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MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT REGULAR MEETING MINUTES

Friday, 9:30 a.m.
May 18, 2018

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

MEMBERS PRESENT: Bruce Delgado (Chair), City of Marina Mayor
Carrie Theis (Vice Chair), City of Carmel-by-the-Sea Mayor Pro Tem
Gary Bales, City of Pacific Grove
Libby Downey, City of Monterey
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: Leo Laska, Pebble Beach Community Services District

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
Ida Gonzales, Administrative Support Specialist
Kimberle Herring, Public Education and Outreach Coordinator
Angela Goebel, Public Education and Outreach Specialist
Ida Gonzales, Administrative Support Specialist II
David Sawyer, Last Chance Mercantile Supervisor
Holly Yanez, Recycling Attendant
Rosemary Perez, Accounting Assistant

OTHERS PRESENT: John Greenlee, Caldwell Flores Winter
Brian McMinn, City of Marina
Ted Terrasas, City of Monterey

OTHERS PRESENT: Adriana Flores, City of Watsonville
(continued) Lew Bauman, Monterey County
Ric Encarnacion, Monterey County Environmental Health Department
Alvin Votran, Monterey County Environmental Health Department
Jennifer Rojero, Monterey County Environmental Health Department
John Ramirez, Monterey County Environmental Health Department
Mike Niccum, Pebble Beach Community Services District
Mandy Brooks, Salinas Valley Recycles
Heidi Burch

ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice duly given and presence of a quorum established, the May 18, 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 Allion, seconded by Director Bales, the Board unanimously approved the Consent Agenda.

- 1) Approve Minutes of April 20, 2018 Regular Board Meeting
- 2) Approve Report of Disbursements, and Board and Employee Reimbursements
- 3) Receive Report on April 4, 2018 Finance Committee Meetings
- 4) Receive Report on April 4, 2018 Personnel Committee Meeting
- 5) Declare Surplus and Authorize Disposition of Scarab Unit S129 Mobile Equipment at a Sale Price of \$35,000
- 6) Adopt Resolution of Appreciation (2018-10) for Retiring Materials Recovery Facility Assistant Fernando Becerril
- 7) Adopt Resolution of Appreciation (2018-11) for Retiring Materials Recovery Facility Assistant Maria Becerril
- 8) Adopt Resolution 2018-12 Proclaiming May 20-26, 2018 as National Public Works Week

PRESENTATIONS

9) Recognition of Rodney Barber for 25 Years of Service

The Board recognized Rodney Barber for his 25 years of dedicated service to the District. General Manager commented that Rodney was typically the first person at the District every morning at 4 a.m., opening the shop, fueling, and maintaining the equipment on site. His positive manner and infectious sense of humor was often just what was needed on cold, dark mornings, and his work ethic and sense of dedication was to be admired.

10) Resolution of Appreciation for Retiring Materials Recovery Facility Assistant Fernando Becerril**11) Resolution of Appreciation for Retiring Materials Recovery Facility Assistant Maria Becerril**

The Board recognized both Fernando and Maria Becerril upon their retirement on March 31, 2018. They had been a part of the Materials Recovery Facility for over 18 years of service to the District, since 2000. Chair Delgado read aloud their resolution and wished both Fernando and Maria Becerril well in their retirement.

12) Resolution Proclaiming May 20-26, 2018 as National Public Works Week

City of Marina Brian McMinn and Pebble Beach Community Services District General Manager Mike Niccum addressed the Board. They both serve on the Board of Directors of the American Public Works Association (APWA). Mr. McMinn stated that the District was in good company and there were 22 proclamations adopted in the tri-county area. He presented a poster to the Board from the APWA.

13) Small Planet News – Barn Owl Update

Senior Engineer provided the Board with an update on the owls that had been found last year during the MRF construction. Those owls were relocated once they were old enough. District staff worked with an owl specialist and the Green Academy at Salinas High school to construct a dozen owl boxes which were installed around the site to provide dedicated “housing” outside of the MRF building. The Green Academy supplied all materials and labor to build the boxes. Staff has found that several of the owl boxes have a number of baby owls and eggs in them, indicating that the owl box habitat was needed, and the owls are nesting outside the facility while providing a natural method of pest control. The fledge date is anticipated in July. He shared a video clip with the Board showing the baby owls and eggs.

14) Public Opinion Survey Outline and Information

Director of Communication and Sustainability reported that staff had selected EMC Research (EMC) to perform the public opinion survey of residents residing the District service area to better understand current attitudes and understanding of recycling and the services performed by local haulers and the District. The results of the survey will assist staff on the types of education and outreach activities most efficiently to yield less contamination in the recycling bin which translates to lower costs to District operations. He introduced Sara LaBatt of EMC who addressed that Board and provided background information on EMC, their experience working with other agencies, and their research objectives and methodology. Ms. LaBatt provided an overview of their questionnaire structure to include warm-up questions, overall perceptions of the District and the haulers, satisfaction with individual aspects of service, attitudes and behaviors around waste disposal and recycling, rates, along with additional demographic information. Data collection is expected to be conducted the first two weeks in June with final results provided at the July Board meeting. Calls will be placed to landlines and cell phones.

Board discussion followed regarding the types of questions and making clear the difference between the District and the haulers, how the 400 interviewees are selected, refusal rates, and time calls are placed. Ms. LaBatt stated who is called is random from a purchased list, and that interviewers are trained to do follow-up questions on when the best time was to call to reduce refusal rates. Vice Chair inquired why businesses were not being polled. Director of Communication and Sustainability stated that staff has considered conducting an on-line poll for businesses in collaboration with the chambers. General Manager stated that staff anticipates having more contact with the business community regarding challenging state mandates and reporting requirements. Director Parker stated that the work EMC had done for the Transportation Agency of Monterey County had been helpful to determine community needs and EMC might assist in framing the questions if an on-line survey was conducted of the business community.

15) Bond Market Report from Caldwell Flores Winters (CFW)

John Greenlee of CFW provided the Board with a brief overview of the state of the current finance and debt markets, and the District's ability to obtain additional financial support via the issuance of additional bond debt. The debt service coverage is the ratio of net revenues to debt service due each fiscal year. Based on District's projections, he stated that the District could borrow up to \$25 million without overleveraging. He provided the pros of issuing bonds in 2018 such as historical low interest rates, the District's "AA" rating, and providing funds to meet future regulatory requirements, with the cons being that future debt service payments could impact future cashflow therefore requiring future rate increases. All the costs and fees would be equal to or less than the fees paid in 2015.

Board discussion was held regarding timing and identification of the proposed projects the debt would be used for, savings in borrowing earlier instead of using a "pay-as-you-go" method or borrowing and not using. Mr. Greenlee responded that the District would need to identify the projects as part of the bond requirements and there is a three-year period in which to utilize them. The Board directed staff to provide scenarios for the Board of borrowing \$10 million now as included in the FY 2018/19 Budget, additional borrowing five years from now, versus borrowing all at once.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION**16) Adopt Preliminary Budget for Fiscal Year 2018/19**

General Manager expressed appreciation to the Finance staff for their efforts in preparing the Preliminary Budget for FY 2018/19, which was reviewed with the Finance Committee on May 2nd and presented to the Personnel Committee as part of the personnel costs. The FY 2018/19 was developed at the department level with thorough review and input from department managers. Director of Finance and Administration addressed the Board and stated that following the presentation from Mr. Greenlee, the District did have five-year projections for expenditures, although a more detailed and thorough review was necessary. He stated that the Preliminary Budget had been reviewed by the committees and highlighted to the Board at their April Board meeting. Due to time constraints, he asked how the Board preferred to have him present the Preliminary Budget.

Discussion was held regarding the time, which was 11:30 a.m., and Director Parker's need to leave at 12 p.m. and wanting to comment on Item 20 on the agenda.

It was moved by Chair Delgado, seconded by Director Allion, and Unanimously Carried To: Consider Item 20 on the Agenda Prior to Item 16.

20) Consider Request from Monterey County for Illegal Dumping Assistance and Provide Direction to Staff

The Board reviewed an email from Monterey County Administrative Officer Lew Bauman, along with a letter requesting the District provide assistance for illegal dumping and litter control. The request was for \$200,000 annually, with \$100,000 from both the District and Salinas Valley Recycles (SVR). General Manager stated that staff was seeking Board direction on this item.

Mr. Bauman addressed the Board and stated that the request had emerged from a meeting with the District, SVR, the County Health Department and County Administrative Office, along with farm and grower associations and several community members, in an effort to explore options to mitigate illegal dumping and littering. This was not a new issue as illegal dumping has been a long-term issue. Discussion at the meeting had included enhanced

enforcement and enhanced litter crew staffing from the work alternative program, general assistance recipients, or contracting with non-profits such as Hope Services and Rancho Cielo. Following discussion, it was determined that enhancing litter crews was the most feasible and cost effective. A memorandum of understanding would be prepared between the County, the District and SVR to implement and provide the requested funding by incremental tipping fees and would include covenants to ensure funds are used solely for litter crew staffing.

Board discussion followed regarding how this would minimize litter, how the funding was proportioned, the need for additional litter control, how illegal dumping becomes a magnet, and illegal dumping occurring surrounding the landfill areas due to cost to disposition. Director Parker provided information on the recent homeless situation on Lapis Road, what had been learned, and the challenges involved. She appreciated the creativity of the idea through collaboration and that if this was implemented, that the County document where the illegal dumping is occurring, if the funding was proportioned in the future. Mr. Bauman stated that Public Works does document where illegal dumping is occurring but does not include waste that is left on farm lands.

Director of Communications and Sustainability reminded the Board that the District maintains a website (www.keepmontereycountyclean.org) in which illegal dumping can be reported and it was interesting to note that many reports are agricultural related. He stated that it might be beneficial to have the growers also contribute to illegal dumping.

The Board directed staff to work with the County and bring back a recommendation at the June 22, 2018 Board meeting. No Other Action Taken.

16) Adopt Preliminary Budget for Fiscal Year 2018/19 *(continued)*

Director of Finance and Administration continued his presentation on the 2018/19 Preliminary Budget. Director Parker stated that she did not have any additional comments and was comfortable with the Preliminary Budget as presented, although she felt that some of the capital equipment could be paid by revenue and that rate increases and issuance of debt would be needed for capital improvements. Director of Finance and Administration stated that the Budget assumed the issuance of a bond in the amount of \$10 million to enable the District to be cash flow positive for next fiscal year. Any consideration of an amount higher than that would come back to the Board for further discussion.

Director Parker retired at 12 p.m.

Revenue estimates for FY 2018/19 include tip fee increases ranging from 10.7% to 23.1%. The revenue estimates are conservative regarding the expected contract tonnage that will be received in FY 2018/19 and contract revenue is budgeted to be lower than the estimated contract revenue for 2017/18. The budget includes capital expenditures of \$16.3 million which includes equipment replacement/repair of \$3 million and capital improvements of \$13.3 million.

Discussion was held on capital outlay and capital improvement needs for the next FY, and in the next five years. Director of Finance and Administration stated that the five-year projection was inclusive of regular business expenditure but did not include projects such as organics management, which had a projected cost of \$90 million. Director Downey requested staff provide a chart of capital expenditure needs related to additional bond issuance and the term of bonds. Director Campbell stated that the life span of the project should outlast the term of the bond. Director Blackwelder stated that a flow chart of state regulatory mandates would be helpful to address future rate increases and funding needs. Director Bales stated that more discussion was necessary on capital outlay. General Manager reminded the Board that during the strategic planning retreat, staff had presented the need for \$130 million for maintenance of existing infrastructure, development of future modules, and meeting

state mandates. He stated that debt would be one of the levers along with other multiple sources of revenue to accommodate that demand over the next ten years. Vice Chair Theis stated that both the tip fees and the bond issuance needed to be looked at together and inquired whether the Board has approved the tip fee increases in the Preliminary Budget. In terms of capital improvements, \$10 million included in the budget did not seem enough to cover future needs. Director Allion commented that the budget was conservative, and the Board needed to look at what was needed during the next FY, and staff would provide further information for additional rate increases or debt issuance.

Director Finance & Administration stated if the Board was not comfortable with the tip fee increases and debt issuance included in the Preliminary Budget, then staff need to reconfigure it. He stated that staff would be available to provide additional information and meet with Board members if requested.

Director Bales retired at 12:16 p.m.

Board discussion continued regarding the tip fee increases and debt issuance.

It was moved by Chair Delgado, seconded by Vice Chair Theis, and Unanimously Carried To: Adopt Preliminary Budget for Fiscal Year 2018/19, with the Understanding that Additional Discussion Will be Held Regarding Rate Increase and Amount of Debt Issuance.

- 17) **Authorize General Manager to Execute Agreement with Caldwell Flores Winters, Inc. (CFW), of Emeryville, CA, to Perform Financial Advisory Services at a Cost of \$65,000, Contingent on the Issuance of Revenue Bonds**

The Board reviewed a memorandum from Director of Finance & Administration Peter Skinner regarding contracting with CFW for financial advisory services. The Board was also provided a draft agreement. CFW was selected through a competitive procurement process in 2014 for assistance for the bonds issued in 2015. The \$65,000 cost would be contingent on the issuance of bonds.

It was moved by Director Downey, seconded by Director Allion, and Unanimously Carried To: Authorize General Manager to Execute Agreement with Caldwell Flores Winters, Inc. (CFW), of Emeryville, CA, to Perform Financial Advisory Services at a Cost of \$65,000, Contingent on the Issuance of Revenue Bonds.

- 18) **Adopt Resolution 2018-13 Authorizing Five Year Lease Purchase Agreement with Regents Capital Corporation to Finance Previously Purchased Caterpillar D8T Dozer and Purchase of a Caterpillar 938M Wheel Loader**

The Board reviewed a memorandum from Accounting Manager Garth Gregson regarding financing the Dozer purchased that was delivered to the site in January and the Wheel Loader purchased in November 2017. In order to ensure that cash reserves meet the Board guidelines, staff is recommending the financing of the two equipment items at an interest rate of 2.59% with Regents Capital Corporation.

It was moved by Director Allion, seconded by Director Downey, and Unanimously Carried To: Adopt Resolution 2018-13 Authorizing Five Year Lease Purchase Agreement with Regents Capital Corporation to Finance Previously Purchased Caterpillar D8T Dozer and Purchase of a Caterpillar 938M Wheel Loader.

- 19) Schedule a Public Hearing for June 22, 2018 to Consider Tipping Fee Increases Effective July 1, 2018 to:
- Solid Waste (Basic Rate) Landfill Rate, from \$56.00 Per Ton to \$62.00 Per Ton
 - Yard Waste Rate From \$32.50 Per Ton to \$40.00 Per Ton
 - Food Scraps Rate From \$45.50 Per Ton to 54.00 Per Ton
 - Sewage Sludge Rate From 30.00 Per Ton to \$35.00 Per Ton

It was moved by Director Downey, seconded by Chair Delgado, and *Unanimously Carried To: Schedule a Public Hearing for June 22, 2018 to Consider Tipping Fee Increases Effective July 1, 2018.*

STAFF REPORTS

21) Review Finance, Operating, and Recycling Reports

The Board reviewed the financial statements and tonnage reports for April 2018. Revenue continues to be above budget due mostly to higher than anticipated tonnage accepted into the site.

22) Report on Materials Recovery Operations and Recycling

Due to timing constraints, this item will be placed on the June 22, 2018 Board meeting agenda for discussion.

OTHER CORRESPONDENCE

23) Letter from Local Agency Formation Commission of Monterey County RE: Election of LAFCO Commissioners - Final Results

The Board reviewed corresponded from LAFCO stating that Mary Ann Leffel had been elected as the Regular Member representing special districts on LAFCO and that Craig Stephens had been elected as the alternate member.

GENERAL MANAGER COMMUNICATIONS

General Manager reported that staff continues to work on collaborative approaches to partnering with SVR through a consultant study prepared for the City of Salinas and the County of Monterey. He also reported that staff intends to conduct a waste characterization study in the new MRF to obtain specific information on the single stream recyclable materials. General Manager stated that on May 9th, the California Energy Commission awarded the District a \$1,816,000 matching grant for Biogas (Landfill and Anaerobic Digester Gas) to Renewable Transportation Fuel Project. The project will result in the Monterey Peninsula having the first carbon negative fueled recycling and trash collection fleet in the entire Central Coast and possibly the first in the State of California from a publicly owned-publicly operated landfill.

BOARD COMMUNICATIONS

There were no Board communications.

CLOSED SESSION

The Board adjourned in closed session at 12:30 to discuss the following:

- 1) Conference with Legal Counsel--Anticipated Litigation
Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: (One Case)

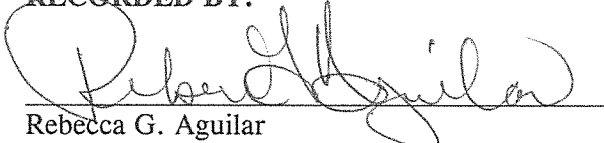
RETURN TO OPEN SESSION WITH ANY REQUIRED ANNOUNCEMENTS FROM CLOSED SESSION

The Board came out of closed session at 12:45 p.m. and Legal Counsel announced that the Board had discussed the item listed on the agenda for the closed session. No reportable action had been taken.

ADJOURNMENT

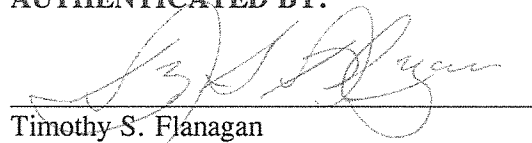
There being no further business to come before the Board at this time, the May 18, 2018 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned by Chair Delgado at 12:46 p.m.

RECORDED BY:



Rebecca G. Aguilar
Executive Assistant/Clerk of the Board

AUTHENTICATED BY:



Timothy S. Flanagan
General Manager/Secretary