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TIMOTHY S. FLANAGAN
GENERAL MANAGER

GUY PETRABORG, P.E., G.E.
DISTRICT 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 17, 2016

Boardroom
MRWMD Offices
14201 Del Monte Blvd., Marina CA

MEMBERS PRESENT: Dennis Allion, (Chair), City of Del Rey Oaks Councilmember
Gary Bales, City of Pacific Grove
David Pendergrass, City of Sand City Mayor
Libby Downey, City of Monterey Vice Mayor (Seated at 9:50 a.m.)
Bruce Delgado, City of Marina Mayor
Carrie Theis, City of Carmel-by-the-Sea Mayor Pro Tem

MEMBERS ABSENT: Ian Oglesby (Vice Chair), City of Seaside Mayor Pro Tem
Leo Laska, Pebble Beach Community Services District Director
Jane Parker, (Unincorporated) Monterey County Board of Supervisors Chair (District 4)

STAFF PRESENT: Tim Flanagan, General Manager
Deborah Mall, Legal Counsel
Chuck Rees, Finance Manager
Clyde Walkup, Materials Recovery Manager
Glen Evett, Last Chance Mercantile/Hazardous Materials Manager
Guy Petrabor, Director of Engineering & Compliance/District Engineer
Jeff Lindenthal, Director of Communications & Sustainability
Ron Mooneyham, Equipment Maintenance Manager
Rebecca Aguilar, Executive Assistant/Clerk of the Board
Angela Goebel, Public Education Specialist

OTHERS PRESENT: Ted Terrasas, City of Monterey
Charlie Cordova, GreenWaste Recovery
Mark Dias, Monterey County Environmental Health Bureau
Susan Warner, Salinas Valley Solid Waste Authority

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and presence of a quorum established, the June 17, 2016 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

There were no public communications.

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 20, 2016 Regular Board Meeting
- 2) Approve District Report of Disbursements, and Board and Employee Reimbursements

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

3) Receive Report on June 8, 2016 Finance Committee Meeting

The Board reviewed a summary of the Finance Committee meeting, in which discussion was mainly held on the revised 2016/17 Fiscal Year (FY) Budget.

It was moved by Director Pendergrass, seconded by Director Delgado, and Unanimously Carried to: Receive Report on June 8, 2016 Finance Committee Meeting.

4) Receive Report on June 8, 2016 Personnel Committee Meeting

The Board reviewed a summary of the Finance Committee meeting in which discussion was held on the personnel impacts to the FY 2016/17 Budget. Discussion was also held in closed on the recruitment of the Director of Administration and Finance.

It was moved by Director Theis, seconded by Director Bales, and Unanimously Carried to: Receive Report on June 8, 2016 Personnel Committee Meeting.

5) Adopt Preliminary Budget for Fiscal Year 2016/17

Chair Allion stated that the Preliminary Budget for FY 2016/17 had been reviewed with the Finance Committee on June 8th and the Committee had provided guidance to staff. The Preliminary Budget for FY 2016/17 uses assumptions that are prudently conservative while allowing the District to be in compliance with the 2015 Revenue Bond covenants.

Finance Manager prefaced by stated that the Preliminary Budget did not include costs for the construction of the Materials Recovery Facility until the last quarter of FY 2016/17 and did not include any tipping fee increases. The budget showed an operating loss of \$128,000 and a net loss of \$1,063,000, projects \$21,610,000 in revenues, operating expenses of \$21,738,000, and non-operating expenses of \$935,000. Capital outlay is projected at \$7,575,000. The 2015 Revenue Bond principal payments are \$895,000. Unrestricted cash reserves are projected to decrease by \$1,243,000, to \$5,483,000 which is in excess of the 20% guideline established by the Board. Cash provided by operations for FY 2016/17 is estimated at \$2,417,000 (Net Loss, Depreciation and Amortization and Closure/Post Closure Costs). The Bond Debt Service Ratio is 1.47 which is in excess of the Bond Covenant of 1.25. He stated that although incoming contract waste has been high, he had made conservative assumptions. He reviewed the salary expenses and non-salary expenses, capital outlay, and facility improvement costs.

Director Delgado inquired about compressed natural gas costs and projected revenue, and health insurance costs, and Finance Manager provided information in response.

Finance Manager reviewed the Five Year Projection and stated that he wanted to make certain the Board was aware that with the startup of the MRF, reserves would decrease under the 20% reserve level, but would recover rather quickly by 2021.

Director Downey seated at 9:50 a.m.

Board discussion followed regarding the decrease in reserves. Director Bales stated that the Finance Committee had discussed the reserves falling below the Board-established 20% and were comfortable with the five-year projections.

It was moved by Director Bales, seconded by Director Pendergrass, and Unanimously Carried to: Adopt Preliminary Budget for Fiscal Year 2016/17.

6) Adopt Resolution 2016-04 Authorizing Expenditure of Funds Pending Adoption of Final Budget for Fiscal Year 2016/17

General Manager stated that due to the delay in the budget process, adoption of the Resolution would allow for usual and customary expenditures necessary or reasonable to the continued operation of the District into the new Fiscal Year, pending adoption of the final budget at the July 22nd Board meeting.

It was moved by Director Delgado, seconded by Director Theis, and Unanimously Carried to: Adopt Resolution 2016-04 Authorizing Expenditure of Funds Pending Adoption of Final Budget for Fiscal Year 2016/17.

- 7)a. Adopt Resolution 2016-05 Authorizing Sole Source Purchase of New Caterpillar GP25N Forklift Using Preferential Competitive Pricing from National Joint Powers Alliance; and**
- b. Approve Purchase of New Caterpillar GP25N Forklift from Quinn Caterpillar of Salinas, CA at a Cost of \$36,650.42 (including Sales Tax and Freight); and**
- c. Accept Proposal from Hydraulic Tool Solutions of Marina, CA, to Convert New Caterpillar GP25N Forklift to Utilize Compressed Natural Gas at a Cost Not to Exceed \$12,161.74.**

The Board reviewed a memorandum from Equipment Maintenance Manager Ron Mooneyham regarding the purchase of a forklift for use in the Last Chance Mercantile/Household Hazardous Waste facility. General Manager commended Ron and other staff for evaluating the specific needs for the equipment purchases requested in support of District operations. Using competitive pricing through the National Joint Powers Alliance results in additional costs savings since staff time is not utilized going through a bid process.

Board discussion followed regarding the need to convert the forklift to compressed natural gas (CNG). Equipment Maintenance Manager stated that there was not much demand for forklifts using CNG, which is why manufacturers do not build them. Having a CNG station on site makes it financially feasible for the District, while allowing for the lowering of greenhouse gas footprint.

It was moved by Director Downey, seconded by Director Delgado, and Unanimously Carried to: (a) Adopt Resolution 2016-05 Authorizing Sole Source Purchase of New Caterpillar GP25N Forklift Using Preferential Competitive Pricing Through National Joint Powers Alliance; and (b) Approve Purchase of New Caterpillar GP25N Forklift from Quinn Caterpillar of Salinas, CA at a Cost of \$36,650.42 (including Sales Tax and Freight); and (c) Accept Proposal from Hydraulic Tool Solutions of Marina, CA, to Convert New Caterpillar GP25N Forklift to Utilize Compressed Natural Gas at a Cost Not to Exceed \$12,161.74.

- 8)a. Adopt Resolution 2016-06 Authorizing Sole Source Purchase of New Caterpillar GPC50N Forklift Using Preferential Competitive Pricing from National Joint Powers Alliance; and
- b. Approve Purchase of New Caterpillar GPC50N Forklift from Quinn Caterpillar, of Salinas, CA, at a Cost of \$62,478.49 (including Sales Tax and Freight); and
- c. Accept Proposal from Hydraulic Tool Solutions of Marina, CA, to Convert New Caterpillar GP25N Forklift to Utilize Compressed Natural Gas at a Cost Not to Exceed \$13,489.68

The Board reviewed a memorandum from Equipment Maintenance Manager regarding the purchase of a forklift for use in the MRF.

It was moved by Director Downey, seconded by Director Delgado, and *Unanimously Carried to: (a) Adopt Resolution 2016-06 Authorizing Sole Source Purchase of New Caterpillar GPC50N Forklift Using Preferential Competitive Pricing from National Joint Powers Alliance; and (b) Approve Purchase of New Caterpillar GPC50N Forklift from Quinn Caterpillar, of Salinas, CA, at a Cost of \$62,478.49 (including Sales Tax and Freight); and (c) Accept Proposal from Hydraulic Tool Solutions of Marina, CA, to Convert New Caterpillar GP25N Forklift to Utilize Compressed Natural Gas at a Cost Not to Exceed \$13,489.68.*

- 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 2016/17

The Board reviewed a memorandum from General Manager regarding cost of living adjustments for bargaining employee units. Operating Engineers units will receive 3% as negotiated and the management unit will receive 2.7% based on the San Francisco Bay area CPI-U ending April 30, 2016.

It was moved by Director Pendergrass, seconded by Director Theis, 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 2016/17.*

- 10) Approve Salary Schedules for Unrepresented Employees to Incorporate Cost of Living Adjustments for Fiscal Year 2016/17

The Board reviewed a memorandum from General Manager regarding cost of living adjustments for employees that were at-will and unrepresented by any bargaining unit, to exclude the General Manager.

It was moved by Director Delgado, seconded by Director Bales, and *Unanimously Carried to: Approve Salary Schedules for Unrepresented Employees to Incorporate Cost of Living Adjustments for Fiscal Year 2016/17.*

- 11) Authorize Hiring Employee at Higher Step in Salary Range (Item May Be Adjourned Until After Closed Session)

Recommendation: It was moved by Director Delgado, seconded by Director Bales, and *Unanimously Carried to: Delay Action Until After Closed Session.*

STAFF REPORTS**12) Review Finance, Operating, and Recycling Reports**

The financial statements for March 2016 were reviewed by the Board. The Year-to-Date Operating Income through March 2016 was \$2,630,189 (\$2,520,689 above Budget). The Year-to-Date Operating Expenses are \$98,884 above budget. Finance Manager stated that the Tipping Fees Revenues for the month of May 2016 were continuing the good start and were estimated at \$1,925,000 (\$500,000 above budget and \$400,000 above last year). The Year to Date Tipping Fees Revenues through May were estimated at \$19,300,000 (\$3,500,000 above budget and \$2,500,000 above last year). The Board also reviewed the Operating Report for May 2016.

13) Report on Public Education and Recycling

The Board reviewed a memorandum from Director of Communications and Sustainability Jeff Lindenthal reporting on the receipt of a \$25,000 grant from the Rose Foundation, which allows the expansion of pharmaceutical disposal education in Monterey County. To increase the impact of the grant, the District has pledged \$12,500 and has asked the Monterey Regional Water Pollution Control Agency and Salinas Valley Recycles to join the campaign. He also provided an update on Beverage Container redemption recycling center closings and stated that CalRecycle is working on an interim proposal that could make it financially feasible for centers to reopen. Following a question from Director Delgado, any questions regarding buy-back center closures should be directed to the Director of Communications and Sustainability.

The Board was reminded that the District will be conducting the third annual one-day HHW collection event at the Monterey Peninsula College, Parking Lot A on Saturday, June 25th, from 9 a.m. to 2 p.m. Staff anticipates having approximately 600 vehicles and is geared up to process traffic flow efficiently.

14) Report on District Capital Projects

The Board reviewed a memorandum from Director of Engineering & Compliance Guy Petraborg regarding District Capital Projects and were provided a time-lapse video of progress to date on the truck yard. General Manager commented that following the Board meeting in July or August, staff would arrange a tour of the truck yard for any Board members who might be interested.

OTHER CORRESPONDENCE

There was no other correspondence.

GENERAL MANAGER COMMUNICATIONS

General Manager reported that AB 1817 had been signed by the Governor on June 10, 2016. The new law provides "compensation in an amount not to exceed \$100 per day for each day of attendance at a meeting of the Board or for each day of service rendered as Director by request of the Board. A member of a District Board may receive compensation pursuant to this subdivision for no more than six days in a calendar month." This new law will become effective January 1, 2017.

General Manager also reported that no notable progress had been made on reestablishing the electrical connection of the anaerobic digester to the MRWPCA. Staff has supplied PG&E with the requested information and documents. The Board expressed concerns with the delay and directed staff to explore all options for discussion at the Finance Committee and report back to the Board.

General Manager advised the Board on Senate Bill 885 (Wolk) which would limit liability for design contractors for construction contracts. The California Special Districts Association has opposed the bill. Following Board discussion, General Manager was directed to send a letter of opposition as well.

BOARD COMMUNICATIONS

Director Downey reported on waste coming out of a GreenWaste Recovery (GWR) truck on Highway 1. District staff is currently working on a litter campaign and will follow up with GWR.

Director Delgado expressed appreciation to GWR for their recent assistance in handling a large amount of yardwaste generated from his home.

CLOSED SESSION

The Board went into closed session at 11:06 a.m. regarding the following:

- 1) Personnel Matter - Public Employee Appointment
Title: Director of Finance and Administration

RETURN TO OPEN SESSION WITH ANY REQUIRED ANNOUNCEMENTS FROM CLOSED SESSION

The Board came back into open session at 11:17 a.m. and Legal Counsel announced that in the closed session the Board had taken up the matters listed on the agenda for the closed session and reported the Board had received information and held discussion on the following matter.

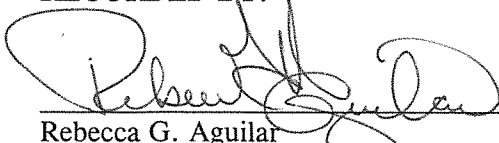
11) Authorize Hiring Employee at Higher Step in Salary Range

It was moved by Director Downey, seconded by Director Theis, and Unanimously Carried to: Authorize Hiring the Director of Finance and Administration at Step 4 with a Starting Annual Salary of \$147,407.

ADJOURNMENT

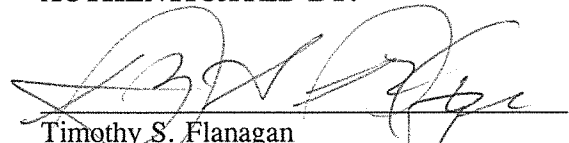
There being no further business to come before the Board at this time, the June 17, 2016 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned in recognition of the recent tragedies around the world, by Chair Allion at 11:20 a.m.

RECORDED BY:



Rebecca G. Aguilar
Executive Assistant/Clerk of the Board

AUTHENTICATED BY:



Timothy S. Flanagan
General Manager/Secretary