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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.
May 16, 2014

Boardroom
MRWMD Offices
14201 Del Monte Blvd., Marina CA

MEMBERS PRESENT: Leo Laska (Vice Chair), Pebble Beach Community Services District Board President
Gary Bales, City of Pacific Grove
Sue McCloud, City of Carmel-by-the-Sea
David Pendergrass, City of Sand City Mayor
Bruce Delgado, City of Marina Mayor (Seated at 9:52 a.m.)
Ian Oglesby, City of Seaside Councilmember
Jane Parker, (Unincorporated) Monterey County Supervisor, District 4 (Seated at 9:43 a.m.)

MEMBERS ABSENT: Dennis Allion (Chair), City of Del Rey Oaks Councilmember
Libby Downey, City of Monterey Councilmember

STAFF PRESENT: William Merry, General Manager
Rob Wellington, Legal Counsel
Tim Flanagan, Assistant General Manager
Daylene Alliman, Human Resources Manager
Richard Shedden, Senior Engineer
Chuck Rees, Finance Manager
Glen Evett, Last Chance Mercantile/Hazardous Materials Manager
Jeff Lindenthal, Deputy General Manager-Community Programs
Clyde Walkup, Assistant Materials Recovery Facility Operations Manager
Ron Mooneyham, Equipment Maintenance Manager
Rebecca Aguilar, Administrative Support Supervisor
Ida Gonzales, Administrative Support Specialist
Lynette Mooneyham, Accounting Assistant (OE3 Support Unit Representative)
Baldo Trujillo, Materials Recovery Facility Supervisor

OTHERS PRESENT: Ted Terrasas, City of Monterey
Charlie Cordova, Green Waste Recovery
Teresa Rios, Monterey County Health Department
Roberto Moreno, Salinas Valley Solid Waste Authority
Joe Cadelago, Waste Management Inc.
Chris Axton, Zero Waste Energy, LLC.

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and presence of a quorum established, the May 16, 2014 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Vice Chair Laska at 9:30 a.m.

PUBLIC COMMUNICATIONS

There were no public comments.

CONSENT AGENDA

Following a motion by Director McCloud, and seconded by Director Oglesby, the Board unanimously approved the Consent Agenda.

- 1) Approve Minutes of April 18, 2014 Regular Board Meeting
- 2) Approve Report of Disbursements
- 3) Authorize Casting of Ballot in Favor of Proposed Amendment to the Local Agency Formation Commission Cost Share Allocation Formula for Independent Special Districts
- 4) Authorize Casting of Ballot in Favor of Proposed Amendments to California Special District Association Bylaws
- 5) Authorize Issuance of Request for Proposals to Supply Trommel Screen for Use in Materials Recovery Facility Wood and Yardwaste Grinding and Screening Operation

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

6) Accept Report from Finance Committee Chair on Meeting of April 30, 2014

The Board reviewed a memorandum from Finance Committee Chair Allion. General Manager stated that the Committee had reviewed the Fiscal Year (FY) 2014/15 Preliminary Budget, and discussed the anticipated capital outlays, to include the proposed Materials Recovery Facility (MRF) Improvements, and the need for bond financing. The Committee also received an update on the Landfill Gas Facility operations prepared by District consultant Dave Edwards, of Dave Edwards, Incorporated (DEI). General Manager stated PG&E had agreed to the reduced rate for the Interconnection Charges with no need for a Facilities Study. The Board was also provided with the District's Community Infrastructure Development Plan, which had also been reviewed and revised by the Committee.

Director McCloud commented that the Development Plan provided good information on the 63-year history of the District and that perhaps staff should revisit the District's renaming.

It was moved by Director Pendergrass, seconded by Director Bales, and Unanimously Carried To: Accept Report from Finance Committee Chair on Meeting of April 30, 2014.

7) Adopt Preliminary Budget for Fiscal Year (FY) 2014/15

The Board reviewed a memorandum and the Preliminary Budget for FY 2014/15 prepared by Finance Manager Chuck Rees. Prior to the budget presentation, General Manager advised the Board that the District had received four proposals for financial advisory services and intended to conduct interviews at the end of May and bring back a recommendation at the June Board meeting.

Director Parker seated at 9:43 a.m.

District Finance Manager provided a presentation on the FY 2014/15 Preliminary Budget. He stated that any costs associated with the union negotiations are not included in the budget. The District Facility Infrastructure Improvement Plan projects and related financing requirements have been included and construction is estimated to begin during FY 2014/15 and be completed during FY 2015/16. The Preliminary Budget projects \$21,900,000 in revenues, with no increase to the landfill tipping fee. It also includes operating expenses of \$19,279,000 with a net income of \$2,411,000. Capital outlay is projected at \$6,320,000 and Facility Infrastructure Improvements outlay at \$20,000,000 of the total \$27,000,000 to be funded by a Bond Financing of \$24,000,000 anticipated in late 2014. Unrestricted cash is projected to increase by \$1,896,000 to \$10,160,130, which is \$6,859,330 above the 20% reserve guidelines established by the Board. This excess is the result of the Bond Financing proceeds that will be used to fund the balance of the Facility Infrastructure Capital Improvements (\$7,000,000) in FY 2015/16.

Director Delgado seated at 9:52 a.m.

Board discussion followed regarding the process of planned bond financing, length of financing, and bond rate. Finance Manager responded that the length of the financing will be 15-20 years with an interest rate of 3-4%. He stated that the District does not have a current bond rating because there was no debt. Director Parker inquired on the budget projections and anticipated increased recycling revenues. Finance Manager stated that the MRF improvements will increase recovery of recyclable material for sale in FY 2015/16 and staff anticipates an increase to the landfill tipping fee beginning in FY 2016/17, once improvements to the MRF are completed. Vice Chair Laska requested that staff prepare a project schedule with key dates for Board decisions.

It was moved by Director McCloud, seconded by Director Pendergrass, and Unanimously Carried To: Adopt Preliminary Budget For Fiscal Year 2014/15.

8) Approve New Classifications of Associate Engineer and Limited Term Management Specialist

The Board reviewed a memorandum from Human Resources Manager Daylene Alliman recommending the addition of two positions. She stated that with the position of Associate Engineer was part of the succession planning process and the limited term specialist would assist with current special projects.

Board discussion followed regarding the number of hours for the specialist, the likelihood of a successful recruiting for a limited term position, and the impact to the Voluntary Early Retirement Incentive (VERI) program savings with the addition of the two positions. Discussion was also held on the need to continue to track the cost savings once the anticipated savings were realized.

It was moved by Director Bales, seconded by Director Delgado, and Unanimously Carried To: Approve New Classifications of Associate Engineer and Limited Term Management Specialist.

9) **Approve Selection of Ameresco, Inc., of Framingham, MA, as Contractor for Landfill Gas to Energy Plant Operations and Authorize Staff to Negotiate an Agreement**

The Board received a report from District consultant Dave Edwards of DEI, prepared in coordination with Assistant General Manager Tim Flanagan. General Manager provided the Board with a brief history of the landfill gas (LFG) operations. He stated that operation of the LFG project has become more challenging in recent years, due to a variety of mechanical and electrical problems and with increased emissions requirements. Ameresco operates a number of landfill gas to energy plants on the Central Coast and in the Bay Area and staff believes they are best qualified among the proposers to provide the services required, and have therefore been selected for negotiation of an agreement for the LFG Plant operations. Assistant General Manager stated that with the retirement of several key LFG operations staff, bringing in an outside operator was anticipated to increase efficiencies in the production of renewable energy. District staff will continue to maintain and operate the gas field which supplies fuel to the plant.

Board discussion followed regarding the widespread of annual costs among the proposers, with Ameresco as the lowest. A question was raised regarding Ameresco's litigious reputation. Assistant General Manager replied that Ameresco's proposal was the lowest cost, and they were a large purchaser of parts, enabling them to leverage costs. Ameresco's knowledge of the District's LFG operation, and a well prepared Agreement, will reduce the potential for litigation, Staff would work with District Counsel and Special Counsel to eliminate District exposure.

Board discussion continued regarding assurance that the District received a reasonable share of the revenue resulting from sale of the power. Assistant General Manager stated that the District will receive revenue from power sales, and stated that Ameresco is judged to be well equipped to track power generation and has sufficient manpower to minimize down time of the engine generators, therefore increasing revenue. The final Agreement will be brought back to the Board for approval.

It was moved by Director Delgado, seconded by Director Parker, and Unanimously Carried To: Approve Selection of Ameresco, Inc., of Framingham, MA, as Contractor for Landfill Gas to Energy Plant Operations and Authorize Staff to Negotiate an Agreement.

10) **Approve Resolution 2014-03 Authorizing Posting of Financial Assurance in the Amount of \$24,000, with Pacific Gas & Electric Company for Interconnection Facilities and Distribution Upgrade Costs Related to Adding 3.2 Megawatts of Generation Capacity to the Landfill Gas to Energy Facility**

The Board reviewed the Resolution, and a memorandum from Assistant General Manager regarding the posting of financial assurance in the amount of \$24,000 with PG&E as a requirement to increase the District's landfill gas capacity.

It was moved by Director McCloud, seconded by Director Delgado, and Unanimously Carried To: Approve Resolution 2014-03 Authorizing Posting of Financial Assurance in the Amount of \$24,000, with Pacific Gas & Electric Company for Interconnection Facilities and Distribution Upgrade Costs Related to Adding 3.2 Megawatts of Generation Capacity to the Landfill Gas to Energy Facility.

STAFF REPORTS

11) Review Finance, Operating and Recycling Reports

The financial statements for April 2014 were not provided to the Board due to the early date of the Board meeting. Tipping Fees Revenues for April are projected to be \$1,450,000, which is \$250,000 (21%) above budgeted levels for the month. The full year Tipping Fees Revenues are projected to be \$2,240,000 (19%) above budget. The Operating Report for April 2014 was reviewed by the Board.

12) Report on May 10, 2014 One-Day Household Hazardous Waste (HHW) Collection Event

The Board reviewed a memorandum from Deputy General Manager for Community Programs, Jeff Lindenthal. He also provided a presentation to the Board and stated that the event had been tremendously successful with over 650 visitors to the HHW/electronics turn-in event. Estimates were for a turn-out of 350 visitors. A written report will be provided at the June Board meeting.

13) Report on April 23, 2014 District Technical Advisory Committee (TAC) Meeting

The Board reviewed a draft summary of the April 23, 2014 meeting of the TAC in which the MRF Improvement Project was discussed. General Manager reported that there had been good discussion on the merits of the project, and estimated costs for the MRF Improvements. TAC members requested additional information be provided at the next meeting scheduled for May 21, 2014.

14) Report on April 15, 2014 Meeting of Special Districts Association of Monterey County

General Manager provided the Board with a memorandum summarizing the meeting.

15) Report on Solid Waste Legislation and Regulatory Matters

The Board reviewed a letter from the SWANA Legislative Task Force Legislative soliciting annual contributions and outlining key legislative and regulatory items for 2014.

OTHER CORRESPONDENCE

16) Letter From Monterey Bay Unified Air Pollution Control District RE: Notice of Violation No. 13-090

The Board reviewed a letter from the Monterey Bay Unified Air Pollution Control District acknowledging receipt of a \$243 payment for a violation received due to a late submittal, by one day, of a required regulatory report.

GENERAL MANAGER COMMUNICATIONS

General Manager reminded the Board that elections for the Chair and Vice Chair for Fiscal Year 2014/15 would be held at the end of the June Board meeting. General Manager reported that interviews were held on May 2, 2014 with four firms proposing to conduct the Countywide Study of Integrated Solid Waste Management System for Monterey County. He stated that all four firms were well qualified and final selection of a firm from among the top rated firms was difficult. The firm selected to conduct the \$150,000 Study was R3/HDR, with an office in the Bay Area. Work is expected to begin by the end of May.

The Board was provided with a Reader Profile on General Manager printed in the May 2014 edition of MSW Management. The Board was also provided with a proposed new look for the Board meeting highlights, which staff plans to implement beginning with the July 2014 Board meeting.

BOARD COMMUNICATIONS

17) Letter from Director Gary Bales RE: Recognition of Service

The Board reviewed a letter from Director Bales expressing his appreciation for the recognition of his 45 years of service.

Director Parker stated that the District had received a Clean Air Award in the category of "Technology" for its Anaerobic Digester (AD) Pilot Project. General Manager expressed appreciation to Deputy General Manager Jeff Lindenthal and District consultant Brennan Jensen for their efforts in preparing the application for submittal. He introduced Chris Axton of Zero Waste Energy and stated that Chris provided excellent services in carrying out the day-to-day work at the AD project.

CLOSED SESSION

The Board went into closed session at 11:35 a.m. regarding the following:

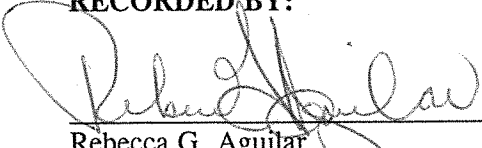
- 1) Property: Landfill Site Space/Capacity
District Negotiators: William Merry and Tim Flanagan
Negotiating Parties: Cities of Gilroy/Morgan Hill
Terms: All Terms and Conditions
- 2) Conference with Labor Negotiators:
District Negotiators: William Merry, Tim Flanagan, and Daylene Alliman
Employee Organizations: Operating Engineers and Management Employees

The Board came out of closed session at 11:57 a.m. and Legal Counsel announced that in connection with each of the items listed on the agenda, information was provided by the District's negotiators, and discussed by the Board. General directions were given by the Board, but no reportable action was taken.

ADJOURNMENT

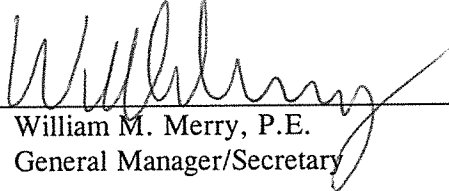
There being no further business to come before the Board at this time, the May 16, 2014 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to June 20, 2014 by Vice Chair Laska at 11:58 a.m.

RECORDED BY:



Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:



William M. Merry, P.E.
General Manager/Secretary