



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: September 5, 2014
 TO: Board of Directors
 FROM: Dennis Allion, Finance Committee Chair
 SUBJECT: Summary of Finance Committee Meeting of September 3, 2014

The Finance Committee met on September 3rd at 9:30 a.m., at the District administrative offices. Committee members in attendance in addition to me were Directors Bales and Laska. Director Pendergrass was absent. District Counsel Rob Wellington was also present. Ian Crooks from CalAm, and Jim Moresco and Emily Hanson from GreenWaste Recovery also attended. The purpose of the meeting was to review items and provide direction related to the Budget for Fiscal Year (FY) 2014/15, Bond Financing process, Materials Recovery Facility (MRF) Improvements, Truck Yard, Compressed Natural Gas (CNG) Fueling Station, Landfill Gas (LFG) Project Operations, LFG Power Sales. The General Manager requested and the Committee approved the addition of a Closed Session Agenda Item regarding Union Negotiations. Discussion is summarized below and followed the attached agenda.

Final Budget for FY 2014/15. Staff reported that the union negotiations are continuing and the Final Budget would not be available until the October 2014 Board meeting. The District will continue to operate under the continuing resolution approved at the June 2014 Board meeting. Staff noted that Bianchi, Kasavan & Pope had completed their audit field work and are now in the process of reviewing the financial reports and preparing their opinion. The draft financial statements were presented and the operating income is \$2.9 million as noted at the last Board meeting. Director Laska asked staff to look into Monterey County's investment pool to see if the District could increase the rate earned over that provided by the State via the Local Agency Investment Fund (LAIF) pool.

Bond Financing Process. Staff updated the Committee on the kick-off meeting that was held with the newly formed bond financing team on August 22nd after the Board meeting and wherein an updated Preliminary Timeline for the bond process was prepared. The request for proposals (RFP) to prepare an Engineering Report has been sent out and staff will bring a recommendation to hire a firm to the September Board Meeting. Underwriter Raymond James and District Financial Advisor Caldwell Flores Winters (CFW) are working collectively to develop a Term Sheet as a guide for drafting the first round of documentation for the bond financing. In CFW's opinion, expressed during the kick-off meeting, there were no major issues that were identified that rose to a level that would impact the sizing, timing or ability to close the bond financing.

Capital Projects Status Reports. The Committee directed staff to prepare a report for the Board that will outline the steps that will be taken to inform the individual jurisdictions and the public about why the District is undertaking these capital improvement projects, how they will benefit the community, and at what cost.

Materials Recovery Facility Improvement Project. Staff described the process that will be taken to prepare a short list from among the five equipment vendor's that submitted qualifications. The next step in the process is to solicit and review the proposals from equipment vendors that are anticipated to be received by mid-October. A recommendation for an equipment vendor is anticipated to be presented to the Board in November.

Truck Yard Parking and Maintenance Facility. Staff updated the Committee on the Truck Yard and Maintenance Facility and noted that JR Miller is preparing final design plans and specifications for bidding. Preparation of the plans and specifications is 65 % complete and construction bid documents are anticipated to be released in October and the construction contract awarded in December.

CNG Fueling Station. The CNG Fueling Station is the most time sensitive element of the projects as the franchise hauler will need to fuel the new trucks by as early as March 2015. Staff is seeking means to expedite the construction of the fueling station process. Staff requested, and received, the Committee's approval to include an option in the Request for Qualifications for the General Manager to negotiate a turnkey design/build/operate agreement. The Committee discussed the projects, their timing, overall costs and impact on District operations. The Committee directed staff to develop a matrix that will show the timing, uses, funding and payback for each of the projects.

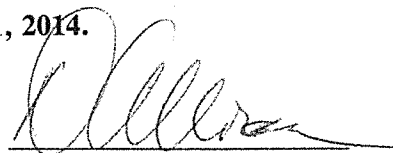
Update on Landfill Gas Facility Operations and Power Sales. Staff updated the Committee on the Landfill Gas to Energy Facility contract negotiations with Ameresco for the operation of the generating plant. Staff updated the status of securing a new Power Sales agreement when the current contract expires in early 2015. Ian Crooks from California American Water Company (CalAm) confirmed that the current timeline for the start-up of the desalinization plant would be mid-2018 to mid-2019 and that the negotiations with the District regarding a power sales agreement could begin in mid to late 2015. The Environmental Impact Report process will need to be completed first. The Committee discussed these points and concluded that desal project delays may push a start date back. Mr. Crooks noted that CalAm would be able to utilize PG&E's power during the startup phase, and during initial plant operation if necessary. The Committee requested staff to prepare a document to show the best uses of the District's landfill gas, and to present the document for discussion with the full Board. The Committee concluded that the terms of a Power Sales Agreement for selling any renewable power produced by the District should not preclude the sale of power to the proposed CalAm desalination facility.

MRWPCA Joint Efforts. MRWPCA and the District intend to jointly engage a consultant to prepare a Feasibility Report on combining the MRWPCA's biogas and the District's landfill gas (biogas), and the preferred means for processing organics. The Committee agreed that it is critical time for the two organizations infrastructure needs and that a jointly prepared feasibility study could be beneficial to both agencies.

General Manager Comments. The General Manager reviewed his comments and updated the Committee on the County Wide Study on the integrated solid waste system.

Closed Session. The Committee met, discussed occurred, and no action was taken.

Next Meeting Date: 9:30 a.m. Wednesday, October 1, 2014.



Dennis Allion

Attachment:

Monterey Regional Waste Management District Capital Improvement Projects

EDUCATION AND OUTREACH PLAN

The MRWMD is working on 3 major capital projects including: Materials Recovery Facility Improvement Project, Truck Yard and Maintenance Facility for Franchise Hauler, and CNG Fueling Station for Franchise Collection Vehicles.

Justification for the projects includes the need to update aging infrastructure, opportunity to reduce emissions and carbon footprint, and compliance with legislative and regulatory actions requiring a major shift in the way waste and organic materials are managed.

Combined project cost approximately \$34 million to be financed through revenue bonds, reserve funds, and future tipping fee increases.

Project Overview Presentations will be offered to business and civic groups including:

- Monterey Commercial Property Owners Association
- Monterey County Business Council
- Monterey County Hospitality Association
- Monterey County Convention & Visitors Bureau
- Monterey County Association of Realtors
- Monterey Peninsula Business Coalition
- Monterey Peninsula Chamber of Commerce, Government Affairs Committee
- Monterey Peninsula Taxpayers Association
- Carmel Chamber of Commerce
- Fisherman's Wharf Association
- Pacific Grove Chamber of Commerce
- Monterey County Farm Bureau