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# 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 18, 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  
Gary Bales, City of Pacific Grove  
David Pendergrass, City of Sand City Mayor  
Libby Downey, City of Monterey Vice Mayor  
Jane Parker, (Unincorporated) Monterey County Supervisor, District 4  
Ian Oglesby, City of Seaside Councilmember  
Bruce Delgado, City of Marina Mayor  
Dennis Allion, City of Del Rey Oaks Councilmember

**MEMBERS ABSENT:** None

**STAFF PRESENT:** William Merry, General Manager  
Tim Flanagan, Assistant General Manager  
Rob Wellington, Legal Counsel  
Richard Shedden, Senior Engineer  
Chuck Rees, Finance Manager  
Don Prescott, Information Systems Manager  
Jeff Lindenthal, Public Education and Recycling Manager  
Daylene Alliman, Human Resources Manager  
Harry Hunzie, Material Recovery Facility/Landfill Gas Manager  
Rebecca Aguilar, Administrative Support Supervisor  
Kimberle Herring, Public Education Coordinator  
Ida Gonzales, Administrative Support Specialist  
Clyde Walkup, Materials Recovery Facility Operations Supervisor

**OTHERS PRESENT:** Hans Uslar, City of Monterey  
Charlie Cordova, Green Waste Recovery  
Gricelda Barron, LiUNA Local 297  
Ted Terrasas, Monterey County Environmental Health Bureau  
Brad Hagemann, Monterey Regional Water Pollution Control Agency  
Mike Niccum, Pebble Beach Community Services District  
Doug Kenyon, Republic Services of Salinas  
Felipe Melchor, Waste Management  
Joe Cadelago, Waste Management  
Robert Moreno, Salinas Valley Solid Waste Authority  
Lewis Leader

**ROLL CALL AND ESTABLISHMENT OF QUORUM**

With notice duly given and presence of a quorum established, the May 18, 2012 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Chair Laska at 9:30 a.m.

**PUBLIC COMMUNICATIONS**

Felipe Melchor, Waste Management (WM), addressed the Board to invite them and District staff to WM's luncheon, being held that day, in appreciation of their drivers for being accident free since the beginning of 2012.

**CONSENT AGENDA**

Director Downey requested Item 4 be pulled and action taken separate from the Consent Agenda; the Board agreed.

*Following a motion by Director Pendergrass, and seconded, the Board approved the following actions:*

- 1) **Approve Minutes of April 16, 2012 Special Board Meeting**
- 2) **Approve Minutes of April 20, 2012 Regular Board Meeting**
- 3) **Approve Report of Disbursements**

**OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION**

- 4) **Approve 10% Salary Range Adjustment for Public Education Coordinator Classification and Corresponding Amendment to Memorandum of Understanding with Operating Engineers Support Unit**

The Board reviewed a memorandum from Human Resources Manager Daylene Alliman. This matter was required to be addressed under the three-year Agreement negotiated in 2011 with the Operating Engineers Support Unit.

*It was moved by Director Pendergrass, seconded, and Approved by Chair Laska, Vice Chair McCloud, and Directors Allion, Bales, Delgado, Parker, and Pendergrass; Opposed by Director Downey To: Approve 10% Salary Range Adjustment for Public Education Coordinator Classification and Corresponding Amendment to Memorandum of Understanding with Operating Engineers Support Unit.*

- 5) **Accept Report from Finance Committee Chair on Meeting of April 25, 2012**

The Board reviewed a memorandum from Chair Laska summarizing the April 25, 2012 Finance Committee meeting. Discussion centered on the Preliminary Budget for Fiscal Year (FY) 2012/13 and the proposed upgrades to the Materials Recovery Facility (MRF).

Director Bales commented that the Finance Committee had spent a significant amount of time reviewing the information provided for the MRF upgrade project and had agreed with staff recommendation. Chair Laska stated that the direction given to staff was to include the project capital cost in the Preliminary Budget for FY 2012/13 and place the matter on the agenda for full Board consideration.

It was moved by Vice Chair McCloud, seconded, and *Unanimously Carried To: Accept Report From Finance Committee Chair on Meeting of April 25, 2012.*

- 6) **Authorize Staff to Proceed with Design Plans and Specifications to Upgrade the Materials Recovery Facility to Include Replacement of Existing Construction & Demolition (C&D) Sort Line, and Installation of New Sort Line to Process Mixed Commercial Waste and Multi-Family Waste at an Estimated Cost of \$17 Million; and Present the Capital Costs in the Preliminary Budget for FY 2012/13**

The Board reviewed a memorandum and related material for the proposed \$17 million MRF upgrades from Assistant General Manager Tim Flanagan. General Manager stated that at the April meeting, the Board had deferred this matter and staff was directed to provide further information to the Finance Committee. The information was presented to the Finance Committee at their April 25<sup>th</sup> meeting and the Committee had been supportive of including funds in the Preliminary Budget for FY 2012/13 to continue design work and for project capital costs.

Assistant General Manager provided the Board with a presentation on the existing MRF operations and replacement of the existing construction and demolition (C&D) sort line, due to wear and tear. The new C&D sort line would have the capability of processing more waste due to advancement in technology over the last 20 years, and at a lower cost since it would need less personnel to operate. Upgrading the MRF would involve installing a new mixed waste sort line that would allow the District to process the material brought by the waste haulers, which is currently going to the landfill. He stated that the operating costs would be offset by the recycling revenue. The two sort lines combined would increase diversion by about 52,000 tons annually, more than doubling the annual diversion from the MRF operations. The new mixed waste line would be built within the existing infrastructure and would enable member agencies to meet state mandates for increased recycling, since existing recycling efforts appear to have leveled off and there is a lot of interest in the business community to increase diversion with many events striving for zero waste.

Assistant General Manager stated that the existing bonds would be paid off in early 2013 and staff proposed a down payment of \$3 million with the remaining \$14 million being financed. He provided the Board with financial information that left \$30,000 in net impact, which was an increase of about \$0.15 per ton. He also provided the Board with a timeline for implementation. Staff anticipates returning to the Board in September to authorize the selection of a final design consultant at a cost of approximately \$25,000 to \$50,000.

Board discussion followed regarding concerns with the timeline and the Board's future ability to provide input to or even reject the project, estimated increased diversion, reducing the net financial impact so that the community would not be faced with any tip fee increases, and the impact to member agencies diversion numbers once the economy bounces back. Director Downey expressed concern regarding the September plan to select a design consultant without the Board having an opportunity to decide to move the project forward and financing the project instead of using the revenue received by the regional waste contracts. Vice Chair McCloud stated that information received from the design consultant would allow the Board to make a more informed decision. Director Oglesby stated that the Board had the ability to stop the project at any point prior to authorization of construction. General Manager stated that staff intended to research and provide the Finance Committee with options for their consideration, on how best to proceed to design, build, and operate the facility.

Director Bales asked that staff provide a one to two page report on the project so that Board members could provide it to their respective agencies to keep them apprised of the project and its intent. The Board agreed that it was important to further review the financial data to minimize any increases to the tip fee and that it was important that the District continue to be forward-thinking, providing leadership to the community, and to be prepared for the future.

Doug Kenyon with Republic Services of Salinas addressed the Board in support of the project. He stated that once the economy begins to recuperate and more construction begins around the area, it will be necessary to have a facility that is able to handle the commercial waste. Most construction contractors did not have the space or manpower to process C&D materials on site and prefer to pay to have the material processed for them. He also believed that a potential increase to the tip fee of \$0.15 was nominal compared to the benefits of having the ability to process and divert more waste.

Mr. Melchor addressed the Board and also spoke in support of the project. He stated that WM works closely with special event organizers who are looking to increase diversion; partnering with the District with an upgraded MRF and anaerobic digestion project can facilitate making these events zero waste events. He further stated that it was exciting to see the potential of the upgraded MRF and it will help allow the District to continue its legacy of being the best solid waste system in North America.

Following her motion, Director Parker stated that she appreciated the vision of the Board and staff and the way staff made sure that projections were cautious and conservative, which was why the District was in such a strong financial position and in the position of being able to set the standard for others to follow. Vice Chair McCloud asked that staff report at the June meeting on plans for implementing commercial and multi-family recycling to meet the July 1<sup>st</sup> start date. General Manager asked Mr. Melchor to provide WM's commercial and multi-family diversion information to include in staff's report to the Board.

***It was moved by Director Parker, seconded, and Unanimously Carried To: Authorize Staff to Proceed with Design Plans and Specifications to Upgrade the Materials Recovery Facility to Include Replacement of Existing Construction & Demolition (C&D) Sort Line, and Installation of New Sort Line to Process Mixed Commercial Waste and Multi-Family Waste at an Estimated Cost of \$17 Million; and Present the Capital Costs in the Preliminary Budget for FY 2012/13.***

**7) Adopt Preliminary Budget for Fiscal Year 2012/13**

The Board reviewed a memorandum and related Preliminary Budget information for FY 2012/13 prepared by Finance Manager Chuck Rees. General Manager stated that with the Preliminary Budget, the District continues with a hiring freeze for non-essential positions, controlling spending as much as possible, and no increase to the solid waste tip fee.

Finance Manager provided a presentation to the Board with the following: Revenues were estimated at \$20,475,000, which was a decrease of \$90,000 compared to the FY 2011/12 Budget mostly due to decreased tonnage. Operating expenses are projected at \$19,128,000, an increase from the FY 2011/12 Budget, mainly due to increased contractual services, professional services, and increased cost for fuels and oil. Capital Outlays are projected at \$7,387,000, an increase of \$1,795,500 from the FY 2011/12 Budget, mainly because of the construction delay of the Module 5 liner project. Other anticipated expenditures include replacement of a bulldozer, the woodline upgrade and other MRF capital repairs, new wells and pipelines for the landfill gas collection systems, overhaul of the 2002 Jenbacher J320 engine/generator, and other capital equipment repairs.

Principal payments on bond and lease obligations are \$625,000. The revenue bonds will be paid off in March 2013. Unrestricted cash will decrease by \$3,519,000, primarily because of the construction expense of the new Landfill Module 5 liner. Net Income is projected at \$1,423,000, and Unrestricted Cash Reserves are projected to decrease by \$3,519,000 to \$3,527,334 which is \$225,734 above the 20% Cash Operating Expense Reserve guideline established by the Board. Cash provided by operations is estimated at \$4,043,000 (Net Income, Depreciation and Amortization and Closure/Post Closure Costs), which is more than offset by the acquisition of

capital assets of \$7,387,000, principal paid on bonds and debt of \$625,000, partially offset by transfers of cash from restricted accounts of \$450,000 primarily due to the elimination of the Bond Rate Stabilization Fund (\$500,000) as the Revenue Bond is paid off.

Board discussion followed regarding the Preliminary Budget figures and incoming tonnage projections. Director Delgado inquired about the impact or offset of the projected low refuse tonnage from inside the District and high regional waste tonnage from GreenWaste Recovery (GWR) and whether there were other potential regional waste contracts being considered. Finance Manager stated that the GWR tonnage and related revenue was beneficial to the District. General Manager commented that the two waste streams were received at different tip fee rates and that staff was being conservative because GWR is also experiencing waste reduction, and staff was investigating potential opportunities for additional regional waste acceptance.

*It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Adopt Preliminary Budget for Fiscal Year 2012/13.*

**8) Award Construction Contract for Landfill Module 5 Liner to Low Bidder, Raminha Construction of Atascadero, CA in the Amount of \$2,977,685**

The Board reviewed a memorandum from Senior Engineer Rick Shedden regarding the award of a construction contract for the Landfill Module 5 liner to the low bidder Raminha Construction in the amount of \$2,977,685. General Manager stated that staff was pleased with the competitive bids received. He commended staff for their cost savings efforts in planning and preparing the design and bid documents, preparing the Module 5 area for construction to reduce the amount of work to be performed by the contractor, and therefore reducing the construction costs in the bids. Senior Engineer stated that Raminha's references were excellent and staff was confident they met the District needs. He pointed out that Module 5 will have a waste capacity of approximately 5,000,000 tons and, at an average landfill disposal rate of 320,000 tons per year, will have a service life of approximately 15 years (to the year 2027). Funds for the work are included in the Capital Outlay portion of the FY 2011/12 Budget and the Preliminary Budget for FY 2012/13.

*It was moved by Director Oglesby, seconded, and Unanimously Carried To: Award Construction Contract for Landfill Module 5 Liner to Low Bidder, Raminha Construction of Atascadero, CA in the Amount of \$2,977,685.*

**9) Authorize Execution of Agreement for Construction Quality Assurance Services for Module 5 Liner Project with RMC Geoscience of Petaluma, CA, in the Amount of \$299,817**

The Board reviewed a memorandum from Senior Engineer regarding the execution of an agreement for construction quality assurance (CQA) services for the Module 5 liner project with RMC Geoscience (RMC) in the amount of \$299,817. Senior Engineer stated that staff determined RMC's proposal was the most responsive to the District needs and was in the best interests of the District. The CQA work is a regulatory requirement, closely monitored by the Regional Water Quality Control Board. Funds are included in the Capital Outlay portion of the Preliminary Budget for FY 2012/13 for the work.

Board discussion followed regarding not selecting the lowest bidder. Senior Engineer replied that these were Proposals for professional services, not bids; as such, several factors along with price are considered. He stated that RMC correctly estimated the amount of field work and hours required to perform the CQA services and recommended requesting approval for a revised CQA Plan that is consistent with the testing frequency standards of practice, which will reduce lab testing fees by approximately \$60,000. If the District is successful in obtaining approval of a revised CQA Plan, as recommended by RMC, the total estimated cost of the CQA Services will be

reduced from \$299,817 to \$238,973. RMC has the experience and expertise to carry-out CQA work for a solid waste landfill liner project, which coupled with the cost savings, lead staff to recommend RMC over the other proposals received.

*It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Authorize Execution of Agreement for Construction Quality Assurance Services for Module 5 Liner Project with RMC Geoscience of Petaluma, CA, in the Amount of \$299,817.*

**10) Adopt Resolution (2012-03) Approving Amendment to PERS Contract to Provide Section 20475 (Different Level of Benefits)**

The Board reviewed a memorandum from Human Resources Manager Daylene Alliman. Adopting the resolution will implement a provision in the three year employee agreements negotiated in 2011, to implement a 2% at age 60 CalPERS retirement benefit for new employees hired, effective June 1, 2012.

*It was moved by Director Pendergrass, seconded, and Unanimously Carried To: Adopt Resolution (2012-03) Approving Amendment to PERS Contract to Provide Section 20475 (Different Level of Benefits).*

**STAFF REPORTS**

**11) Review Finance, Operating, and Recycling Reports**

The Board reviewed the financial statements for April 2012. The Operating Loss for April is \$93,468.74. The loss is the result of decreased Revenue received from Landfill Tipping Fees and from Power Sales, and increased expenses due to the cost of Fuel, Professional Services, and repairs and maintenance to landfill heavy equipment. The year-to-date Operating Income through April is \$610,740.86. The year-to-date total Operating Expenses are \$15,703,007.72 and year-to-date Operating Revenues are \$16,313,748.58.

The Board also reviewed the Operating Report for April 2012. Total Solid Waste Accepted into the site (excluding Contract and Regional Waste) was 23,135 tons. Contract and Regional Waste tonnage for April from Watsonville, Capitola, Scotts Valley, and GreenWaste Recovery was 49,722, 623, and 7,507 tons, respectively.

**12) Report on April 17, 2012 Meeting of Monterey County Special Districts Association**

The Board reviewed a memorandum from General Manager summarizing the April 17, 2012 Monterey County Special Districts Association meeting.

**OTHER CORRESPONDENCE**

**13) Letter to Member Agency City Managers RE: Model Franchise Agreement**

The Board received a copy of the letters sent to City Managers following the April Board meeting along with the Model Franchise Agreement (MFA) document and Issues Summary. General Manager stated he would be discussing the MFA and MRF upgrade plans to City Managers at their May 18, 2012 meeting.