at 10:21 a.m. regarding the following:

- 1) 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)

The Committee came out of closed session at 10:40 a.m. Legal Counsel announced that during closed session the Committee was briefed on the anticipated litigation. Discussion followed and direction was given Legal Counsel.


Dennis Allion

Attachment

BOARD OF DIRECTORS

DENNIS ALLION
CHAIR

IAN OGLESBY
VICE CHAIR

GARY BALES
DAVID PENDERGRASS
LEO LASKA
LIBBY DOWNEY
JANE PARKER
BRUCE DELGADO
CARRIE THEIS



TIMOTHY S. FLANAGAN
GENERAL MANAGER

GUY PETRABORG, P.E., G.E.
PRINCIPAL ENGINEER

RICHARD SHEDDEN, P.E.
SENIOR ENGINEER

ROBERT WELLINGTON
COUNSEL

MONTEREY REGIONAL
WASTE MANAGEMENT DISTRICT
Home of the Last Chance Mercantile

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT
FINANCE COMMITTEE MEETING

Wednesday
April 13, 2016
9:00 a.m.

Board Room
MRWMD Offices
14201 Del Monte Blvd., Marina CA

Attending: Committee (Board) Chair Allion; Directors Bales, Pendergrass, and Laska
Rob Wellington, Legal Counsel
Tim Flanagan, General Manager
Chuck Rees, Finance Manager
Guy Petraborg, Director of Engineering & Compliance/District Engineer
Jeff Lindenthal, Director of Communications & Sustainability

OPEN SESSION AGENDA

1. Preparation of Preliminary Budget for Fiscal Year 2016/17
2. Discussion of Tipping Fee Increases for All Materials, Excluding Solid Waste, Yard Waste, and Green Waste
3. Discussion on Power Purchase Agreement for Sale of Landfill Gas to Monterey Regional Water Pollution Control Agency.
4. Update on Anaerobic Digester Connection Agreement with Monterey Regional Water Pollution Control Agency.
5. Capital Project Updates
 - Landfill Gas Update
 - Compressed Natural Gas Facility
 - Truck Yard and Maintenance Facility
 - Materials Recovery Facility Equipment Installation
6. General Manager Comments
7. Next Meeting Date: Wednesday, May 4, 2016, 9:00 a.m.

CLOSED SESSION AGENDA

As permitted by Government Code Section 54956 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-Milias-Brown representative.

- 1) 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)