

BOARD OF DIRECTORS

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VICE CHAIR

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DISTRICT ENGINEER

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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.
December 17, 2010

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

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

STAFF PRESENT: William Merry, General Manager
Rob Wellington, Legal Counsel
Richard Shedden, Senior Engineer
Richard Norton, Administrative Service Manager
Chuck Rees, Finance Manager
Don Prescott, Information Systems Manager
Richard Pettitt, Site 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

OTHERS PRESENT: Charlie Cordova, GreenWaste Recovery
Bob Hilton, HF&H Consultants
Rob Hilton, HF&H Consultants
Jim Heitzman, Marina Coast Water District
Tom Buell, Monterey Regional Water Pollution Control Agency
Mike Niccum, Pebble Beach Community Services District
Jose Gamboa, Salinas Valley Solid Waste Authority
Felipe Melchor, Waste Management, Inc./Carmel-Marina Corporation
Lewis Leader

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and the presence of a quorum established, the December 17, 2010 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 Vice Chair McCloud, and seconded, the Board approved the following actions:

- 1) **Approve Minutes of November 19, 2010 Regular Board Meeting**
- 2) **Approve Report of Disbursements**
- 3) **Adopt Resolution 2010-07 Amending Designated Positions on the Conflict of Interest Code**
- 4) **Authorize Extended Leave of Absence for District Employee (Item May be Continued Until After Closed Session)**
- 5) **Deny Claim against District Filed by Rosalia Jimenez, and Refer to Special District Risk Management Authority for Further Action**

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

- 6) **Receive Presentation of Report from HF&H Consultants on Alternate Financing/Consolidated Franchise Agreements**

The Board reviewed a summary prepared by Bob Hilton from HF&H and a revised color-defined chart, which reflected input given by the Board at the November Board meeting on alternative funding options and related information. General Manager stated that Mr. Hilton was attending the meeting to make a presentation on the contents of their report. The Board would have the opportunity to provide their final input prior to HF&H's report being finalized.

Mr. Hilton addressed the Board and stated that it was important to understand that the solution to the District's financial structure was both substance and process. He stated that the process of reaching consensus was essential and it seemed that Board members and their respective agencies were prepared to do that. He reviewed with the Board the District programs that were being currently subsidized by the landfill tipping fee and examples of possible funding solutions, to include cost shifting so that those that benefit from the programs pay for them. Mr. Hilton stated that they had surveyed other agencies, and held discussions with the District's Strategic Planning Advisory Task Force (Task Force) and staff, and had identified several potential funding source options. The options had been presented to the Board at the November workshop. Based on the Board's input, a short term and long term action plan, to include timelines, had been completed and would be included in the report.

Mr. Hilton stated that with regard to the franchise agreement procurement strategy, the Task Force member agencies had been surveyed and most member agencies agreed that the District involvement in a model franchise agreement would be beneficial. He stated that the District needed to develop a Facilities Plan before a decision could be made on sole source negotiations versus competitive procurement.

Mr. Hilton reviewed the short term action plan, to be completed in 2011, which included: development of a Facility Plan and a model franchise agreement; presenting a green energy park proposal; marketing recyclables, construction and demolition, and organics processing infrastructure regionally; establishing a cost recovery mechanism; creating incentives for source separation, and recovering program costs via the fee structure. The long term action plan, which spanned from 2012 through 2014, included development of infrastructure based on the Facilities Plan; establishing an AB 939 regional agency; consideration of franchise agreement management by the District; and advocating the concept of extended producer responsibility.

Board discussion followed regarding the short term and long term action plan timelines and the various funding options. Director Bales inquired why the development of a Facilities Plan was more critical than other options. Mr. Hilton stated that the Facilities Plan would identify future infrastructure and programs for the District, after looking at what other entities and their facilities are doing and at what costs. Director Downey inquired why fees were focused on residential customers and not commercial customers. Mr. Hilton stated that the impact of any future fees would include both residential and commercial customers. General Manager stated that one of the reasons there was more of a focus on residential customers was because more data was available for those customers. The District has worked with the cities and the franchise haulers and has not been able to obtain sufficient commercial customer information to identify what the fee impact would be to commercial customers.

Vice Chair McCloud stated that supplying renewable power to the Regional Water Project (RWP) was not included in the report and that recycling and waste minimization at large venue events continued to be a challenge. She inquired whether the problems with multi-family dwelling recycling had been resolved. General Manager stated that supplying power to the RWP was indirectly included in the long-term action plan. Additionally the franchise haulers were actively working with the community to improve multi-family recycling availability. Vice Chair McCloud stated that municipalities were struggling financially and no longer able to afford to do things on their own. She suggested holding a summit to distribute roles and infrastructure costs evenly. Mr. Hilton replied that this would be accomplished through the development of a Facilities Plan.

Chair Laska inquired on how any fee reductions would be reflected on residential customer's bills since the collection is done by the franchise haulers and would need to be coordinated with them, which would be easier through a model franchise agreement. Mr. Hilton stated that a model franchise agreement was the method to ensure coordination of programs and fees and it was important to work with the franchise haulers to obtain the necessary information.

Director Delgado stated that Waste Management, Inc. (WMI) was targeting service to multi-family dwellings. He inquired when it would be decided who was responsible for what within the community. Mr. Hilton stated that the Facilities Plan should be completed by July 2011.

Felipe Melchor, WMI General Manager, addressed the Board and stated he was excited to begin work on the model franchise agreement effort by the District, and with everyone who would be involved. He stated that WMI is targeting over 2,000 of their over 6,000 commercial businesses and conducting waste assessments over the next few years. He inquired about the cost allocations and why 2010 numbers had not been provided so there would be no negative variances. He also inquired whether the allocation factors contained in the HF&H Report had been moved from one department to another or added into the same department and counted twice.

He inquired on how customers would be notified or educated on fee increases or reductions on a per user basis. He stated that WMI has the data on commercial customers, which is provided to member agencies, and stated that he was more than willing to share this information with the District.

Director Delgado inquired whether District staff would be able to provide answers to Mr. Melchor's questions and establishing cooperative outreach to the franchise haulers. Chair Laska stated that the franchise haulers would be involved as this issue evolves. General Manager stated that he meets regularly with Mr. Melchor and will respond through an email or letter. Director Downey inquired from the Finance Manager about the financial numbers used in the report. Finance Manager stated that the financial numbers were conservative and averaged over several years. In response to the allocation methods, he stated that the District was not a multi-district operation and standard practice is to allocate costs only once. He stated that the request for commercial customer information from the franchise haulers would be re-sent.

No Action.

7) Schedule Strategic Planning Workshop for April 21, 2011 and Approve 2011 Calendar of Board Meetings and Other Events

The Board reviewed the Calendar of Meetings and Other Events for 2011, which included a Strategic Planning Workshop on April 21, 2011, and Finance Committee and Personnel Committee meetings.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Approve 2011 Calendar of Board Meetings and Other Events.

8) Accept Report from Personnel Committee Chair on Meeting of December 1, 2010

The Board reviewed a memorandum from Chair Laska summarizing the December 1st ad hoc Personnel Committee meeting.

The Board also reviewed a list of District Committee assignments. The most active Committees over the last two years have been the Finance and ad hoc Personnel Committees, which is expected to continue in 2011. Chair Laska asked if any Board members were interested in serving on a particular committee, and if so, to please let him know.

Board discussion followed regarding the various committees, making the Personnel Committee a standing committee, and formation of a committee for supplying renewable power to the RWP. Vice Chair McCloud stated that she believed it was appropriate for the District's Vice Chair to be a part of the Strategic Planning Advisory Task Force, although she could not commit to it. She stated that she was interested in serving on the committee for the RWP. Director Downey stated that on many boards, it was policy for members to serve on at least one committee and felt that it was advantageous to serve.

Legal Counsel suggested that committee appointments be placed on the January 2011 Board meeting agenda for discussion.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Accept Report from Personnel Committee Chair on Meeting of December 1, 2010.

STAFF REPORTS

9) **Review Finance, Operating, and Recycling Reports**

The Board reviewed the financial statements for November. The Operating Income for November was \$333,309 and \$1,102,948 year-to-date. The year-to-date total Operating Expenses are below budget by 0.9% at \$7,054,071. The year-to-date Operating Revenues are \$8,157,019, above last year by \$582,419 and 4.45% above budget. The tonnage for the month of November increased by 4.1% (in District down 1.7% and Regional Waste up 20.1%) from last month increasing year-to-date tipping fee revenues, which are 4.68% above budget.

The Board reviewed the Operating Report for November. The Total Solid Waste Accepted into the site (excluding regional waste) during November 2010 was 25,233 tons, a decrease of 447 tons (or 1.7%) from October 2010 and an increase of 1,116 tons (or 4.6%) from November 2009. Regional Waste tonnage from Santa Cruz County, Watsonville, Capitola, Scotts Valley, and GreenWaste Recovery was 0, 790, 631, 633, and 9,295 tons, respectively.

10) **Report on Public Education, Recycling and Litter**

The Board reviewed a memorandum from Public Education and Recycling Manager, Jeff Lindenthal, which provided information on the school recycling efforts by District staff and staff from the Monterey Peninsula Unified School District, the City of Monterey, Waste Management, and Monterey Disposal. He also reported that the November 19th screening of the movie "Bag It", a documentary about single-use plastic bags and the impact on the environment was very well attended. Director Downey commended staff stating that the movie screening event had been fantastic and well-planned.

11) **Report on Supplying Power to the Regional Water Project (RWP)**

The Board reviewed a memorandum from Information Systems Manager Don Prescott, which provided an update on the status of the RWP. General Manager stated that several meetings have been held with senior staff from the Marina Coast Water District (MCWD), Monterey County Resources Agency (MCWRA) and the Monterey Regional Water Pollution Control Agency (MRWPCA). District staff has introduced the topic of a reimbursement agreement for any funds expended by the District, should the RWP not be completed according to schedule or at all. He also stated that consultant Don Evans is available, compliments of the MCWD, to facilitate discussion at the February meeting regarding this matter. Jim Heitzman, General Manager for MCWD, was present at the meeting to provide a brief update on the RWP.

Mr. Heitzman addressed the Board and stated that the RWP was now governed by the Water Purchase Agreement (WPA), which Mr. Evans had been involved in creating, and each component would need to fit into the WPA. He stated that the RWP was a good fit for all involved since it would provide revenue for the District and renewable power to three other public agencies, at a lesser cost than from the utility company.

Chair Laska inquired whether there would be an agreement for reimbursement in addition to a power purchase agreement. Mr. Heitzman stated that within the WPA, there was language to protect the District. He also stated that it is the intention of the MCWD to pay for the renewable power at a price that is between what the District is paid for selling power to the utility company and what the MCWD pays to buy power from the utility company. He stated that the MCWD is committed to completing the RWP at the lowest cost possible and researching federal grants and other funding. Board discussion followed regarding timelines, grant funding and financing options.

OTHER CORRESPONDENCE

GENERAL MANAGER COMMUNICATIONS

General Manager reported that Vice Chair McCloud and Director Bales have been reappointed to another four-year term to the District Board through December 2014. Staff has not received notification on the reappointments Directors Parker and Downey.

BOARD COMMUNICATIONS

CLOSED SESSION

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

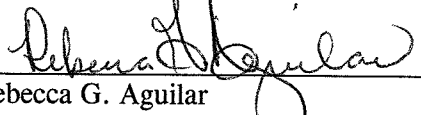
- 1) Personnel Matter
 - a. Extended Leave of Absence for District Employee
- 2) Conference with Labor Negotiators:
District Negotiators: William Merry, Richard Norton and Tim Flanagan
Employee Organizations: Operating Engineers, Hourly Represented Unit, and Management Employees

The Board came back into open session at 12:19 p.m. Legal Counsel announced that Item 1 had not been discussed as action had been taken in open session. With regard to Item 2, the Board had received information from staff and the consultant, and provided direction to the negotiators. No other action was taken.

ADJOURNMENT

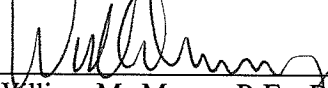
There being no further business to come before the Board at this time, the December 17, 2010 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to January 21, 2011 by Chair Laska at 12:20 p.m.

RECORDED BY:



Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:



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