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MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

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General Manager

GUY PETRABORG, P.E., G.E.
Director of Engineering & Compliance

JEFF LINDENTHAL
Director of Communications & Sustainability

PETER SKINNER
Director of Finance & Administration

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Director of Operations

ROBERT WELLINGTON
Legal Counsel

SPECIAL MEETING AGENDA STRATEGIC PLANNING RETREAT

Tuesday
March 27, 2018
8:30 a.m. – 2:30 p.m.

Conference Center
Shoreline Occupational Services
249 10th Street, Marina CA

CALL TO ORDER

ROLL CALL

PUBLIC COMMUNICATIONS

Anyone wishing to address the Board on matters not appearing on the Agenda may do so now. The public may comment on any other matter listed on the agenda at the time the matter is being considered by the Board.

STRATEGIC PLANNING RETREAT

ADJOURNMENT

Monterey Regional Waste Management District

Board Strategic Retreat: Financial Stewardship & Sustainability

Tuesday, March 27, 2018; 8:30am – 2:30pm

Shoreline Conference Center, 249 10th Street, Marina, CA 93933



MRWMD Mission:

Turning waste into resources in the most cost effective and environmentally sound manner to benefit the community.

ATTENDEES:

MRWMD Board

- Dennis Allion - City of Del Rey Oaks
- Gary Bales - City of Pacific Grove
- Jerry Blackwelder - City of Sand City
- Jason Campbell - City of Seaside
- Bruce Delgado - City of Marina
- Libby Downey - City of Monterey
- Leo Laska - Pebble Beach Community Services District
- Jane Parker - Monterey County
- Carrie Theis - City of Carmel

MRMWD Staff

- Becky Aguilar - Executive Assistant/Clerk of the Board
- Tim Brownell - Director of Operations
- Kacey Christie – Safety Manager
- Glen Evett - Hazardous Materials/Last Chance Mercantile Manager
- Tim Flanagan - General Manger/Board Secretary
- Garth Gregson - Accounting Manager
- Angela Goebel, Public Education & Outreach Specialist
- Kimberle Herring, Public Education & Outreach Coordinator
- Jeff Lindenthal - Director of Community Programs
- Rosa Marcelo, Assistant Accounting Manager
- Ron Mooneyham - Equipment Maintenance Manager
- Guy Petraborg - Director of Engineering/Compliance/District Engineer
- David Ramirez - Senior Engineer
- David Saucedo, Assistant Materials Recovery Facility Manager
- Peter Skinner - Director of Finance/Administration
- Berta Torres - Human Resources Manager
- Clyde Walkup - Materials Resource Facility Manager
- Rob Wellington - Legal Counsel

FACILITATOR

Michelle Slade - C⁴ Consulting

SESSION PURPOSE: To enable the Board to provide strategic governance, direction, and guidance with special emphasis upon ensuring effective financial stewardship and sustainability necessary to further advance the MRWMD Mission.

OBJECTIVES: As a result of this session, the Board will engage with the MRWMD Management Team to:

1. Gain a greater understanding of the existing MRWMD Strategic Plan and context,
2. Assess MRWMD's financial health to better address existing commitments, mandates, and emergent opportunities by:
 - a. Clarifying current financials & sharing budget projections/models;
 - b. Exploring key assets, challenges;
 - c. Determining viable, prioritized strategies for strengthened financial stewardship & sustainability
3. Receive draft Strategic Vision presentation and provide guidance and direction to the MRWMD Management Team to further develop a strategic capital plan to:
 - a. Service existing commitments
 - b. Comply with legislative mandates
 - c. Ensure readiness to maintain responsiveness to community and innovation opportunities.

AGENDA*: Strengthening Our MRWMD Financial Stewardship & Sustainability

**=Facilitated by Michelle Slade and presented by MRWMD Executive Leadership unless otherwise noted.*

8:15am CHECK-IN & MORNING REFRESHMENTS

8:30am OPENING

- Welcome, Affirm Session Purpose, Introduce Facilitator
- Review Agenda & Approach
- Introductions & Establish Working Agreements for Productive Session

8:50am TAKING STOCK - FROM OUR FOUNDING TO TODAY AND INTO OUR FUTURE

Where are we today? How did we get here? Where are we going? What is Our Unique Value Proposition & Strategic Framework? How does our community view us and how do we compare to similar agencies?

- Our WHY, Mission, Core Services & Customers
- Board, Staff & Jurisdiction Functions, Roles & Responsibilities
- Our Pillars of Sustainability & Major Strategic Initiatives
 - Compliance with Existing Unfunded Major Legislative Mandates
 - Board & Management Survey Results
- Parallels & Partnerships - Paul Sciuto, Monterey One Water
- Brand Discovery Charrettes - Spencer Critchley, Boots Road Group
- Regional Benchmarking Insights

9:50am BREAK

10:00am TAKING AIM – DEFINING OUR STRATEGIC VISION

What is Staff's proposed vision for a sustainable long-term future that:

- *Meets existing commitments - including operations and facilities maintenance, improvements;*
- *Complies with existing six major unfunded legislative mandates; and*
- *Ensures readiness to maintain responsiveness to community and innovation opportunities?*
- Presentation of the MRWMD 85th anniversary Annual Report & State of the District
- Generative Dialogue

12:00pm LUNCH

12:30pm TARGETING ACTION: EVALUATING OUR STRATEGIC CHOICES

Which operational scenarios best suit the needs of our business and stakeholders? What assumptions are necessary to ensure financial viability?

- Review of operating scenarios, assumptions and outcomes

TARGETING ACTION: PRIORITIZING OUR FINANCIAL STRATEGIES

Which financial strategies are most viable? What constraints do we have - by jurisdiction and by region? How do we want to sequence, prioritize these strategies? What support is needed to effectively deploy our strategies - within each Jurisdiction, from/for the District, across the Region?

- Tip Fees
- Fee Surcharges
- Debt
- Capital Reserves

2:15pm CLOSING:

- Affirm Key Agreements, Assignments & Next Steps
- Evaluate Session

2:30pm ADJOURN

General Manager Introduction

(March 27, 2018 Strategic Planning Workshop)

Our Strategic Planning Workshop today is an important next step in the continuance of what we believe is “sustainable excellence” that the DISTRICT has represented to the residents of Monterey County for more than sixty-five years. We began the process of “next steps” in Strategic Planning last fall with a review of the District’s history, an understanding of our present infrastructure and funding sources, and the beginnings of a presentation of our future infrastructure needs, compliance obligations, business opportunities, and financing approaches to meet those needs and obligations.

Historically, the Board and staff have worked on the development of strategic planning together. Those past exercises have yielded very good dividends as we managed our District through financially challenging times, developed comprehensive, modern franchise agreements for our member agencies, collectively drafted our operational mission and vision statements captured in our “Pillars of Sustainability”, and designed and implemented two main centerpieces of the “Waste as a Resource” infrastructure in the truck yard and CNG fueling facility, and the comprehensive MRF 2.0 just opened for business last month. That being said, we collectively have some major decisions remaining to tackle together.

This facilitated process, led by Michelle Slade, is designed to provide plenty of opportunity for your comments and strategic thinking. This process is a combination of staff led discussion and Board interaction with the entire management staff present to further understand, contribute, and listen to the Board’s ideas and concerns.

The District’s Work Plan was updated in the 2013 Board workshop, and it has been used to guide staff efforts over the last several years. This process may feel familiar to a few of you who have participated in past Strategic Planning sessions for the District. As I reflect on the past Strategic Planning sessions, I see that the framework of topics and decision points are similar, yet regulatory changes and changes in the market place have occurred which require our attention at this time.

A lot has happened in the solid waste industry and in the areas of legislative requirements and regulatory compliance since 2013. Many of these unfunded mandates have a direct effect on the business the District conducts on behalf of our member jurisdictions. It is in these areas we hope to develop plans and templates for our operations that ensure regulatory compliance and achievement of the legislative mandates of the State of California in an environmental and fiscally responsible manner.

Concerns over greenhouse gas emissions from landfills and associated waste collection and processing programs present alternate pathways for future waste management programs and practices. With this in mind, staff will present “The District – Celebrating 85 Years of Sustainable Excellence 2036”. This will be a look backward from the District of the future – “back to the future” as it were. The purpose of taking this approach is to frame how our decisions today - now - will affect the District in the future.

One of the principal missions of the District is to protect both public health and safety and the environment. This is accomplished by using the physical infrastructure for solid waste management which has been built over the last 67 years at the District: the landfill and Landfill Gas To Energy Plant, the Materials Recovery Facility - version 2.0, the Household Hazardous Waste Facility, the Last Chance Mercantile store, the new truck yard and CNG fueling station, greenwaste composting, woodwaste recycling, concrete and asphalt concrete recycling, and food waste recycling in the anaerobic digester. The recycling and disposal infrastructure is in place at the District to continue this resource management, recycling and energy recovery into the future.

Staff will present alternatives for the future – none of these alternatives will be “business as usual”. The current legislative framework your jurisdictions have to comply with will not allow that. Most of the decisions will not be inexpensive – but the District has had a good history of developing programs and options that are cost effective and promote cost containment strategies by mixing sound District operations with focused public/private partnerships in our base of operations.

The landscape has changed – the District needs to work within that changing landscape. We need to develop strategic financial reserves to care for our existing service commitments and position ourselves for these upcoming changes. We will need to look beyond our District borders to continue to partner with regional jurisdictions and companies that help us meet our mission of “Turning Waste Into Resources”. And we need to continue to work with our neighbor agencies such as Monterey One Water which we believe will help in recognizing the benefits for rate-payers across Monterey County.

We appreciate that you were able to set aside the time for the Workshop and look forward to a productive and enjoyable session. Thanks again for your Service and Dedication in our mission of “Turning Waste Into Resources”.



PILLARS OF SUSTAINABILITY

Our mission is to Turn Waste Into Resources in the most cost effective and environmentally sound manner to benefit the community.

PEOPLE



An engaged and talented workforce allows us to pursue the District's mission.

.....

Utilize an intentional and mindful process in the recruitment, development, and growth of our people.

.....

Build a high performance, safety-oriented culture.

.....

Promote the health and well being of our employees.

FINANCE



Strike a balance between community needs, cost containment, and environmental protection.

.....

Develop a sustainable revenue structure that provides funding for the programs and services we provide to the community.

.....

Follow and update the District's alternative funding options.

.....

Pursue strategic partnerships that allow for increased efficiencies and revenues, decreased costs, and enhanced environmental benefits.

ENVIRONMENT



The District's environmental stewardship promotes a sustainable community.

.....

Support member agencies with implementation of state-of-the-industry franchise collection contracts.

.....

Construct the MRF improvement project to increase diversion.

.....

Promote the beneficial use of biogas.

COMMUNITY



District services and programs to be responsive to the unique needs of our community.

.....

Ensure the effectiveness of the District's programs, services, and strategic partnerships.

.....

Strengthen the District's identity in the community.

.....

Build upon our coordinated education and outreach programs between District and community partners.

INNOVATION



Early adopters of programs and processes that best serve the needs of the District and the community.

.....

Track industry trends through involvement and education.

.....

Develop a comprehensive and innovative plan to maximize use of technology.

.....

Maximize opportunities to become a carbon-neutral energy producer.

Legislative Mandates Guiding Our Future



- 1989 - AB 939 Mandates 50% waste diversion by 2000. District builds Construction & Demolition MRF(1996) to ensure compliance
- 2006 - AB 32 Global Warming Solutions Act
 - Reduce GHG emissions 40% below 1990 levels by 2035
- 2012 - AB 341 Mandatory Commercial Recycling
 - Establishes 75% recycling goal by 2020
- 2014 - AB 1826 Mandatory Commercial Organics Recycling
 - Phased in ban on disposing of commercial organics in landfills 2016-2020
- 2016 - SB 1383 Organic Waste Methane Emissions Reductions
 - By 2025, achieve 75 percent reduction in statewide disposal of organic waste from the 2014 level
- 2017 CalGreen Requires 65% diversion from construction projects

Monterey Regional Waste Management District Board Strategy Session: Financial Stewardship & Sustainability



PRE-SESSION SURVEY SUMMARY ANALYSIS

Our upcoming Strategy Session will be a wise use of my time, if:

Thoughtful, Well-structured & Facilitated Session that Fosters Shared Understanding

- We have a focused, timed agenda
- There are realistic ideas presented
- Is informative and objective to District needs
- We focus on future needs, rate options, regulatory issues
- People gain a common understanding of needs, opportunities and priorities
- I listen more than talk
- Just having meeting is beneficial

Strategic Plan Defined & Enables Action/Implementation Work Plan

- Gain alignment on our vision and our needs
- Board looks down the road 5 to 10 years
- We produce a strategic plan that can be implemented for the next five years.
- I would phrase this question as "...will be successful, if": we can define clear, measurable objectives and action items.

Staff Gain Board Direction

- Capital Reserve Policy proposal is accepted
- Urgency of matter is recognized, decisions are made and direction provided for continued success.
- Staff feels empowered and energized to aggressively pursue clearly defined objectives

At our upcoming Strategy Session, I am most looking forward to:

Interacting across Board & Staff to Address Challenges & Opportunities

- Board interaction
- Further educating the board about the District's challenges
- Discussion of the opportunities ahead of us and the infrastructure needed to meet those opportunities
- Having an open discussion of options
- Business opportunities for Organic Waste Processing
- Getting information on the future of the district
- Collaborating as needed
- General discussions of the above
- Hearing the input from other staff
- Defining clear objectives for the agency staff to pursue

Strengthening Financial Stability

- Hearing other peoples ideas on how to continue to be financially stable.
- Discussions on future financing

Rebranding

- Setting the stage for rebranding the District name and identity

Effective Closure

- The end

To help our Strategy Session be as successful as possible, you can count on me to:

- Show up!
- Attend and participate
- Listen more than speak
- Listen and comment when needed
- Listen and participate.
- Listen and contribute where applicable
- Be candid, creative and vocal
- Fully participate
- Collaborate, listen to understand and provide honest input.
- Provide input on topics I have knowledge or experience with
- Have an understanding of existing and future infrastructure needs.
- Speak to fiduciary responsibilities and financial stewardship
- Support planning and implementation wherever needed and be engaged

Why I choose to share my talents with MRWMD:

Personal Passion/Purpose Aligned With Mrwmd Mission: Environmental Sustainability

- Providing environmental service in the public's interests
- I believe in the Mission and want to move the organization further into its ability to divert materials back into our economy and community.
- Desire to work with an organization that is trying to have a positive impact on the environment
- Interested in environment, sustainability, recycling, little abatement. methane producing electricity, composting & to represent City of Monterey
- Cutting age and well run organization. I also have a biology background so the mission of this organization is a great one.
- Commitment to mission
- Service to the community
- Doing good in the world
- Public service

Opportunity For Professional Development

- Needed a career change, new challenge
- Challenge of position and over comp package
- Technical interest in the District's mission
- Good employment opportunity with advancement potential
- To contribute to one of the leading agencies in the industry

What do you consider to be up to your top 3 CONTRIBUTIONS to advancing the MRWMD Mission, Vision, &/or Goals?

Mission-driven Visioning & Business Model Strategy

- Vision setting and articulation
- Ability to foresee issues that could arise in a particular strategy
- Want success for District and for citizens; cost effective operation
- Advance strategic planning benefits of identifying business opportunities
- Building the business base
- Engagement with member agencies via Board, TAC, community groups
- Positive attitude & supporting change
- Keen interest in helping the public good
- Being on the Boards which approved capital improvements
- Voting to provide more recycling opportunities
- Increasing the landfill capacity of MRWMD

Talent Management

- Team player
- Building a Team
- Personnel experience
- Personnel Management
- Management experience
- General management best practices and innovation
- HR expertise, dept structure: SOPs, policies, accountability, improving dept credibility.
- Importance of management leadership to workforce development and quality
Dedication
- Provide fair and consistent enforcement of policies, improving/supporting
Management credibility
- Encourage involvement for workers to achieve the mission of District
- Provide resources for workers to complete assignments
- Improve upward communication, receptivity to listening to employees

Operations & Infrastructure

- Have operations be efficient and effective
- Improved processes to improve efficiency and reduce expenses
- Operational expertise
- knowledge of operations

MRWMD PRE-SESSION SURVEY SUMMARY ANALYSIS

- Understanding of existing infrastructure
- Building out the "Zero Waste Infrastructure
- Staying focused on the regulatory requirements that must be met.
- Contributing to program expansion to meet community needs: 1 day HHW events, workshops, LCM services, marketing

Financial Savvy

- Financial management skills
- Financial management best practices
- Improved integrity of the financial reporting process.
- Identification of capital deficiencies and their associated financial risks
- Improved financial information for management and Board to make informed decisions for the District

Communications

- Advancing agency communications program
- Do a better job of telling the story of MRWMD since so much is being done by the organization that affects the community.
- Keep Monterey and citizens abreast of issues, use resources like TV, web site of Monterey

Technical Expertise

- Engineering experience
- Project planning and management
- Have public health background so that is uppermost in my mind

MRWMD PRE-SESSION SURVEY SUMMARY ANALYSIS

Priority Ranking Of Importance Of Decision-making Factors Regarding MRWMD Strategy & Future Directions (Ranking: 1=Highest Priority To 9=Lowest Priority)

	Overall	Board	Management
#1: Highest Priority	Compliance with regulation	Impact on financial soundness & integrity	Compliance with regulation
#2	Impact on financial soundness & integrity	Impact on rate payers	Impact on financial soundness & integrity
#3	Modeling financial impact on agency solvency (e.g., projections of expenses, revenues of different decisions)	Modeling financial impact on agency solvency (e.g., projections of expenses, revenues of different decisions)	Modeling financial impact on agency solvency (e.g., projections of expenses, revenues of different decisions)
#4	Impact on rate payers	Compliance with regulation	MRWMD Staff recommendations
#5	MRWMD Staff recommendations	Increasing sustainability as a key economic driver and workforce development catalyst	Other (please reference other noted in following question)
#6	Increasing sustainability as a key economic driver and workforce development catalyst	Advancing Monterey County's stature as leader in innovative sustainability	Increasing sustainability as a key economic driver and workforce development catalyst
#7	Other (please specify in #5 below)	MRWMD Staff recommendations	Impact on rate payers
#8	Advancing Monterey County's stature as leader in innovative sustainability	Other (please reference other noted in following question)	Advancing Monterey County's stature as leader in innovative sustainability
#9: Lowest Priority	Political context	Political context	Political context

What other core factors, if any, assist you in making informed, wise decisions about strategy and future directions of MRWMD besides those listed above?

Fit Within Mission

- Turning Waste Into Resources
- Benefits or impacts on the environment and community
- Impact on Climate and Environment

Alignment with Strategic Planning

- The short and long term goals of the district from a financial and environmental standpoint.
- Maintenance and planning for future and existing infrastructure
- Does District have the legal authority to undertake or provide the service the project
- Reputation of the District

Responsiveness to Community Needs

- "Responsive to community needs". I think it is important to stay in tune with our member agencies and the community as they perceive how well our programs and services meet their needs
- Discussions with City of Monterey Staff

Consideration of Market

- Market for diverted materials

MRWMD PRE-SESSION SURVEY SUMMARY ANALYSIS

Please identify up to 3 key areas you would like additional INFORMATION &/or TRAINING to help YOU become more effective in advancing MRWMD:

Strategic Planning

- Strategic planning
- Planning business sustainability
- Long range planning
- Goals and Objectives
- What are the priorities to improve operational efficiencies in the District?
- What are the expectations of the District staff and the Board from the Finance department?
- What is more important, maximizing revenue and financial performance or only serving the interests of the franchise cities?

Industry-specific Practices, Resources

- Industry background
- Energy management
- Power plant knowledge
- CA State compliance regulation for landfills
- CA State compliance and reporting for CRV
- More knowledge on how other organizations are dealing with the regulatory requirements.
- Understanding of MRF materials marketing as it develops
- I would like to attend an annual sustainability conference to help keep tabs on emerging trends and best practices
- Technology Applications
Technology (training)

Financial Analysis & Budgeting

- Financial
- finance (info)
- Financing improvements
- Budget training and analysis
- Contracting strategies and contract types
- Commodity marketing and pricing of recycled materials
- How to increase revenue stream in a waste management facility.

MRWMD PRE-SESSION SURVEY SUMMARY ANALYSIS

Talent Development

- Team Building
- Personnel Management
- Workforce Engagement
- Board's compensation philosophy
- General information sharing within staff
- Consistent departmental communications and equitable application of policy

Local Government Governance

- Local government governance

RECOMMENDED TRAINING FOR THE BOARD:

Thorough MRWMD & Industry Orientation

MRWMD Knowledge, Understanding, & First Hand Experience

- Make sure new Board Members receive an orientation and tour.
- Understanding our role <MRWMD> in the community
- Operations awareness for all facets of District
- Operations
- Local economic benefits of diversion activities (including increased workforce)

Industry Knowledge & Best Practices

- Introduction to Zero Waste, what is a Zero Waste Plan
- Understand how CRMWD infrastructure works
- National/Global Environmental benefits of Waste diversion
- Emerging trends in the solid waste industry
- Understanding of industry best practices

Regulatory Compliance 101

- Regulatory Compliance Basics
- Regulations and permits
- California laws and regulations for waste industry
- Understanding future challenges and regulatory compliance

Strategic Governance

- Critical thinking
- With business decisions, need input from more than staff; perhaps consultants etc. need to hear both sides of issues
- Board members to act for the benefit of District and community as a whole
- I think board members should attend TAK meetings sporadically to get input from the region; we get good minutes from staff but perhaps the TAK should approve or not the minutes

Financial Modeling & Planning

- Life cycle financial modeling tools
- Financial Planning
- Financing improvements
- Understanding financial challenges
- Fundamentals of business - operations and financial
- Understanding and interpreting financial reports for government entities
- A more detailed understanding of the financial standing and performance of the District.

Strategic Planning

- Long range planning
- Goals and Objectives
- A prioritization of the projects the District needs to address in the next 8-10 years.
- The potential growth and profitability opportunities the District has in the next 5-7 years.
- Emerging Workplace Employment Issues

RECOMMENDED TRAINING FOR MANAGEMENT STAFF:

Communication, Collaboration & Team Building

- Information sharing within staff
- Departmental Communications
- Transparency on major decisions for operations and personnel
- Collaboration
- Collaborative management training/employee engagement
- Organizational effectiveness: training aimed at overcoming the "operations vs admin" mindset that seems to pop up on occasion
- Team Building
- Team development
- Dealing with difficult people

Strategic Planning (including Succession Planning)

- Long range planning
- Succession Planning
- Goals and objectives
- Group strategic planning/thinking: more regular calendar of offsite group meetings, maybe 4 hours, to explore a particular topic in depth, share a meal, build team bonds...
- Study sessions: emerging trends in solid waste industry, renewable energy, alternative technologies, etc.

Performance Management

- Development of Supervisors and staff
- Performance Management and Evaluation
- Performance metrics that can measure performance against predetermined standards.
- Management and staff seem to keep up with training opportunities and trade organizations to keep current.

Continuous Improvement, Results-based Accountability Methods

- Department assessment tools
- A review of the processes and procedures and which areas need improvement.
- Business efficiency evaluations

MRWMD & Industry Knowledge, Best Practices

- Understanding how MRWMD infrastructure works
- Regulations and permits
- Environmental and economic benefits of increase diversion

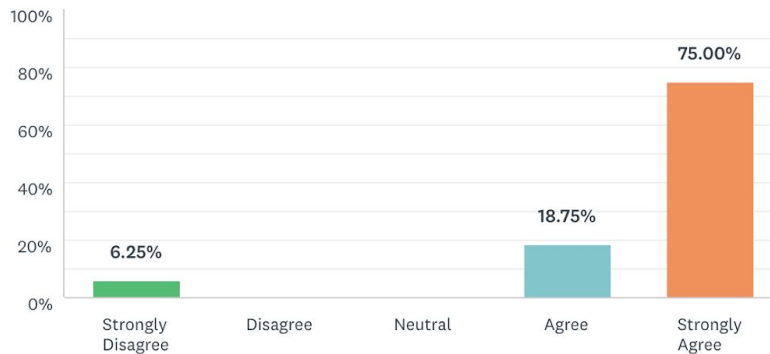
Finances

- Financing improvements
- Financial Reporting regarding their departmental costs
- A better understanding of the financial performance of each department within the District.

MRWMD PRE-SESSION SURVEY SUMMARY ANALYSIS

Please rate your level of agreement with the following statement: Serving with MRWMD is a rewarding and satisfying experience that I would recommend to others.

Answered: 16 Skipped: 0



ANSWER CHOICES	RESPONSES
Strongly Disagree	6.25% 1
Disagree	0.00% 0
Neutral	0.00% 0
Agree	18.75% 3
Strongly Agree	75.00% 12
Total Respondents: 16	

What would make serving with MRWMD a more rewarding and satisfying experience?

- Perhaps attend conferences more
- Improving the progress of workforce development
- A little more focus organization-wide on celebrating our strengths and focus on opportunities to improve
- Better accountability at all levels.
- More collaboration between managers.

What do you consider to be 3 major MRWMD WINS/SUCCESES/RESULTS within the last three years you are most proud of?

Capital Improvements: MRF, Truck Yard & CNG Facility, Equipment Upgrades

- New capital facilities
- Current improvements

MRF

- MRF Development
- MRF opening
- Construction and start-up of MRF
- Opening of the new MRF improvements
- Completion of the new Material Recovery Facility (MRF)
The new MRF 2.0
- Completion of MRF 2.0
MRF project coming on-line and grand opening events and transfer of recyclables to the District for processing
MRF completion & rollout
- MRF remodel
- MRF 2.0 Improvements
- MRF Upgrade

Truck Yard & CNG Facility

- Truck Yard Construction
- Construction and startup of Truck yard
- Completion of Truck Yard
- Opening of the truck yard
- Building a truck yard and CNG facility so the trucks are dumping at the same place they are filling up with CNG.
- CNG facility completion and operations
- New truck yard leased to Green Waste

Equipment Upgrades

- Upgrading on equipment just finished

Talent: Structure, Leadership & Management Team, Development, & Contract Negotiations

High Performance Leadership Team

- Organizational Alignment Plan adopted
- Building a great management staff
- Org structure re-organization and addition of Sr. Managers
- Management staff hiring/development
- Transition to a new general manager and addition of several new key management staff
- Hiring of the new leadership team members
- New Director and Management Hires
- Hiring a new general manager who continues to build a successful leadership team.

Staff Engagement & Development

- Employee engagement activities
- Implementation of upward communication strategies
- Increase in staff competence

● **Contract Negotiations**

- Contract negotiations with unions

Financial Stability

- Financial soundness
- Financing the operation and improvements
Managing an increasing flow of business, traffic, transactions on site

Franchise Agreement

- Franchise Agreement
- Model Franchise Agreement
New Hauling Franchise agreement

Growing Regional Approach

- Becoming more of regional agency
- Agreement to receive loads from GreenWaste, San Jose

Compliance & Award

- Compliance
- CEC Grant Award

What sets MRWMD apart from similar agencies?

Mission-driven & Integrity-centered with Community Support

- Since the District has a focused mission, it is not diverted by political pressures.
- Ability and history of doing what is right.
- Does not allow alternates
- Community support
- Enthusiasm of our staff for serving the public

Breadth & Depth of On-site Services & Programs - Tremendous Value Delivery

- Complexity of operations and reputation in community.
- State of the art recycling facility
- Attractive fee structure
- Conservative financial planning
- Infrastructure, capacity, and professional staff
- Financial health, community involvement, innovation and industry leadership
- All Disposal and recovery facilities at one location
- It's dedicated pursuit of improvement in the interests of its community stakeholders
- The broad scope of services provided by single entity.
- The number of services we provide in one spot.
- More programs and services, landfill capacity, recycling opportunities
- Portfolio of integrated programs we offer

What do you consider to be the top 3 key MRWMD STRENGTHS at this time?

Active Governing Board

- Board of Directors
- Good working board of director

Operational Excellence: Capacity & Quality, Financial Stability

- A well run organization.
- Operational excellence
- Service Capacity
- Service Quality
- Financial strength
- Financial health
- State of the art waste processing facility
- state of the art equipment

Talent: High Performing Leadership, Management, Staff

- Management and Leadership Team
- Innovative management team
- The leadership team
- management staff
- Management team leadership
- Knowledgeable and committed Sr. Managers
great leadership
- Management's momentum to making changes
- Good management
- Management team
- Dedicated staff
- happy staff
- Personnel in workforce
- Staff
- A focus on employee safety and integration.
- Good staff working on the goals and objectives of the District
- Gen Mgr did tours during the open house; all chip in without status controlling

Earned Reputation for Innovation, Value and Good Will/Public Trust

- District reputation in community/public good will for District
- Public confidence and support for the District
- Reputation in the community
- Community support

MRWMD PRE-SESSION SURVEY SUMMARY ANALYSIS

- Leading the industry in innovation.
- History of innovation and ability to implement new programs (AD, truck yard, franchise agreements, MRF, etc)
- Integrated programs that contribute to the sum of programs being much stronger than the individual parts
- Broad scope of services
- Attractive fee structure
- Waste to Resources Infrastructure
- All Disposal and recovery facilities at one location
- Landfill space
- Estimated life of landfill >100 years
- Flow control
- MRF expansion

What do you consider to be 3 current MRWMD WEAKNESSES that most need to be addressed?

Revenue Model Needs Updating

- Below market fee structure
- Low disposal rates compared to similar agencies
- Dependence on Tipping Fee Revenue
- Dependence on tonnage-based disposal revenues
- Dependence on revenue from imported waste
- Being financed primarily on a tipping fee
- Dependence on uncertain revenue sources
- Lack of planning to fund capital projects
- Unfunded infrastructure needs
- Limitations on financing future improvements
- Financial Reserves are deficient
- No internal financial reporting
- Lack of Strategic Financial Reserves
- Having to create a financial reserve for adequately the district both in terms of operations and capital improvements
- Long range planning (but we seem to be getting better!)

Succession Threats, Inconsistency of High Performance, HR Gaps

- Succession of long term employees
- Aging workforce
- Workplace culture that is complacent
- Discrepancies in employee performance
- Training staff
- Adapt to the new MRF needs
- Personnel Resource deficiencies
- Inconsistent accountability at all levels.
- Inefficiencies
- Recycling inexperience
- ba decisions - need more input from ba world, not just legal

Aging Infrastructure

- Aging infrastructure
- Appearance of some of our public facing programs (recycling drop-off center, LCM)
- Upkeep of Infrastructure
- Opportunity to improve appearance and function.
- Maintenance of existing infrastructure
- More infrastructure needed for future processing

MRWMD PRE-SESSION SURVEY SUMMARY ANALYSIS

- Other than MRF, archaic systems - technology not being used to maximum advantage

Greater Capacity Needed for Nimbl Change Management

- Internal policy changes
- Resistance to change and inconsistent levels of initiative by long-term employees
- New or better procedures and processes
- Regulatory mandates that force the District to spend money and therefore jeopardize our financial security.

Lack of Awareness, Branding Outdated

- We are not telling our story of what we do that benefits the community.
- We need a new logo...get rid of the seagulls. They do not represent what the District does.

Environmental Impact

- Air quality
- Greenhouse gas collection

What do you consider to be the top 3 THREATS facing MRWMD?

Lack of Capital Improvement Reserves

- Business competitiveness (private company benchmarks)
Insufficient \$ to fulfill financial obligations/commitments long-term (10+ years)
- Not having a capital reserve plan that matches the capital spending requirements
- Ability to finance needed facility/site improvements and invest in current and new programs.
- Future capital expenses
- Building and asset improvements needed.
- Ability to maintain district infrastructure at optimal levels
- Reserve Funds for capital improvements
- As landfill is used less, revenue goes down
- Maintaining a perpetual landfill to be meet the service needs of our community
- Reliance on out of District waste
- Uncertainty of continuing to receive loads from GreenWaste, San Jose

Unfunded Regulations/Compliance Mandates

- Regulations
- Regulatory pressure from outside
- Growing compliance obligations
- Unknown legislative mandates
- Speed of industry evolution to meet regulatory changes
regulatory changes
- Unfinanced mandates of State and Federal agencies

Urban Encroachment

- Urban Encroachment
- Urban Encroachment
- Urban Encroachment
- Encroachment of residential communities toward Site
- Encroachment on landfill property

Commodity Volatility

- Volatility of the market for material coming from the MRF
- Commodity prices for recycled materials
- Market forces for commodities
- recycling rates and revenue from recycled materials
- Recycling markets
- Commodities management/storage

Financial Uncertainty

- Financial security.
- Insufficient \$ to fulfill financial obligations/commitments in the short-term (5 years)
- Finding new revenue opportunities.

Odors

- Odors from Site impacting local communities
- Odors: concerned that massive volume of imported waste compromises our ability to manage odors

Workforce Challenges

- Staff age and resultant turnover
- Workforce unwillingness/inability to adapt to changing needs

Other

- Hopefully avoid Salinas Solid Waste joining as a board but only as a contract basis
- Impact of past decisions on future land use opportunities, are we too constrained as we look to the future?
- Customer concentration
- Organics recovery unknowns

What do you consider to be the top 3 OPPORTUNITIES for MRWMD within the next year to 18 months?

Enhance Regional Business Model, Profitability

- Regional Business Development
- Balance new service areas versus the Monterey Peninsula area
- Providing efficiencies of services to all of northern Monterey County areas fee options (other than tip fees)
- Redraw our service area to include Salinas and North County and provide services to address community needs
- Regional Education and Outreach Cooperation
- Secure local out of District tonnages
- Expand organics program to serve regional need
- Diversifying customer base
- Work out a deal with Salinas Valley to help them with their waste managemem
- Expansion of landfill services to other agencies, cities
- Expansion of service offerings to nearby Counties and communities
- Receiving waste from south county
- Recycling options for out of district agencies
- Expansion of service offerings throughout Monterey County
- Increasing revenues from new sources
- Rising market pricing for commodities

Strengthen High Performance Culture

- Vision, Mission, Values realignment
- Building employee capabilities
- Creating durable processes with line staff
- Improved and/or new procedures throughout the District
- Develop new work ethics

Institutionalize Strategic Planning

- Plan for the future
- Build upon our success throughout the organization, complete a 20 year update on LCM, HHW, Compost and other programs
- Master planning for infrastructure
- Implementation of new technology to maximum advantage

Fully Leverage MRF

- Expansion of MRF capabilities
- Develop methods to process more materials in MRF
- Produce and sell quality recycled material from the MRF
- Showcase the new technology with MRF 2.0

Improve Fiscal Stewardship

- Establishing capital funding policies
- Develop future financing reserves
- Develop a sound, realistic long term capital spending plan

Enhance Organics Processing

- Energy and Fuel Production from Organics
- Energy development associated with organics processing
- Partnership with MOW for organics AD processing

Continue Innovated Closed Cycle Business Model

- Closed cycle business model for AG Industry
- Turn the methane gas into CNG for the garbage trucks

What do you recommend as the top 2-3 AREAS of FOCUS within each of the following MRWMD Strategic Directions/Pillars of Sustainability over the next year to 18 months?

PEOPLE - An engaged and talented workforce allows us to pursue the District's Mission.

- Mission, vision, values alignment at all levels, i.e., all employees recognize and own their part for overall success
- Raising performance in every position; raising business awareness in every position
- Succession planning, workforce engagement and development to changing work production
- Training and succession of key long term employees
- Aging workforce, additional employees and cost
- Continue to focus on safety and employee participation
- Staff development for new opportunities and production based facilities
- Build employee skills and attitudes
- Training staff
- Revised contract subject to negotiations
- Assessment of employees to establish usable and meaningful baseline data

FINANCE - Strike a balance between community needs, cost contaminants, and environmental protection.

- Future regulatory changes
- Establish capital reserves
- Reserves, Reserves, and Revenue Diversification
- Development of Capital Reserves to support infrastructure needs
- Capital reserve policy; strategic capital planning
- Refine cost of operations data to maximize revenues from recycling
- Complete comprehensive/honest assessment of financial needs to meet commitments
- Develop a financing plan to cover operations and improvement
- Come up with new revenue sources to support our need to improve our facilities.
- Maintain conservative financial planning
- Secure local out of District wastes

ENVIRONMENT - The District's environmental stewardship promotes a sustainable community.

- Air and Water Regulation Compliance, Safety Culture becoming part of District Fabric
- Development of renewable power alternatives and energy independence from PG&E Business Sustainability Plan
- Leader in the community
- Become community thought leader on Zero Waste
- Community participation in recycling and waste reduction; Emission reductions
- Continue to improve on excellent community outreach programs
- Promote community involvement for effective waste handling procedures
- Market new MRF to areas outside current service areas and encourage more recycling.
Finance the CNG project.
- Continue what we are doing

COMMUNITY - District services and programs are responsive the unique needs of our community.

- Improve community awareness; clear and consistent outreach messaging
- Assess community needs and form plans to address unmet needs
- Outreach to public on recyclables
- Convenient, one stop waste and recycling option
- Environmental Outreach, Waste minimization, Recycling "better"
- Expanded organics collection
- Demonstrate effectiveness by working with regional partners - both agencies and communities
- Programs need to be self-supporting
- Rename our district and redesign a logo so people understand what we do.
MRWMD does not mean anything to people and it gets mixed up with other similar named agencies.
- Continue what we are doing

INNOVATION - Early adopters of programs and processes that best serve the needs of the District and the community.

- Proven track record in this regard
- Don't rest on our recent achievements - continue to innovate
- Organics to Fuel, Partnership with M1W
- Develop regional organics plan
- Partnership with MOW
- Renewable energy development
- Develop effective operations of new MRF
- Recycling efficiency improvements well known in the community and waste industry
- I prefer vetted technologies
- Concentrate on proven technology
- Need to think about this some more



Monterey Regional Waste Management District

Turning Waste Into Resources

Since 1951

Benchmarking

Strategic Planning Session
March 27, 2018

Summary



- District's overall solid waste system efficiency compares favorably to similar systems in northern California
- This translates to lower monthly garbage/recycling bills for the District's residents and businesses
- Disposal rates continue to be the lowest in the region \$10/ton less than (>15%) next lowest Tip Fee rate

Comparative Northern California Solid Waste Systems

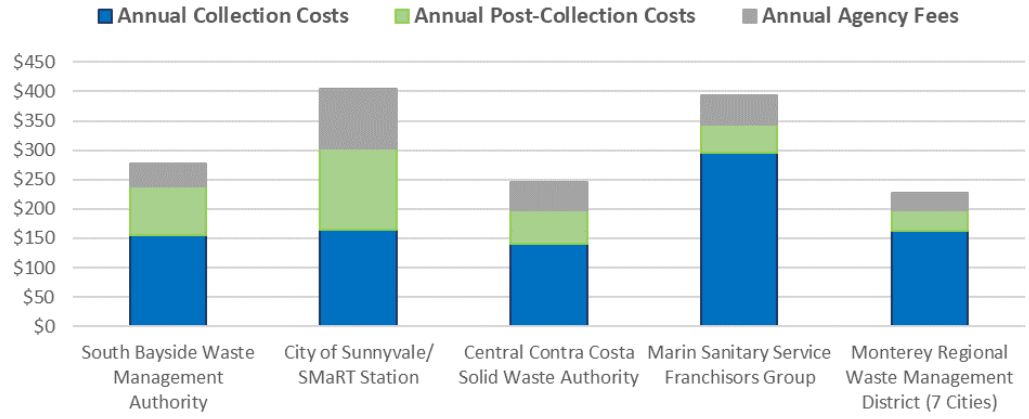
		South Bayside Waste Management Authority	City of Sunnyvale/ SMaRT Station	Central Contra Costa Solid Waste Authority	Marin Sanitary Service Franchisors Group	Monterey Regional Waste Management District (7 Cities)	MRWMD'S RANKING
Annual Collection Costs	Total	\$ 56,906,852	\$ 19,076,111	\$ 28,926,227	\$ 25,221,235	\$ 12,482,418	5th
	Per Ton	\$155.02	\$164.28	\$139.81	\$296.10	\$162.29	3rd
	Per Capita	\$130.60	\$127.32	\$127.74	\$241.53	\$161.90	2nd
Annual Post-Collection Costs	Total	\$ 30,300,105	\$ 16,066,778	\$ 12,027,731	\$ 4,054,315	\$ 2,736,467	5th
	Per Ton	\$82.54	\$138.36	\$58.14	\$47.60	\$35.58	5th
	Per Capita	\$69.54	\$107.23	\$53.12	\$38.83	\$35.49	5th
Annual Agency Fees	Total	\$ 14,361,834	\$ 11,761,233	\$ 9,790,143	\$ 4,196,535	\$ 2,213,264	5th
	Per Ton	\$39.12	\$101.29	\$47.32	\$49.27	\$28.78	5th
	Per Capita	\$32.96	\$78.50	\$43.23	\$40.19	\$28.71	5th
Total System Cost	Total	\$ 101,568,791	\$ 46,904,122	\$ 50,744,101	\$ 33,472,085	\$ 17,432,148	5th
	Per Ton	\$276.69	\$403.93	\$245.27	\$392.96	\$226.65	5th
	Per Capita	\$233.09	\$313.05	\$224.09	\$320.54	\$226.10	4th
Total Tons Collected		367,090	116,119	206,891	85,179	76,914	5th
Total Population		435,740	149,831	226,443	104,423	77,098	5th
Total Tons Per Capita		0.84	0.77	0.91	0.82	1.00	5th

Notes:

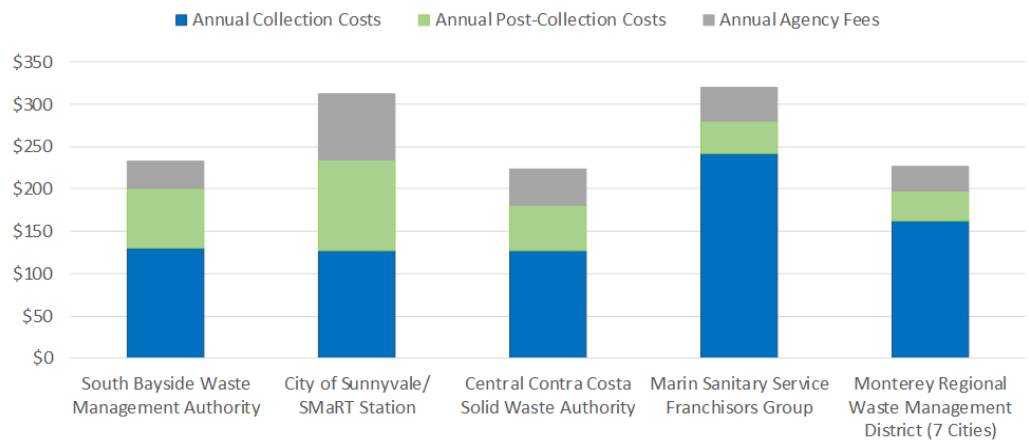
- Sunnyvale Agency Fees includes debt service for an interfund loan for capital improvements at SMaRT Station
- SBWMA Authority Operating Costs are included in the Post-Collection Costs
- Marin Franchisors Group post-collection costs do not include recycling processing (currently no net payment), but is under negotiation between cities and the contractor
- CCCSWA receives \$55/ton in revenue from recyclables collected. This is not included in any of these numbers and is retained for the benefit of recycling projects and rate stabilization in member agencies.

Comparative Northern California Solid Waste Systems

Solid Waste Systems
Cost per Ton

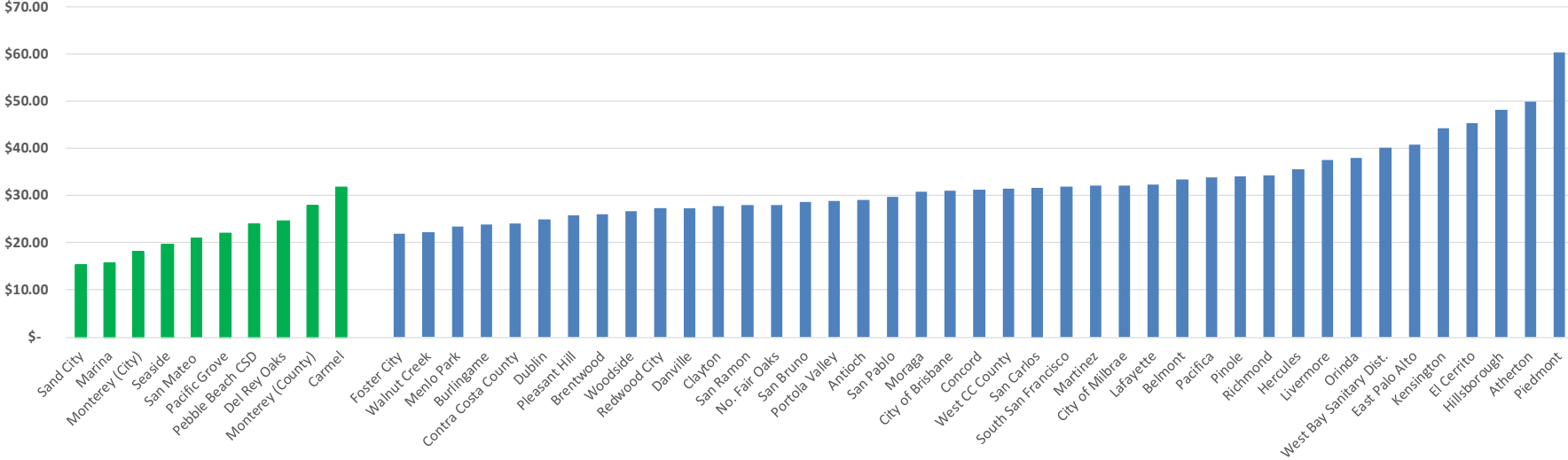


Solid Waste Systems
Cost per Capita



Comparative Northern California Residential Rates

Residential Rate Comparison
 32 Gal Solid Waste Bin
 Monthly Charge



Average District rate (\$22.17) is 10% below the average rate for the bottom quartile of study area (\$24.62)

Tip fee & facility comparisons

FEATURES	MRWMD LANDFILL	JOHN SMITH ROAD LF	JOHNSON CANYON LF	BUENA VISTA LANDFILL
	MONTEREY COUNTY	SAN BENITO COUNTY	MONTEREY COUNTY	SANTA CRUZ COUNTY
MSW Tip Fee (\$/ton)	\$56.00	\$66.00	\$68.50 Sun Street <small>TRANS. Fee ~ \$17/ton AB939 Fee ~\$13/ton</small>	\$73.00
Landfill Class	III	III	III	II, III
Permitted Site Area (acres)	470.00	90.40	163.00	126.00
Permitted Disposal Area (acres)	315.00	58.00	96.30	61.00
Permitted Volume (Million CY)	75.91	9.35	13.83	7.54
Permit Acceptance Rate (tons/day)	3,500	1,000	1,574	1,060
Permitted Waste Traffic (vehicles/day)	2,000	600	265	not specified

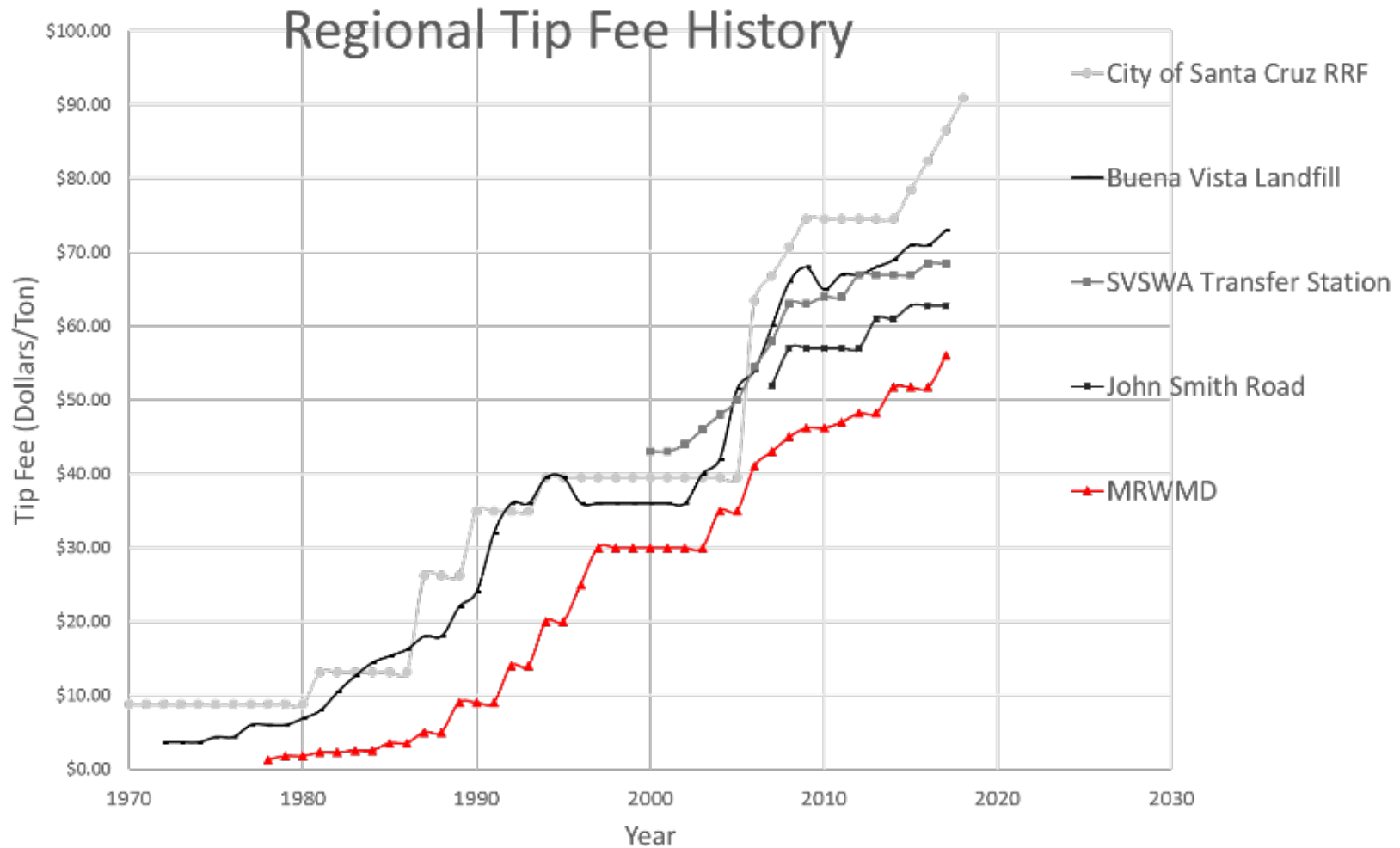
Tip fee & service level comparisons

	MRWMD LANDFILL	JOHN SMITH ROAD LF	JOHNSON CANYON LF	BUENA VISTA LANDFILL
FEATURES	MONTEREY COUNTY	SAN BENITO COUNTY	MONTEREY COUNTY	SANTA CRUZ COUNTY
MSW Tip Fee (\$/ton)	\$56.00	\$66.00	\$68.50	\$73.00
			Transportation Fee ~ \$17/ton AB939 Fee ~\$13/ton	
LANDFILL GAS TO ENERGY (LFGTE)				
Capacity	5 MW	-	1.4 MW	3.2 MW
MRF TRANSFER/PROCESSING FACILITY			Sun Steert / Jolon Rd	Ben Lomond
Permitted Site Area (acres)	15.00	-	6.8 / 5.0	3.5
Permitted Volume (CY)	1,500	-	300 tpd / 135 tpd - 10 KCY	300 tpd
COMPOSTING				
Permitted Site Area (acres)	10.00	-	Lease Ops on adjacent property	126 (50 est)
Permitted Volume (CY)	72,000	-	Lease Ops on adjacent property	12,500
Permitted Site Area (acres)	59.40	-	Lease Ops on adjacent property	-
Permitted Volume (CY)	500 TPD / 200,000 CY/YR	-	Lease Ops on adjacent property	-
ANAEROBIC DIGESTION				
Capacity	5,000 tons/yr	-	-	-

Tip fee & service level comparisons

FEATURES	MRWMD LANDFILL	JOHN SMITH ROAD LF	JOHNSON CANYON LF	BUENA VISTA LANDFILL
	MONTEREY COUNTY	SAN BENITO COUNTY	MONTEREY COUNTY	SANTA CRUZ COUNTY
MSW Tip Fee (\$/ton)	\$56.00	\$66.00	\$68.50	\$73.00
			Transportation Fee ~ \$17/ton AB939 Fee ~\$13/ton	
OTHER FACILITIES				
Approx. BUILDING AREA (SF)	175,700	1,000	5,000	11,100
# of BUILDINGS	9	2	2	3
PAVED ROADS AREA (SF)	953,800	96,500	13,000	181,900
# of TRUCK SCALES	4	2	1	3
TRUCK SCALE HOUSE FACILITY	yes	mobile trailer	mobile trailer	yes
WOOD/YARD WASTE PROCESSING FACILITY	yes	-	Sun Street	yes
HHW FACILITY	yes	-	Sun Street	yes
RETAIL REUSE STORE	yes	-	-	-
ADMIN FACILITY	yes	-	Sun Street	yes
MAINTENANCE SHOP FACILITY	yes	-	yes	yes
CNG FUELING FACILITY	yes	-	-	-
FRANCHISE TRUCK YARD, SHOP, WASH FACILITY	yes	-	-	-
CONCRETE/ASPHALT RECYCLING FACILITY	yes	very small	>1 Ton Clean Only	small

Tip fee increase comparisons





Monterey Regional Waste Management District

Turning Waste Into Resources

Since 1951

Rates & Ratepayer Impact

Strategic Planning Session
March 27, 2018

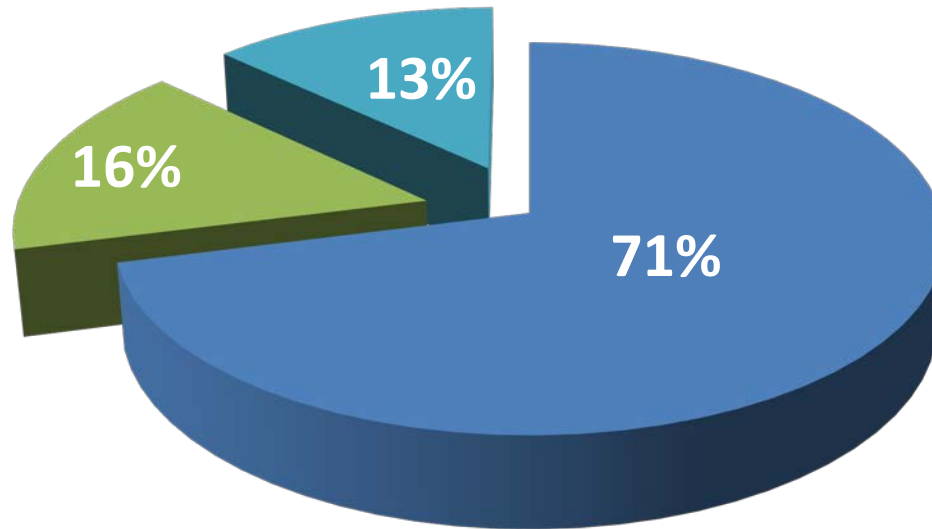
MRWMD represents ~16% solid waste systems costs



Agency Fees



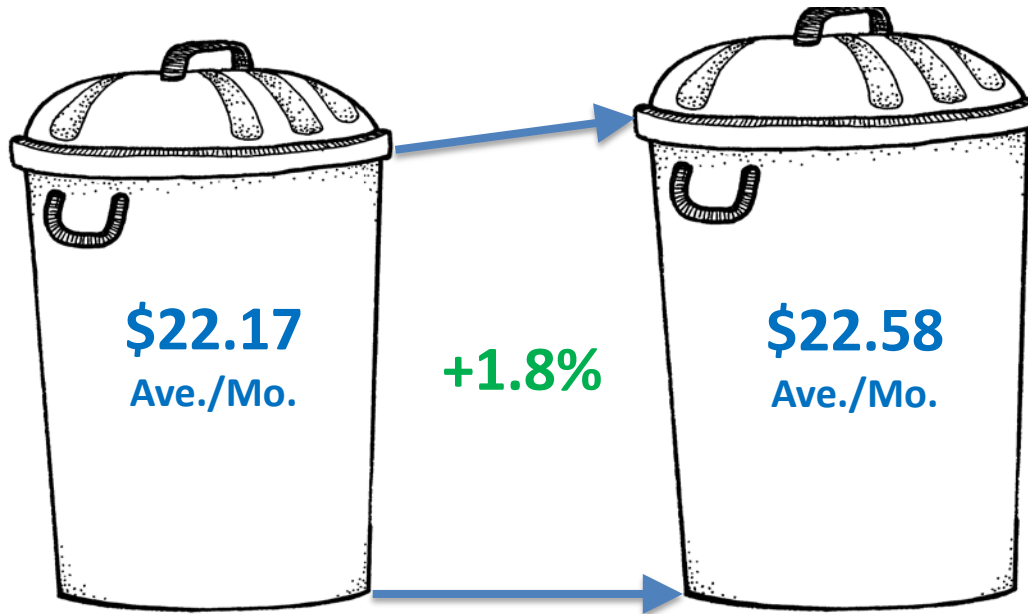
Processing
& Disposal



Collection

Changes in disposal rates have a non-proportional impact on Franchise rates

10% rate increase impact on residential ratepayers



- A 10% disposal fee increase results in an average increase* of 1.8% for a typical residential customer (32 gal container)
- Average increase: 41 cents/month; \$4.92/year
- Estimated impact across all customer types: 1%-3%
- Estimated added revenue generated (all customers): ~\$1.35M

* Impact of disposal fee only; calculated across all District jurisdictions assumes collection costs held constant

10% rate increase impact on representative ratepayers

32-Gal SW	Curr. Rates	New Rates	\$ Increase	% Increase
Carmel	\$ 31.90	\$ 32.45	\$ 0.55	1.7%
Del Rey Oaks	\$ 24.73	\$ 24.99	\$ 0.25	1.0%
Marina	\$ 15.76	\$ 16.23	\$ 0.47	3.0%
Pacific Grove	\$ 22.06	\$ 22.50	\$ 0.44	2.0%
Pebble Beach CSD	\$ 23.99	\$ 24.31	\$ 0.32	1.3%
Sand City	\$ 15.30	\$ 15.56	\$ 0.27	1.7%
Seaside	\$ 19.72	\$ 20.34	\$ 0.61	3.1%
Monterey (City)	\$ 18.07	\$ 18.41	\$ 0.34	1.9%
Monterey (County)	\$ 27.98	\$ 28.40	\$ 0.42	1.5%

3 CY SW 3/wk	Curr. Rates	New Rates	\$ Increase	% Increase
Carmel	\$ 910.31	\$ 919.85	\$ 9.54	1.0%
Del Rey Oaks	\$ 991.81	\$ 1,002.02	\$ 10.20	1.0%
Marina	\$ 842.12	\$ 859.86	\$ 17.74	2.1%
Pacific Grove	\$ 682.27	\$ 693.20	\$ 10.93	1.6%
Pebble Beach CSD	\$ 867.39	\$ 879.06	\$ 11.67	1.3%
Sand City	\$ 538.94	\$ 548.32	\$ 9.37	1.7%
Seaside	\$ 678.60	\$ 695.01	\$ 16.41	2.4%
Monterey (City)	\$ 573.42	\$ 584.09	\$ 10.67	1.9%
Monterey (County)	\$ 764.37	\$ 775.74	\$ 11.37	1.5%

Rate increase impact on self-haul customers



- Unlike Franchise customers, self-haul customers feel the full impact of an increase in disposal fees.
- Below shows the impact on representative self-haul businesses of a 10% across-the-board rate hike:
 - Mid-sized residential contractor: + \$58/month; \$700/year
 - Mid-sized commercial contractor: + \$83/month; \$1,000/year
 - Large commercial contractor: + \$580/month; \$7,000/year
 - Representative landscape business: + \$58/month; 700/year

Fixed Equipment surcharge impact on all ratepayers

A \$1 million annual surcharge (not based on tonnage) added to the collection bill and designated to cover a part of the District's recurring, annual capital investment needs would have the following impact:

If allocated on a per-dwelling/per-commercial customer base, regardless of service level, increase would be \$1.54/month each.

- Increase of 0.2% on largest average commercial accounts
- Increase of 7% on smallest average residential customers

Alternative allocation strategies could be used to normalize the increase percentages.



BEST PRACTICE

Capital Planning Policies

BACKGROUND:

Policies designed to guide capital planning help to assure that each jurisdiction's unique needs are fully considered in the capital planning process. Effective policies can also help a government to assure the sustainability of its infrastructure by establishing a process for addressing maintenance, replacement, and proper fixed asset accounting over the full life of capital assets. In addition, capital planning policies can strengthen a government's borrowing position by demonstrating sound fiscal management and showing the jurisdiction's commitment to maximizing benefit to the public within its resource constraints.

Good capital planning policies can lead to the development of a capital plan that is consistent with best practices; however, they do not constitute the capital plan itself. Rather, capital planning policies establish a framework in which stakeholders understand their roles, responsibilities, and expectations for the process and an end result.¹ Ideally, such policies also include guidelines for coordinating capital projects and promoting sound, long-term operational and capital financing strategies.

To create a sustainable capital plan, the finance officer and other participants in the capital planning process need to consider all capital needs as a whole, assess fiscal capacity, plan for debt issuance, and understand impact on reserves and operating budgets, all within a given planning timeframe. Capital planning policies provide an essential framework for managing these tasks and for assuring that capital plans are consistent with overall organizational goals.

RECOMMENDATION:

GFOA recommends that governments develop and adopt capital planning policies that take into account their unique organizational characteristics including the services they provide, how they are structured, and their external environment.

Capital planning policies should provide, at minimum:

1. A description of how an organization will approach capital planning, including how stakeholder departments will collaborate to prepare a plan that best meets the operational and financial needs of the organization.
2. A clear definition of what constitutes a capital improvement project.²
3. Establishment of a capital improvement program review committee and identification of members (for example, the finance officer or budget officer, representatives from planning, engineering, and project management, and, as deemed appropriate, operations departments most affected by capital plans, along with a description of the responsibilities of the committee and its members.

4. A description of the role of the public and other external stakeholders in the process. (The level and type of public participation should be consistent with community expectations and past experiences.)
5. Identification of how decisions will be made in the capital planning process including a structured process for prioritizing need and allocating limited resources
6. A requirement that the planning process includes an assessment of the government's fiscal capacity so that the final capital plan is based on what can realistically be funded by the government rather than being simply a wish list of unfunded needs.
7. A procedure for accumulating necessary capital reserves for both new and replacement purchases.
8. A policy for linking funding strategies with useful life of the asset including identifying when debt can be issued and any restrictions on the length of debt.³
9. A requirement that a multi-year capital improvement plan be developed and that it include long term financing considerations and strategies.
10. A process for funding to ensure that capital project funding is consistent with legal requirements regarding full funding, multi-year funding, or phased approaches to funding.
11. A requirement that the plan include significant capital maintenance projects.
12. Provisions for monitoring and oversight of the CIP program, including reporting requirements and how to handle changes and amendments to the plan.

Notes:

¹ See GFOA Best Practices on capital planning. (Multi-Year Capital Planning (2006) and The Role of Master Plans in Capital Improvement Planning (2008))

² See GFOA's Best Practice, Establishing Appropriate Capitalization Thresholds for Capital Assets

³ Capital planning policies should be consistent with or reference an organization's debt policies

References:

- GFOA Best Practice, Asset Maintenance and Replacement, 2010
- GFOA Best Practice, Understanding Your Continuing Disclosure Responsibilities, 2010
- GFOA Best Practice, Disaster Preparedness, 2008
- GFOA Best Practice, Multi-Year Capital Planning, 2006
- GFOA Best Practice, Establishing Appropriate Capitalization Thresholds for Capital Assets, 2006

Applicable to Canadian Governments:

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