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ILA METTEE-McCUTCHON



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DISTRICT ENGINEER

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ROBERT WELLINGTON
COUNSEL

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT REGULAR MEETING MINUTES

9:30 a.m., Friday
April 18, 2008

Boardroom
Monterey Peninsula Landfill
Marina, CA

MEMBERS PRESENT: Sue McCloud, Vice Chair
Gary Bales
David Pendergrass
Ken Gray
Joseph P. Russell
Don Jordan
Libby Downey (seated at 10:07 a.m.)
Ila Mettee-McCutchon

MEMBERS ABSENT: Leo Laska, Chair

STAFF PRESENT: William Merry, General Manager
Tim Flanagan, Assistant General Manager
Rob Wellington, Legal Counsel
Richard Norton, Administrative Services Manager
Richard Shedden, Senior Engineer
Charles Rees, Finance Manager
Don Prescott, Information Systems Manager
Jeff Lindenthal, Public Education & Recycling Manager
Jack Cook, Safety Manager
Glen Evett, Last Chance Mercantile/Household Hazardous Manager
Harry Hunzie, Materials Recovery Facility Manager
Ron Mooneyham, Equipment Maintenance Manager
Rebecca Aguilar, Administrative Support Supervisor
Amber Watson, Administrative Support Specialist
Kimberle Herring, Public Education Coordinator
Mike Perry, Public Education Intern
Efrain Lopez, Materials Recovery Facility Supervisor
Edward Radie, Materials Recovery Facility Supervisor
Baldo Trujillo, Materials Recovery Facility Supervisor
Clyde Walkup, Materials Recovery Facility Supervisor/OE3 Operations Shop Steward
Jeaneva Fresquez, Materials Recovery Facility Operator I
Israel Hernandez, Materials Recovery Facility Operator I
Leo Martinez, Jr., Senior Materials Recovery Facility Operator
Sten Strandberg, Senior Materials Recovery Facility Operator

Marino Dominguez, Laborer II
Froylan Hernandez, Laborer I
Clara Ortiz, Laborer I

OTHERS PRESENT: Bjorn Lundegard, City of Seaside
Jenilee Napalan, Monterey County Environmental Health Department
Tom Buell, Monterey Regional Waste Pollution Control Agency
Brad Hagemann, Monterey Regional Waste Pollution Control Agency
Suha Kilic, Pebble Beach Community Services District

ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice having been duly given and the presence of a quorum established, the April 18, 2008, Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Vice Chair McCloud at 9:30 a.m.

INTRODUCTION OF NEW BOARD MEMBER ILA METTEE-MCCUTCHON

The Board welcomed newly appointed Supervisor Mettee-McCutchon to the District Board representing the unincorporated Monterey County area of the District.

PUBLIC COMMUNICATIONS

Brad Hageman addressed the Board and stated he was the new Assistant General Manager for the Monterey Regional Water Pollution Control Agency. Mr. Hageman stated he has worked with District staff and was familiar with District operations from when he worked for the Central Coast Regional Water Quality Control Board and looked forward to continuing that relationship with District staff.

CONSENT AGENDA

With regard to Consent Agenda Item 1, Director Russell requested that on Page 6, the minutes reflect that he raised the concern with regard to the length of the contract with the Don Chapin Company.

Following a motion by Director Pendergrass, and seconded, with Director Mettee-McCutchon abstaining, the Board approved the following actions:

- 1) *Approve Minutes of March 21, 2008 Regular Board Meeting, As Amended.*
- 2) *Approve Report of Disbursements.*

ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

3) Presentation on Materials Recovery Facility Operations

The Board received a presentation on the Materials Recovery Facility (MRF) operations from MRF Manager Harry Hunzie. General Manager stated the District's MRF, which began operation in 1996, recycled 60% of the

material entering the facility and on average achieved more than half of the AB 939 diversion achieved by member agencies.

MRF Manager provided the Board with a brief presentation of the industry-leading MRF operation and how the diversion is achieved in the MRF. He highlighted the woodgrinding process, retrieval of MRF materials for the Last Chance Mercantile, and revenue producing and cost savings measures achieved over the last year. Harry proudly introduced some of the MRF staff including supervisors, operators, and laborers. He also commended the maintenance staff for their contributions to keep the equipment and operation continually running.

Vice Chair McCloud thanked the MRF staff on behalf of the Board for their efforts.

No Action Necessary.

Director Downey was seated at 10:07 a.m.

4) Adopt Recommendations Resulting From Ad Hoc Finance Committee Meeting of March 27, 2008

The Board reviewed a memorandum from Chair Laska summarizing the discussion of, and making recommendations from, the ad hoc Finance Committee at their meeting of March 27, 2008. General Manager pointed out that the Finance Committee had directed staff to prepare the preliminary budget for FY 2008/2009, to include consideration on reducing the reserve level from 25% to 22.5% to be used for one time expenditures and for only one year. He also noted recent discussions with the Salinas Valley Solid Waste Authority and the County on north county waste flow. He stated staff is working with District Counsel and others on the matter of strengthening the current Monterey Regional Waste Management *Authority's* Joint Powers Agreement to ensure waste is brought to the District's facilities and thereby supporting the District's waste management infrastructure and financial investments.

The projected tonnage for the FY 2008/2009 Budget will be 232,000 tons (down by 17% from 279,904 tons in 2005), and will be projected to remain flat for the next two to three years; plus the regional tonnage received from Santa Cruz County. Staff plans to propose a Consumer Price Index (CPI) tipping fee increase, effective January 1, 2009. A CPI adjustment to the basic landfill tipping fee would be considered by the Board annually.

Director Bales stated the ad hoc Finance Committee had been closely following and reviewing the District finances with regard to legislative mandates such as recycling and associated costs. Director Russell expressed concern regarding statements made in the memorandum from Chair Laska with regard to a fee imposed on the Monterey Regional Water Pollution Control Agency for household hazardous waste and the implementation of any results from the biosolids study. Director Pendergrass commented it may be appropriate to lower the reserve level temporarily. He stated that the reserves were for use when needed and currently, because of the decrease in revenue, there maybe a need to use reserves as an alternative to layoffs and he believed the committee had looked at several alternatives. Director Gray added that the tipping fees were the main source of revenue which subsidized other recycling programs and with the decrease in tonnage affecting the tipping fee revenue, other alternatives needed to be considered. He requested that any CPI tipping fee increases be considered by the Board annually, but not automatically.

Vice Chair McCloud requested that staff provide a summary showing how revenues have been increased and how expenses have been reduced, as well as minimum staffing levels. She expressed concern regarding increasing fees and not first looking at alternatives. Director Bales stated that any recommendation from the memorandum by Chair Laska should be received by the Board instead of adopted since any action resulting from the ad hoc Finance Committee meetings would come back to the Board for final approval.

Assistant General Manager reported to the Board on various ways staff has reduced expenses. Director Downey expressed concern regarding deferring capital outlay expenditures over the long term. She applauded the ad hoc Finance Committee members for their efforts and stated expenses would more than likely increase with more recycling measures on the horizon.

It was moved by Director Downey, seconded, and Unanimously Carried To: Receive Recommendations Resulting From Ad Hoc Finance Committee Meeting of March 27, 2008.

5) Award Three Year Contract to Hayashi & Wayland (H&W) Accounting and Consulting, LLP of Salinas, to Perform Annual Audit for Fiscal Years 2007/2008 through 2009/2010 at a cost of \$89,900

The Board reviewed a memorandum from Finance Manager Chuck Rees requesting the Board award a three-year contract to Hayashi & Wayland (H&W) Accounting and Consulting, LLP to perform the annual audit for fiscal years 2007/2008 through 2009/2010 at a cost of \$89,000. As discussed in the memorandum, the proposal from H&W was considered by staff to be the most responsive to the needs of the District, with strong consideration given to the experience of the firm in successfully and responsibly working with staff to produce thorough audit reports in a timely manner in the past.

Extensive Board discussion followed regarding the cost of the proposal. Finance Manager stated that although the cost of the H&W proposal was higher, their proposal included more hours which meant they would spend more time conducting the audit. H&W was also familiar with the District staff and procedures having conducted the audit in the past. He stated that with the many personnel and other company changes seen with the prior auditor, Kasavan & Pope (K&P), during the past three years, he believed H&W would provide the District with a high quality audit since their staff had remained consistent for many years.

Vice Chair McCloud expressed concern that staff did not consider K&P who had the lowest proposed price. Finance Manager stated he would consider K&P, if the Board desired, although some difficulties had been encountered during the prior audits with regard to limited communication and several key K&P staff changes. Director Bales asked if a one-year contract could be considered. Director Gary questioned whether the item could be deferred for action so staff could request H&W to offer a discounted rate. Legal Counsel stated that further negotiations could not be conducted without soliciting new proposals from all of the firms.

Director Jordan stated staff would have to work with the auditors and believed their recommendation was credible. Director Pendergrass agreed, stating H&W was a credible accounting firm with established reliability and accountability.

It was moved by Director Jordan, seconded, and Approved by Directors Pendergrass, Gray, Russell, Jordan, Downey and Mettee-McCutcheon; Opposed by Vice Chair McCloud and Director Bales To: Award Three Year Contract to Hayashi & Wayland, to Perform Annual Audit for Fiscal Years 2007/2008 Through 2009/2010 at a Cost of \$89,900 and Directed Staff to Discuss Consideration of Discount with Hayashi & Wayland.

6) Approve Phase II of District Site Security Camera System at Estimated Cost of \$125,000; and Authorize Agreement with Advanced Integration Security of San Jose, CA, to Provide Engineering Design Services for Site Security Camera System, in Accordance with Scope of Work, at a Cost Not to Exceed \$28,500

The Board reviewed a memorandum from Information Systems Manager Don Prescott regarding the purchase of a site security camera system and requesting Board authorization to contract with Advanced Integration Security to provide design services for the installation of the approximately 60 cameras. Staff has had plans to make upgrades and improvements to the existing 12 year old camera security system for the last several years, but has put it off due to lack of funding. The existing camera system was installed in 1996, and is in poor condition, and

is technologically out of date. The cameras will provide increased security, monitor operations, and aid in providing increased operational efficiencies and a safer workplace.

Board discussion followed regarding the need to purchase so many cameras (60) at this time, existing security measures, and use of data received.

It was moved by Director Gray, seconded, and Approved by Directors Pendergrass, Gray, Jordan, Downey and Mettee-McCutchon' Opposed by Vice Chair McCloud and Directors Bales and Russell To: Authorize Agreement with Advanced Integration Security of San Jose, CA, to Provide Engineering Design Services for Site Security Camera System, in Accordance With Scope of Work, at a Cost Not to Exceed \$16,000.

Director Mettee-McCutchon retired from the meeting at 11:08 a.m.

7) Receive 1st Quarter Review of Employee Injuries and Property Loss Incidents for 2008

The Board received a memorandum from Safety Manager Jack Cook with regard to the 1st Quarter Review of Employee Injuries and Property Loss Incidents for 2008. Safety Manager is working to provide safety and related training to all staff, and to monitor and follow-up on work related incidents.

No Action Taken

STAFF REPORTS

8) Financial, Operating and Recycling Reports

The Board reviewed the Operating Report for March 2008. Total Solid Waste Accepted into the site (excluding regional waste from Santa Cruz County and Watsonville) during March 2008 was 24,911 tons (26,836 total tons received minus 1,925 tons received from Santa Cruz County and Watsonville), an increase of 449 tons from February 2008 and down 4,381 tons, or (15.0%) from March of last year. These variances result primarily from: a) 38.2% decrease from March a year ago, in tonnage from the Commercial and Industrial customers, and; b) 7.9% decrease in Franchised Garbage from March of last year. The Regional Waste tonnage from Santa Cruz County, including the City of Watsonville (beginning on March 17, 2008) was 1,925 in March 2008.

The financial statements for March 2008 were also reviewed by the Board. Operating Income for the month was \$172,396. Total Tipping Fee Revenue was below budget for the month by 1.2% and year-to-date by 6.5%. Year-to-date Salary Expenses are at budget levels. Year-to-date Operating Revenues are above last year by \$682,967, but below budget levels by 3.3%.

9) Report on the April 15th Meeting of the Special District's Association of Monterey County (SDAMC)

The Board reviewed a memorandum from Director Jordan summarizing the April 15th SDAMC meeting.

10) Report on SWANA Legislative Task Force Activity

The Board received information from General Manager on proposed solid waste and recycling legislation. General Manager reported there were two bills of particular interest, SB 1016 (Wiggins), and SB 1020 (Padilla). The Wiggins bill proposes to change the way diversion is measured. The Padilla bill proposes to raise statewide diversion levels above the current 50%, to 60% or 75%. SWANA is watching these two bills closely and is working with the authors of the proposed legislation on language changes.

11) Strategic Plan Update

The Board received an updated District Strategic Work Plan for 2007-2017. Staff has been busy working on several items of the Work Plan, although top priority has been given to items related more directly to finance.

OTHER CORRESPONDENCE**12) Letter Dated April 9, 2008 to City Managers Re: Environmentally Acceptable Food Packaging Ordinance**

The Board received a copy of a letter sent to Monterey Peninsula city managers, which was reviewed by the Board at their March meeting, with regard to the proposed ordinance related to environmentally acceptable food packaging. Several Peninsula cities are considering the ordinance at their upcoming council meetings.


GENERAL MANAGER COMMUNICATIONS

General Manager stated staff had submitted an application for SWANA's Household Hazardous Waste Program Award. The applications will be judged over the next few months and the awards made at SWANA's WasteCon in the fall.

ADJOURNMENT

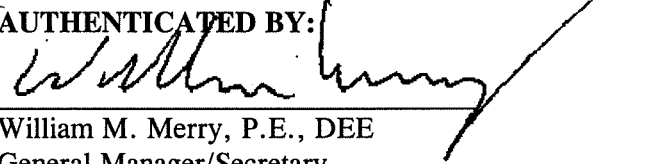
There being no further business to come before the Board at this time, the April 18, 2008 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to May 16, 2008, by Vice Chair McCloud at 11:27 a.m.

RECORDED BY:



Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:



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