



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: October 7, 2016
TO: Board of Directors
FROM: Finance Committee Chair
SUBJECT: Summary of Finance Committee Meeting of October 5, 2016

The Finance Committee met on October 5th at 9:00 a.m., at the District administrative offices. Committee members in attendance were Directors Bales, Laska and Pendergrass. Staff members in attendance were Tim Flanagan, Guy Petraborg, Chuck Rees, Jeff Lindenthal, Peter Skinner and Becky Aguilar. Rob Wellington was also in attendance. The purpose of the meeting was to receive update on the Annual Audit for FY 2015/16, update the Anaerobic Digester Connection Agreement with MRWPCA, provide updates on the Capital Project Updates, discuss proposed Easement with MRWPCA Blanco Drain Project and General Management Comments. Discussion is summarized below and followed the attached agenda.

1. **Annual Audit for Fiscal Year 2015/2016.** Staff noted the significant differences in the financial statements from the prior year were the result of the spending on the capital projects that are primarily funded by the 2015 Revenue Bonds and the full year activity by the new franchise hauler. The members of the committee agreed that the information provided by staff was clear and that they were looking forward to the draft audit report being presented at the next meeting.
2. **Update on Anaerobic Digester Connection Agreement with Monterey Regional Water Pollution Control Agency (MRWPCA).** The General Manager updated the Committee regarding the Anaerobic Digester (AD) Project power generation. PG&E has notified ZWE and the District that the AD Pilot project can be reconnected to the MRWPCA and this is scheduled for the second or third week in October.
3. **Update on Pipeline Easement with Monterey Regional Water Pollution Control Agency.** Staff reported that a meeting has been scheduled for October 11th, however, the urgency has been reduced and MRWPCA has initiated an appraisal of the easement value.
4. **Discussion on Caterpillar Compactor Financing.** In an attempt to conserve cash reserves during this period of intensive capital investment, staff solicited three proposals to finance (lease) the Caterpillar Compactor that was authorized at the September Board Meeting. The borrowing rates were below 3.0% and staff requested that the lease be presented to the Board at the October Meeting. The Committee discussed this item and agreed with staff to present the lease option to the full Board.
5. **Status of Community Choice Aggregation (CCA).** Staff updated the Committee on the status of the formation of the CCA. It was noted that the District had been requested to share in the cost of a survey/poll of the communities to determine the popularity/need for the CCA. The Committee Members discussed this issue and determined that staff should place this issue of the October Board meeting agenda.

6. **Capital Project Updates.** The Guy Petraborg updated the Committee on the progress of the Capital Projects. He noted significant progress on the Landfill Gas facility and three engines were currently producing power onto the grid and the fourth engine is scheduled be producing power by the end of October. The CNG fueling stations and Truck Yard and Maintenance facility is progressing. The fast fill CNG station is operational and the Truck Yard facility is awaiting final punch list items before the occupancy permit can be issued. Staff and legal counsel continue to work on the lease with GreenWaste Recovery (GWR) for use of the Truck Yard. Staff continues to work on a bridge use agreement to allow GWR to use the facility until the final lease can be completed.

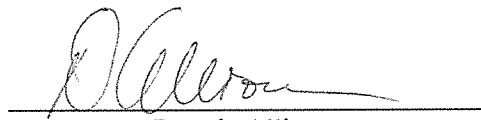
Discussion followed on the process, timing and cost for the civil construction projects required to support the installation of the Materials Recovery Facility (MRF) Improvements. The Committee discussed the overall costs to complete the MRF projects and the adequacy of the funds from the 2015 Revenue Bonds and District reserves. The Committee gave direction to staff to present at the November Committee meeting the preferred MRF option and associated cost, timing and funding sources. Director of Administration & Finance reported on the application to the California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) to waive the obligation to pay an estimated \$960,000 in sales tax. The application will be presented to the CAEATFA Board for a decision in October.

7. **General Manager Comments.** The General Manager updated the Committee on the Notice of Violation from the Monterey Bay Air Resources District for the lack of a permit for a backup generator. Staff has obtained the required permit.

The Committee was informed of the potential impacts of legislation and regulations regarding storm water and surface or contact water management. Staff is working on an overall plan to comply with these requirements and noted that there will be additional capital requirements.

District Safety Manager, Kacey Christie, had highlighted additional requirements to bring the District's safety documentation and training in order to attain a high performance and safety compliant work force. Director Laska requested that staff provide information regarding the CalPERS Actuarial Valuation Report as of June 30, 2015. Discussion followed regarding the Unfunded Accrued Liability (UAL) and how it was calculated and options to reduce this future use of funds.

8. **Next Meeting Date:** Wednesday, November 2, 2016 at 9:00 a.m.


Dennis Allion

Attachment

BOARD OF DIRECTORS
DENNIS ALLION
CHAIR

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VICE CHAIR

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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 FINANCE COMMITTEE MEETING

Wednesday
October 5, 2016
9:00 a.m.

Board Room
MRWMD Offices
14201 Del Monte Blvd., Marina CA

Attending: Committee (Board) Chair Allion; Directors Bales, Pendergrass, and Laska
Rob Wellington, Legal Counsel
Tim Flanagan, General Manager
Chuck Rees, Finance Manager
Guy Petraborg, Director of Engineering & Compliance/District Engineer
Jeff Lindenthal, Director of Communications & Sustainability
Peter Skinner, Director of Finance & Administration

AGENDA

1. Receive Update on Annual Audit for Fiscal Year 2015/16.
2. Update on Anaerobic Digester Connection Agreement with Monterey Regional Waste Pollution Control Agency.
3. Update on Pipeline Easement with Monterey Regional Water Pollution Control Agency.
4. Discussion on Caterpillar Compactor Financing.
5. Status of Community Choice Aggregation.
6. Capital Project Updates.
 - Landfill Gas Update
 - Compressed Natural Gas Facility
 - Truck Yard and Maintenance Facility
 - * Right of Entry Agreement Status
 - * Final Lease Status
 - Materials Recovery Facility
 - * Sales Tax Exclusion for Materials Recovery Facility Equipment
7. General Manager Comments.
 - Correspondence with Monterey Bay Air Resources District
 - Storm Water Compliance
 - Safety Compliance and Training
 - CalPers Pension Liability
8. Next Meeting Date: Wednesday, November 2, 2016, 9:00 a.m.