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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 Mercantile

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT REGULAR MEETING MINUTES

Friday, 9:30 a.m.
October 17, 2014

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 Councilmember
Gary Bales, City of Pacific Grove
Sue McCloud, City of Carmel-by-the-Sea
David Pendergrass, City of Sand City Mayor
Leo Laska, Pebble Beach Community Services District Board President
Libby Downey, City of Monterey Councilmember (seated at 9:15 a.m.)
Bruce Delgado, City of Marina Mayor (seated at 9:30 a.m.)
Jane Parker, (Unincorporated) Monterey County Supervisor, District 4

STAFF PRESENT: William Merry, General Manager
Rob Wellington, Legal Counsel
Tim Flanagan, Assistant General Manager
Chuck Rees, Finance Manager
Daylene Alliman, Human Resources Manager
Jack Cook, Safety Manager
Jeff Lindenthal, Deputy General Manager-Community Programs
Richard Petitt, Site Manager
Richard Shedden, Senior Engineer
Rebecca Aguilar, Administrative Support Supervisor
Victor Aguillon, Heavy Equipment Mechanic
Holly Yanez, Recycling Attendant / OE3 Laborer/Sales Clerk (LSC) Unit Representative
Kirk Bennett, Site Laborer I / OE3 LSC Unit Representative
Baldo Trujillo, Materials Recovery Facility Supervisor / OE3 Operations Unit Representative

OTHERS PRESENT: Ted Terrasas, City of Monterey
Charlie Cordova, GreenWaste Recovery
Maria Ferdin, Monterey County Environmental Health Bureau LEA
Bronwyn Nielson, Monterey County Environmental Health Bureau
Teresa Rios, Monterey County Environmental Health Bureau
Mike Niccum, Pebble Beach Community Services District
Rose Gill, Salinas Valley Solid Waste Authority
Roberto Moreno

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and presence of a quorum established, the October 17, 2014 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Chair Allion at 9:00 a.m.

CLOSED SESSION

The Board went into closed session at 9:02 a.m. regarding the following:

- 1) Conference with Labor Negotiators:
District Negotiators: William Merry, Tim Flanagan, Daylene Alliman
Employee Organizations: Operating Engineers and Management Employees
- 2) Negotiation with Unrepresented Employee: General Manager
- 3) Conference with Property Negotiators:
Property: Landfill Site/Property/Operations
District Negotiators: William Merry, Tim Flanagan
Negotiating Parties: Clean Energy, Trillium CNG, Green Waste Recovery,

Director Downey was seated at approximately 9:15 a.m. during Closed Session.

RETURN TO OPEN SESSION WITH ANY REQUIRED ANNOUNCEMENTS FROM CLOSED SESSION

The Board came back into open session at 9:28 a.m. and Legal Counsel announced that in closed session the Board had discussed the matters listed on the agenda and no action had been taken. He advised the Board that relative to Item 2, it would be appropriate to take action at this time.

Chair Allion stated that the recommendation of Item 2 was to provide the General Manager with the same compensation improvements that had been negotiated with the Management Unit. Board discussion was held regarding the negotiated improvements.

Following a motion by Vice Chair Oglesby, seconded by Director McCloud, and Approved by Chair Allion, Vice Chair Oglesby, and Directors Bales, Laska, McCloud, Parker, and Pendergrass, with Director Downey abstaining To: Approve Same Compensation Improvements for General Manager as Negotiated with the Management Unit. Motion Carried.

Director Delgado was seated at 9:30 a.m.

PUBLIC COMMUNICATIONS

There were no public communications.

CONSENT AGENDA

Director McCloud requested that staff ensure that reference to the proposed desalination plant be clarified in the General Manager's goals. Director Parker expressed appreciation that the Goals had been aligned with the Strategic Plan objectives. Director Delgado thanked General Manager for his performance and thanked him for his service.

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

- 1) Approve Minutes of September 19, 2014 Regular Board Meeting
- 2) Approve Report of Disbursements, and Board and Employee Reimbursements
- 3) Approve General Manager Goals for Fiscal Year 2014/15

PRESENTATIONS

- 4) Presentation by Evan Edgar of Edgar & Associates, Sacramento, on Converting Organics to Compressed Natural Gas (CNG) Vehicle Fuel

General Manager introduced Evan Edgar of Evan Edgar and Associates, who was very knowledgeable on solid waste issues around the state and most recently with technologies that convert organic waste into biogas that can be converted into "carbon negative" compressed natural gas to fuel the truck collection fleet that collects waste, recyclables and organics.

Mr. Edgar provided a presentation to the Board and discussed recent changes in law affecting organics diversion and outlined the benefits of using CNG fuel compared to diesel fuel, such as to lower greenhouse gas and hydrocarbon emissions.

Seven of the nine District member agencies have approved new franchise agreements with Green Waste Recovery, which will be operating new compressed natural gas (CNG) collection vehicles. The District is producing biogas, and is planning to harvest its biogas to produce a "carbon negative" CNG fuel for collection vehicles.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

- 5) Accept Report from Finance Committee Chair on Meeting of October 1, 2014

The Board reviewed a summary from the Finance Committee Chair of the October 1, 2014 meeting. Discussion was held on the 2014/15 Final Budget including implementation of the Memorandums of Understanding with the employee units, the Bond financing process, the Joint Powers Agreement amendment; and an update on operations and capital projects was provided by staff.

It was moved by Director McCloud, seconded by Vice Chair Oglesby, and Unanimously Carried To: Accept Report from Finance Committee Chair on Meeting of October 1, 2014.

6) Authorize General Manager to Negotiate Fifteen-Year Agreement with Both Clean Energy of Newport, CA, and Trillium CNG of Salt Lake City, UT, to Design, Build, Own, Operate, and Transfer a Compressed Natural Gas Vehicle Fueling System to be Located on District Property

The Board reviewed a memorandum from Assistant General Manager Tim Flanagan. General Manager stated that the compressed natural gas (CNG) fueling station would initially produce CNG fuel using pipeline natural gas from PG&E, but soon thereafter using either landfill gas or digester gas. The fifteen year term of the agreement would be the same as for the new franchise agreement with GreenWaste Recovery (GWR), whose 40 trucks would run on CNG fuel. The District evaluation panel interviewed four CNG vendors on October 8th and has selected the top two vendors from among the four, with whom to negotiate an agreement, with the goal of reaching an agreement with the vendor offering the most favorable terms and conditions to the District. The Qualifications submitted by Clean Energy and Trillium CNG were provided to the Board. Staff plans to return to the Board with a recommendation at the November Board meeting.

It was moved by Director McCloud, seconded by Director Delgado, and Unanimously Carried To: Authorize General Manager to Negotiate Fifteen-Year Agreement with Both Clean Energy of Newport, CA, and Trillium CNG of Salt Lake City, UT, to Design, Build, Own, Operate, and Transfer a Compressed Natural Gas Vehicle Fueling System to be Located on District Property.

7) Authorize Call for Construction Bids for Truck Parking and Maintenance Facility

The Board reviewed a memorandum from Assistant General Manager and a project Schedule and project Site Plan of the proposed truck yard and CNG fueling station layout. Assistant General Manager stated that this was a high priority project for the District, in order to have the new truck yard ready as soon as possible when GWR begins service in April 2015. Staff anticipates making a recommendation of a contractor at the December Board meeting.

Director Downey expressed appreciation for the consideration of obtaining Leadership in Energy & Environmental Design (LEED) certification. Board discussion followed regarding the additional costs to acquire the LEED certification and staff was directed to pursue LEED certification and bring back further information to the Board. Discussion was also held regarding water supply and other utility needs for the facility.

It was moved by Director Pendergrass, seconded by Director Downey, and Unanimously Carried To: Authorize Call for Construction Bids for Truck Parking and Maintenance Facility.

8) Receive Status Report on Bond Financing

The Board reviewed a memorandum from District Bond Financial Advisor John Greenlee which provided an update on the bonding process. The first draft of the Bond documentation has been created and the revised target date for the bond closing is March 18, 2015.

It was moved by Director McCloud, seconded by Director Delgado, and Unanimously Carried To: Receive Status Report on Bond Financing.

9) Approve Amendment to Monterey Regional Waste Management Joint Powers Authority Agreement

The Board reviewed a draft Amendment to the Joint Exercise of Powers Agreement for the Monterey Regional Waste Management Authority (the "JPA Agreement") and pages 1,7 and 8 (Article 7-Flow Control) of the original 1993 JPA Agreement. General Manager stated that the Authority was formed in 1993 for the purpose

of issuing bonds to construct capital projects related to recycling at the District, principally the materials recovery facility (MRF).

The draft Amendment updates wording related to the flow control of solid waste and discards to the District facilities for processing and disposal, and to be consistent with the new 15-year GWR franchise agreements recently approved by seven of the nine member agencies of the District. The Amendment also provides for the redirection of recyclable materials to the District's Materials Recovery Facility (MRF), which is being designed and upgraded to accept delivery of those recyclables. General Manager stated that the new Section 7.02 of the draft Amendment provides for the redirection by the member agencies of recyclable materials to the District's "improved" MRF, which is being designed and upgraded to accept those recyclables, as provided for in the new fifteen year franchise agreements with GWR, and which accounts for the fact that the City of Monterey and the County of Monterey have presently existing and continuing franchise agreements. He stated that he had met with both County and City of Monterey staff to discuss that wording. He stated that the County will be asked to join the Authority as they elected in 1993 to not sign on as a member. Staff will be requesting that member agencies consider approval of the amendment to the JPA Agreement and will provide a presentation at that time.

Board discussion followed regarding the original JPA Agreement and the District's original creation in 1951 as a Garbage and Refuse Disposal District. Legal Counsel provided background information on the creation of the District and legislation required to make changes to the State code under which the District was governed. Director McCloud inquired whether language could be included in the Local Agency Formation Commission (LAFCO) Municipal Services Review which was currently underway. Legal Counsel stated that LAFCO had no authority over JPAs. He clarified that once member agencies approve the amendment, a meeting of the Authority will be held to take action on the amendment.

It was moved by Director Parker, seconded by Director McCloud, and Unanimously Carried To: Approve Amendment to Monterey Regional Waste Management Joint Powers Authority Agreement.

10) Accept Report from Personnel Committee Chair on Meeting of October 1, 2014

The Board reviewed a summary from the Personnel Committee Chair of the October 1, 2014 meeting. The Committee supported hiring BHI Consultants to provide assistance for shared services between the Monterey Regional Water Pollution Control Agency and the District.

It was moved by Vice Chair Oglesby, seconded by Director Parker, and Unanimously Carried To: Accept Report from Personnel Committee Chair on Meeting of October 1, 2014.

11) Ratify Agreement with BHI Management Consulting of Tracy, CA, to Develop a Shared Services Pilot Program in an Amount not to Exceed \$29,900 to be Shared with the Monterey Regional Water Pollution Control Agency

The Board reviewed a Proposal from BHI Consultants to evaluate the possibilities of sharing services with the Monterey Regional Water Pollution Control Agency (MRWPCA) in areas of finance, human resources, safety, engineering, public outreach and administrative services at a cost not to exceed \$29,900, to be shared equally with the MRWPCA.

It was moved by Director Delgado, seconded by Director McCloud, and Unanimously Carried To: Ratify Agreement with BHI Management Consulting of Tracy, CA, to Develop a Shared Services Pilot Program in an Amount not to Exceed \$29,900 to be Shared with the Monterey Regional Water Pollution Control Agency.

- 12) Approve Memorandums of Understanding (MOU) Negotiated with:
- a) Management Bargaining Unit
 - b) Operating Engineers Union (OE3) Laborers and Sales Clerk Bargaining Unit
 - c) OE3 Support Personnel Bargaining Unit
 - d) OE3 Operations Bargaining Unit

The Board reviewed a memorandum from Human Resources Manager Daylene Alliman summarizing the provisions of the three year agreements with the District four employee bargaining groups. The three year contracts will expire on June 30, 2017. The Board expressed appreciation to all negotiating staff and all employees in reaching mutual agreements.

It was moved by Director McCloud, seconded by Director Laska, and Unanimously Carried To: Approve Memorandums of Understanding (MOU) Negotiated with:

- a) Management Bargaining Unit
- b) Operating Engineers Union (OE3) Laborers and Sales Clerk Bargaining Unit
- c) OE3 Support Personnel Bargaining Unit
- d) OE3 Operations Bargaining Unit

- 13) Approve Same Compensation Improvements for At-Will Employees as Negotiated with Bargaining Units

The Board reviewed a memorandum from the General Manager requesting that the Board approve the same compensation improvements provided to the management unit for the at-will positions of Assistant General Manager, Human Resources Manager, and Director of Community Programs. General Manager was also requesting that compensation improvements negotiated with the other bargaining units be provided to the positions of Site Support Assistant, limited Term Management Specialist, and Deputy Weighmaster.

It was moved by Director Laska, seconded by Director Downey, and Unanimously Carried To: Approve Same Compensation Improvements for At-Will Employees as Negotiated with Bargaining Units.

- 14) Adopt Resolution 2014-14 Approving Final Budget for Fiscal Year 2014/15

The Board reviewed a memorandum from Finance Manager outlining the changes from the Preliminary Budget to the Final Budget for Fiscal Year 2014/15. The Final Budget includes \$21,235,000 in revenues, and expenditures of \$25,055,000 including cash operating expenses, capital outlays, increased restricted cash, and debt reduction, and projects a Net Income of \$1,511,000 and a decrease in Unrestricted Cash Reserves of \$3,820,000. Ending Unrestricted Cash is budgeted at \$4,772,776.

Chair Allion commented in support of staff for the use of conservative numbers in producing budget estimates.

It was moved by Director McCloud, seconded by Director Laska, and Unanimously Carried To: Adopt Resolution 2014-14 Approving Final Budget for Fiscal Year 2014/15.

- 15) Accept Report on Employee Injuries and Property Loss Incidents for Fiscal Year 2013/14

The Board reviewed a memorandum from Safety Manager Jack Cook. Safety Manager stated that injury costs were up and staff was refocusing on areas of concern. Director Oglesby inquired about the increase in strains and sprains. Safety Manager responded that the District had focused on back strains and had seen an increase in arm and leg strain. Assistant General Manager stated that the proposed improvements in the MRF would include better ergonomics for employees therefore reducing some of the injuries.

Board discussion followed regarding working with the MRWPCA to share training, and suggested reviewing District requirements on lifting. MRF Supervisor Baldo Trujillo addressed the Board and stated that the limit for lifting was 50 pounds, although employees are required to ask for help if they believe an object is too heavy to lift.

It was moved by Director Parker, seconded by Vice Chair Oglesby, and Unanimously Carried To: Accept Report on Employee Injuries and Property Loss Incidents for Fiscal Year 2013/14.

STAFF REPORTS

16) Review Finance, Operating and Recycling Reports

The financial statements for the month of August 2014 were reviewed by the Board. The Operating Income for August was \$372,848 and \$1,057,171 year-to-date. The year-to-date total Operating Expenses are below budget by \$268,267 at \$2,944,900. The year-to-date Operating Revenues are above budget by \$322,071 at \$3,972,071.

The Operating Report for September 2014 was also reviewed by the Board.

17) Report on Public Education, Recycling and Litter

The Board reviewed a memorandum from Director of Community Programs. Public Education Coordinator Kimberle Herring was congratulated for designing and installing an exhibit that won first place from the Water Awareness Committee at the Monterey County Fair in August.

18) Report on September 24, 2014 Technical Advisory Committee (TAC) Meeting

The Board reviewed the minutes from the September 24th meeting of the TAC. The meeting was well attended and there was a valuable exchange of information between TAC members and the new franchise hauler GWR. Monthly TAC meetings are scheduled for the next eight months in preparation for the rollout of the new service contract beginning in April 2015.

19) Report on Solid Waste Legislation and Regulatory Matters

General Manager reported on the bills that were signed into law as follows:

- a. AB 1826 (Chesbro): Diversion of organics from landfilling. This significant piece of legislation is a crowning achievement for Senator Chesbro as he prepares to complete his term in the Legislature. The Governor signed the Bill into law on September 28, 2014.
- b. SB 270 (Padilla): Single Use Carryout Bags. The Governor signed this bill into law. This matter is likely to be put up for referendum in 2016.
- c. AB 1594 (Williams): Alternate Daily Cover (ADC) Phase Out. The bill was signed by the Governor on September 28. The phase out of green waste for ADC does not directly impact the District, but there is interest in Sacramento to extend this concept to ban the use of MRF fines, which the District has used for 20 years as ADC, and if this were to come to pass, could negatively impact local diversion percentages.

OTHER CORRESPONDENCE

There was no other correspondence.

GENERAL MANAGER COMMUNICATIONS

General Manager reported on the fire that occurred in the Materials Recovery Facility (MRF) on October 4, 2014. The probable cause of the fire was hot coals from a barbecue dumped in the trash. The MRF Maintenance crew attempted to use water hoses, although a sprinkler head above the fire set off the fire alarm. The fire department responded quickly and fortunately, there were no injuries or damage to District property. District staff will be following up and have requested to meet with the Marina Fire Chief to discuss the incident and to review lessons learned.

BOARD COMMUNICATIONS**20) Review of District Committees and Appointments**

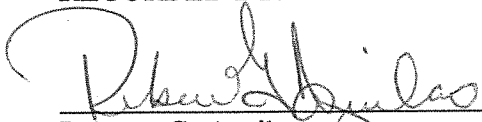
The Board reviewed the current committee appointments. Committee appointments are made by the Board Chair, historically in cooperation with the Board. These appointments may be made at any time there is a need for fill a vacancy on a Committee or to create an Ad Hoc Committee.

Discussion was held on the process of electing the Board Chair and Vice Chair. Officer elections are held at the end of the June Board meeting. Officer terms are for one year and there may be any number of concurrent terms. There are no procedures outlined in the governing legislation of the District related to election of officers, nor has the District Board adopted formal procedures for such elections. Director Parker and Downey agreed to review the current process and return back to the Board with a recommendation on whether or not a formal procedure should be adopted.

ADJOURNMENT


There being no further business to come before the Board at this time, the October 17, 2014 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to November 21, 2014 by Chair Allion at 11:30 a.m.

RECORDED BY:



Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:



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