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VICE CHAIR

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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 Mountain

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT REGULAR MEETING MINUTES

Friday, 9:00 a.m.
February 17, 2012

Boardroom
Monterey Peninsula Landfill
Marina, CA

MEMBERS PRESENT: Leo Laska (Chair), Pebble Beach Community Services District Boardmember
Sue McCloud (Vice Chair), City of Carmel-by-the-Sea Mayor
Gary Bales, City of Pacific Grove
David Pendergrass, City of Sand City Mayor
Libby Downey, City of Monterey Councilmember
Ian Oglesby, City of Seaside Councilmember
Bruce Delgado, City of Marina Mayor
Dennis Allion, City of Del Rey Oaks Councilmember (seated at 9:29 a.m.)

MEMBERS ABSENT: Jane Parker, (Unincorporated) Monterey County Supervisor, District 4

STAFF PRESENT: William Merry, General Manager
Tim Flanagan, Assistant General Manager
Rob Wellington, Legal Counsel
Richard Shedden, Senior Engineer
Chuck Rees, Finance Manager
Daylene Alliman, Human Resources Manager
Don Prescott, Information Technology Manager
Jeff Lindenthal, Public Education and Recycling Manager
Harry Hunzie, Material Recovery Facility/Landfill Gas Manager
Glen Evett, Last Chance Mercantile/Hazardous Materials Manager
Richard Pettitt, Site Manager
Rebecca Aguilar, Administrative Support Supervisor
Kimberle Herring, Public Education Coordinator
Sonia Haro, Administrative Support Specialist

OTHERS PRESENT: Angela Brantley, City of Monterey
Hans Uslar, City of Monterey
Charlie Cordova, Green Waste Recovery
Michael Gross, GreenWaste Recovery
Ted Terrasas, Monterey County Environmental Health Bureau
Mike Niccum, Pebble Beach Community Services District
Mark Arsenault, Recology
Phil Conchee, Recology
Susan Warner, Salinas Valley Solid Waste Authority
Virginia Jameson, Supervisor Parker's Office
Joe Cadelago, Waste Management
Lewis Leader

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and presence of a quorum established, the February 17, 2012 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Chair Laska at 9 a.m.

PUBLIC COMMUNICATIONS

There were no public comments.

Emergency Agenda Item:

Chair Laska informed the Board that staff was requesting the addition of an emergency item to the agenda authorizing General Manager to send a response letter to the Monterey Peninsula Regional Water Authority (MPRWA) regarding their request for information. Legal Counsel stated that since this matter arose after the meeting agenda had been sent out and the matter required Board action before the February 23rd meeting of the MPRWA and prior to the next Board meeting, and as such, it was appropriate to add it as an emergency item, if approved by the Board. Vice Chair McCloud stated that the request was also sent to other entities.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Add "Provide Comments and Approve Draft Response Letter to Monterey Peninsula Regional Water Authority RE: Request for Information" as Emergency Item (EI) to the Agenda.

CONSENT AGENDA

Following a motion by Vice Chair McCloud, and seconded, the Board approved the following actions:

- 1) **Approve Minutes of January 20, 2012 Regular Board Meeting**
- 2) **Approve Report of Disbursements**

PRESENTATION OF SERVICE AWARDS

- 3) **Three-Year Award to Director Jane Parker**
- 4) **Three-Year Award to Director Ian Oglesby**
- 5) **Three-Year Award to Director Bruce Delgado**
- 6) **Five-Year Award to Director Libby Downey**

Chair Laska congratulated and thanked Directors Oglesby, Delgado, and Downey for their contributions to the District and presented them each with an award. Director Parker was not in attendance.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

7) **Accept Report from Finance Committee Chair on Meeting of January 25, 2012**

The Board reviewed a memorandum from Chair Laska, summarizing the meeting in which discussion centered on the mid year budget review and use of funds generated from contracted Regional Waste revenue.

It was moved by Director Bales, seconded, and *Unanimously Carried To: Accept Report from Finance Committee Chair on Meeting of January 25, 2012.*

8) **Receive Financial Reports and Mid Year Budget Review**

The Board reviewed the financial statements for January and a memorandum from Finance Manager Chuck Rees on the Mid Year Budget review. General Manager stated that the Finance Committee had reviewed the mid year budget. Following a presentation from staff, and with no significant changes in operating revenues and expenses, the Finance Committee has made no recommendation for revisions to the budget at the mid year.

Finance Manager provided a brief presentation to the Board. Fiscal Year end operating revenues are estimated to be \$55,000 greater than budgeted. Tipping fees are under budget, but are offset by the cost of living tipping fee increase on January 1, 2012, higher than anticipated revenue from the Last Chance Mercantile and metal sales. Expenditures are slightly lower than anticipated and Capital Outlay is also expected to be below budget due to the delay in construction of the Module 5 liner project.

Director Allion seated at 9:29 a.m.

Board discussion and questions to staff followed regarding specific items in the mid year budget, to which staff responded. Director Bales stated that the Finance Committee had reviewed the budget and did not see a need to revise the budget at this time, but requested that staff to return to the Finance Committee if unbudgeted items should occur.

It was moved by Vice Chair McCloud, seconded, and *Unanimously Carried To: Receive Financial Reports and Mid Year Budget Review.*

9) **Provide Comments to Draft Response Letter to City of Monterey RE: Request to Share in District Revenues**

The Board reviewed a draft letter to the Mayor of the City of Monterey responding to the Mayor's December 8, 2011 letter request that the District share its revenue with the City of Monterey and other member agencies. General Manager stated that as directed by the Board at the meeting, the draft letter had been reviewed by the Finance Committee and comments received had been incorporated into the draft letter provided to the full Board.

Chair Laska stated that there was very specific language in the response letter regarding state laws that created the District and which allow for only very specific and limited powers, and the District cannot share revenues with or provide services to member agencies that do not relate directly to the District's designated powers to maintain and operate a landfill site and related facilities. It was also the general consensus of the Board that the District did not have excess revenue available due to anticipated capital outlay for equipment and site and facility improvement projects.

Board discussion followed regarding the response letter. Vice Chair suggested further changes to the letter. Director Downey asked Chair Laska if he would meet with City of Monterey staff for further discussion.

It was moved by Director Pendergrass, seconded, and *Approved by Chair Laska, Vice Chair McCloud, and Directors Allion, Bales, Delgado, Oglesby, and Pendergrass; Opposed by Director Downey To: Approve Response Letter to City of Monterey, as Amended.* Motion Carried

- 10) **Award Three-Year Contract to Bianchi, Kasavan, & Pope, LLP, of Salinas, CA, to Perform Annual Audit for Fiscal Years 2011/2012 through 2013/2014 at an Annual Cost of \$25,000 Plus Consumer Price Index Adjustment**

The Board reviewed a memorandum from Finance Manager with regard to awarding a three-year contract to Bianchi, Kasavan & Pope (BKP) to perform the annual audit. The proposal from BKP is judged to be the most responsive, and best meets the needs of the District.

Board discussion followed regarding proposals received by the District. Vice Chair McCloud expressed concern regarding the Consumer Price Index (CPI) adjustment included in BKP's proposal.

It was moved by Director Pendergrass, seconded, and *Approved by Chair Laska and Directors Allion, Delgado, and Pendergrass; Opposed by Vice Chair McCloud, and Directors Bales, Downey, and Oglesby To: Award Three-Year Contract to Bianchi, Kasavan, & Pope, LLP, of Salinas, CA, to Perform Annual Audit for Fiscal Years 2011/2012 through 2013/2014 at an Annual Cost of \$25,000 Plus Consumer Price Index Adjustment.* Motion Failed

Vice Chair requested that staff approach BKP to negotiate the removal of the CPI.

It was moved by Director Pendergrass, seconded, and *Approved by Chair Laska, Vice Chair McCloud, and Directors Allion, Downey, Delgado, Oglesby, and Pendergrass; Opposed by Director Bales To: Award Three-Year Contract to Bianchi, Kasavan, & Pope, LLP, of Salinas, CA, to Perform Annual Audit for Fiscal Years 2011/2012 through 2013/2014, Pending Removal of Consumer Price Index Adjustment, at an Total Cost of \$75,000.* Motion Carried

- E1. ***Provide Comments and Approve Draft Response Letter to Monterey Peninsula Regional Water Authority RE: Request for Information***

The Board reviewed a letter to the District from the newly formed Monterey Peninsula Regional Water Authority (MPRWA), comprised of six Monterey Peninsula cities, requesting a response regarding the District's interest and role in working with the MPRWA in securing a future water supply. In the draft response letter, which was requested by February 23rd, the District stated that it was interested in working with the MPRWA and that it could supply renewable power to support a local water production operation.

It was moved by Director Parker, seconded, and *Unanimously Carried To: Approve Response Letter to Monterey Peninsula Regional Water Authority RE: Request for Information.*

STAFF REPORTS

- 11) **Review Operating and Recycling Reports**

The Board reviewed the Operating Report for January. Total Solid Waste Accepted into the site (excluding regional and contract waste) was 23,610 tons. The Regional Waste tonnage from Watsonville, Capitola, Scotts Valley, and Green Waste Recovery was 55, 622, 608 and 9,646, respectively.

12) Report on Public Education, Recycling and Litter

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal reporting that District staff had submitted CalRecycle funding application on behalf of six of the member agencies. He also reported on the first compost workshop held in 2012, in which 42 people had signed up to learn about composting.

Director Delgado expressed appreciation to Public Education and Recycling Manager for securing funding to be used by the cities for litter abatement and clean-up purposes.

13) Report on Solid Waste Legislation and Regulatory Matters

General Manager provided the Board with a summary of the Legislative Task Force (LTF) teleconference call on February 2, 2012. Lisa Wood (City of San Diego) and Nancy Ewert (Kern County) were elected as Chair and Vice Chair of the LTF for two year terms. He also provided the Board with an update on several legislative bills of interest.

OTHER CORRESPONDENCE

14) Resolution from Pebble Beach Community Services District RE: Re-Appointment of Leo Laska to Four Year Term on the MRWMD Board of Directors

The District received an appointment resolution from the Pebble Beach Community Services District advising that Director Laska had been re-appointed to a new four-year term on the Board. His new term runs from January 1, 2012 through December 30, 2015.

GENERAL MANAGER COMMUNICATIONS

General Manager reported that a community meeting will be held at the District on February 16th regarding the possibility of forming a local Community Choice Aggregation (CCA). Such a CCA would be patterned after one formed in Marin County to allow residents to purchase renewable power (as much as 100%) from the local CCA instead of purchasing the power offered by the utility, PG&E, which comes with a much lower percentage of renewable (15% to 20%). Staff will be providing updates in the future regarding local CCA efforts to the Board. Vice Chair McCloud requested that community meeting agendas be provided to the Board.

He also reported that the District will be sponsoring AB 1234 Ethics Training, required of all elected officials every two years, on March 6th, at 9:30 am at the District Administrative offices. He stated that there were seats available if any local agencies were interested in sending staff or elected officials.

BOARD COMMUNICATIONS

Director Delgado expressed appreciation to Public Education and Recycling Manager for submitting the CalRecycle applications on behalf of the cities, as reported under Agenda Item 12, and thereby securing funding to be used by the cities for litter abatement and clean up purposes.

BOARD WORKSHOP

15) Receive Staff Report and Provide Direction on the Preliminary Materials Recovery Facility Upgrade Options Report; and Ratify Contract with JR Miller & Associates to Develop Preliminary Design and Financial Pro-Forma for MRF Upgrades, for a Cost not to Exceed \$25,000

The Board reviewed a memorandum from Assistant General Manager and a Preliminary Materials Recovery Facility (MRF) Upgrade Options Report. The memorandum provided background information on the creation of the District's current MRF in 1996. The Options Report is a principal element of the District's Strategic Work Plan approved by the Board in 2011. General Manager stated that the purpose of providing the information was to initiate further discussions between the District, the Board, member agencies, and the franchise haulers. He stated that staff anticipated having additional and firmer costs for the upgrades, along with operating costs at the April Board meeting. As stated in his manager's report, District staff and the Board have been in discussion on the need for an upgraded MRF for the past three years. Those discussions have been captured in the District's Strategic Work Plan, which is specifically aimed at making upgrades to the MRF, with an objective that such upgrades would be a significant contributor in achieving a communitywide diversion rate of 75%, which is now a statewide diversion goal by 2020.

Assistant General Manager provided the Board with a presentation on the history of materials processing at the District to include current operations. He also provided the benefits and opportunities of an upgraded MRF along with a MRF upgrade summary listing five options. At the very least, MRF upgrades need to be made to the existing Construction and Demolition (C&D) sorting line to replace the 15-year-old worn out equipment, and to continue the successful diversion efforts with more efficient and modern equipment.

The most expansive and expensive of the options would be an upgrade to not only replace the existing C&D sorting line, but to also install a new mixed waste and mixed recyclables processing line, which would bring the member agencies into compliance with new State regulations (AB 32) for commercial and multi-family regulations and would provide additional opportunities for reductions of green house gas emissions in the community, and would provide for a 75% diversion level and additional recovery of materials for conversion to renewable energy. The Options Report contained Capital Outlay estimates. Staff is currently working with the firm of JR Miller to develop cost estimates for the operation of the MRF, under several different options, which will be incorporated into the Final MRF Upgrade Options Report at the April Board meeting. With regard to financing, staff intends to utilize a portion of the contracted regional waste for funding the capital outlay. The upgrades, in the form of equipment, will be placed within the existing building and estimates suggest that current staffing levels will be sufficient for operations..

Board discussion followed regarding the presentation. Director Allion encouraged Board members to attend a tour of other similar facilities in operation. General Manager stated that staff is arranging for a one-day tour of two new MRFs in the Bay Area in March or April. Vice Chair McCloud requested that the April report include how much revenue is anticipated will be produced by this endeavor. She also inquired about environmental impacts and Assistant General Manager responded that CEQA is already in place and the District possesses the necessary permits. General Manager added that the appropriate environmental review will be conducted and additional or updates to existing permits will be secured. Director Delgado asked if staff had access to diversion information from the franchised haulers in order to obtain waste characterization information. General Manager responded that staff has requested the information from Waste Management, but has not received it to date, although it would be useful to have that information. Staff intends to meet with the franchised haulers to share ideas related to processing of wastes and will make another request for the information.

Mike Niccum, General Manager for Pebble Beach Community Services District, addressed the Board and stated that he had been a participant on the District's Strategic Planning Advisory Task Force, now the Technical

Advisory Committee, and as everyone is considering how to handle their waste and recycling and this proposed upgrade might provide an opportunity to level the playing field and allow for other haulers to submit proposals for services.

Mark Arsenault, Recology, stated that he had heard a lot of good discussion and believed this project provided many opportunities to improve services and looked forward following the process and any opportunity for participation.

Susan Warner, Salinas Valley Solid Waste Authority, commented on whether the District had considered mining the existing landfill. General Manager responded that District staff has considered that option in years past and concluded it is not a prudent endeavor nor is it cost effective at this time.

Michael Gross, Green Waste Recovery (GWR), stated he liked what the District was proposing which would provide better opportunities for other franchise haulers, such as GWR, to consider engaging in the proposal process.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Receive Staff Report on the Preliminary Materials Recovery Facility Upgrade Options Report; and Ratify Contract with JR Miller & Associates to Develop Preliminary Design and Financial Pro-Forma for MRF Upgrades, for a Cost not to Exceed \$25,000.

CLOSED SESSION

The Board went into closed session at 11:40 a.m. regarding the following:

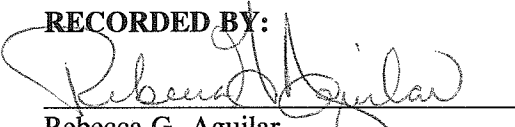
- 1) **Conference with Property Negotiators:**
 - Property:** Methane Gas in Monterey Peninsula Landfill
 - District Negotiators:** William Merry, Tim Flanagan, Don Prescott
 - Negotiating party:** Northern California Power Agency and 3 Phases Renewable Power
 - Terms:** All Terms and Conditions
- 2.) **Personnel Matter**
 - a. **Public Employee Performance Evaluation: General Manager**

The Board convened back into open session at 12:25 p.m. and Legal Counsel announced that in the closed session, with regard to Item 1, the Board received information and gave instructions to its negotiators. With regard to Item 2, the Board completed the performance evaluation of the General Manager; no other action taken.

ADJOURNMENT

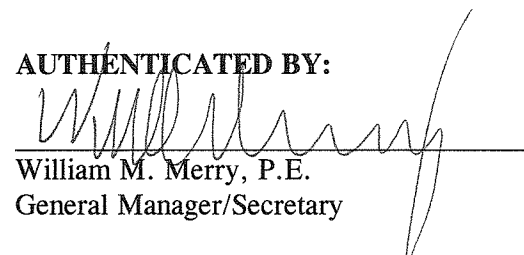
There being no further business to come before the Board at this time, the February 17, 2012 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to March 16, 2012 by Chair Laska at 12:26 p.m.

RECORDED BY:



Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:



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