

BOARD OF DIRECTORS

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SUE McCLOUD
VICE CHAIR

GARY BALES
DAVID PENDERGRASS
JOSEPH P. RUSSELL
LIBBY DOWNEY
JANE PARKER
IAN OGLESBY
BRUCE DELGADO



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, 9:50 a.m.

July 17, 2009

(Following Monterey Regional Waste Management Authority Meeting)

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
Joseph P. Russell, City of Del Rey Oaks Mayor
Libby Downey, City of Monterey Councilmember
Ian Oglesby, City of Seaside Councilmember
Bruce Delgado, City of Marina Mayor (seated at 9:52 a.m.)

MEMBERS ABSENT: Jane Parker, (Unincorporated) Monterey County Supervisor, District 4

STAFF PRESENT: William M. Merry, General Manager
Tim Flanagan, Assistant General Manager
Ken Buchert, Legal Counsel
Rick Shedden, Senior Engineer
Richard Norton, Administrative Services Manager
Chuck Rees, Finance Manager
Don Prescott, Information Systems Manager
Jeff Lindenthal, Public Education and Recycling Manager
Richard Pettitt, Site Manager
Ron Mooneyham, Equipment Maintenance Manager
Harry Hunzie, Materials Recovery Facility (MRF) Manager
Jack Cook, Safety Manager
Rebecca Aguilar, Administrative Support Supervisor
Kimberle Herring, Public Education Coordinator
Amber Watson, Administrative Support Specialist
Clyde Walkup, MRF Operations Supervisor/OE3 Operations Shop Steward
Rodney Barber, Assistant Mechanic/OE3 Operations Shop Steward

OTHERS PRESENT: Suzan Fine Cook, Hourly Represented Unit Business Representative
Cesar Lara, Monterey Bay Central Labor Council
Tom Buell, Monterey Regional Water Pollution Control Agency
Mike Niccum, Pebble Beach Community Services District
Jose Gamboa, Salinas Valley Solid Waste Authority
Kristi Markey, Supervisor Parker, District 4
Don Chapin Sr., The Don Chapin Company, Inc.

OTHERS PRESENT: Don Chapin Jr., The Don Chapin Company, Inc.
(continued) Stacey Jacobs
Lewis Leader
Abel Moran

ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice having been duly given and the presence of a quorum established, the July 17, 2009, Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Chair Laska at 9:50 a.m.

Emergency Agenda Item:

Legal Counsel announced that an emergency item needs to be added to the agenda under Closed Session with regard to significant exposure to litigation. He stated that the matter had arisen after the agenda had been posted and it required Board direction prior to the next Board meeting.

It was moved by Director Downey, seconded, and *Unanimously Carried To: Add "Conference with Legal Counsel: Significant Exposure to Litigation Pursuant to Subdivision (b) of Section 54965.9: one case" as Item 2 Under Closed Session on the Agenda.*

PUBLIC COMMUNICATIONS

Abel Moran, a Monterey County resident, inquired on the status of a proposed meeting between the District and the Salinas Valley Solid Waste Authority and requested the meeting be open to the public.

CONSENT AGENDA

Vice Chair McCloud stated that on Page 3 of the minutes, under Item 6, the modified motion should read July, not June. General Manager stated that on Page 4, of the minutes, under Item 7, the year-to-date total Operating Expenses should read "below budget by 4.3% at \$14,841,755". *Following a motion by Vice Chair McCloud, and seconded, the Board approved the following actions:*

- 1) Approve Minutes of June 19, 2009 Regular Board Meeting, As Amended.
- 2) Approve Report of Disbursements

PRESENTATIONS

- 3) Presentation of Ten-Year Board Service Award to Sand City Mayor David Pendergrass

On behalf of the Board, Chair Laska congratulated Director Pendergrass on his ten years of service and expressed appreciation for his long-term participation and good service on the District Board and to Sand City.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION**4) Approve Amendment to Memorandums of Understanding with Operating Engineers and Management Employees**

The Board reviewed a memorandum from Administrative Services Manager Rich Norton regarding amendments to the memorandum of understanding with the Operating Engineers employee groups, and the management employees. General Manager stated that the amendments incorporated negotiated provisions.

It was moved by Vice Chair McCloud, seconded, and *Unanimously Carried To: Approve Amendment to Memorandums of Understanding with Operating Engineers and Management Employees.*

5) Approve Cost of Living Adjustment and Health Insurance Premium Increases for Unrepresented Employees

The Board reviewed a memorandum from Administrative Services Manager Rich Norton regarding cost of living adjustments and health insurance premium increases for unrepresented employees. General Manager stated this item was specifically for the positions of General Manager, Assistant General Manager and the Administrative Services Manager. He stated that relative to the positions of Assistant General Manager and General Manager, the provisions for cost of living adjustments and health insurance premium increases were contained in their employment agreements, although he and the Assistant General Manager had voluntarily waived any salary adjustments provided for in their agreements at this time.

It was moved by Director Delgado, seconded, and *Unanimously Carried To: Approve Cost of Living Adjustment and Health Insurance Premium Increases for Unrepresented Employees.*

6) Adopt Resolution 2009-08 Approving Final Budget for Fiscal Year 2009/10

The Board reviewed a memorandum from Finance Manager Chuck Rees regarding minor adjustments to the final budget from the preliminary budget presented and adopted at the May Board meeting. There were no provisions for wage or benefit adjustments for former Service Employee International Union employees, now the Hourly Represented Unit, in the budget, although once negotiations are finalized with that unit, staff will request that the budget be adjusted, if necessary.

Finance Manager provided a brief presentation to the Board and stated that the District's financial position was still strong, although revenue derived from refuse tonnage continues to decline. The tonnage revenue was 12% below budget for fiscal year 2008/09. He stated that the minor adjustments to the final budget were due to personnel changes and offsets. There is no increase to the \$46.25 per ton landfill tipping fee in the budget, and calls for a continued hiring freeze for non-essential positions, along with deferred capital spending and deferred maintenance spending. Staff will plan to meet with the Finance Committee in the fall to review District finances.

Board discussion followed regarding the budget. Director Downey expressed appreciation to staff for the preparation of the budget to which Director Bales agreed. It has been a difficult time for District staff to prepare a budget with declining tonnage and revenue while attempting to maintain services. He stated that a tip fee adjustment may be necessary in the future. Director Oglesby stated that, as discussed at the Board workshop, staff should be looking at alternative funding measures prior to consideration of a tip fee increase, in order to respond to the community concerns. General Manager stated that staff is actively seeking additional revenue sources and is researching alternative funding measures.

It was moved by Director Downey, seconded, and *Unanimously Carried To: Adopt Resolution 2009-08 Approving Final Budget for Fiscal Year 2009/10.*

7) Approve Amendment No. 1 and Waiver No. 1 to the Agreement for Sand Excavation, Processing and Marketing Services with The Don Chapin Company, Inc.

The Board reviewed a memorandum from Senior Engineer Rick Shedden regarding amending the requirement for the removal of 250,000 tons of sand annually, and modifying the provision of the performance security, in the agreement with The Don Chapin Company, Inc. (Chapin). Assistant General Manager stated that Legal Counsel has reviewed the amendment. He stated that with reduced incoming refuse tonnage, the next landfill module will not need to be prepared as soon as originally projected, and therefore, the need to remove 250,000 tons of sand annually was not necessary. Staff is very satisfied with the investment and efforts made by Chapin, in light of the local economic conditions, and feels that it has been a good public/private partnership thus far. With the construction downturn, the District would not have been able to remove and market the amount of sand excavated and processed by Chapin. Assistant General Manager stated that the modification to the performance security would allow for more flexibility. Legal Counsel had advised that a waiver be provided for the reduced amount of tonnage removed for the period of March 21, 2008 to June 30, 2009.

Don Chapin provided a presentation to the Board with regard to the first year of the sand processing and asphalt and concrete recycling facility and an overview of the site modifications that have transpired. The processing of concrete and asphalt has remained the same with the production of base rock, which is utilized in their own projects, and sold to other contractors. The processing of the sand has significantly changed with Chapin washing and classifying the sand to produce various sand products including concrete sand, golf course sand, and plaster sand. He was pleased to announce that the District's processed sand has been utilized at various local and regional golf courses. He stated that although it is a difficult economy, Chapin will continue to market the sand products and appreciated the opportunity to collaborate with the District on the sand removal and processing, and invited the Board to tour the processing facility.

Board discussion followed regarding the uses for sand and baserock. Director Oglesby inquired who would have the final approval for the security provision. Legal Counsel responded that the Board would approve any modification to the current security bond provided by Chapin.

It was moved by Vice Chair McCloud, seconded, and *Unanimously Carried To: Approve Amendment No. 1 and Waiver No. 1 to the Agreement for Sand Excavation, Processing and Marketing Services with The Don Chapin Company, Inc.*

8) Adopt Resolution 2009-09 Establishing District Investment Policy and Guidelines for Fiscal Year 2009/10

The Board reviewed a memorandum from Finance Manager Chuck Rees regarding the establishment of an investment policy and guidelines. Vice Chair McCloud stated that, as requested at the Monterey Regional Waste Management Authority (MRWMA) meeting, an annual investment report should be provided to the Board.

It was moved by Director Downey, seconded, and *Unanimously Carried To: Adopt Resolution 2009-09 Establishing District Investment Policy and Guidelines for Fiscal Year 2009/10.*

9) Adopt Resolution 2009-10 for the Election of Directors to the Special District Risk Management Authority Board of Directors

The Board reviewed a resolution and candidates statements with regard to the election for the Board of Directors of the SDRMA and discussed at the MRWMA meeting.

It was moved by Vice Chair McCloud, seconded and Approved by Chair Laska, Vice Chair McCloud, and Directors Bales, Delgado, Oglesby, Pendergrass, and Russell; Opposed by Director Downey; *To: Adopt Resolution 2009-10 Voting for Incumbents David Aranda and John Yeakley, and Vincent Ferrante to Serve as Directors to the Special District Risk Management Authority Board of Directors.*

10) Authorize Chair to Cast Ballot Regarding the Proposed Bylaws Amendments for the California Special Districts Association (CSDA)

The Board reviewed a summary of the proposed changes to the bylaws. General Manager stated that the changes were mainly administrative and were approved by the CSDA Board for distribution at their November 2008 meeting.

It was moved by Director Oglesby, seconded, and *Unanimously Carried To: Authorize Chair to Cast a Ballot Approving the Proposed Bylaws Amendments for the California Special Districts Association.*

11) Approve Revised Strategic Planning Workplan

The Board reviewed a revised Strategic Planning Workplan. General Manager stated the revisions were the result of comments provided at the June Board meeting, along with input from Director Bales who was appointed at the June meeting to a review committee. Director Parker, also appointed to the committee, was not available due to prior commitments. The Workplan contains a list of priority objectives over the next 12 months, along with a list of longer-range objectives.

Board discussion followed regarding the Workplan, with suggestions that the language and dates for priority objectives be consistent with the longer-range objectives, clarification regarding objectives that ranged over several years and staff's annual plan to carry them out, prioritization of objectives, and how often updates would be provided to the Board.

General Manager stated that staff would consider Board comments when an update of Workplan is provided to the Board, which could be done on a quarterly basis. Director Bales stated that during the review of the Workplan, he and staff felt that it might be easier to deal with priority objectives for current fiscal year, and the longer term objectives would be worked on during the ten-year period. He stated that if the Board had any suggestions with regard to prioritizing, it should be provided to the General Manager. Director Pendergrass expressed that he believed the General Manager and staff had a clear indication of the prioritization of objectives, as stated in the proposed Workplan.

The Board also reviewed the minutes of the June 24, 2009 Strategic Planning Advisory Task Force meeting where discussion was held regarding the need for an alternative revenue model for the District and alternative funding sources.

It was moved by Director Delgado, seconded, and Approved by Chair Laska, and Directors Delgado, Downey, Oglesby, Pendergrass, and Russell; Opposed by Vice Chair McCloud and Director Bales; *To: Approve Revised Strategic Planning Workplan, with the Understanding that Subsequent Workplan Updates Will Provide Increased Attention to Prioritization, Annual Tasks for Multiple Year Objectives, and Closer Coordination Between Fiscal Year Objectives and Multiple Year Objectives.*

STAFF REPORTS**12) Financial, Operating, and Recycling Reports**

General Manager reported that the financial statements for June 30, 2009 were not available due to the year-end close and audit procedures. As indicated during the budget discussion, refuse tonnages continue to decline resulting in reduced revenue. The full year Tipping Fee Revenues are projected to be \$1,150,000 (8.1%) below budget and \$650,000 below the Mid Year Budget Review estimate.

The Board reviewed the Operating Report for June 2009. The Board also reviewed charts showing tonnage declines over the past 12 to 24 months.

13) Report on Public Education, Recycling and Litter

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal reporting on public education and outreach.

The Board also reviewed a July 10th *Herald* article reporting on coordinated efforts by several entities, including the District, to combat illegal dumping in the former Fort Ord. The District accepts waste from illegal dumping cleanup efforts for no charge, under a voucher program authorized by the Board. Director Downey expressed disappointment regarding the increased litter on the former Fort Ord and appreciated the increased efforts by the District and the community to clean up litter and prevent illegal dumping.

OTHER CORRESPONDENCE**14) Letter from California Integrated Waste Management Board RE: State 18 Month Inspection Report- Monterey Peninsula Landfill, Transfer Station and Composting Operation: No Violations Noted**

The Board reviewed a letter report from the CIWMB notifying the District received that no violations were observed following an 18-month inspection conducted on June 11, 2009.

15) Letter From and To the Monterey County Environmental Health Department RE: County Franchise Management

The Board reviewed letters received and sent to the Monterey County Environmental Health Department Director regarding Assistant General Manager not participating on the County's bid review panel for the procurement of a new franchise agreement.

Board discussion followed regarding the County's perception of a conflict of interest and the loss of value of Assistant General Manager's solid waste and recycling knowledge, and expertise on the panel.

16) Letter from Hayashi & Wayland Accounting & Consulting, LLP RE: Audit for Financial Statements Ending June 30, 2009

The Board reviewed a letter from the District's auditing firm of Hayashi & Wayland (H&W) regarding the audit for fiscal year 2008/09. H&W is entering its second year of a three-year contract to conduct the annual audit for the District. Chair Laska stated he had been contacted by telephone by H&W regarding any comments or concerns and H&W would be contacting other members of the District's Finance Committee.

GENERAL MANAGER COMMUNICATIONS

General Manager reported that the new 1.4 megawatt Jenbacher engine generator has been commissioned by PG&E and was placed on-line at 7 p.m. on July 8, 2009. With this new unit, the District now produces 5 megawatts of renewable power and receives 20 cents per kilowatt hour for power produced from this new engine from 12-8 p.m. during the week.

District staff has received preliminary notice that the California Integrated Waste Management Board (CIWMB) staff has accepted the revised Landfill Gas Monitoring Plan and will place it as a future CIWMB agenda item for final approval.

BOARD COMMUNICATIONS

CLOSED SESSION

The Board went into closed session at 11:35 a.m. to discuss the following items:

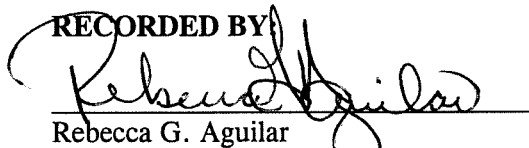
- 1) Conference with Labor Negotiators:
District Negotiators: William Merry, Richard Norton and Tim Flanagan
Employee Organizations: Hourly Employees, Operating Engineers Employees, Management Employees
- 2) Conference with Legal Counsel (added to the agenda by motion of the Board): Significant exposure to litigation pursuant to subdivision (b) of Section 54965.9: one case

The Board came back into open session at 12:13 p.m. Legal Counsel Ken Buchert announced that relative to Item 1, the Board received information, direction was given to the negotiators, and no action was taken. With regard to Item 2, the Board received information, direction was given to the negotiators, and no reportable action was taken.

ADJOURNMENT

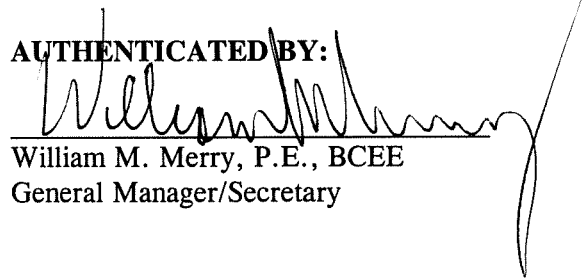
There being no further business to come before the Board at this time, the July 17, 2009 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to August 21, 2009 by Chair Laska at 12:14 p.m.

RECORDED BY:



Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:



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