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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.
October 21, 2016

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 Mayor Pro Tem
Gary Bales, City of Pacific Grove
David Pendergrass, City of Sand City Mayor
Leo Laska, Pebble Beach Community Services District Director
Libby Downey, City of Monterey Vice Mayor
Jane Parker, (Unincorporated) Monterey County Board of Supervisors Chair (District 4)
Bruce Delgado, City of Marina Mayor (Seated at 9:35 a.m.)

MEMBERS ABSENT: Carrie Theis, City of Carmel-by-the-Sea Mayor Pro Tem

STAFF PRESENT: Tim Flanagan, General Manager
Rob Wellington, Legal Counsel
Guy Petraborg, Director of Engineering & Compliance/District Engineer
Jeff Lindenthal, Director of Communications & Sustainability
Peter Skinner, Director of Finance & Administration
Berta Torres, Human Resources Manager
Chuck Rees, Finance Manager
Clyde Walkup, Materials Recovery Manager
David Ramirez, Senior Engineer
Glen Evett, Last Chance Mercantile/Hazardous Materials Manager
Kacey Christie, Safety and Risk Manager
Mike Rivera, Site Operations and Facilities Manager
Ron Mooneyham, Equipment Maintenance Manager
Rebecca Aguilar, Executive Assistant/Clerk of the Board
Kimberle Herring, Public Education & Outreach Coordinator

OTHERS PRESENT: Ted Terrasas, City of Monterey
Rob Durham, Monterey County
Doug, Kenyon, Republic Services of Salinas
Brian Kennedy, Salinas Valley Solid Waste Authority

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and presence of a quorum established, the October 21, 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.

Emergency Agenda Item:

General Manager commented that there was an emergency item related to California Alternative Energy and Advance Transportation Financing Authority (CAEATFA) Sales and Use Tax Exclusion that District staff had applied for, which required the Board to authorize the General Manager to execute an agreement with CAEATFA with an associated administrative cost of \$45,606.71. Legal Counsel stated that since this matter arose after the meeting agenda had been sent out and the matter required Board action before the next Board meeting, it was appropriate to add it as an emergency item, if approved by the Board.

It was moved by Director Laska, seconded by Director Oglesby, and *Unanimously Carried to: Add "Authorize General Manager to Execute the California Alternative Energy and Advance Transportation Financing Authority Sales and Use Tax Exclusion Program Master Regulatory Agreement and Signature Certificate, Subject to Final Review by Legal Counsel, with Associated Administrative Fee at a Cost Not to Exceed \$45,606.71" as Emergency Item (E1) to the Agenda.*

Director Delgado Seated at 9:35 a.m.

CONSENT AGENDA

Following a motion by Director Pendergrass, and seconded by Director Delgado, the Board unanimously approved the Consent Agenda.

- 1) Approve Minutes of September 23, 2016 Regular Board Meeting
- 2) Approve District Report of Disbursements, and Board and Employee Reimbursements

PRESENTATIONS

3) **Small Planet News: Plastic Bag Ban**

Director of Communications & Sustainability Jeff Lindenthal addressed the Board and stated that he had been at a conference in Boston to present a case study on the Last Chance Mercantile. He had come back with some good ideas that he looked forward to sharing with other staff.

He stated that Proposition 67 would be on the ballot in November to overturn the state plastic bag ban passed in 2014. Over 100 cities and counties in California had adopted their own reusable bag ordinances prior to the state

passed legislation and Prop 67 would not apply to those entities. Plastic bag waste at the landfill is still the main source of litter, and the District expends thousands of labor dollars annually for the site crew to pick up the plastic bags as windblown litter.

The Board was provided a short video regarding the use of plastic.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

4) Receive Report on October 5, 2016 Finance Committee Meeting

The Board reviewed a memorandum from Finance Committee Chair Allion.

It was moved by Director Delgado, seconded by Director Laska, and Unanimously Carried to: Receive Report on October 5, 2016 Finance Committee Meeting.

5) Appoint Ad Hoc Nomination Committee to Consider Board Chair and Vice Chair Appointments

The Board was provided with a copy of the Policy for Election of Board Officers and Appointment to Board Committees, which was approved by the Board at the February 2015 meeting. The recommendation for Chair and Vice Chair for calendar year 2016 will be submitted by the Committee for consideration at the December Board meeting.

Chair Allion appointed Director Parker as chair and Director Pendergrass as vice chair to the Ad Hoc Nomination Committee.

6) Approve General Manager Goals and District Strategic Objectives in Accordance with Strategic Plan "Pillars of Sustainability"

The Board reviewed a memorandum from General Manager regarding the development and thought process in preparation of the General Manager Goals and District Strategic Objectives, which were consistent with the "Pillars of Sustainability" adopted in 2014. General Manager stated that during this fiscal year, staff planned to focus on the "People" pillar to "Build a high-performance, safety oriented culture", although there would be objectives under the other pillars as well. He also stated that the goals and objectives for the following fiscal year would be developed in conjunction with the FY 2017/18 Budget and adopted at the same time the budget is approved. He stated that his evaluation would consist on how well the District objectives had been accomplished along with goals established by the Board.

Board discussion followed regarding the goals and objectives. Director Delgado suggested that staff provide additional information as to how the objectives would be achieved. He also requested that staff align the objectives directly to the pillars and goals for clarity. Vice Chair Oglesby suggested a numbering system for easier tracking. Director Parker stated that she appreciated how staff had prioritized the goals. Director Bales inquired about the intent of "town hall" meetings and what a 360 review meant. General Manager responded that the intent would be to gain better communication with employees by holding meetings to discuss issues and gain feedback. It was suggested that the use of "town hall" be changed as it might mistakenly be implied that they were public meetings. General Manager also stated that a "360 review" was evaluations from his direct reports, which would then be provided to the Board for information while conducting his overall evaluation. Chair Allion suggested that staff implement the comments received and bring back the goals and objectives at the November meeting.

It was moved by Director Parker, seconded by Director Laska, and Unanimously Carried to: Direct Staff to Revise General Manager Goals and District Strategic Objectives as Suggested and Bring Back for Consideration of Approval at the November Board Meeting.

7) Accept Draft Annual Report

The Board reviewed the draft 2016 Annual Report. The Board commended Director of Communications & Sustainability Jeff Lindenthal and Public Education and Outreach staff, Kimberle Herring and Angela Goebel, for a well-prepared report. The final report will be made available to all member agencies and other local public entities and District customers.

It was moved by Director Bales, seconded by Director Downey, and Unanimously Carried to: Accept Draft Annual Report.

8) Adopt Resolution 2016-14 Authorizing Five Year Lease Purchase Agreement with Municipal Finance Corporation for the Purchase New Caterpillar 836K Compactor

The Board reviewed a memorandum from the Finance Manager regarding financing the purchase of the Caterpillar 836K Compactor, which had been approved by the Board at the September Board meeting. Staff was recommending that the purchase be financed through the Municipal Finance Corporation at a 2.25% interest rate, which would allow for an additional \$1.1 million in capital that could be used towards the completion of the Materials Recovery Facility Improvements and other capital projects.

It was moved by Pendergrass, seconded by Director Delgado, and Unanimously Carried to: Adopt Resolution 2016-14 Authorizing Five Year Lease Purchase Agreement with Municipal Finance Corporation for the Purchase New Caterpillar 836K Compactor.

9) Adopt Resolution 2016-15 Approving Proposal from Cornerstone Environmental Group to Assist in Preparation of California Energy Commission Grant Application at a Cost of \$56,155

The Board reviewed a memorandum from Director of Engineering & Compliance Guy Petraborg regarding the assistance of Cornerstone Environmental Group (Cornerstone) to prepare a grant submittal at a cost of \$56,155. The grant solicitation is an offer to fund low carbon biofuel production projects at new and existing biofuel production facilities. Staff, with the assistance of Cornerstone, had submitted a pre-grant application, and the District's abstract qualified for full grant application submittal. The conversion of bio-gas to fuel is a capital intensive operation, and given the capital demand for other capital projects, staff believed this was a good opportunity to secure additional funding for current capital demands. In addition, most of the work generated would be associated with a conceptual design that could be utilized beyond this specific request.

Board discussion followed regarding the qualification requirements and the potential amount of funding that could be provided. Director of Engineering & Compliance responded that the prequalification is conducted to insure that the project is achievable. The grant funding requires that the applicant provide matching funds equal to or greater than the grant amount. The District's proposed project is in the \$1 million to \$2 million project cost range. He stated that staff considered the expenditure of \$56,155 to prepare a conceptual design and the full application to be a worthy endeavor to pursue the possibility of 50% matching funds for the project. If a grant was awarded, the conceptual design would be advanced to a detail design stage at which point it would be presented to the Board with a financial proforma for approval consideration.

It was moved by Director Delgado, seconded by Director Parker, and Unanimously Carried to: Adopt Resolution 2016-15 Approving Proposal from Cornerstone Environmental Group to Assist in Preparation of California Energy Commission Grant Application at a Cost of \$56,155.

- E1. Authorize General Manager to Execute the California Alternative Energy and Advance Transportation Financing Authority Sales and Use Tax Exclusion Program Master Regulatory Agreement and Signature Certificate, Subject to Final Review by Legal Counsel, with Associated Administrative Fee at a Cost Not to Exceed \$45,606.71**

The Board reviewed a memorandum from Finance Manager Chuck Rees regarding the participation in the California Alternative Energy and Advance Transportation Financing Authority (CAEATFA) Sales and Use Tax Exclusion Program. District staff had submitted an application to the CAEATFA for the Materials Recovery Facility Improvement equipment valued at \$11,400,000. On October 18, 2016 the CAEATFA Board of Directors had approved the District's application for the sales tax exclusion, which needed to be processed within 30 days, just prior to the next Board meeting. CAEATFA staff had calculated the estimated sales tax to be \$960,000, and with the administrative fee of \$45,606.71, the net projected savings was still well over \$914,000.

It was moved by Parker, seconded by Director Delgado, and Unanimously Carried to: Authorize General Manager to Execute the California Alternative Energy and Advance Transportation Financing Authority Sales and Use Tax Exclusion Program Master Regulatory Agreement and Signature Certificate, Subject to Final Review by Legal Counsel, with Associated Administrative Fee at a Cost Not to Exceed \$45,606.71.

STAFF REPORTS

10) Review Finance, Operating, and Recycling Reports

The financial statements for July 2016 were reviewed by the Board. The financial statements for August and September 2016 are not completed due to the audit process. The FY 2016-2017 year-to-date Tipping Fees Revenues through September 2016 were estimated at \$6.0 million, which is above budget by \$1.5 million and prior year by \$0.6 million. The Operating Report for September 2016 were also reviewed by the Board.

11) Report on Public Education and Recycling

The Board reviewed a memorandum from Director of Communications & Sustainability, in which he reported on the grant to expand and promote secure medicine "take-back" locations throughout the Monterey Peninsula and Salinas. Both the District and the Monterey Regional Water Pollution Control Agency (MRWPCA) have contributed to this program for the proper care and disposal of medicine. He also provided a list of the over 60 businesses participating in the District's "Organics to Energy" food scrap anaerobic digestion and compost program, which had been requested by the Board.

12) Report on District Capital Projects

The Board reviewed a memorandum from Director of Engineering & Compliance which provided an updated on District capital projects. Staff also provided the Board with supplemental information outlining the cost projections and the original estimates with a revised budget forecast for the Materials Recovery Facility Improvement project. The additional \$8.6 million is due to changes in prevailing wages, projects scope, price increases, and present construction business bidding environment. Several additional capital maintenance items had also not been included in the original project budget, such as the roof repairs and painting of the MRF

structural steel members to prevent further deterioration. Staff noted that there was increased revenue from contract waste, which helped to lessen the gap. Additional information would be prepared and discussed with the Finance Committee at their November meeting.

13) Report on 2016 California Special Districts Association Conference

The Board received a memorandum from Executive Assistant/Clerk of the Board Becky Aguilar reporting on her attendance at the CSDA Conference held in San Diego October 10-13.

OTHER CORRESPONDENCE

14) Correspondence from Monterey Bay Air Resources District RE: Notice of Noncompliance for Emergency Engine/Generator

The Board reviewed a Notice of Non-Compliance, for the use of a back-up generator (purchased and installed in 2007), from the Monterey Bay Air Resources District (MBARD) received on September 7, 2016. The back-up generator operates only when the LFG energy facility is down (typically less than 150 hours per year), and the lack of permitting had gone unnoticed in previous inspections by MBARD staff, and by District staff and its consultants. Staff has since obtained the appropriate permit and is working with MBARD staff to ascertain what the fine will be, if any, for the non-compliant operation of the generator.

GENERAL MANAGER COMMUNICATIONS

General Manager advised the Board that employees wished to donate the monthly cost of providing lunch during monthly general meetings to Meals on Wheels. The idea would be for the employees to bring in their own lunch for the November meeting and a representative from Meals on Wheels could provide a presentation about their program at the meeting and what the donation would help fund. The donation would be given at the same time. The Board concurred with the General Manager and commended District employees for wanting to help others.

General Manager also provided an update in his report on the status of Blanco Drain easement and the Anaerobic Digester connection to PG&E, both in conjunction with the Monterey Regional Water Pollution Control Agency. He stated that the Monterey Bay Community Power (MBCP) had produced a "draft resolution of intent" for interested cities to adopt as part of their process for evaluation of choosing to give their residents the option to stay with PG&E or selecting MBCP as their renewable energy provider. Several cities have already agendaized the item for consideration and adoption. He also provided information on the District's November 19th Open House.

BOARD COMMUNICATIONS

Director Delgado expressed appreciation to the General Manager for attending the recent city council meeting to present on the MBCP item. He stated that the General Manager always represented the District well at public events.

Director Downey stated that she had attended a forum on October 20, 2016 on carbon dioxide and global warming in which good information had been shared.

Director Parker expressed appreciation to staff for including strategic plan tie-ins on all staff reports.

CLOSED SESSION

The Board went into closed session at 11:20 a.m. regarding the following:

- 1) Public Employee Performance Evaluation: General Manager

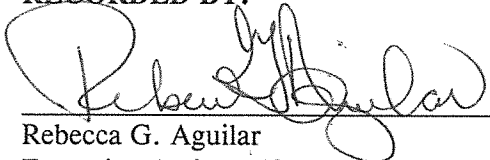
RETURN TO OPEN SESSION WITH ANY REQUIRED ANNOUNCEMENTS FROM CLOSED SESSION

The Board came back into open session at 11:58 a.m. and Legal Counsel announced that in the closed session the Board had taken up the matter listed on the closed session agenda. Direction had been given to staff and no other action had been taken.

ADJOURNMENT

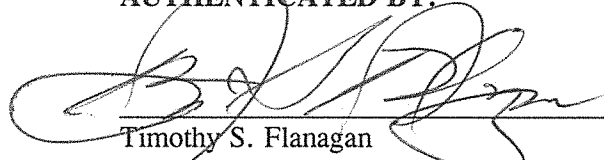
There being no further business to come before the Board at this time, the October 21, 2016 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned by Chair Allion at 11:58 a.m.

RECORDED BY:



Rebecca G. Aguilar
Executive Assistant/Clerk of the Board

AUTHENTICATED BY:



Timothy S. Flanagan
General Manager/Secretary