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Director of Communications & Sustainability

PETER SKINNER
Director of Finance & Administration

TIM BROWNELL
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.
April 20, 2018

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

MEMBERS PRESENT: Bruce Delgado (Chair), City of Marina Mayor
Gary Bales, City of Pacific Grove
Leo Laska, Pebble Beach Community Services District
Libby Downey, City of Monterey
Dennis Allion, City of Del Rey Oaks Councilmember
Jason Campbell, City of Seaside Councilmember (seated at 9:34 a.m.)
Jerry Blackwelder, City of Sand City Vice Mayor

MEMBERS ABSENT: Carrie Theis (Vice Chair), City of Carmel-by-the-Sea Mayor Pro Tem
Jane Parker, (Unincorporated) Monterey County Board of Supervisors Chair (District 4)

STAFF PRESENT: Tim Flanagan, General Manager
Rob Wellington, Legal Counsel
Guy Petraborg, Director of Engineering & Compliance/District Engineer
Jeff Lindenthal, Director of Communications & Sustainability
Peter Skinner, Director of Finance & Administration
Tim Brownell, Director of Operations
Berta Torres, Human Resources Manager
Clyde Walkup, Materials Recovery Facility Manager
David Ramirez, Senior Engineer
Garth Gregson, Accounting Manager
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
Ida Gonzales, Administrative Support Specialist II

OTHERS PRESENT: Ted Terrasas, City of Monterey
Ric Encarnacion, Monterey County Environmental Health Department

ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice duly given and presence of a quorum established, the April 20, 2018 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Chair Delgado at 9:30 a.m.

PUBLIC COMMUNICATIONS

There were no public communications.

CONSENT AGENDA

Following a motion by Director Downey, seconded by Director Bales, the Board unanimously approved the Consent Agenda.

- 1) **Approve Minutes of March 23, 2018 Regular Board Meeting**
- 2) **Approve Report of Disbursements, and Board and Employee Reimbursements**
- 3) **Adopt Resolution 2018-08 Recognizing Laurie Eavey as an Environmental Champion for the Reduction of Single Use Plastics**
- 4) **Adopt Resolution 2018-09 Recognizing Donna Shore as an Environmental Champion and Zero Waste Pioneer**

PRESENTATIONS

5) Small Planet News – Recognition of Local Environmental Leaders Making a Difference

With Earth Day observed on April 22nd, General Manager stated that this month the District wished to recognize two local environmental champions. Director of Communications & Sustainability addressed the Board and reminded them that the District would be holding a plant sale at the Last Chance Mercantile in recognition of Earth Day. He stated that in the past the District has recognized local and environmental leaders during April.

Public Education and Outreach Coordinator Kimberle Herring stated that the biggest inspiration for her work was coming in contact with individuals who have seen an “inconvenient truth” and decide to do something about it. Donna Shore learned about zero waste through her volunteering with The Offset Project and approached staff in 2010 with a desire to make the annual Jewish Food Festival a “greener” event. She began by implementing recycling and forming a Green Team. Eight years later, the event recycled or composted 95% of the material generated. Ms. Shore addressed the Board and provided information on her background. She described the process of moving towards zero waste at the Festival. She stated the congregation is working to be zero waste year-round.

Public Education and Outreach Coordinator also introduced Laurie Eavey who was compelled by the work of a local high school student and Aquarium volunteer calling attention to the impact of plastic straws in the Marine environment. Ms. Eavey addressed the Board and stated that she was co-chair of Sustainable Monterey and shared information for a sustainable model. She described the process of developing and

promoting “No Straw November” and determining the best thing to do was to educate consumers. It can have a big impact on the environment by making straws available upon request and choosing paper over plastic. Since she began working on this issue, dozens of local restaurants have switched from plastic to paper straws. The Board was provided with reusable straws.

Board discussion followed regarding assistance in making other events greener and what the biggest challenge was in initiating such efforts. Director of Communication and Sustainability stated that many events have implemented such efforts and using lessons learned throughout. One of the biggest challenges was coordinating volunteers. The Board commended both Ms. Shore and Ms. Eavey for their dedication, initiative, and ability to inspire others to make changes.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

6) **Receive Report on April 4, 2018 Finance Committee Meeting**

The Board received a summary from Committee Chair Allion. At the meeting discussion was held on the draft preliminary budget. Director of Finance & Administration Peter Skinner also provided the Board a preview of the budget for FY 2018/19 in an effort provide the Board more time to consider the assumptions and changes prior to the request to approve the Preliminary Budget at the May Board meeting. He provided information on historic and proposed operating metrics, budgeted tonnage, historical tons and fees, and rationale for proposing to increase rates for refuse, yard waste, food waste, and sewage sludge. Even with the increases, the District will continue to have the lowest rates for all materials and would raise the monthly bill by an average monthly rate change of \$0.53.

Increased revenues from MRF product sales, disposal fees and surplus power sales provide an off-set to increasing costs. The draft budget projects a positive net income. However, cash flow generated from operations will not cover capital needs and staff is proposing the issuance of \$10M in follow-on bond financing to cover a portion of the projected capital spending. Staff has identified \$16.3M in capital needs for FY18/19 and executing issuance of bonds is likely to result in interest rates at or below the 2015 issuance. Total revenue is projected to increase 25% over last year’s budget to over \$34M. MRF operations are driving an overall Operating Expense increase of 23%. Personnel costs are projected to increase 13% mainly due to additional staffing at the MRF.

Board discussion followed regarding the information provided and provided input to staff. Director Allion inquired about the impact of revenue should regional waste cease to be brought to the District site and suggested staff provide that information. General Manager responded that staff’s intent with the development of a new franchise agreements with construction of the truck yard, anaerobic digester, and the new MRF were in an effort to establish revenue diversification and minimize risk and exposure. Director of Finance & Administration stated that although \$10M in additional bonds has been identified in the preliminary budget, District financial advisor believes the District has the potential to be able to secure up to \$30M. Staff would like to explore options and requested Board consensus in pursuing those options. It was recommended that the financial advisor provide information to the Finance Committee on the ability, capability, and feasibility of issuing additional bonds.

It was moved by Chair Delgado, seconded by Director Downey, and Unanimously Carried To: Receive Report on April 4, 2018 Finance Committee Meeting.

7) Receive Report on April 4, 2018 Personnel Committee Meeting

The Board received a summary for the meeting from Committee Co-Chair Theis. At the meeting, staff presented the proposed staffing and personnel budget for FY 2018/19. Staff intends to add 13 positions and eliminate 2, for a total net 11 positions, mainly due to the MRF operations. If it is determined that an additional shift is needed in the MRF, more staffing will be needed.

It was moved by Director Allion, seconded by Director Laska, and Unanimously Carried To: Receive Report on April 4, 2018 Personnel Committee Meeting.

8) Accept Report on Employee Injuries and Property Loss Incidents for Calendar 2017

Safety and Risk Manager Kacey Christie provided the Board with a presentation on the employee injuries and property loss incidents for 2017.

It was moved by Chair Delgado, seconded by Director Allion, and Unanimously Carried To: Accept Report on Employee Injuries and Property Loss Incidents for Calendar 2017.

STAFF REPORTS**9) Review Finance, Operating, and Recycling Reports**

The Board reviewed the financial statements and recycling reports for March 2018. Tipping fees in March were \$1,984K (\$249K above budget and \$123K lower than the same month last year). Year-to-date Tipping Fees through March 2018 were \$19,111K (\$3,496K above budget and \$1,772K higher than the same period last year). Year to date contract waste tipping fees were \$3,125K higher than last year. The only tip fee category that declined from last year was sludge waste, which was \$184K lower.

Personnel costs for March were \$1,135K (3.2% above budget and mainly due to a higher headcount). Year to date cost of employment was \$9,736K (1.7% below budget and \$1,048K higher than the same period last year). Non-salary expenses in March were \$1,665K (\$611K above budget and \$659K higher than the same month last year). March expenses were above budget and last year primarily due to the following items and included the effect of changing processes in the accounting department to post expense to the correct accounting period. This should not impact expenses in future months.

- Higher temporary employee costs. These costs are essentially all related to the MRF and these higher costs will likely continue for the remainder of the fiscal year. March costs are \$86,758 higher than the average monthly contract services expense.
- Higher power project repair and maintenance costs primarily related to Engine number 1. The average monthly expense for power project repair and maintenance has been \$36,462 and the March expense is \$173,267 or \$135,625 higher than the average. Costs are not expected to stay at the March level in future months.
- Higher professional services costs related to consulting services for the LFG. The monthly average professional services costs have been \$53,134 in the first eight months of the year which is \$183,091 lower than the March actual expense of \$236,226.
- Higher repair and maintenance costs particularly in the MRF. The average monthly repair and maintenance expense has been \$127,238 which is \$18,978 lower than the March expense of \$146,217. Repair and maintenance expenses fluctuate from month to month and the expense in future months could be at lower or higher than the March actual expense.

- Bond interest expense is \$78,065 higher than expected due to the timing of recording the interest expense accrual each month. The March expense trues up the year to date bond interest expense to the correct amount.

The operating loss for the month of March was \$679K compared to a budgeted income of \$75K for the month. The operating loss for the month compares to an operating profit of \$319K in March 2017. Year to date operating income was \$2,094K (\$1,420K above budget and \$962K lower than the same period last year). District tonnage accepted in March was 60,766 (11.0% lower than the same month last). Year to date accepted tonnage through March was 585,080 tons (4.3% higher than the same period last year). Diverted material in March was 10,580 compared to 15,824 the same month last year. Year to date diverted material is 100,512 compared to 148,540 for 2016-17. The percent diverted is 17% this year compared to 26% for the same period last year.

Discussed was held regarding the decrease in diverted material and operating income. General Manager stated that staff will attempt to synthesize information to the Board in a presentation format for additional clarity.

10) Public Education and Recycling Report

The Board reviewed a memorandum from Director of Communications and Sustainability Jeff Lindenthal which provided information on the analysis and approach on the planned public opinion survey. The intent of the survey was to collect data, assess the data received, and make use of the information in the development and refinement of our programs and education. Public perceptions of recycling and attitudes about convenience and value of recycling will also be analyzed. Staff received four proposals with two proposing the same amount of \$24,750. Staff will have some follow-up questions prior to making a selection. Funds for this work are included in the 2017/18 public and education outreach budget.

Board discussion followed regarding the demographics of the survey and the expected outcome. Director Bales expressed concern about conducting a costly survey.

Director Downey requested that the Litter Abatement Task Force (LATF) meeting update be placed on the agenda in the future and provided an update on the meeting that was held on April 18th. She stated that Kimberle had represented the District well at the meeting. Information had been provided by CalTrans on their efforts of cleaning the median along the highway utilizing a vacuum. She stated that volunteers had done a good job in cleaning up the beaches. The next meeting will be held on June 28th. Director of Communications and Sustainability thanked Director Downey for her leadership on the LATF.

11) Report on Materials Recovery Facility Startup

Director of Operations Tim Brownell provided a brief summary of MRF operations. He noted that initially staff believed the facility would be processing less material and the District was now receiving four times as much as anticipated. He said that the staffing budget has increased due largely to processing single stream materials, although higher revenues will be received. Staff is being trained to process more per minute. He expressed appreciation to staff for their efforts, from management, to HR, to the sorters. He stated that the first two shipments had been sent to China and commented on the material quality issues in light of the recent changes in the acceptance of material, which used to be up to 10% contamination and was now less than 1%.

12) Report on Local Agency Formation Commission's (LAFCO) Final Fiscal Year 2018/19 Budget and Work Plan

The Board reviewed the Local Agency Formation Commission's Final Fiscal Year 2018/19 Budget and Work Plan. The FY 2018/19 budget represents an overall 6.7% increase as compared to their current year budget and the proposed total special districts' cost share is \$313,487, a six percent increase as compared to the current year cost share, which was \$41,936 for the District. The Monterey County Auditor-Controller's Office will be compiling revenue data and will prepare cost allocations for individual districts by early June.

13) Report on April 17, 2018 Meeting of Special Districts Association of Monterey County

Director Campbell reported verbally on the Special Districts Association of Monterey County.

OTHER CORRESPONDENCE**14) Letter from Local Agency Formation Commission (LAFCO) of Monterey County RE: Election of LAFCO Commissioners**

The Board was provided with a letter from LAFCO notifying that Mary Ann Leffel was elected as the Regular Member representing special districts on LAFCO and that a second ballot for election of the alternate member should be submitted to LAFCO. The ballot had been submitted based on information received at the March Board meeting.

GENERAL MANAGER COMMUNICATIONS

General Manager stated that staff had met with staffs from Salinas Valley Recycles, the City of Salinas, and the County of Monterey on Monday April 16th. He also reported that design and bidding documents are being prepared for development of Module 6.

General Manager reported that District staff and M1W staff have been meeting on the development potential for cooperative organics and sludge management, along with the development of a joint energy "grid" and management structure. Respective staffs will be presenting to respective Boards an outline for a consultant to help facilitate the development of a project overview and possible project components. District staff has identified funds for this in the preliminary FY 2018/19 budget.

BOARD COMMUNICATIONS

Chair Delgado reported that he and Director Parker had met with Supervisor Simon Salinas and CAO Lew Bauman, staff from the City of Salinas and Gonzales, along with Consultants R3, who had conducted a county-wide waste study. Discussion had been held on the report from R3 Consultants with a recommendation for the District and Salinas Valley Recycles to work together due to increasing state mandates. Chair Delgado provided statistics on the County of Sonoma costs for processing compost comparative to what is expected to be processed in Monterey County. A memorandum of understanding has been drafted with recommendations on where, what, and which agency should process which material. He requested that the R3 report be forwarded to Board members and stated that additional information will be provided as it becomes available.

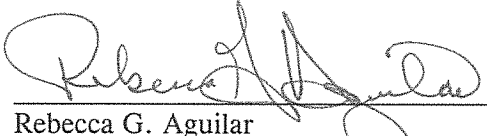
Chair Delgado shared a letter that was received from a Pacific Grove resident expressing for the MRF open house event and public outreach. He stated that it had been a marvelous experience and how good it was to have a cutting-edge facility in the community.

Director Allion reminded the Board that the Monterey County Business Council Infrastructure Summit would be held on April 30, 2018 at the Embassy Suites. General Manager will be on a panel on the topic of solid waste. Other topics include broadband, energy, water, and transportation. He encouraged all Board members to attend.

ADJOURNMENT

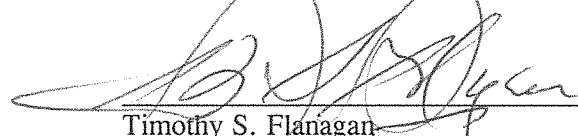
There being no further business to come before the Board at this time, the April 20, 2018 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned by Chair Delgado at 12:05 p.m.

RECORDED BY:



Rebecca G. Aguilar
Executive Assistant/Clerk of the Board

AUTHENTICATED BY:



Timothy S. Flanagan
General Manager/Secretary