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 LEO LASKA
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 SUE McCLOUD
 VICE CHAIR
 GARY BALES
 DAVID PENDERGRASS
 LIBBY DOWNEY
 JANE PARKER
 IAN OGLESBY
 BRUCE DELGADO
 DENNIS ALLION



WILLIAM MERRY, P.E., BCEE
 GENERAL MANAGER/
 DISTRICT ENGINEER
 TIMOTHY S. FLANAGAN
 ASST. GENERAL MANAGER
 RICHARD SHEDDEN, P.E.
 SENIOR ENGINEER
 RICHARD NORTON
 ADMIN. SERVICES MGR.
 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.
 November 18, 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 Pettitt, 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: Daniel Dawson, City of Del Rey Oaks
 Angela Brantley, City of Monterey
 Hans Uslar, City of Monterey
 Ted Terrasas, Monterey County Environmental Health Bureau
 Charlie Cordova, Green Waste Recovery
 Mike Nolan, Hayashi & Wayland

OTHERS PRESENT: Tom Buell, Monterey Regional Water Pollution Control Agency
(Continued) Suha Kilic, Pebble Beach Community Services District
Doug Kenyon, Republic Services
Cindy Rogers, Republic Services
Robert Moreno, Salinas Valley Solid Waste Authority
Jay Ramos, Waste Management
Joe Cadelago, Waste Management
Felipe Melchor, Waste Management
Lewis Leader

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and presence of a quorum established, the November 18, 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

Felipe Melchor, General Manager for Waste Management (WM), addressed the Board to express appreciation to District Site Manager, Richard Petitt, for his assistance during an incident in which a WM collection truck picked up waste containing embers or hot ashes. The Site Manager opened the site after hours to allow the collection truck to dump out the contents, thus saving the \$350,000 truck from further damage. Mr. Melchor also expressed appreciation to the Marina Fire Department for their assistance. He stated it was important the community realize how dangerous it is to dispose of hot materials and discussion will be held on how to handle this type of situations in the future.

CONSENT AGENDA

Following a motion by Vice Chair McCloud, and seconded, the Board approved the following actions:

- 1) **Approve Minutes of October 21, 2011 Regular Board Meeting**
- 2) **Approve Report of Disbursements**

PRESENTATIONS

- 3) **Presentation of Annual Audit for Fiscal Year 2010/11**

The Board reviewed a memorandum from Finance Manager Chuck Rees, along with the Financial Statements and Independent Auditors Report for the year ended June 30, 2011.

Mike Nolan, Partner with Hayashi and Wayland (H&W), addressed the Board and stated that the District had received an "unqualified opinion", with no recommendations to internal controls, which was the highest level of assurance that an auditor could provide. The District was in a healthy financial condition overall. He had met with the Finance Committee to answer any questions prior to presenting the audit to the Board. Mr. Nolan reviewed with the Board H&W's letter, which summarized the process for conducting the audit. He stated that the Finance Manager and his staff were to be commended for their dedicated efforts and thorough work product.

Finance Manager reviewed the audit figures with the Board. For the year, operating revenues were \$2,082,397 above budget, operating expenses were \$954,314 above budget and capital expenses were \$1,666,359 below budget. The District ended the FY with net operating income of \$1,512,083 and an increase in cash of \$368,134 compared to a budgeted decrease of \$1,947,000 due primarily to the regional waste contracts. He stated the District is capital intensive, and plans to put in a new liner will reduce unrestricted assets significantly.

Board discussion followed regarding specifics in the audit. Director Delgado inquired whether the District was recovering in net assets. Finance Manager stated that the District dipped into reserves in 2007, due to decreased tonnages, followed by hiring freezes and delays in capital expenditures allowing for some stabilization. The plan is to use the revenue from the regional waste contracts to maintain or expand District infrastructure as needed. Director Bales expressed concern regarding expenditures of \$1 million in excess of the budget and requested staff should keep the Board apprised of these expenditures. General Manager responded that some of the excess was due to the fees related to the acceptance of regional waste, higher maintenance, bird abatement, and fuel costs, and costs related to the extended negotiations. Finance Manager stated staff will work with the Finance Committee to establish a process other than the mid year budget to keep the Board informed of any expenditures that may impact the overall budget.

It was moved by Director Downey, seconded, and Unanimously Carried To: Accept Annual Audit for Fiscal Year 2010/11.

PUBLIC HEARING

4) Adopt Resolution 2011-10 Approving a 2.4% Cost of Living Increase to Solid Waste (Basic Rate) Landfill Tipping Fee from \$47.00 Per Ton to \$48.25 Per Ton, and Greenwaste Tipping Fee from \$23.00 to \$23.50 Per Ton, Effective January 1, 2012

The Board reviewed the legal notice of the Public Hearing placed in the *Monterey Herald* as required, along with a memorandum and Fact Sheet, outlining the need and justification for the proposed \$1.25 per ton landfill tipping fee increase, effective January 1, 2012, that was sent to City Managers, members of the District's Strategic Planning Advisory Task Force, and to all of the District customers, notifying them of the intended rate increase. General Manager stated that the tip fee increase had been included in the 2011/12 Budget adopted at the August Board meeting.

Chair Laska opened the public hearing at 10:11 a.m. Hans Uslar, City of Monterey, addressed the Board and referred to a letter provided to the Board from the city. The proposed rate increase will be passed on to the residents by the franchised hauler and the city does not feel the increase is warranted at this time, especially since the District has been able to secure additional revenue through the regional waste contracts. Mr. Melchor addressed the Board and stated that Waste Management (WM) was neutral on any decision made by the Board on this matter, although he requested District staff increase its efforts in communicating to the public when an increase is being considered and provide a six-month notice to the haulers in order to implement the increase with the least impact. Daniel Dawson, Del Rey Oaks City Manager, reminded the Board that increasing the fee affected all rate payers due to the automatic pass through language contained in most of the member agencies' franchise agreements.

There being no further public comments, Chair Laska closed the public hearing at 10:21 a.m.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

- 5) **Adopt Resolution 2011-10 Approving a 2.4% Cost of Living Increase to Solid Waste (Basic Rate) Landfill Tipping Fee from \$47.00 Per Ton to \$48.25 Per Ton, and Greenwaste Tipping Fee from \$23.00 to \$23.50 Per Ton, Effective January 1, 2012**

The Board reviewed a memorandum from the Finance Manager, along with Resolution 2011-10; in addition to the information provided under Item 4.

Several Board members expressed concern about increasing the tipping fees during the economic decline and especially with the District's financial picture during the first quarter of the fiscal year. Director Downey stated that although the increase was included in the current fiscal year budget, it was not too late to rescind the increase in the budget. Finance Manager stated that the first quarter of the year was historically the best quarter due to the summer months and increased disposal and did not properly portray what finances would look like during the next nine months of the year. The District has been using reserves since 2005. As discussed in previous discussions with the Finance Committee and the Board, the regional waste revenue is being earmarked for capital purchases, such as the upcoming Module 5 landfill liner, or anticipated upgrades in the MRF to help achieve the goals of recently enacted state legislation, AB341, for increased diversion, or to respond to other necessary capital outlay needs.

Several Board members expressed that the District had done well in reducing expenditures and delaying capital outlay for as long as possible. The District needed to plan for needed future infrastructure and unfunded mandates. Compared to other landfills within the region, the District has the lowest rates. Discussion was held regarding providing more notice to the franchise haulers. Director Bales stated that the Finance Committee has reviewed information surrounding the need for the increase and that there were no guarantees the regional waste would continue beyond a rolling five years. Director Delgado mentioned that during recent negotiations, concessions had been made by District employees realizing that a tip fee increase had been included in the budget.

Discussion was held regarding delaying the implementation of the increase until after the third quarter to have a better financial picture to warrant the increase. Discussion was also held to delay the increase for three months, until April 1st, to allow the franchise haulers more time to approach the cities regarding the increase. Director Parker stated she did not believe a delay until after the third quarter was necessary since staff had a good history to be able to project tonnages.

It was moved by Director Oglesby, seconded, and Approved by Vice Chair McCloud and Directors Allion and Downey; Opposed by Chair Laska, and Directors Bales, Delgado, Oglesby, Parker, and Pendergrass To: Table Consideration of 2.4% Cost of Living Increase to Solid Waste (Basic Rate) Landfill Tipping Fee from \$47.00 Per Ton to \$48.25 Per Ton, and Greenwaste Tipping Fee from \$23.00 to \$23.50 Per Ton Until Availability of 3rd Quarter Financial Statements. Motion Failed

It was moved by Director Pendergrass, seconded, and Approved by Chair Laska, and Directors Bales, Delgado, Oglesby, Parker, and Pendergrass; Opposed by Vice Chair McCloud and Directors Allion and Downey To: Adopt Resolution 2011-10 Approving a 2.4% Cost of Living Increase to Solid Waste (Basic Rate) Landfill Tipping Fee from \$47.00 Per Ton to \$48.25 Per Ton, and Greenwaste Tipping Fee from \$23.00 to \$23.50 Per Ton, Effective January 1, 2012; and Request that Staff Provide Six-Month Notification to Franchise Haulers for Future Increases. Motion Carried

6) **Receive Report from Finance Committee Chair on Meeting of October 26, 2011**

The Board reviewed a memorandum from Chair Laska summarizing the October 26, 2011 Finance Committee meeting, in which most of the meeting was spent reviewing the Annual Audit Report.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Receive Report from Finance Committee Chair on Meeting of October 26, 2011.

7) **Receive Report from Personnel Committee Chair on Meeting of October 26, 2011**

The Board reviewed a memorandum from Chair Laska summarizing the October 26, 2011 Personnel Committee meeting, in which discussion was held regarding the Human Resources Manager hiring and providing the same benefit changes negotiated with the employee groups to unrepresented employees.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Receive Report from Personnel Committee Chair on Meeting of October 26, 2011.

8) **Approve Memorandum of Understanding with Management Unit**

The Board reviewed a memorandum from Administrative Services Manager Rich Norton and a three-year memorandum of understanding (MOU) with the Management Unit which contained terms within the guidelines provided by the Board. The labor contract is cost neutral over the three year period, addresses labor market equity issues highlighted in a compensation study conducted by the District, and is substantially the same as the MOU's, approved in September 2011, with the other three District bargaining groups.

It was moved by Director Parker, seconded, and Unanimously Carried To: Approve Memorandum of Understanding with Management Unit.

9) **Approve Compensation Improvements, Negotiated with Bargaining Groups, for Unrepresented Employees**

The Board reviewed a memorandum from the General Manager recommending Board approval to provide the same benefit changes provided to the bargaining groups for the unrepresented employees, including the Assistant General Manager, the Administrative Services Manager and three Deputy Weighmasters. General Manager stated that this had been the practice of the District in the past.

Chair Laska expressed appreciation to all employee groups for their efforts in making the District a very good organization.

It was moved by Director Pendergrass, seconded, and Unanimously Carried To: Approve Compensation Improvements, Negotiated with Bargaining Groups, for Unrepresented Employees.

10) **Approve Draft Annual Report for Fiscal Year 2010/11**

The Board reviewed a Draft Annual Report for Fiscal Year 2010/11, prepared by Public Education and Recycling Manager Jeff Lindenthal, with input from other staff. The final Annual Report will be delivered to District member agencies and other interested parties upon completion.

Director Bales commented favorably on Page 2 of the annual report, which showed the length of time employees have been with the District. Director Parker commented that diversion numbers were very visual on Page 10 of the report.

It was moved by Director Parker, seconded, and *Unanimously Carried To: Approve Draft Annual Report for Fiscal Year 2010/11.*

11) Approve 2012 Board Meeting Calendar

The Board reviewed a draft 2012 Calendar of Board Meetings and Other Events. District Board meetings are held on the third Friday of every month. Staff has elected to place tentative meetings for the Finance Committee and the Personnel Committee on the calendar, in order to facilitate scheduling of the meetings.

Director Downey stated that the Board meeting date in January was listed as being on the third Thursday instead of the third Friday.

It was moved by Vice Chair McCloud, seconded, and *Unanimously Carried To: Approve 2012 Board Meeting Calendar as Corrected.*

12) Receive Report on Televising Board Meetings and Provide Direction to Staff

The Board reviewed a memorandum from Information Systems Manager Don Prescott regarding televising or video streaming District Board meetings. This matter was last considered by the Board in late 2004 and also listed on the General Manager's goals for 2011, at the Board's request. General Manager stated that video streaming the District's Board meetings would allow for enhanced community participation.

Board discussion followed regarding the pros and cons of either video streaming or televising the meetings and component set up. Vice Chair McCloud stated that by providing this service, action minutes were possible and would provide for better transparency. Directors Bales, Delgado, and Oglesby all expressed concern regarding the estimated set-up cost of \$40,000 to install the needed components and an annual cost of approximately \$6,000.

It was moved by Director Oglesby, seconded, and *Approved by Vice Chair McCloud, and Directors Allion, Oglesby, Parker, and Pendergrass; Opposed by Chair Laska, and Directors Bales, Delgado, and Downey To: Provide Firm Cost and Recommendation on Televising or Video Streaming of District Board Meetings for Board Consideration in 2012.* *Motion Carried*

STAFF REPORTS

13) Review Finance, Operating and Recycling Reports

The Board reviewed the audited financial statements for June 2011 as well as the financial statements for October 2011. The Operating Income for October was \$153,854.93 and \$1,275,660.69 year-to-date. The year-to-date total Operating Expenses are below budget by 0.23% at \$6,213,317.03. The year-to-date Operating Revenues are \$7,488,977.72, above last year by \$1,055,578.72 and 3.09% above budget. Year-to-date tipping fee revenues are 1.36% above budget.

The Board reviewed the Operating Report for October 2011. The Total Solid Waste Accepted into the site (excluding regional and contracted waste from Santa Cruz County, Watsonville, Capitola, Scotts Valley and GreenWaste Recovery) during October 2011 was 23,684 tons. The tonnage from regional and contracted waste was Santa Cruz County - none, cities of Watsonville - 46.29, Capitola - 580.35, Scotts Valley - 577.00 and GreenWaste Recovery - 10,725.76 refuse and 3,841.95 alternative daily cover.

14) Report on Public Education, Recycling and Litter

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal, in which he reported that the Californian Attorney General had filed a suit against several bottled water companies for falsely claiming that their bottles were biodegradable. He also reported that staff will be submitting funding requests, available through unclaimed beverage container deposits, on behalf of most member agencies. Historically, member agencies have pledged all or a part of that funding towards the Central Coast Recycling Media Coalition, which uses the fund to purchase regional advertising promoting recycling and litter reduction.

15) Accept Strategic Planning Workplan for 2011-2012

The Board received an updated 2011-2012 Strategic Planning Workplan. Staff is working on the various tasks of the Workplan, with efforts generally on target. While progress has been made on most of the items, bringing the effort to conclusion is a longer term proposition than just a year.

16) Report on Legislation

The Board was provided with SWANA's Legislative Task Force Annual Newsletter as well as an informational memorandum regarding the recently passed AB 341, which sets 75% Statewide goal for recycling. General Manager also reported that Carol Mortensen had been appointed as the new Director for CalRecycle and provided the Board with her biography. He stated that several cities have approved the banning of plastic bags and the American Plastics Council does not necessarily oppose the action, although they want it stated that banning will have significant environmental impacts.

Board discussion followed regarding the legal challenges with banning plastic bags. With regard to AB 341, Director Bales asked what the best way to communicate the new 75% recycling goal to constituents and members agencies. Chair Laska asked staff to prepare a one-page summary of AB 341.

17) Report on October 18, 2011 Monterey County Special District Association Meeting

The Board received a memorandum from General Manager summarizing the October 18, 2011 Monterey County Special District Association meeting.

OTHER CORRESPONDENCE

There was no additional correspondence.

GENERAL MANAGER COMMUNICATIONS

General Manager congratulated Chair Laska on his re-election to the Pebble Beach Community Services District Board. He also stated that at the recent Strategic Planning Advisory Task Force meeting, there was consensus to move forward on the Model Franchise Agreement, and more specifically on a consolidated franchise agreement and competitive process. It was suggested that a Technical Advisory Committee of the Task Force be formed to consider the benefits of a consolidated and competitive process for procuring the next franchise agreements.

General Manager also reported that staff has held discussion with a vendor who is interested in a pilot anaerobic digestion project and staff will report back to the Board at the December meeting. He reminded the Board that the annual employee recognition luncheon would be held immediately following the December Board meeting and invited all Board members to attend.

BOARD COMMUNICATIONS

CLOSED SESSION

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

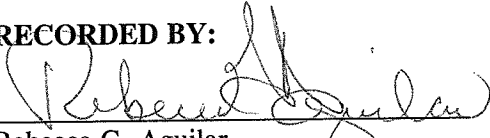
- 1) Conference with Property Negotiators:
Property: Landfill Site Space/Capacity
District Negotiators: William Merry and Tim Flanagan
Negotiating Party: County of Monterey
Terms: All Terms and Conditions
- 2) Conference with Property Negotiators:
Property: Methane Gas in District Landfill
District Negotiators: William Merry, Tim Flanagan and Don Prescott
Negotiating Party: Northern California Power Agency and 3 Phases Renewable Energy
Terms: All Terms and Conditions
- 3) Personnel Matter
 - a. Public Employee Appointment: Human Resources Manager
 - b. Public Employee Performance Evaluation: General Manager

The Board convened back into open session at 12:20 and Legal Counsel announced that in the closed session, with regard to Item 1, no discussion had been held. With regard to Items 2 and 3a, information was received, instructions given to the General Manager; no reportable action taken. With regard to Item 3b, the Board continued the matter to the December Board meeting.

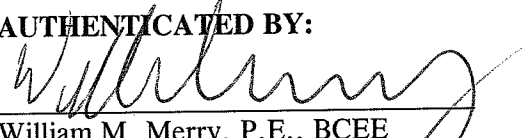
ADJOURNMENT

There being no further business to come before the Board at this time, the November 18, 2011 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to December 16, 2011 by Chair Laska at 12:21 a.m.

RECORDED BY:


Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:


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