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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 Mercantile

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT REGULAR MEETING MINUTES

Friday, 9:30 a.m.
 June 15, 2012

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
 Gary Bales, City of Pacific Grove
 David Pendergrass, City of Sand City Mayor
 Ian Oglesby, City of Seaside Councilmember
 Dennis Allion, City of Del Rey Oaks Councilmember

MEMBERS ABSENT: Libby Downey, City of Monterey Vice Mayor
 Jane Parker, (Unincorporated) Monterey County Supervisor, District 4
 Bruce Delgado, City of Marina Mayor

STAFF PRESENT: William Merry, General Manager
 Rob Wellington, Legal Counsel
 Richard Shedden, Senior Engineer
 Chuck Rees, Finance Manager
 Jeff Lindenthal, Public Education and Recycling Manager
 Daylene Alliman, Human Resources Manager
 Richard Petitt, Site Manager
 Harry Hunzie, Material Recovery Facility/Landfill Gas Facility Manager
 Jack Cook, Safety Manager
 Ron Mooneyham, Equipment Maintenance Manager
 Rebecca Aguilar, Administrative Support Supervisor
 Kimberle Herring, Public Education Coordinator
 Sonia Haro, Administrative Support Specialist
 Clyde Walkup, MRF Operations Supervisor/OE3 Representative

OTHERS PRESENT: Sally Rideout, EMC Planning Group
 Charlie Cordova, Green Waste Recovery
 Ted Terrasas, Monterey County Environmental Health Bureau
 Suha Kilic, Pebble Beach Community Services District
 Felipe Melchor, Waste Management
 Joe Cadelago, Waste Management
 Jose Gamboa, Salinas Valley Solid Waste Authority
 Lewis Leader

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and presence of a quorum established, the June 15, 2012 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

Felipe Melchor, Waste Management (WM), addressed the Board to invite the District General Manager on a "ride along" with a WM collection route driver.

CONSENT AGENDA

Vice Chair McCloud suggested that the Disbursement Report provide more details regarding certain expenses in an effort to provide increased transparency.

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

- 1) **Approve Minutes of May 18, 2012 Regular Board Meeting**
- 2) **Approve Report of Disbursements**
- 3) **Approve Amendments to Memorandums of Understanding with the Management Unit and Operating Engineers Local 3 (OE3) Units to Incorporate 2% Cost of Living Adjustment**
- 4) **Approve 2% Cost of Living Adjustment for Unrepresented Employees**
- 5) **Authorize Purchase of Materials Recovery Facility Incline Conveyor Assembly from Krause Manufacturing, of Bellingham, WA, Within the Budgeted Amount of \$197,055.42, Including Sales Tax, Freight, and Installation**

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

- 6) **Accept Report from Finance Committee Chair on Meeting of May 30, 2012**

The Board reviewed a memorandum from Chair Laska summarizing the May 30, 2012 Finance Committee meeting. Discussion centered on the Final Budget for Fiscal Year (FY) 2012/13. Staff also reported on the Model Franchise Agreement (MFA), Materials Recovery Facility Upgrades, and the Landfill Gas (LFG) Facility operation and planned improvements.

Vice Chair suggested that the Finance Committee have the opportunity to review and comment on how the Disbursement Report line item descriptions might be improved.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Accept Report From Finance Committee Chair on Meeting of May 30, 2012.

7) Adopt Resolution 2012-04 Approving Final Budget for Fiscal Year 2012/13

The Board reviewed a memorandum and the Final Budget for Fiscal Year 2012/13 from Finance Manager Chuck Rees. The Finance Manager explained the variances between the Preliminary Budget approved at the May meeting and the Final Budget. The Final Budget includes \$20,275,000 in revenues, operating expenses of \$19,213,000, capital outlay of \$7,387,000 and principal payments on bond and lease obligations of \$625,000. Unrestricted cash (from prior years) of \$3,804,000 will be used to fund the District's cash shortfall, primarily because of the cost of the construction of new Landfill Module 5 liner. The revenue bonds will be paid off March 2013. The proposed Final Budget anticipates a continued hiring freeze for non-essential positions, along with continued controlled spending for expenses and capital outlay. No increase to the landfill tipping fee is included in the Final Budget for FY 2012/13.

Board discussion followed regarding District reserves. Finance Manager pointed out that staff will be working with the Finance Committee with regard to the MRF Upgrades and its effect on the reserves beginning in 2014/15. Vice Chair inquired how the demise of the regional water project affected the District's budget with regard to landfill gas sales. General Manager stated that staff will peruse opportunities for selling renewable energy to any water project for the Peninsula.

It was moved by Director Oglesby, seconded, and Unanimously Carried To: Adopt Resolution 2012-04 Approving Final Budget for Fiscal Year 2012/13.

8) Receive Report on District's Composting Use Permit, and:

- a. Ratify Expenditure Previously Approved by General Manager to EMC Planning Group in Amount of \$14,950 to Prepare Initial Study Necessary to Prepare Addendum to 1997 Mitigated Negative Declaration; and**
- b. Approve Scope of Work from EMC Planning to Prepare and Process Environmental and Permitting Documents to Renew District's Composting Use Permit, in the Amount of \$36,287**

The Board reviewed a memorandum from Senior Engineer Rick Shedden. General Manager explained that when staff met with County staff to begin the process to obtain the permits to install the pilot demonstration anaerobic digester (AD), it was discovered that the District's composting Use Permit had expired in 2007. Permits such as these do not normally carry expiration dates and the composting Use Permit needs to be renewed as soon as possible. He stated that, with the approval of the Board Chair and within his authorization to do so, he had authorized EMC Planning Group (EMC) to prepare an Initial Study at a cost of \$14,950. Staff was requesting that the Board ratify that expenditure and approve an additional expenditure of \$36,287 to complete the documents necessary to renew the composting Use Permit. Funds were not included in the current budget for this unanticipated expense. Funds were added to the Final Budget for FY 2012/13 for this expenditure.

Board discussion followed regarding EMC's scope of work, which was solicited on a sole source basis. General Manager stated that because the permit had expired, it had been urgent to prepare the documents necessary to renew it as quickly as possible. EMC had prepared the environmental review documents in 1997, with the submittal of the application for the composting Use Permit at that time. EMC was very familiar with the previous composting Use Permit process and is familiar with the District's operations. They are a local company and have been very responsive to the District's situation and needs. Legal Counsel stated that it was important to note that the familiarity that EMC had with District operations had allowed them to work expediently, and another consultant would have had to take the time to review documents and become familiar with the District's permit history and with this project. It is the history of the District to obtain competitive quotes or proposals.

It was moved by Director Pendergrass, seconded, and *Unanimously Carried To:*

- a. *Ratify Expenditure Previously Approved by General Manager to EMC Planning Group in Amount of \$14,950 to Prepare Initial Study Necessary to Prepare Addendum to 1997 Mitigated Negative Declaration; and*
- b. *Approve Scope of Work from EMC Planning to Prepare and Process Environmental and Permitting Documents to Renew District's Composting Use Permit, in the Amount of \$36,287.*

- 9) **Related to Renewing the District's Composting Use Permit, Take Action to:**
- a. **Accept 1997 Mitigated Negative Declaration (MND) prepared by the County of Monterey; and Authorize District to Act as Lead Agency Environmental Review of Composting Use Permit Renewal Application; and**
 - b. **Adopt Resolution 2012-05 Approving Addendum to the 1997 Mitigated Negative Declaration; and**
 - c. **Authorize Staff to Proceed in Accordance with EMC Planning's Scope of Work, to Renew Composting Use Permit**

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal outlining the steps necessary to renew the District's Composting Use Permit. They also received a copy of the 1997 Mitigated Negative Declaration (MND) and the Resolution 2012-05. General Manager stated that the District normally acts as the lead agency for CEQA, but contrary to this, in 1997 the County had acted as the lead agency. The County staff is supportive of the course of action being pursued by the District.

Public Education and Recycling Manager explained that approval of the three actions would allow the formal process of obtaining the renewal of the District's composting Use Permit to proceed. If any further action is necessary, it will be brought back to the Board at the July meeting.

Board discussion followed regarding the permitting process and any anticipated opposition. Public Education and Recycling Manager responded that staff has been very thorough relative to the CEQA process and preparation of the environmental review documents, and did not anticipate any opposition. Sally Rideout of EMC addressed the Board and stated that she was very familiar with the permitting process, which she explained to the Board. EMC and District staff will work closely with the County, if additional steps are necessary, to ensure a proper response. General Manager stated that EMC will be assisting with processing for all the necessary permits related to the AD Pilot Demonstration Project.

It was moved by Vice Chair McCloud, seconded, and *Unanimously Carried To:*

- a. *Accept 1997 Mitigated Negative Declaration (MND) prepared by the County of Monterey; and Authorize District to Act as Lead Agency Environmental Review of Composting Use Permit Renewal Application;*
- b. *Adopt Resolution 2012-05 Approving Addendum to the 1997 Mitigated Negative Declaration; and*
- c. *Authorize Staff to Proceed in Accordance with EMC Planning's Scope of Work, to Renew Composting Use Permit.*

- 10) **Authorize General Manager to Execute a Three-Year Agreement with Jefferson Farms to Lease 21 Acres for Farming, subject to Final Review by Legal Counsel**

The Board reviewed a memorandum from Assistant General Manager Tim Flanagan regarding a request from Jefferson Farms. General Manager stated that the Jeffersons have been renting a 21 acre parcel of land from the District since 1997 for planting organic artichokes and strawberries. Their lease for that use expired at the end of 2011. The parcel is located in the flood plain area in the back of the site, near to the location of the rubber dam in the Salinas River. Due to concerns regarding the farming of food crops within the proximity of a landfill, the Jefferson's propose to grow oat hay, at a substantially lowered revenue than with food crops.

Although the District will lose approximately \$30,000 in lease revenue obtained when food crops were raised on the land, and generate \$600-\$1,000 annually in sharecrop revenue from the sale of oat hay plus the nominal rent to be negotiated, it will save the District approximately \$10,000 in staff and equipment costs for the maintenance of the 21 acres. There is limited opportunity to attract another tenant for the 21-acre parcel due to its location in the flood plain, restricted access to irrigation water, relative small size and isolation, and concerns over food safety.

Board discussion followed regarding certain language provisions in the agreement. Director Bales expressed concern with not having an agreement to review prior to authorization and that as a policy, all final agreements should be approved by the Board. General Manager responded that the Jeffersons need to plant the oat hay now in order to produce a crop this year, and that Legal Counsel would provide final review to ensure implementation of Board concerns as discussed. The Board requested that the final agreement be provided to the Board for their information.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Authorize General Manager to Execute a Three-Year Agreement with Jefferson Farms to Lease 21 Acres for Farming, Subject to Final Review by Legal Counsel to Incorporate Board Comments.

11) Accept Report on Implementation of AB 341 Effective July 1, 2012, and Authorize Distribution of AB 341 Implementation Plan to Member Jurisdictions

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal explaining the Implementation Plan for AB 341, which CalRecycle is seeking from communities around the State. AB 341 provides authority to CalRecycle to implement a mandatory commercial recycling program effective July 1, 2012, which requires “commercial waste generators” to arrange for recycling services. The Plan outlines how communities intend to comply with the requirements. CalRecycle has reviewed the Plan and indicated that all member jurisdictions are in compliance.

Vice Chair McCloud inquired whose responsibility it was to patrol and ensure that each city was in compliance and the ability to obtain that information. Public Education and Recycling Manager responded that the cities were responsible, although the waste haulers have been actively pursuing participation. CalRecycle, the District, and WM met with each city’s representative to discuss AB 341. He stated that under the Plan, the District would be getting information annually from the waste hauler for preparation of annual reports to the state. Director Oglesby stated that it was important for the District staff to have the information readily available when requested by the Board.

Felipe Melchor provided the Board with commercial waste generators participation information from each city and explained its content and the process that WM went through to obtain it. WM has been active in trying to get as many commercial generators to participate as possible.

Board discussion followed regarding the participation information provided by WM; and what happens when a business that generates four or more cubic yards of commercial solid waste per week is unwilling to participate. Mr. Melchor stated that participation is being incentivized with the opportunity to reduce costs to commercial businesses for trash service. He stated that whenever the Board wanted to get an update, he could provide at the request of staff.

Board discussion continued regarding obtaining information from the City of Monterey and Monterey County. General Manager stated that staff will obtain the information and report back to the Board since they do their own reporting to the state.

General Manager acknowledged WM for their efforts and for providing the information. He stated that there is a lot of interest by the business community on food waste composting.

It was moved by Vice Chair McCloud, seconded, and *Unanimously Carried To: Accept Report on Implementation of AB 341 Effective July 1, 2012, and Authorize Distribution of AB 341 Implementation Plan to Member Jurisdictions.*

STAFF REPORTS

12) Review Finance, Operating, and Recycling Reports

The financial statements for May 2012 were not provided to the Board due to the early date of the Board meeting. Tipping Fee Revenues for May are projected to be \$1,285,000.

A preliminary Operating Report using estimates for May 2012 was reviewed by the Board. The Total Solid Waste Accepted into the site (excluding Contract and Regional Waste) was 27,193 tons. Contract and Regional Waste tonnage for May from Watsonville, Capitola, Scotts Valley, and GreenWaste Recovery was 39, 679, 625 and 8,659 tons respectively.

13) Status of District's Strategic Planning Workplan

The Board reviewed the updated District Strategic Planning Workplan.

14) Report on Solid Waste Legislation and Regulatory Matters

General Manager reported that the AB 341 Implementation Plan was significant and that the cooperative effort among the District, member agencies, local haulers and CalRecycle puts the District member agencies in an enviable position around the State in terms of meeting the July 1, 2012 AB 341 Implementation deadline.

An article from the June 6th edition of *Biofuels Digest*, authored by James L. Stewart, Chairman of the Board for Bioenergy Producers Association was provided to the Board. The article provided a good accounting of the proposed Salinas Valley Solid Waste Authority Plasco gasification project and the complexities in developing biofuel production projects in California. Developing or permitting solid waste projects in California continues to be a challenging and uncertain endeavor.

OTHER CORRESPONDENCE

15) Email from Rotary Club of Monterey RE: Thank You for Tour to Australian Group Study Exchange Team

The Board reviewed an email from the Monterey Rotary Club expressing appreciation to District staff for a tour that was provided to a Group Study Exchange Team from Australia.

GENERAL MANAGER COMMUNICATIONS

General Manager reported on his presentation provided to the city managers at their meeting of May 18, 2012, which provided an overview of the Materials Recovery Facility (MRF) upgrade that the Board had considered at their May 18th meeting, including the \$17 million capital cost which the District seeks to fund with no increase to tipping fees. He also presented the concept for the Model Franchise Agreement (MFA), which was approved by the Board and transmitted to member agencies, and the procurement process for competitive bidding. The MFA topic was presented to the Mayors at their meeting of September 2011. He went on to describe how the District could potentially fund the upfront cost of a competitive procurement, if that is the desire of local agencies, with the intention of being reimbursed through the process by the successful bidder.

District consultant, Bob Hilton, of HF&H, also provided a historical overview of current local franchise agreements and their lack of performance standards. He provided an update on the MFA process including: significance, competitive process potential savings, other factors influencing rates, and options for cooperation. The District could front the money to produce bidding documents, with the costs (estimated at \$100,000 to \$150,000) reimbursed by the winning bidder for the hauling contracts. General Manager concluded that it had been a very good meeting and expressed appreciation for the time and effort member agency senior staff took to hear the presentation and provide comments.

General Manager also reported that a meeting of the Technical Advisory Committee (TAC) was held on Wednesday, June 13. The agenda for the meeting included: Next Steps for Model Franchise Process, Update on AB 341 Mandatory Commercial Recycling Implementation, and District MRF Upgrade. At the meeting, it was agreed that as a reasonable next step, he should confer with each individual city manager to obtain input, and also have a memorandum of understanding (MOA) or Letter of Agreement, in which each city would agree that the District would be reimbursed by the successful contractor if the District provided the upfront costs.

Vice Chair McCloud expressed concern that some jurisdictions may already be moving forward with extending their agreements. Chair Laska stated that providing an MOA to each city council would also inform them of the District plans. Vice Chair McCloud suggested sending each member agency a letter advising them of the District plans along with the timeline schedule. Director Oglesby agreed that member agency city councils needed to receive information for discussion in order to sign on to an MOA. General Manager stated that he would work with staff and Legal Counsel to prepare a letter, along with an MOA and timeline schedule, to send to member agency managers and Mayors/Chairs.

BOARD COMMUNICATIONS

ELECTION OF OFFICERS FOR FISCAL YEAR 2012/13

Following a nomination from Director Pendergrass for the re-election of Vice Chair McCloud and Chair Laska, Vice Chair McCloud declined the nomination stating that although she planned to serve out her term which extends through 2014, it might be a good time to transition to a new Vice Chair. She therefore offered a substitute motion.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Re-elect Leo Laska as Chair and Elect Director Dennis Allion as Vice Chair for Fiscal Year 2012/13.

Director Oglesby expressed appreciation to Vice Chair McCloud for her leadership and for promoting leadership of others.

CLOSED SESSION

The Board went into closed session at 11:12 a.m. regarding the following:

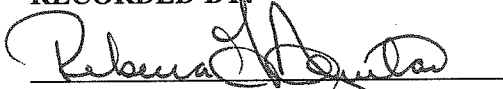
- 1) Conference with Property Negotiators:
Property: Landfill Site Space/Capacity
District Negotiators: William Merry and Tim Flanagan
Negotiating Party: County of Monterey
Terms: All Terms and Conditions

The Board came back into open session at 11:32 a.m. and Legal Counsel announced that with regard to Item 1, information was received by the Board, discussion was held, and direction was given to General Manager; no other action was taken.

ADJOURNMENT

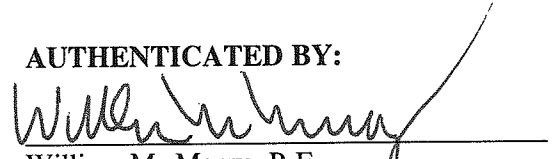
There being no further business to come before the Board at this time, the June 15, 2012 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to July 20, 2012 by Chair Laska at 11:33 a.m.

RECORDED BY:



Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:



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