



# Memorandum

## MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: February 1, 2013  
 TO: Board of Directors  
 FROM: Leo Laska, Finance Committee Chair  
 SUBJECT: Summary of Finance Committee Meeting of January 30, 2013

The Finance Committee met on January 30<sup>th</sup> at 9:30 a.m., at the District Administrative Offices. Committee members in attendance were Directors Bales and Allion. Director Pendergrass was absent due to a last minute meeting conflict. Rob Wellington was also present. The purpose of the meeting was to review items related to the Mid-Year FY 2012-2013 Budget Related, Report on District Operations, receive General Manager Comments and address one Closed Session Items regarding Landfill Site Space/Capacity. Discussion is summarized below and followed the attached agenda.

### Mid-Year Review of FY 2012-2013 Budget

Staff presented and the Committee discussed the District's Mid-Year Budget for FY 2012-2013. It was noted that the shortfall in Operating Revenues (\$1,210,000) was due primarily to the decrease in waste being accepted (\$910,000), decreased Power Sales (\$300,000) and the net cost of the voluntary retirement incentive program (\$970,000); and are being offset by delays in Capital Outlay expenditures (\$2,352,000). The Committee reviewed the changes in the key budget assumptions and provided direction to staff in presenting the Mid-Year Budget to the full Board.

### Status of District Operations

Landfill Gas to Energy Facility. Staff provided a brief update on the Landfill Gas to Energy Facility operations and noted that four firms had made submittals regarding the Request for Qualifications for operation of the LFG to energy plant. Staff will be reviewing the submittals and reporting to the Board.

Landfill and Site Operations. Staff reported and the Committee discussed the following in response to the \$1.2 million structural deficit in our revenues with the current Budget, and continued flat or down trending waste tonnages into the site. As previously reported to the Finance Committee and the full Board, District staff is reviewing options for reducing expenses and increasing revenue. The following measures are being considered, and following input from the Finance Committee and the Board, selected measures will be included with the proposed Preliminary Budget for FY 2013-2014.

#### *A. Measures Under Consideration To Reduce Expenses (Additional information on these measures will be prepared for Board consideration):*

- 1) **Reduced Gate Hours.** Currently, the front gate is open to customers from 6:30 a.m. to 5:00 p.m., five days a week (M-F) and Saturdays from 8:00 a.m. to 4:30 p.m. (61 hours per week). The proposed reduction in gate hours could be something like: M-F, 7:30 a.m. to 3:30 p.m. and Saturdays 8 a.m. to noon (44 hours per week). The restricted hours would allow for consolidation of scale, MRF and landfill operational staffs.
- 2) **Reduction in Services,** including closing some operations one day a week (i.e. Monday), in one or more of the District's operations, such as the Household Hazardous Waste (HHW) and/or the Last Chance Mercantile (LCM) programs; and/or reduction in staffing at the MRF which will reduce diversion from the MRF and for the community.
- 3) **Outsourcing Operations.** An example would be contracting out the LFG plant operations.

***B. Measures Under Consideration To Increase Revenues***

- 1) Continue Efforts to Market Excess Landfill Capacity.
- 2) In an effort to fix the District's broken revenue model of charging by the ton, promote the idea to include a restricted fund line item on the monthly garbage bill, or other mechanism, with the new franchise agreements, to provide the District with revenue to pay for unfunded State Mandates, such as HHW management, air/water compliance regulations; and/or to sustain recycling and energy recovery efforts; and Capital Improvements related to compliance with State recycling goals and mandates.
- 3) Raise the Landfill Tipping Fee, from the current \$48.25 per ton, in accordance with a five year Fiscal Plan.
- 4) Convert Landfill Gas or Pipeline Natural Gas, to Compressed Natural Gas (CNG), and market it to local refuse haulers, as part of new franchise agreements; and/or with grant assistance from the California Energy Commission.
- 5) Other

Staff is seeking input and direction from the Finance Committee and the Board on these suggested measures over the next couple of months, as staff prepares the FY 2013/14 Preliminary Budget. The Committee did not remove any measures from consideration. The Committee discussed implications around some of the suggested measures, and concurred that staff may consider a cost of living increase to the landfill basic tipping fee (currently \$48.25 per ton), along with a justification for such an increase. Staff will be providing regular reports and other information to the Finance Committee and the Board as the Preliminary Budget is prepared, which is scheduled for Board consideration in May.

**General Manager Comments**

The General Manger recommended that the Board consider adopting a Reimbursement Resolution that would allow the use of bond financing to pay for capital outlays made prior to securing the bonds. The Committee concurred and directed staff to have legal counsel review the documents and prepare for Board approval at the February meeting.

**Closed Session**

The Committee went into closed session to discuss Landfill Site Space/Capacity Property Negotiations. Information was received and discussion was held. No action was taken.

Next Meeting Date: 9:30 a.m. Wednesday, February 20, 2013.

  
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Leo Laska

Attachments

BOARD OF DIRECTORS

LEO LASKA  
CHAIR

DENNIS ALLION  
VICE CHAIR

GARY BALES  
SUE MC CLOUD  
DAVID PENDERGRASS  
LIBBY DOWNEY  
JANE PARKER  
IAN OGLESBY  
BRUCE DELGADO



WILLIAM MERRY, P.E., BCEE  
GENERAL MANAGER/  
DISTRICT ENGINEER

TIMOTHY S. FLANAGAN  
ASST. GENERAL MANAGER

RICHARD SHEDDEN, P.E.  
SENIOR ENGINEER

ROBERT WELLINGTON  
COUNSEL

# MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

*Home of the Last Chance Mercantile*

## MEETING OF THE MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT FINANCE COMMITTEE

Wednesday  
January 30, 2013  
9:30 – 11:30 a.m.

Boardroom  
MRWMD Offices  
14201 Del Monte Blvd., Marina CA

**Attending:** Board Chair Laska; Vice Chair Allion, Directors Bales and Pendergrass  
Rob Wellington, Legal Counsel  
William Merry, General Manager  
Tim Flanagan, Assistant General Manager  
Chuck Rees, Finance Manager

### OPEN SESSION AGENDA

1. Mid Year Review of FY 2012-2013 Budget.
2. Status Report on District Operations.
3. General Manager Comments.
3. Next Meeting Date: February 20, 2013.

### 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 Property Negotiators:

Property: Landfill Site Space/Capacity  
District Negotiators: William Merry and Tim Flanagan  
Negotiating Party: County of Monterey, Salinas Valley Solid Waste Authority  
Terms: All Terms and Conditions

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