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DISTRICT ENGINEER

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ASST. GENERAL MANAGER

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 REGULAR MEETING MINUTES

Friday, 9:30 a.m.
June 19, 2015

Boardroom
MRWMD Offices
14201 Del Monte Blvd., Marina CA

MEMBERS PRESENT: Dennis Allion (Chair), City of Del Rey Oaks Councilmember
Ian Oglesby (Vice Chair), City of Seaside Mayor Pro Tem
Gary Bales, City of Pacific Grove
David Pendergrass, City of Sand City Mayor
Leo Laska, Pebble Beach Community Services District Board Boardmember
Jane Parker, (Unincorporated) Monterey County Supervisor, District 4
Bruce Delgado, City of Marina Mayor (seated at 9:35 a.m.)
Libby Downey, City of Monterey Councilmember
Carrie Theis, City of Carmel-by-the-Sea Councilmember

MEMBERS ABSENT: None

STAFF PRESENT: Tim Flanagan, Assistant General Manager
Rob Wellington, Legal Counsel
Guy Petrabor, Principal Engineer
Rick Shedden, Senior Engineer
Chuck Rees, Finance Manager
Jeff Lindenthal, Director of Community Programs
Berta Torres, Interim Human Resources Manager
Clyde Walkup, Materials Recovery Facilities Manager
Ron Mooneyham, Equipment Maintenance Manager
Glen Evett, Last Chance Mercantile & Hazardous Materials Manager
Rebecca Aguilar, Administrative Support Supervisor
Kimberle Herring, Public Education Coordinator
Ida Gonzales, Administrative Support Specialist

OTHERS PRESENT: Ted Terrasas, City of Monterey
Teresa Rios, Monterey County Environmental Health
Manny Vasquez, Monterey County – Supervisor Parker 4th District Intern
Dan Haifley, O'Neill Sea Odyssey
Mike Niccum, Pebble Beach Community Services District

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and presence of a quorum established, the June 19, 2015 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Chair Allion at 9:30 a.m.

PUBLIC COMMUNICATIONS

Dan Haifley, Executive Director of O'Neill Sea Odyssey, addressed the Board and stated they were an ocean based waste reduction and science education program and since 1996 they have been serving students from the Monterey Bay and Santa Clara County region with a free oceanography program that has waste reduction outcomes. He thanked the Board and staff for the great work in waste reduction and waste reduction education. Mr. Haifley stated that they complement the District's work in serving the schools as they serve 57 schools in Monterey County and about 1,600 students with their free program.

Director Delgado seated at 9:35 a.m.

CONSENT AGENDA

Following a motion by Director Pendergrass, and seconded by Director Delgado, the Board unanimously approved the Consent Agenda.

- 1) Approve Minutes of May 15, 2015 Regular District Board Meeting
- 2) Approve District Report of Disbursements, and Board and Employee Reimbursements
- 3) Adopt Resolution of Appreciation (2015-07) for Retiring Site Manager Richard Petitt
- 4) Adopt Resolution of Appreciation (2015-08) for Retiring Monterey Regional Water Pollution Control Agency General Manager Keith Israel
- 5) Approve Prior Year Salary Schedules for Unrepresented Employees for Fiscal Years 2011/12, 2012/13, 2013/14, and 2014/15 (To Conform to Board Approved Salaries)
- 6) Authorize Rejection of All Bids Submitted for Electrical Distribution Supply

Chair Allion presented Mr. Israel with the Resolution of Appreciation and stated that it had been a pleasure to work with Mr. Israel at the Monterey Regional Water Pollution Control Agency and thanked him for his good public service. Assistant General Manager thanked Mr. Israel for his assistance over the years and thanked him for his guidance.

Mr. Israel stated that he had been fortunate to work and collaborate with District staff on issues beneficial to both organizations. He thanked both Boards for being supportive of the collaborative endeavors.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

- 7) Accept Report from Finance Committee Chair on Meeting of June 3, 2015

The Board reviewed a memorandum from Finance Committee Chair Allion.

It was moved by Director Delgado, seconded by Vice Chair Oglesby, and Unanimously Carried To: Accept Report from Finance Committee Chair on June 3, 2015 Meeting.

8) Adopt Resolution (2015-09) Approving Final Budget for Fiscal Year 2015/16

The Board reviewed a memorandum and the Final Budget for Fiscal Year 2015/16 from Finance Manager Chuck Rees. The Board also received the Organizational Chart that had been precluded in the packet. With reference to the Organizational Chart, Assistant General Manager took the opportunity to introduce Guy Petraborg, District Principal Engineer, who began working on June 1, 2015.

Finance Manager stated that there were no changes made from the Preliminary Budget approved at the May 15, 2015 to the Final Budget. As reported at the May Board meeting, the budget shows a net loss of \$824,000, projects \$20,280,000 in revenues, operating expenses of \$20,134,000, and non-operating expenses of \$970,000. Capital outlay is projected at \$6,722,000, which is in excess of the Bond funded capital expenditures for the Truck Maintenance and Parking facility and Material Recovery Facility (MRF) improvements. Unrestricted cash reserves are projected to decrease by \$5,056,000, which results in cash reserves falling below the 20% guideline established by the Board. It was noted that this deficiency is recovered by FY 2017/18 as the MRF Improvements are projected to generate positive cash flows and capital expenditures return to historic levels. Cash provided by operations for FY 2015/16 is estimated at \$2,106,000 (Net Loss, Depreciation and Amortization and Closure/Post Closure Costs). The Bond Debt Service Ratio is 1.50 which is in excess of the Bond Covenant of 1.25.

Board discussion followed regarding the debt service ratio, reserve level below the Board guideline of 20%, and planned action and use of reserves in the event of an unforeseen emergency. Finance Manager stated that in the event of an emergency, staff would delay capital purchases.

It was moved by Director Bales, seconded by Director Parker, and Unanimously Carried To: Adopt Resolution (2015-09) Approving Final Budget for Fiscal Year 2015/16.

9) Approve Amendments to Salary Schedules for the Management Unit and Operating Engineers Local 3 (OE3) Units to Incorporate Cost of Living Adjustments for Fiscal Year 2015/16

The Board reviewed a memorandum from Interim Human Resources Manager Berta Torres. As provided for in the Memorandum (MOU) of Understanding with the Operating Engineers Local 3 (OE3) employee units, the amended salary schedule incorporates a 3% cost of living adjustment (COLA) for FY 2015/16. As provided for in the management unit MOU, the amended salary schedule incorporates a 2.44% (based on the San Francisco Bay Area- Consumer Price Index) COLA for FY 2015/16.

It was moved by Director Laska, seconded by Vice Chair Oglesby, and Unanimously Carried To: Approve Amendments to Salary Schedules for the Management Unit and Operating Engineers Local 3 (OE3) Units to Incorporate Cost of Living Adjustments for Fiscal Year 2015/16.

10) Approve Salary Schedule for Unrepresented Employees to Incorporate Cost of Living Adjustments for Fiscal Year 2015/16

The Board reviewed a memorandum from Interim Human Resources Manager. The Board also received an amended schedule to reflect the current pay rate for the general manager. Historically, unrepresented exempt classifications have received the same COLA as the management unit and the unrepresented non-exempt classifications have received the same COLA as the OE3 units.

It was moved by Director Bales, seconded by Vice Chair Oglesby, and Unanimously Carried To: Approve Salary Schedule for Unrepresented Employees to Incorporate Cost of Living Adjustments for Fiscal Year 2015/16.

11) Receive Report on Gull Abatement Services and Provide Direction to Staff

The Board reviewed a memorandum from Director of Community Programs Jeff Lindenthal, which provided historical information on the District gull abatement services. The District has utilized a falconer as part of its bird abatement program since 2010 and its use has successfully reduced the gull population. Staff believes the program is in full compliance with the District's permits and regulatory requirements and that it is representative of best management practices found at other landfills. Staff's review of the pattern of the gulls arrival in Pacific Grove and most importantly, the type of specific gull, indicate that the District's bird abatement is most likely not responsible for gull activity in Pacific Grove, as suggested by a local resident.

Board discussion followed regarding the difference between the Western Gull seen in Pacific Grove and the California Gull identified in the study commissioned by the District in 1997.

Kirstie Wilde, resident of Pacific Grove, addressed the Board to express she was disappointed in the staff report and its findings. She pointed out specific citations and contradictions in the staff report. She further urged the Board to consider suspending the program until a full environmental review can be conducted.

Principal Engineer provided the Board with State and Federal regulations and landfill requirements. Board discussion continued regarding the many variables of why gulls are present such as living in a coastal area, tourists feeding the gulls, and not properly closing the lids of trash receptacles, and the complexity of conducting a study.

Legal Counsel reminded the Board that one of the factors the Board considered when making the decision to implement a gull abatement program was the concerns expressed by nearby farmers with regard to gulls contaminating their crops.

It was moved by Director Pendergrass, seconded by Director Theis, and Unanimously Carried To: Continue Gull Abatement Program in Order to be in Compliance with State and Federal Regulations.

12) Approve First Amendment to 15 Year Agreement with Trillium to Design, Build, Own, Operate and Transfer to the District a Compressed Natural Gas (CNG) Fueling Station at the Monterey Peninsula Landfill to Include Natural Gas Procurement and Renewable Attribute Administration Services

The Board reviewed a memorandum regarding an amendment to the 15-year agreement with Trillium. Assistant General Manager stated that California Public Utility Commission approved tariffs require that natural gas fueling facilities as large as District's which sell fuel must purchase the natural gas supply from a third party not the gas utility, PG&E. He introduced District consultant, Rus Miller of D. Edwards, Inc., who is assisting with the CNG Fueling Station Facility Project.

Mr. Miller addressed the Board and provided information on the proposed contract amendment that would contract Trillium to purchase natural gas on District behalf and, when available, pipeline supplied gas made from renewable sources. Renewable natural gas includes methane gas generated from a variety of sources such as landfill gas projects, dairy digester projects, and other anaerobic digester projects, each with varying values depending upon the rules associated with each. Additionally, with the amendment, Trillium agrees to share with the District, on a

50/50 basis, any net revenue derived from the purchase and sale of renewable biogas in the form of renewable energy credits. There are substantial procedural requirements for obtaining those renewable energy credits. Further, when District begins producing its own biogas from food waste digestion, Trillium agrees to share 80% of the renewable energy credits with District while remaining responsible for completing the procedural requirements for those credits.

Board discussion followed regard the cost to the District. Finance Manager responded that it was the intent is to amortize the initial costs of the CNG fueling over the life of the whole Agreement, of which this amendment is a part, to minimize any impact to member agencies.

It was moved by Director Delgado, seconded by Director Parker, and Unanimously Carried To: Approve First Amendment to 15 Year Agreement with Trillium to Design, Build, Own, Operate and Transfer to the District a Compressed Natural Gas (CNG) Fueling Station at the Monterey Peninsula Landfill to Include Natural Gas Procurement and Renewable Attribute Administration Services.

STAFF REPORTS

13) Review District Finance, Operating, and Recycling Reports, to Include Update on Bond Sale

The Board reviewed the financial statements for April 2015. The May 2015 financial statements were not available. The Year to Date Operating Income continue to remain above budget and prior year due to increased revenues and reduced expenses. Tipping Fees Revenues for the month May 2015 are estimated at \$1,475,000 which is \$75,000 above budget and \$32,000 below last year. The Board also reviewed the May 2015 Operating Report.

Director Bales retired from the meeting at 10:48 a.m.

District Financial Advisor John Greenlee (Caldwell Flores Winters, Inc.) addressed the Board and provided a presentation summarizing the 2015 Bond Issuance. He reviewed the major milestones and credited the District's excellent "AA-" S&P rating for the average interest rate of 3.68%. He stated that the District successfully sold \$31,150,000 in revenue bonds for a term of 20 years.

14) Report on Public Education and Recycling

The Board reviewed a memorandum from Director of Community Programs Jeff Lindenthal. A matrix was provided clarifying the public education outreach activities and responsibilities of the District and GreenWaste Recovery. At the May 2015 meeting, the Board requested a matrix be provided to ensure there was no overlap of activities and responsibilities as they relate to the new Model Franchise Agreements (MFA) under public education and outreach. He also reported on a recent tour of a South San Francisco Anaerobic Digester (AD) project, which was developed by Zero Waste Energy, the same firm that installed the District's AD project.

Board discussion followed regarding expansion of the current AD project. Staff responded that a joint study is underway with regard to use of the MRWPCA biogas and other opportunities.

15) Report on District Capital Projects

The Board reviewed a memorandum from Assistant General Manager providing an update on the District Capital Projects.

16) Report on May 15, 2015 Technical Advisory Committee Meeting

The Board reviewed the minutes of the May 15, 2015 Technical Advisory Committee Meeting.

OTHER CORRESPONDENCE**GENERAL MANAGER COMMUNICATIONS**

Assistant General Manager reported that sometime on June 7, 2015, a hot water return pipe burst in the shop maintenance building causing extensive damage in several areas of the shop and locker room areas. Principal Engineer provided the Board with an update and plan of action.

The Board was reminded of the second annual one-day HHW collection event at the Monterey Peninsula College, Parking Lot A on Saturday, June 27th, from 9 a.m. to 2 p.m. The Board was also reminded that with the adoption of the Policy for Election of Board Officers and Appointment to Board Committees at the February 2015 Board meeting, an ad hoc nominating committee will be created in October with elections occurring in December. The terms will begin in January for the calendar year.

BOARD COMMUNICATIONS

There were no Board communications.

CLOSED SESSION

The Board went into closed session at 11:30 a.m. regarding the following.

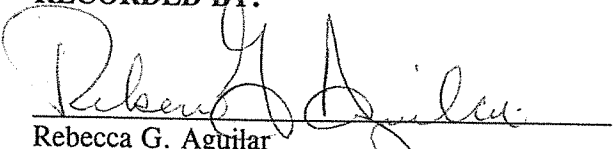
1. Conference with Property Negotiators:
Property: Landfill Site Space/Capacity
District Negotiators: Tim Flanagan
Negotiating Parties: City of Milpitas
Terms: All Terms and Conditions
2. Personnel Matter: (Public Employee Appointment: General Manager)

The Board came out of closed session at 12:15 p.m. and Legal Counsel announced that in Closed Session, with Regard to Item 1, the Board received information; no reportable action was taken. With regard to Item 2, the Board received information and discussed the matter, and gave directions to the Board Chair; no reportable action was taken.

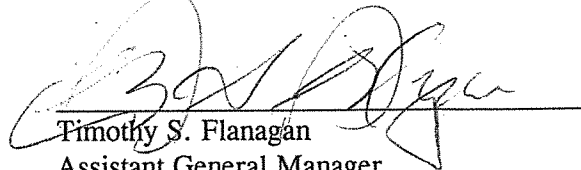
ADJOURNMENT

There being no further business to come before the Board at this time, the June 19, 2015 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned by Chair Allion at 12:16 p.m.

RECORDED BY:


Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:


Timothy S. Flanagan
Assistant General Manager