

BOARD OF DIRECTORS

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GENERAL MANAGER/
DISTRICT ENGINEER

TIMOTHY S. FLANAGAN
ASST. GENERAL MANAGER

RICHARD SHEDDEN, P.E.
SENIOR ENGINEER

ROBERT WELLINGTON
COUNSEL

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mountains

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT REGULAR MEETING MINUTES

Friday, 9:30 a.m.
December 16, 2011

Boardroom
Monterey Peninsula Landfill
Marina, CA

MEMBERS PRESENT: Leo Laska (Chair), Pebble Beach Community Services District Boardmember
Sue McCloud (Vice Chair), City of Carmel-by-the-Sea Mayor
Gary Bales, City of Pacific Grove
David Pendergrass, City of Sand City Mayor
Libby Downey, City of Monterey Councilmember
Jane Parker, (Unincorporated) Monterey County Supervisor, District 4
Ian Oglesby, City of Seaside Councilmember
Bruce Delgado, City of Marina Mayor
Dennis Allion, City of Del Rey Oaks Councilmember

MEMBERS ABSENT: None

STAFF PRESENT: William Merry, General Manager
Tim Flanagan, Assistant General Manager
Rob Wellington, Legal Counsel
Richard Norton, Administrative Service Manager
Richard Shedden, Senior Engineer
Don Prescott, Information Technology Manager
Harry Hunzie, Material Recovery Facility/LFG Manager
Chuck Rees, Finance Manager
Jeff Lindenthal, Public Education and Recycling Manager
Richard Petitt, Site Manager
Ron Mooneyham, Equipment Maintenance Manager
Jack Cook, Safety Manager
Rebecca Aguilar, Administrative Support Supervisor
Kimberle Herring, Public Education Coordinator
Clyde Walkup, MRF Operations Supervisor/OE3 Representative
Sonia Haro, Administrative Support Specialist
Ida Gonzales, Administrative Support Specialist

OTHERS PRESENT: Jane Beattie, Aramark-Asilomar Conference Grounds
Robertta Camacho, Asamblea de Poder Popular
Virgen Camacho, Asamblea de Poder Popular
Hans Uslar, City of Monterey
Charlie Cordova, Green Waste Recovery
Jeff Cristina, GreenWaste Recovery
Michael Gross, GreenWaste Recovery

OTHERS PRESENT: Keith Day, Keith Day Company
(Continued) Richard Julian, Intercontinental, Clement Hotel
Teresa Rios, Monterey County Environmental Health Bureau
Ted Terrasas, Monterey County Environmental Health Bureau
Tom Buell, Monterey Regional Water Pollution Control Agency
Mike Niccum, Pebble Beach Community Services District
Doug Kenyon, Republic Services
Jose Gamboa, Salinas Valley Solid Waste Authority
Jay Ramos, Waste Management
Felipe Melchor, Waste Management
Eric Herbert, Zero Waste Recovery
Margaret Bonetti
Julia Rocha
Lewis Leader

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and presence of a quorum established, the December 16, 2011 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Chair Laska at 9:30 a.m.

PUBLIC COMMUNICATIONS

There were no public comments.

CONSENT AGENDA

Following a motion by Director Delgado, and seconded, the Board approved the following actions:

- 1) Approve Minutes of November 18, 2011 Regular Board Meeting
- 2) Approve Report of Disbursements
- 3) Authorize Issuance of Request for Proposals (RFP) for Preparation of Annual Audit for Fiscal Years 2011/2012 through 2013/2014
- 4) Authorize Issuance of Request for Proposals for Waste Characterization Study
- 5) Authorize Purchase of New Caterpillar 966K Wheel Loader from Quinn Company of Salinas, CA at a Cost of \$371,085
- 6) Adopt Resolution of Appreciation (2011-11) for Retiring Administrative Services Manager Richard Norton

Chair Laska presented Administrative Services Manager Rich Norton with a resolution of appreciation and congratulated him on his retirement on December 31, 2011. He also thanked him on behalf of the Board for his 22 years of service. General Manager stated that Rich successfully implemented human resource management provisions, with a sense of compassion, and he will be missed. Director Delgado commented that Rich was a wonderful example of a human being, while balancing the many aspects of human resource management.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

7) Receive Report from Finance Committee Chair on Meeting of November 30, 2011

The Board received a memorandum from Chair Laska summarizing the November 30, 2011 Finance Committee meeting. Chair Laska stated that the Committee had discussed regional waste revenues and how they are presented to the Board, renewable energy production, a pilot anaerobic digestion research and demonstration proposal, and the matter of requesting proposals for the annual audit.

8) Authorize General Manager to Negotiate Terms and Execute an Agreement with Zero Waste Energy, LLC (ZWE), of San Jose, CA, for Pilot, Research and Demonstration Anaerobic Digestion Project

The Board reviewed a memorandum from Assistant General Manager Tim Flanagan, along with related information regarding a pilot research and demonstration anaerobic digestion (AD) project. General Manager stated staff has been considering waste conversion technologies, to include AD, for the last two to three years as part of the District's strategic plan. He stated that \$50,000 had been allocated in this year's capital outlay budget for some type of an AD project. This project is an excellent opportunity for the District to test the waters and to work out the bugs on a pilot demonstration basis. It also affords the opportunity to work on a broader scale, in cooperation with the MRWPCA, in an effort to clarify if there is opportunity in the future to utilize excess digester capacity at their plant for some of the organic material.

Eric Herbert, ZWE Chief Executive Officer, addressed the Board, and stated that AD is not new technology, although their approach is new, and the system would be very specific to the District's waste stream and environment. He provided the Board with a video regarding their SMARTFERM system, which uses proven technology. The system that would be used is shop fabricated and then delivered to the District site. At the end of the demonstration, the system would be removed. He explained how the proposed AD pilot project would process between 4,000 and 4,500 tons per year of organic material, such as food scraps, yard waste and biosolids, extract the energy in the form of methane, and produce renewable power. It is a 21-day cycle digester system process, at a low temperature of 130 degrees. Mr. Herbert reviewed the key proposal terms and explained that there was a unique opportunity to implement this project because of a grant that is available until the end of the year (2011) for projects that have already started. He stated that ZWE is looking at key locations throughout the nation and in California; CalRecycle is very supportive of these types of projects as they fit within AB 32 to help reduce greenhouse gas and other air emissions. The project could be operational by mid 2012 and ZWE requested that the system be operational for at least three years with the option to continue for one or two years. The District currently receives revenue for the food waste that is being processed by Keith Day and ZWE would request that the revenue go to them to offset the capital and operating costs of the \$1.6 million project.

Board discussion followed regarding the project pros and cons such as loss of tipping fee revenue for food waste and the gain of processing material to obtain renewable energy. General Manager stated that there may be some cost involved to obtain valuable information on how the District best proceeds to obtain the highest level of benefit for member agencies. There are details that still need to be worked out and staff is asking the Board to authorize staff to do that.

Hans Uslar, City of Monterey, addressed the Board and stated that he believed this was a good project especially with the new state goal of 75% diversion resulting from AB 341. He questioned information in the staff report with regard to the hourly kilowatt output and stated it would be beneficial to have annual output. He also asked whether the Board would consider reducing the greenwaste rate if it is no longer necessary to grind it. Tom Buell, MRWPCA, stated that staffs have discussed this project. He stated that the MRWPCA staff is supportive of this project as they are always looking for ways to save money on power costs. Jane Beattie, Asilomar

Conference Center and the Peninsula Compost Coalition, stated the Coalition is fully supportive of this project. Margaret Bonetti, Salinas resident, stated the project sounded promising and she would have liked the SVSWA to have taken this type of incremental, organic approach instead of the large gasification project they are currently undertaking. Richard Julien, Intercontinental, Clement Hotel and the Peninsula Compost Coalition, expressed that the project was a great opportunity as there were other cities that would like to participate in food waste composting, and he was supportive of the project. Julia Rocha, Gonzales resident, stated that the project did look very promising, and stated she was supportive of the project.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Conceptually Approve the Pilot, Research and Demonstration Anaerobic Digestion Project and Authorize General Manager to Negotiate Terms of an Agreement with Zero Waste Energy, LLC, of San Jose, CA, and Bring Back an Agreement, Along with Financial Proforma of Costs and Benefits, for Final Board Approval.

9) Provide Direction Related to Letter Received from City of Monterey RE: Proposed Cost of Living Rate Increase

The Board reviewed a letter, dated December 8, 2011, from Chuck Della Sala, City of Monterey Mayor, in which he requested that the Board consider sharing District revenue received from regional waste contracts, directly with its member agencies. General Manager commented that in reviewing the District's financial statements, it may seem that the District has excess revenue, since, for example, the anticipated \$20 million capital outlay for an upgraded materials recovery facility is not yet included in the budget. In the past, City staff has recognized that the District faces some difficulties with its financial model and that as part of its strategic plan, is developing a more sustainable revenue model. He reminded that upon negotiating the regional waste contract with Greenwaste Recovery in the spring of 2010, District staff went on to recommend, and the Board approved, rescinding the planned \$5 per ton increase and adopted a \$0.75 per ton increase instead for solid waste in the fall of 2010.

Board discussion followed regarding the City of Monterey's request. Chair Laska stated that the additional revenue received from the regional waste contracts does not replace the revenue lost due to decreased tonnage. Director Downey clarified that the request from Monterey was for all member agencies to receive revenue back, and at the request by Director Delgado for clarification, she asked Monterey's Plans and Public Works Assistant Director Hans Uslar to respond.

Mr. Uslar addressed the Board and stated that in reviewing the financial numbers provided by District staff, it would seem that a portion of the additional regional waste revenue could be used to assist the cities, even after the District utilized what was needed for operations. He asked that the Board consider what would be fair and equitable and what can be redistributed to the District member cities.

Board discussion followed the legalities of the request, District strategic plans for the regional waste contract revenue, and what would be a proper response to the City of Monterey. Director Delgado stated that the District has deferred maintenance and asked employees to make concessions in order to balance the District's finances. He believed that these were things that needed to be addressed first before considering this type of request. Director Oglesby commented that he did not believe the District had excess revenue and if there were, then the consideration would be to reduce tipping fees, something the Board is able to approve, and not provide a reimbursement directly to the cities. Director Downey commented that it may not have been prudent to raise the tipping fee recently, which is why the request was made. Director Pendergrass expressed concern regarding the idea that the District had excess revenue since, over the last several years, staff has been asked to balance the budget by reducing staffing and deferring maintenance and capital outlay. He stated that there were also many costly state regulations, including new ones that the District was obligated to follow.

Director Delgado believed that it was appropriate for the General Manager to prepare a letter response based on his knowledge of District finances and needs. Vice Chair McCloud stated that since the Monterey letter was addressed to the Board, and as recommended in the General Manager's report, the matter should be referred to the Finance Committee for discussion, including a draft letter of response for Board consideration and approval.

Ms. Bonnetti commented on the process of presentation and response. Legal Counsel suggested staff draft a response for review and comment by the Finance Committee, and then by the Board. He stated that there were substantial legal issues that needed to be discussed by the Finance Committee on the way to preparing a full report to the Board.

It was moved by Director Pendergrass, seconded, and Approved by Chair Laska, Vice Chair McCloud, and Directors Allion, Bales, Downey, Oglesby, and Parker; Opposed by Directors Delgado and Pendergrass To: Refer the Matter to the Finance Committee for Discussion to Prepare a Draft Response Letter to the City of Monterey for Review and Approval by the Board at the February Meeting.

10) Report on or Obtain Further Direction for Sale of Renewable Power from Landfill Gas Project

General Manager stated that although staff was hopeful that an agreement would be reached by meeting time, staff is still working on the Agreement to sell power to the Northern California Power Alliance and there was nothing new to report on this item.

No Action Taken.

STAFF REPORTS

11) Review Finance, Operating and Recycling Reports

The Board reviewed a preliminary Operating Report for November. The November Financial Statements were not available due to the early date of the Board meeting. Tipping Fees Revenues are projected to be \$1,190,000; \$110,000 below budgeted levels for the month. Refuse Accepted (excluding Regional and Contracted Waste) was 15,165 tons, a decrease of 628 tons from November 2010, and a decrease of 781 tons from October 2011. The total refuse (excluding Regional and Contracted Waste) for the last 12 months was 189,495 tons, down 8,333 tons from the 12-month period ending November 2010. General Manager stated that the refuse accepted, without the Regional and Contracted Waste, was at its lowest point since 1997.

The Total Solid Waste Accepted into the site (excluding Regional and Contracted Waste) was 25,203 tons, an increase of 1,519 tons from October 2011 and down 30 tons from November 2010.

General Manager reported that Santa Cruz County has informed the District that they will not be delivering waste under their contract for the next 10 to 15 years. Staff will follow up with Santa Cruz County staff and report back to the Board. Chair Laska stated that there has been discussion amongst the Finance Committee with regard to terminating or renegotiating the contract.

12) Report on Solid Waste Legislation and Regulatory Matters

General Manager reported on the SWANA Legislative Task Force (LTF) annual workshop, which was held in Monterey on December 2-3, 2011. At the meeting, the LTF updated its Work Plan for 2012 with the following top priority items:

- AB 341 implementation; commercial and multi-family recycling
- AB 32 impacts on Municipal Solid Waste Management, Greenhouse Gas/Global Warming
- Extended Producer Responsibility/Product Stewardship
- Conversion Technologies; Anaerobic Digestion and Gasification
- Renewable energy production/Renewable energy credits
- Organics Management and proposed CARB regulations
- Changes to Bottle Bill rules
- Water Board and CARB planned regulatory impacts to MSW management

The meeting also included discussion of the following apparent trends for 2012:

- The State Budget deficit will consume a lot of energy, but it will likely not extend budget negotiations beyond June 15th because of the Proposition 25 requirement that would cut legislators pay if the budget is not approved by that date.
- More fees are likely as the State deals with the budget deficit.
- The Initiative regarding sales and income tax revenues will become a funding issue.
- Renewable Energy Production will be a big issue and is one of the most popular with legislators. It was discussed that energy companies exert a lot of lobbying influence and the only way that solid waste projects may get better prices for producing renewable energy may be trying to do local “over the fence” projects by setting up local utilities (i.e., Community Choice Aggregation).

13) Report on November 17, 2011 Strategic Planning Advisory Task Force (SPATF)

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal regarding the SPATF November 17, 2011 meeting. Minutes of the meeting were also reviewed by the Board. Public Education and Recycling Manager reported that the SPATF had reviewed the draft Model Franchise Agreement (MFA) and completed its discussion on the document. The MFA will be brought to the Board at the January meeting, with a request that the Board accept it and that it be formally transmitted to the member agencies for their use. A Technical Advisory Committee (TAC) will be formed, from the SPATF, to advise the Board and act in a more formal manner within each of their jurisdictions on matters of the MFA, as well as in discussions on how best to comply with new state mandates and goals for recycling and securing the solid waste infrastructure to most effectively serve the community for the next 10 to 20 years.

OTHER CORRESPONDENCE

14) Letter from Monterey County Board of Supervisors Chair RE: Working Relationship Between Solid Waste Agencies Within Monterey County

The Board reviewed a letter received from Monterey County Board of Supervisors Chair Jane Parker encouraging the Boards and staff of the District and the Salinas Valley Solid Waste Authority to enter into joint discussions to consider potential cooperation, collaboration, and partnership options in the near term, but which could lead to consolidation or merger, in order to better serve the Monterey County communities with a more efficient solid waste management system county-wide. General Managers of both agencies will begin meetings to initiate discussions related to the subject content of the letter.

15) Letter from Special District Risk Management Authority RE: Results of 2011 Election

The Board reviewed a letter from the Special District Risk Management Authority (SDRMA), which notified that Ed Gray, Terry Burkhart and Sandy Raffelson were elected to the SDRMA Board of Directors.

GENERAL MANAGER COMMUNICATIONS

General Manager announced that the District had hired Daylene Alliman as new Human Resources Manager. She most recently has been working with the Fort Ord Reuse Authority and has a very strong background in human resource management.

BOARD COMMUNICATIONS

There were no other Board communications.

CLOSED SESSION

The Board went into closed session at 11:50 a.m. regarding the following:

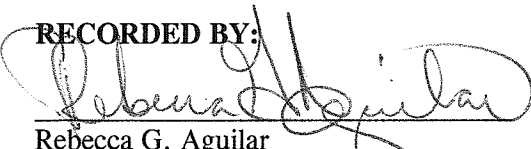
- 1) **Conference with Property Negotiators:**
Property: Landfill Site Space/Capacity
District Negotiators: William Merry and Tim Flanagan
Negotiating Party: County of Monterey
Terms: All Terms and Conditions
- 2) **Personnel Matter**
 - a. **Public Employee Performance Evaluation: General Manager**

The Board convened back into open session at 12:00 p.m. and Legal Counsel announced that in the closed session, with regard to Item 1, no discussion had been held. With regard to Item 2, information was received and the Board decided to continue the matter to the January Board meeting.

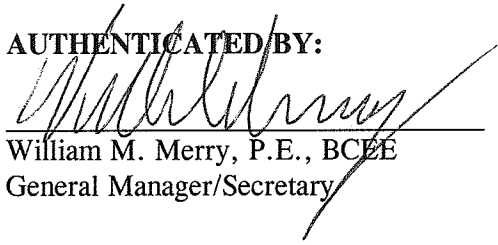
ADJOURNMENT

There being no further business to come before the Board at this time, the December 16, 2011 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to January 20, 2012 by Chair Laska at 12:01 p.m.

RECORDED BY:


Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:


William M. Merry, P.E., BCÉE
General Manager/Secretary