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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.
January 21, 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

MEMBERS ABSENT: Kristin Clark, City of Del Rey Oaks Vice Mayor
Bruce Delgado, City of Marina Mayor

STAFF PRESENT: William Merry, General Manager
Rob Wellington, Legal Counsel
Tim Flanagan, Assistant General Manager
Richard Shedden, Senior Engineer
Richard Norton, Administrative Service Manager
Chuck Rees, Finance Manager
Glen Evett, Last Chance Mercantile/Hazardous Materials Manager
Harry Hunzie, Materials Recovery Facility (MRF) Manager
Jack Cook, Safety Manager
Jeff Lindenthal, Public Education & Recycling Manager
Ron Mooneyham, Equipment Maintenance Manager
Rebecca Aguilar, Administrative Support Supervisor
Amber Watson, Administrative Support Specialist II
Clyde Walkup, MRF Operations Supervisor/OE3 Operations Shop Steward
Mel Campa, NRU President

OTHERS PRESENT: Lesley Milton, City of Monterey
Lizaudra Stroehle, City of Monterey
Hans Uslar, City of Monterey
Charlie Cordova, GreenWaste Recovery
Tom Parola, Monterey Disposal
Brad Hagemann, Monterey Regional Water Pollution Control Agency
Jose Gamboa, Salinas Valley Solid Waste Authority
Bob Angell, Waste Management, Inc.

OTHERS PRESENT: Michael LaRussa, Waste Management, Inc.
(continued) Kristin Skromme, Waste Management, Inc.
Jay Ramos, Waste Management, Inc.
Lewis Leader
Suzan Fine

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and the presence of a quorum established, the January 21, 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

Suzan Fine, representing the non-represented employees unit, addressed the Board and stated that the unit had agreed to have the District hire a temporary worker at the Last Chance Mercantile (LCM) because several LCM employees were out on leave. She stated that all of the workers have returned to work, but the District intends to keep the temporary worker for one to two months at which time more staff might be hired. She requested that the Board review the issue of permanently hiring additional staff at the LCM.

Jay Ramos, District Manager for Carmel Marina Recycling and the Salinas Transfer Station, addressed the Board to introduce Bob Angell, Waste Management, Inc. (WMI) Director of Municipal Contract Compliance for the Cal Bay area. Mr. Angell addressed the Board and stated that he assists local WMI staff with requests for proposals and ensures contract compliance with current contracts. He was the chief negotiator for the new Monterey County contract and stated that in the future, WMI will have the capacity at their Castroville facility to have all WMI trucks run on clean energy fuel.

CONSENT AGENDA

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

- 1) Approve Minutes of December 17, 2010 Regular Board Meeting
- 2) Approve Report of Disbursements

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

- 3) Accept HF&H Consultants Report on "Alternative Funding and Franchising Arrangements Action Plan" Dated January 11, 2011

The Board reviewed the final HF&H Consultants report entitled "Alternative Funding and Franchising Arrangements Action Plan." General Manager stated that there had been involvement by the Board, as well as the Strategic Planning Advisory Task Force (Task Force), in preparation of the final report. Minor revisions had been made to the report following Board input at the December Board meeting. He also stated that the report contained five key initiatives, which had resulted in a short term action plan for 2011 and a longer term action plan to be conducted over the next 2-3 years. The five key initiatives are: (1) Develop a

program/facility plan; (2) Develop a model franchise agreement; (3) Develop an amended schedule of fees; (4) Develop a plan to benefit from external funding opportunities; and (5) Continue development of the District as the site of a green energy park. Implementation of the action plans would lead to a more sustainable long term funding source for the District's programs and operations and will build on the District's current solid waste management infrastructure to improve on the programs for reducing waste, reusing material, converting material to renewable energy, and landfilling less in the future.

Board discussion followed regarding the key initiatives and resulting action plans. General Manager stated that staff intended to prepare reports on Initiatives 1, 3, 4, and 5 (mentioned above). With regard to Initiative 2, staff was seeking Board approval, which was the next agenda item, to have HF&H complete the work. Vice Chair McCloud expressed concern that the short term and long term action plans did not appear to align with the District's Strategic Planning Workplan (Workplan). Chair Laska stated that the report appeared to contain certain elements of the 10-year Workplan, which had been prepared in 2007. He stated that he believed the Workplan would need to be revised at the April 21st Board workshop, to more appropriately align with the short and long term action plans. Director Oglesby requested that staff provide the Board with more information on how the action plans would be incorporated into the Workplan, along with and any other suggested discussion topics, prior to the day of the Board workshop.

Director Parker commented that she had found the report helpful in adding clarity to her questions on how certain District program elements were going to work together. Director Downey expressed that the City of Monterey had concerns with some of the report content, partly because of some competition with the District on recycling programs. She requested that the Board continue this item, as well as Agenda items 4 and 5, to the March meeting to allow City of Monterey staff to more thoroughly review the HF&H report. She stated that she did not believe the District was in the same dire financial condition that had existed, and that had initiated the alternative funding work effort, due to the recent contract with GreenWaste Recovery (GWR), which provided additional new revenue. General Manager responded that the GWR contract was only guaranteed for five years and so was the additional revenue, but the GWR contract had provided a bridge during which time the District will explore a more sustainable funding mechanism.

Board discussion ensued regarding continuing the acceptance of the report to the March meeting. Chair Laska stated that he did not believe that accepting the report would compromise member agencies because each city would have the opportunity to opt out of any elements of the report that did not benefit them. Hans Usler, Assistant Director of Plans and Public Works for the City of Monterey, addressed the Board and spoke in support of Director Downey's request. He stated that the City of Monterey staff needed time to review and comment on the report, which could have an impact on the franchise agreements, such as the suggestion of changing the funding paradigm to allow the District to directly charge the ratepayers for services that the ratepayers may or may not use. He suggested that staff from other member agency cities review the report as well. Several Board members expressed that their city staff, as members of the Task Force, were preliminarily aware what the report contained as they had participated in the discussions in preparation of the report. General Manager stated that each member agency had been represented on the Task Force by the city manager or a senior staff member, and that it had been a very productive process in communicating the issues to them and to the Board, to receive important feedback, which had been incorporated into the final report.

It was moved by Director Pendergrass, seconded, and Supported by Chair Laska, Vice Chair McCloud, and Directors Bales, Oglesby, Parker, and Pendergrass; Opposed by Director Downey To: Accept HF&H Consultants Report on "Alternative Funding and Franchising Arrangements Action Plan."

4) **Authorize Scope of Work from HF&H Consultants, LLC, of Walnut Creek, for Development of Model Franchise Agreement, at Cost of \$49,170**

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal regarding the preparation of a model franchise agreement. General Manager stated that HF&H is very familiar with this type of work effort and is now familiar with the community. They propose to develop a preliminary model franchise agreement for the District and its member agencies and then revise the model based on District and member agency input. The work is anticipated to be completed by July 2011 to allow member agencies sufficient time to consider the benefits of a consolidated franchise agreement prior to the expiration of the current franchises in early 2015. The work would also include an assessment of contract management and public education and outreach needs, and development of a procurement strategy.

Board discussion followed regarding the scope of work and the need to create a lengthy agreement of 50 to 100 pages long. Vice Chair McCloud suggested that the report could be a menu from which each city could pick things to put into their agreement, but she could not support producing a 50 to 100 page document. General Manager stated that he had also expressed some concern with producing a long model franchise agreement, but was convinced they could get quite lengthy because of the many new provisions important to the cities. He stated that a shortened version, with bulleted options, could be an alternative for member agency review. Legal Counsel stated that indemnification clauses and provisions, now necessary to ensure protection for both parties, could produce a long document. He stated that the model franchise agreement could be sectionalized or contain attachments detailing the insurance and indemnification provisions for review by the attorneys, making it unnecessary for city councils and staff members to read the entire document.

Director Bales questioned the cost to complete the work and suggested that perhaps it could be completed one in phases with the model franchise agreement development as the first phase, and once completed, the Board could decide if they wished HF&H to complete the other tasks in the workscope. He inquired whether the City of Monterey favored development of a model franchise agreement. Mr. Uslar stated that he believed a model franchise agreement would have absolute value for all member agencies, although he expressed concern with any potential changes to the rate structure of a particular city. Director Parker stated that she felt the cost was reasonable given the aspects of the workscope and the short timeline in completing the work. General Manager commented that initially HF&H had submitted two worksopes, one for the model franchise agreement and one for the development of the facilities plan. In an effort to reduce costs, staff had concluded that the facilities plan could be produced internally.

Vice Chair McCloud expressed concern with HF&H undertaking the level of effort that would be required if the District were to manage contracts for all its member agencies collectively, since the Board had not decided this. She also did not believe that the public education and outreach tasks and requirements belonged in a model franchise agreement. Public Education and Recycling Manager stated that the proposed workscope was intended to be a framework that the cities could use and completing all of the workscope's tasks would clarify the District's and the hauler's responsibilities. Director Oglesby stated that each member agency relied on the District to assist with certain recycling requirements, to include public outreach, and that each member agency could benefit from a model franchise agreement.

Following a request by Chair Laska, Mr. Angell of WMI, addressed the Board and stated that he has seen many contracts, from 35-40 pages long to as much as 200 pages long. He stated that WMI might decide not to bid on a contract if it would produce a lengthy agreement because they can be onerous to WMI staff due to the additional layer of complexity. WMI was willing to work with member agencies to create an agreement

that would benefit both parties and he did not see the need for the District to undertake this process. General Manager responded that this was an opportunity to create competition among the potential and existing haulers, which would produce more competitive rates and improved services, and strongly urged the Board to consider preparation of a model franchise agreement by a neutral party. Legal Counsel reminded the Board that as representatives for their cities and as Board members, they had a fiduciary duty to carry out due diligence for what was best for the community.

It was moved by Director Parker, seconded, and Supported by Chair Laska, and Directors Oglesby, Parker, and Pendergrass; Opposed by Vice Chair McCloud, and Directors Bales and Downey To: Authorize Scope of Work from HF&H Consultants, LLC, of Walnut Creek, for Development of Model Franchise Agreement, at a Cost of \$49,170.

5) Authorize Letter to Member Agencies Requesting No Franchise Agreement Extensions Through Calendar Year 2011

The Board reviewed a memorandum from Jeff Lindenthal regarding Board authorization to send a letter to member agencies requesting that they not extend their franchise agreement during the next twelve months or until the end of 2011. The Board also reviewed a copy of the draft letter. General Manager stated that during this time if the request were granted by the cities, there would be no franchise extensions granted to the existing haulers, either Monterey Disposal Service or WMI. The one-year period would provide continued time for member agencies and the District to explore the benefits, alternatives, and options in pursuing a consolidated franchise agreement, and if so what type of agreement would be most appropriate.

Board discussion followed regarding the letter request to member agencies. Director Parker suggested adding language in the letter that a model franchise agreement was anticipated to be completed by July 2011. Vice Chair McCloud suggested that it might be a good time to notify member agencies that the franchise agreements could possibly be administered collectively or individually. Director Downey stated she did not believe the City of Monterey would agree to the request because the City was already interested in implementing more recycling programs. Chair Laska stated the letter would only request that the agreements not be extended, but that each individual city could decide whether or not to extend their agreement.

It was moved by Director Oglesby, seconded, and Supported by Chair Laska, Vice Chair McCloud, and Directors Bales, Oglesby, Parker, and Pendergrass; Opposed by Director Downey To: Authorize Letter to Member Agencies, to Include Completion Date for Model Franchise Agreement, Requesting No Franchise Agreement Extensions Through Calendar Year 2011.

6) Authorize Scope of Work from The Ingram Group, in an Amount Not-to-Exceed \$6,695, to Facilitate April 21, 2011 Strategic Planning Board Workshop

The Board reviewed a scope of work from the Ingram Group to conduct the Strategic Planning Workshop of the Board on Thursday, April 21, 2011, from 8:30 a.m. to 1:00 p.m. General Manager stated that in addition to facilitating the previous two Board workshops, Candace Ingram has facilitated a staff management workshop and two workshops of the Strategic Planning Advisory Task Force in late 2008. Staff has been pleased with her past work and would like to move forward to retain her services for the Board workshop, which is planned to be held in the District Boardroom.

Discussion followed regarding the topics for the workshop and whether a workshop was necessary given the outline provided by HF&H for the short and long term action plans. Director Bales suggested limiting the

number of topics to provide enough time for discussion. Vice Chair McCloud suggested the time could be spend understanding the relationship between the current Workplan and the HF&H action plans. General Manager stated that in 2010, the Board had postponed a Board workshop, and suggested that the Board could discuss the conversion technologies being considered in neighboring communities. Director Oglesby restated his request that staff provide the Board with some direction on the topics that staff would like to discuss at the workshop, prior to the workshop, for Board comments.

It was moved by Director Pendergrass, seconded, and Unanimously Carried To: Authorize Scope of Work from The Ingram Group, in an Amount Not-to-Exceed \$6,695, to Facilitate April 21, 2011 Strategic Planning Board Workshop.

7) Accept Report from Personnel Committee Chair on Meeting of January 7, 2011

The Board reviewed a memorandum from Chair Laska summarizing the January 7th Personnel Committee meeting.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Accept Report From Personnel Committee Chair on Meeting of January 7, 2011.

STAFF REPORTS

8) Review Finance, Operating, and Recycling Reports

The Board reviewed the financial statements for December 2010. The Operating Income for December is a loss of \$49,894.58 and year-to-date is income of \$1,053,053.71. The year-to-date Total Operating Expenses are above budget by 0.24% at \$8,691,440.38. The year-to-date Operating Revenues are \$9,744,494.09, above last year by \$848,001.25 and 5.1% above budget. The tonnage for the month of December decreased by 13.1% (in-District down 11.7% and Regional Waste down 16.4%) from last month. Year-to-date tipping fee revenues increased to 5.42% above budget.

The Board reviewed the Operating Report for December 2010. The Total Solid Waste Accepted into the site (excluding regional waste) was 22,287 tons. Regional Waste tonnage from Watsonville, Capitola, Scotts Valley, and GreenWaste Recovery was 828, 638, 649, and 7,377, respectively.

9) Report on 2010 District Accomplishments

The Board reviewed a memorandum from Public Education and Recycling Manager along with a summary of 2010 District Accomplishments. General Manager stated that staff finds this information useful in summarizing accomplishments during the year. Vice Chair McCloud suggested including the information, with an update, at the Board workshop in April.

10) Report on January 18, 2011 Monterey County Special Districts Association Meeting

The Board received an agenda for the January 18, 2011 Monterey County Special Districts Association meeting as well as the minutes from the meeting of October 19, 2010. General Manager stated that Supervisor Parker has been serving as the District's representative, but with her duties as Chair of the Board of Supervisors during 2011, her time constraints will not allow her to continue to represent the District.

Director Parker stated that she had enjoyed serving and would be willing to serve again in 2012 if another Boardmember someone were interested in only serving for 2011. Chair Laska stated that Director Oglesby had volunteered to serve as the District's representative and thanked Director Parker for her service.

11) Report on Litter Abatement Task Force (LATF) Meeting of January 12, 2011

The Board reviewed a memorandum from Public Education and Recycling Manager reporting on the most recent meeting of the Litter Abatement Task Force (LATF). Vice Chair McCloud, who chairs the LATF, stated CalTrans needed to work on the area north of Canyon Del Rey. She also stated that at the meeting there had been interesting discussion with Geoff Shester of Oceana regarding regional consideration of a ban on single use plastic bags. The LATF will be contacting John Laird, recently appointed as Secretary of the California Resources Agency, to seek his assistance with the next phase of banning single use plastic bags.

12) Report on SWANA Legislative Task Force and Legislative Update

General Manager reported that the SWANA Legislative Task Force (LTF) has scheduled its first meeting of 2011 on February 3rd. He also reported that this will not be a normal year in Sacramento because of the budget deficit.

OTHER CORRESPONDENCE

There was no other correspondence.

GENERAL MANAGER COMMUNICATIONS

General Manager reported that Director Downey had been reappointed to the District Board by the City of Monterey, and he had received verbal confirmation that Director Parker would also be reappointed. General Manager informed the Board that Matt Fore was leaving the County of Monterey to accept a position with the City of Santa Barbara. Staff had enjoyed working with Matt and wished him the best in his future endeavors. At the request of the Board, staff was directed to prepare a letter of appreciation on behalf of the Board.

General Manager also reported that on the topic of supplying renewable energy to the Regional Water Project (RWP), a meeting is scheduled for Wednesday, February 16th from 2 to 5 p.m. at the District's administrative office, facilitated by Don Evans, former Board Vice Chair of CH2M HILL, to discuss the matter of a reimbursement agreement to insure that the District reimbursed for expenses incurred, in the event the RWP is substantially delayed or not built at all.

BOARD COMMUNICATIONS

13) Consider Appointments to District Committees

The Board reviewed the list of District Committee assignments. Chair Laska stated he had reviewed and considered the best method of distributing appointments, and he believed that appointments to the Finance, Personnel, and Strategic Planning Advisory Task Force were appropriate. He suggested absolving or combining some committees.

Board discussion followed regarding the current appointments. Director Downey stated that it had been an insightful experience serving on the various Board committees and encouraged other Board members to consider serving. Vice Chair McCloud and Director Downey both expressed interest in serving on a committee for the Regional Water Project. Chair Laska stated that he would bring this matter back at the February meeting, after further consideration.

CLOSED SESSION

The Board went into closed session at 11:14 a.m. regarding the following:

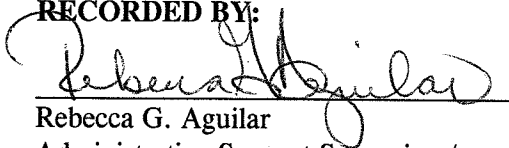
- 1) **Conference with Labor Negotiators:**
District Negotiators: William Merry, Richard Norton and Tim Flanagan
Employee Organizations: Operating Engineers, Hourly Represented Unit, and Management Employees
- 2) **Personnel Matter**
 - a. **Public Employee Performance Evaluation: General Manager**

The Board came back into open session at 12:27 p.m. Legal Counsel announced that with regard to both items on the closed session agenda, the Board received information and provided direction. No other action was taken.

ADJOURNMENT

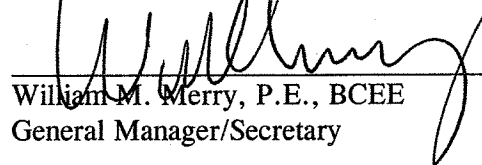
There being no further business to come before the Board at this time, the January 21, 2011 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to February 18, 2011 by Chair Laska at 12:28 p.m.

RECORDED BY:



Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:



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