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 Director of Finance & Administration
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 Director of Operations
 ROBERT WELLINGTON
 Legal 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.
 March 23, 2018

Boardroom
 MRWMD Offices
 14201 Del Monte Blvd., Monterey County, CA

MEMBERS PRESENT: Carrie Theis (Vice Chair), City of Carmel-by-the-Sea Mayor Pro Tem
 Gary Bales, City of Pacific Grove
 Leo Laska, Pebble Beach Community Services District
 Libby Downey, City of Monterey (seated at 9:42 a.m.)
 Jane Parker, (Unincorporated) Monterey County Board of Supervisors Chair (District 4)
 Dennis Allion, City of Del Rey Oaks Councilmember
 Jason Campbell, City of Seaside Councilmember
 Jerry Blackwelder, City of Sand City Vice Mayor

MEMBERS ABSENT: Bruce Delgado (Chair), City of Marina Mayor

STAFF PRESENT: Tim Flanagan, General Manager
 Bob Rathe, Legal Counsel
 Guy Petraborg, Director of Engineering & Compliance/District Engineer
 Jeff Lindenthal, Director of Communications & Sustainability
 Peter Skinner, Director of Finance & Administration
 Tim Brownell, Director of Operations
 Berta Torres, Human Resources Manager
 David Ramirez, Senior Engineer
 Glen Evett, Last Chance Mercantile/Hazardous Materials Manager
 Kacey Christie, Safety & Risk Manager
 Rosa Marcelo, Assistant Accounting Manager
 Becky Aguilar, Executive Assistant/Clerk of the Board
 Kimberle Herring, Public Education and Outreach Coordinator
 Angela Goebel, Public Education and Outreach Specialist

OTHERS PRESENT: Ted Terrasas, City of Monterey
 Karina Alcalá, Monterey County Environmental Health Department

ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice duly given and presence of a quorum established, the March 23, 2018 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Vice Chair Theis at 9:30 a.m.

PUBLIC COMMUNICATIONS

There were no public communications.

CONSENT AGENDA

Following a motion by Director Allion, seconded by Director Laska, the Board unanimously approved the Consent Agenda.

- 1) Approve Minutes of January 19, 2018 Regular Board Meeting
- 2) Approve Report of Disbursements, and Board and Employee Reimbursements
- 3) Receive Report on February 7, and March 7, 2018 Finance Committee Meetings
- 4) Receive Report on February 7, 2018 Personnel Committee Meeting
- 5) Approve Destruction of Records as Set Forth in District Retention Schedule Policy
- 6) Adopt Resolution 2018-04 Authorizing General Manager to Execute Agreements with the California Department of Corrections for Acceptance of Materials
- 7) Adopt Resolution 2018-05 Declaring District Intent to Issue Tax-Exempt Obligations to be Used to Reimburse the District for Expenditures Prior to the Issuance of Such Tax-Exempt Obligations
- 8) Approve Annexation into the North County Fire Protection District of Monterey County for Fire Protection Services

PRESENTATIONS

9) **Small Planet News – Materials Recovery Facility Grand Opening**

General Manager expressed appreciation to all of the District employees for their work and efforts in preparing for and assisting in the Materials Recovery Facility grand opening events. Director of Communications & Sustainability Jeff Lindenthal stated that the theme of the events was “This is Big”. He listed out the employees who were responsible for cleaning up the MRF and making the bale walls, recovering and laying the reused carpet (which came from the AT&T Golf Tournament) at a cost savings of over \$3,000, logistics, parking, tours and accommodations, audio/visual, and welcoming. He recognized the sort crew at the MRF who were not only in the process of learning their jobs but were also on public display. There were so many moving pieces and staff handled it all well. He thanked the entire Board for attending the ribbon cutting event.

Director Libby Downey seated at 9:42 a.m.

Director of Communications & Sustainability Jeff Lindenthal especially thanked the public education staff, Kimberle Herring and Angela Goebel who handled the coordination of the events. The Board watched two local television stories (KION and KSBW) that reported on the District’s Materials Recovery Facility opening. Public

Education and Outreach Coordinator Kimberle Herring provided a slide show overview of the Friday night Ribbon Cutting and the Saturday Community Open House, which had over 600 attendees combined. She recognized the local vendors that provided goods and services. Everyone enjoyed the photo booth with the photos being shared via social media. She also thanked the franchise haulers Greenwaste Recovery and Waste Management, Inc. for their participation in providing information.

The Board applauded staff for their attention to detail in planning for the events. Many people were impressed with MRF 2.0 and the excitement and pride could be felt from District employees.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

10) Authorize Chair to Cast Vote for One Candidate for Special District Regular Member Seat on the Local Agency Formation Commission (LAFCO) of Monterey County

The Board reviewed the candidate statements for the four candidates seeking to represent special districts on LAFCO and held discussion on the demographics and expertise of the candidates. The candidates were Herbert Cortez (Marina Coast Water District), Mary Ann Leffel (Monterey Regional Airport District), Grant Leonard (North County Recreation and Park District), and Craig Stephens (Soledad Community Health Care District). Legal Counsel advised that no vote was necessary, but rather general consensus provided to the Vice Chair. The Board provided input to Vice Chair Theis who stated she would confer with Chair Delgado and notify staff of the selection for submittal of the ballot.

No Action Taken.

11) Authorize General Manager to Execute Labor & Services Contract with The Mattox Group (Veterans Transition Center) for Temporary Staffing Services (Item May be Adjourned Until After Closed Session)

The Board reviewed a memorandum from Director of Finance & Administration Peter Skinner. Vice Chair inquired if the Board had received the letter from Legal Counsel on this item. Director Parker stated that she had seen the letter, although she had some questions relative to the letter and staff report.

Board discussion followed regarding past practices related to temporary staffing. Human Resources Manager Berta Torres commented that the District has been operating under a short-term agreement to provide much-needed transitional employment opportunities to the local veteran community in a way that also meets the District's business needs for temporary staff. Execution of a long-term contract would serve both the District and the local community. Director Parker stated that she preferred to discuss the memo provided by Legal Counsel.

It was moved by Director Laska, seconded by Director Bales, and Unanimously Carried To: Table This Item Until After Closed Session.

12) Adopt Resolution 2018-06 Approving an Agreement with the California Energy Commission for a \$1,816,800 Grant, Subject to Final Review and Approval by the General Manager and Legal Counsel

The Board reviewed a memorandum from Director of Engineering & Compliance Guy Petrabor. Originally the District's project application was listed as approved but did not receive funding. However, on December 7, 2017, the California Energy Commission (CEC) announced as part of their Second Revised Notice of Proposed Award that the District had been approved for a matching funds \$1,816,800 Grant Award to convert biogas to a CNG transportation fuel. Staff proposes to treat biogas generated by existing permitted operations in order to

produce a renewable natural gas (RNG) that can be compressed and used as a CNG fuel for motorized vehicles and a project estimated cost of \$3,647,989. A biogas treatment system is proposed to be used to remove most of the non-methane constituents in the biogas in order to produce a RNG. The biogas will be collected from existing permitted operations that may include a) LFG biogas from the MPL, b) biogas from the Dry AD system, and c) biogas from the Monterey One Water (M1W) regional wastewater treatment plant, or a combination of these existing biogas sources. The RNG produced will be directed to the District's CNG fueling facility located at the Franchise Truck Yard to be used by MRWMD's CNG fueled vehicles and the franchise waste collection trucks. General Manager commented that this type of project has been part of the District's strategic plan since approximately 2010 and would provide diversion credit for member jurisdictions.

Board discussion was held regarding the project being a revenue source, potential partnership with M1W, whether all of the gas need to be processed. Director of Engineering & Compliance responded that partnering with M1W was a concept and would depend on revenue agreement and that not all the gas would not need to go through the entire process, although the grant provided opportunity to treat all the gas though stage 1 to remove sulfur and only the gas that would be converted to CNG would need to go through stage 2. The Board expressed appreciation to staff for seeking the grant.

It was moved by Director Downey, seconded by Director Parker, and Unanimously Carried To: Adopt Resolution 2018-06 Approving an Agreement with the California Energy Commission for a \$1,816,800 Grant, Subject to Final Review and Approval by the General Manager and Legal Counsel.

STAFF REPORTS

13) Review Finance, Operating, and Recycling Reports

The Board reviewed the financial statements for November 2017, December 2017, January 2018, and February 2018 as follows:

- **Revenue:** The year-to-date Tipping Fees revenue through January 2018 are \$15.2 million which is \$1.7 million or 12.6% higher than the same period last year. Contract waste tipping fees are \$1.2 million or 22.6% higher than last year. The only tip fee category that declined from last year is sludge waste, which is \$184K or 53.1% lower. Total tip fee revenue is \$3.1 million or 25.6% above year to date budget. Last Chance Mercantile revenue is essentially the same as last year and other revenue categories combined are \$42K or 4.9% lower than last year. Other revenue is \$1.9 million or 59.8% below year to date budget primarily due to lower sales than was predicted for recycled materials. Power sales are \$280K or 71.1% higher than the same period last year primarily due to having more operating days for the power generating engines but power sales are \$74K or 11.1% below budget.
- **Operating Expenses:** Total cost of employment is \$778K or 11.6% higher than last year primarily due to a higher headcount and higher insurance costs. Year to date cost of employment is \$189K or 2.5% below budget. Non-salary expenses are \$962K or 16.0% higher than the same period last and are \$606K or 5.5% below year to date budget. Expenses are below budget due to lower than planned depreciation expense partially offset by higher than budget operating supplies and taxes.
- **Operating Income:** Year to date operating income is \$2.8 million which is \$203K or 7.8% higher than the same period last year and \$1.7 million or 156.8% above the year to date budget. Year to date District tonnage through February is 5.0% lower than the same period last year and contract waste tonnage through February is 32.0% higher than the same period last year. Total District tonnage is 6.1% higher than the same period last year.

Director Laska inquired whether staff would be modifying the budget for next fiscal year because of the uncertainty in the price and acceptance of recycling commodities. Accounting Manager stated that projected revenue would be conservative, although higher than current year budget because of the timing of the Materials Recovery Facility (MRF) start-up. Director of Finance and Administration acknowledged Accounting Manager and his staff for bringing providing up-to-date information. Director Allion inquired whether the recycling materials were currently being stockpiled or shipped out. Staff responded that there were currently two shipments per week.

14) Materials Recovery Facility Opening Events and Earth Day Event Round-up

The Board reviewed a memorandum from Director of Communications & Sustainability providing additional information on the MRF opening events and a round-up of community Earth Day related events and activities that District staff is participating in or supporting.

15) Report on January 16, 2018 Meeting of Special Districts Association of Monterey County

The Board reviewed a report from Director Campbell on the meeting held on January 16, 2018. He highlighted that the Center for Homeland Defense and Security (CHDS) does offer courses for public officials on security for free. Director Parker commented that the Fort Ord Reuse Authority (FORA) is scheduled to sunset in 2020, not 2018 as mentioned in the report.

16) Report on March 14, 2018 District Technical Advisory Committee Meeting

The Board reviewed the draft minutes of the Technical Advisory Committee meeting held on March 14th. General Manager commented that the quality and quantity of the data received from GWR as required in the franchise agreements was beneficial. Director of Communications & Sustainability stated that the data analysis was supported by HF&H as agreed to by the member agencies utilizing GWR. He stated that the HF&H contract was expiring, and city staff would be requesting approval of continuation of that contract to their respective cities.

17) Report on Monterey Bay Air Resources District Notice of Violation for Sulfur Exceedance

Staff reported that on September 18, 2017, staff notified the Monterey Bay Air Resources District (MBARD) that the daily facility-wide sulfur oxide (SO_x) emission limit of 150 pounds per day had been exceeded as a result of increased concentrations of Hydrogen Sulfide in the landfill gas (LFG), which are converted to Sulfur Oxide (SO_x) by the combustion of the gas in the air pollution abatement devices. MBARD issued a Notice of Violation (NOV) on October 10, 2017 with a penalty of \$81,096.00 for 118 days of SO_x exceedances. The penalty calculation is a prescribed formula. The District's consultant, SCS Engineers, Inc., submitted to MBARD aspects for consideration in the settlement of the matter. Additionally, District staff met with MBARD staff to discuss the matter in further detail and concurred with the MBARD's assessment. Payment will be submitted to conclude the NOV process.

Director Parker inquired whether a treatment solution was not in place to mitigate the problem. Director of Engineering & Compliance responded that corrective measures have been installed and additional measures are in progress to address the gas quality problem. The District is taking phased approach by renting equipment and will determine which technology best suits the needs of the District.

Director Parker suggested staff communicate more effectively and work closely with MBARD staff for the benefit of both agencies. General Manager stated that he had spoken with MBARD's Air Pollution Control Officer and will follow up to align staff communications.

OTHER CORRESPONDENCE**18) Letter to Don Chapin Company RE: 180-Day Extension of Agreements**

The Board reviewed a letter sent to the Don Chapin Company (Chapin) extending the existing 10-year agreement (which expired on March 18th) for sand removal and concrete crushing operations for 180 days to allow staff to work with Chapin to develop a workable extension or new agreement for Board approval.

GENERAL MANAGER COMMUNICATIONS

General Manager reported that District staff has continued to meet with Salinas Valley Recycles (SVR) staff on the topic of processing material. Staff has presented general information on the processing capacity of the District's new MRF and additional meetings will be scheduled with SVR staff over the next several months as more complete requests for processing needs are developed. Meetings will also be scheduled with other entities who are interested in bringing materials to the District such as the cities of Watsonville, Capitola, and Scotts Valley.

General Manager also reported that staff continues to meet with M1W staff on common projects of interest and are working on a concept agreement for the valuation of the easement that M1W required for its Pure Water Project. District staff has proposed that the agreement include a long-term maintenance cost sharing arrangement for Charlie Benson Lane (CBL) road pavement and the regular landscaping and tree removal and pruning along CBL in return for acceptance of the M1W valuation of the pipeline easement. Additionally, as discussed before, staff has been working on new power generation and power delivery concepts, evaluation of combined operations for organics processing, shared services, and joint evaluation of potential impacts of easements and Cal-Am plant construction to CBL. Specifically, both agencies will be working with a sustainability consultant for Taylor Farms for an evaluation of organic processing options for material generated from their production facilities.

General Manager reminded the Board that the Strategic Planning Retreat was scheduled from 8:30 a.m. to 2:30 p.m. on Tuesday March 27, 2018 at the Shoreline Conference Center in Marina, CA.

BOARD COMMUNICATIONS

There were no Board communications.

CLOSED SESSION

The Board met in closed session at 11:05 a.m. on the following:

- 1) Conference with Legal Counsel--Potential Litigation
Potential exposure to litigation pursuant to Government Code Section 54956.9(d)(2).

RETURN TO OPEN SESSION WITH ANY REQUIRED ANNOUNCEMENTS FROM CLOSED SESSION

The Board returned into open session at 11:26 a.m. Legal Counsel announced that the Board had received information and held discussion on Item 1 of the closed session agenda. No reportable action was taken in closed session. The Board considered Agenda Item 11, previously tabled.

11) **Authorize General Manager to Execute Labor & Services Contract with The Mattox Group (Veterans Transition Center) for Temporary Staffing Services (Item May be Adjourned Until After Closed Session)**

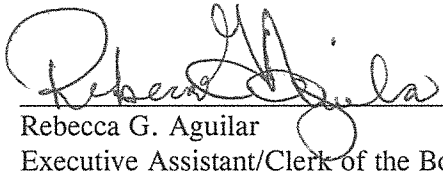
The District has been operating under a short-term agreement to provide much-needed transitional employment opportunities to the local veteran community in a way that also meets the District's business needs for temporary staff. Staff is requesting Board approval to execute a long-term contract to continue this practice. We believe such an arrangement serves both the District and the local community well.

It was moved by Director Downey, seconded by Director Bales, and Unanimously Carried To: Authorize General Manager to Execute Labor & Services Contract with The Mattox Group (Veterans Transition Center) for Temporary Staffing Services.

ADJOURNMENT

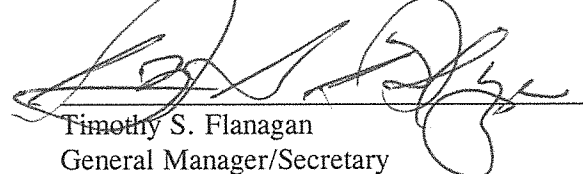
There being no further business to come before the Board at this time, the March 23, 2018 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned by Vice Chair Theis at 11:28 a.m.

RECORDED BY:



Rebecca G. Aguilar
Executive Assistant/Clerk of the Board

AUTHENTICATED BY:



Timothy S. Flanagan
General Manager/Secretary