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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

Friday, 9:30 a.m.
June 18, 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
Bruce Delgado, City of Marina 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

STAFF PRESENT: William Merry, General Manager
Tim Flanagan, Assistant General Manager
Rob Wellington, Legal Counsel
Rick Shedden, Senior Engineer
Richard Norton, Administrative Services Manager
Chuck Rees, Finance Manager
Jeff Lindenthal, Public Education and Recycling Manager
Don Prescott, Information Systems Manager
Richard Petitt, Site Manager
Ron Mooneyham, Equipment Maintenance Manager
Glen Evett, Last Chance Mercantile/Household Hazardous Waste Facility Manager
Rebecca Aguilar, Administrative Support Supervisor
Amber Watson, Administrative Support Specialist II
Kimberle Herring, Public Education Coordinator
Clyde Walkup, MRF Operations Supervisor/OE3 Operations Shop Steward

OTHERS PRESENT: Karen Ferlito, Big Sur International Marathon
Michael Bekker, Cannery Row Company
Lisa Murphy, City of Capitola
Angela Brantley, City of Monterey
Emily Newman, City of Monterey
David Reichbaum, City of Monterey
Charlie Cordova, GreenWaste Recovery
Matt Fore, Monterey County Environmental Health Bureau
Brad Hageman, Monterey Regional Water Pollution Control Agency

OTHERS PRESENT: Carolyn Swanson, Passion Purveyors LLC
(continued) Felipe Melchor, Waste Management, Inc.
Lewis Leader

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and the presence of a quorum established, the June 18, 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 communications.

CONSENT AGENDA

Director Downey expressed concern with Items 3 and 4 and inquired if Boardmembers could choose not to approve these items. Administrative Services Manager responded that the amendments in Item 3 were as agreed with the employee bargaining units and Item 4 provided the same benefits to the unrepresented employees as provided to the bargaining units. General Manager stated these items had previously been discussed with the Personnel Committee and with the full Board in closed session.

It was moved by Director Pendergrass, seconded, and *Unanimously Carried To:*

- 1) Approve Minutes of May 21, 2010 Regular Board Meeting**
- 2) Approve Report of Disbursements**
- 3) Approve Amendments to Memorandums of Understanding with the Hourly Represented Unit, Management Unit and Operating Engineers Units**
- 4) Approve Cost of Living Adjustment and Health Insurance Premium Increases for Unrepresented Employees**
- 5) Adopt Resolution of Appreciation (2010-03) for Big Sur International Marathon for Commendable Diversion Efforts**

PRESENTATION

- 6) Presentation by Karen Ferlito on Big Sur International Marathon Diversion Efforts**

General Manager introduced Karen Ferlito, representing the Big Sur International Marathon (BSIM), and expressed his appreciation to the organizers, haulers, District staff, and so many volunteers that made the BSIM's diversion of waste such a success.

Ms. Ferlito addressed the Board and stated the BSIM had recently been awarded the Gold Certification from the Council for Responsible Sport, by achieving 32 of the 41 points possible overall in six categories: waste, climate, equipment and materials, community and outreach, health promotion and innovation. BSIM had received the nine point maximum in the waste category. She provided the Board with a presentation explaining that for an event to be successfully "green" takes planning, cooperation, coordination, and awareness that it will be at a

higher cost. BSIM utilized compostable materials, trained volunteers to assist participants in separating the material, and the waste was brought to the District site where it is being converted into compost. In addition to recycling and composting, the BSIM had provided its participants with an online goodie bag in order to reduce waste and had used solar power for the finish line equipment. Ms. Ferlito stated that through the efforts of everyone involved, the event diverted 91% of its waste.

Chair Laska thanked Ms. Ferlito for the informative presentations and on behalf of the Board, presented Ms. Ferlito with a resolution of appreciation for all of the BSIM's efforts.

PUBLIC HEARING

- 7) **Consider Establishing \$38 Per Ton Tipping Fee for Food Scraps, Previously Charged at the Solid Waste Rate of \$46.25 Per Ton, Effective July 1, 2010**
- 8) **Consider the Following Changes to Tipping Fees Effective January 1, 2011:**
 - a) **\$5 Increase to Solid Waste Tipping Fee from \$46.25 to \$51.25 per Ton; and**
 - b) **\$3 Increase to Greenwaste Tipping Fee from \$22.50 to \$25.50 per Ton**

General Manager stated that establishing the new tipping fee for food scraps \$38 per ton would reduce the amount charge for food waste material from \$46.25 to \$38 per ton. The tipping fee increase for solid waste and greenwaste had been included in the Final Budget for FY 2010/11. The public hearing had been properly noticed and a fact sheet had been provided to District member agencies and account customers. No written comments had been received prior to the Board meeting. Vice Chair McCloud stated that the fact sheet provided good information, although she provided a few comments for further clarification.

Chair Laska opened the public hearing at 10:08 a.m. Ms. Ferlito, and Carolyn Swanson of Passion Purveyors, spoke in favor of the new food scrap tipping fee, and that it is less than the basic tipping fee. Mr. Mike Bekker, representing the Monterey County Hospitality Association, addressed the Board and expressed concern regarding the tipping fee increase and the District's ability to remain sustainable in the future as waste continues to decrease due to increased recycling efforts. He expressed interest in obtaining more information regarding food waste composting, although this would further reduce waste causing tipping fees to possibly go up higher in the future. He stated that the Community Hospital of the Monterey Peninsula (CHOMP) had purchased equipment to process high moisture waste for composting. He asked how the District and the hospitality industry could work together. Felipe Melchor, Waste Management, Inc. stated that he did not support or oppose the proposed increases, but he inquired about the revenue impact and if it bridged the costs associated with waste volume lost last year. Chair Laska closed the public hearing at 10:18 a.m.

Director Downey stated that the Board had discussed with staff the impact to residents on their monthly garbage rates, but she did not believe they had information regarding the impact to local businesses. District staff responded the impact would be proportional. She expressed concern regarding District residents having to pay more to dispose of waste while the District was negotiating with other counties to bring the waste at a reduced rate. Director Parker inquired about the increase to greenwaste rate, to which General Manager responded that traditionally the greenwaste rate has been set at half the cost of the basic tipping fee for solid waste to encourage diversion of that material.

Director Delgado followed on a comment made by Mr. Bekker and questioned what the incentive was to purchase equipment when you would pay more at the landfill. General Manager responded that the District has hired a consultant to analyze the District's revenue sources and to make recommendations for alternative funding sources as a zero waste goal will translate into zero revenue. The District is also pursuing anaerobic digestion.

With regard to food waste composting, he stated he would welcome the opportunity to speak with community businesses prior to their purchasing expensive recycling equipment. The District is diverting organics in the waste stream, including composting food scraps, and has plans to increase organics diversion programs.

Vice Chair McCloud stated she would like staff to speak with the hospitality industry, non-profits, and other local businesses prior to approving the increases to discuss various alternatives for diversion of wet waste such as food scraps. Board discussion followed regarding the increase. Director Bales stated that the District assists all of its member agencies to obtain its recycling mandates, but does not recoup those costs. Even with the \$5 per ton increase, the District will still utilize reserves with the FY 2010/11 budget. The Finance Committee has reviewed the District revenues and reduced tonnages very closely. In a cost savings effort, over the last three years, the District has delayed capital purchases and repairs, and has reduced its workforce by 16%. He suggested staff work with Mr. Becker, but was supportive of the increase at this time. It was important to note that the District tipping fees represented only 20-30% of the overall residential garbage bill; the other 70-80% were costs of the waste hauler.

Director Oglesby expressed that he supported the increase and that the District might benefit from purchasing wet waste equipment for entities such as CHOMP so that the material could be brought to the District, and provide additional revenue. Director Pendergrass commented that the Finance Committee has been very sensitive to increasing the tipping fees, but the District had expensive regulating fees to pay and obligations to meet, costs for unfunded mandates, and replacement costs for equipment. He also stated that the plan to provide power to a regional water project would be an expense to the District over the next couple of years. Chair Laska stated that the Board is aware that the current revenue model is not sustainable and is working diligently with staff to pursue alternate funding sources so that increases are not necessary every year thereby giving the impression that local residents and businesses are being penalized for doing the right thing.

General Manager clarified that CHOMP would be purchasing equipment to compost their food waste onsite. CHOMP apparently made the decision to purchase the equipment to not only reduce waste, but to reduce their hauling and disposal fees. The storage and hauling of food waste is heavily regulated and is primarily a matter that is between the business and the hauler; the District is able to process (i.e.: compost) the material once it is brought to the District site.

It was moved by Director Parker, seconded, and Unanimously Carried To: Establish a \$38 Per Ton Tipping Fee for Food Scraps Effective July 1, 2010.

Board discussion continued regarding the proposed tipping fee increases. Director Downey suggested the item be continued for one month to allow staff to continue discussions with the hospitality industry to see if some kind of resolution could be found that would satisfy all parties. Director Pendergrass voiced that staff could continue discussion without delaying the proposed action. Vice Chair McCloud stated that the hospitality industry has some concerns and the delay would provide the opportunity for staff to provide more information on what the District does.

It was moved by Director Downey, seconded, and Opposed by Chair Laska, and Directors Bales, Delgado, Oglesby, Parker, and Pendergrass; Approved by Vice Chair McCloud and Director Downey To: Continue This Item to the July 16, 2010 Board Meeting to Allow Further Discussions with Interested Parties. Motion Failed.

It was moved by Director Parker, seconded, and Approved by Chair Laska, and Directors Bales, Delgado, Oglesby, Parker, and Pendergrass; Opposed by Vice Chair McCloud and Director Downey To: Approve a \$5 Increase to Solid Waste Tipping Fee from \$46.25 to \$51.25 per Ton; and a \$3 Increase to Greenwaste Tipping Fee from \$22.50 to \$25.50 per Ton Effective January 1, 2011. Motion Carried.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION**9) Accept Report from Finance Committee Chair on Meeting of May 25, 2010**

The Board reviewed a memorandum from Chair Laska summarizing the meeting of the Finance Committee held on May 25, 2010. Director Bales commented that the Finance Committee has discussed providing renewable power to the proposed regional water project at a cost of approximately \$20 million, which the District will have to finance, and it will require coordination with several agencies. The Committee directed staff to prepare an event schedule and feasibility cost estimate to supply the power and to present it for discussion at the next meeting of the Finance Committee on July 21, 2010. Board discussion was held regarding the information provided in the monthly financial statements.

It was moved by Director Downey, seconded, and Unanimously Carried To: Accept Report from Finance Committee Chair on Meeting of May 25, 2010.

10) Adopt Resolution 2010-04 Approving Final Budget for Fiscal Year 2010/11

The Board reviewed a memorandum from Finance Manager Chuck Rees regarding adjustments to the Fiscal Year 2010/11 Final Budget from the preliminary budget presented and adopted at the May Board meeting. The Final Budget included the tipping fee changes approved in Items 7 and 8.

Board discussion followed regarding placement of closely related items on the agenda and clarification on wage and benefit increases due mostly to cost of living adjustments and health insurance premiums.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Adopt Resolution 2010-04 Approving Final Budget for Fiscal Year 2010/11.

11) Authorize Issuance of Request for Proposals for Compensation Study

The Board reviewed a memorandum from Administrative Services Manager Rich Norton requesting Board authorization to issue a request for proposals for compensation study services. The study would include all positions. Staff plans on bringing a recommendation to hire a consultant to the August meeting. The study would provide necessary data in preparation for the 2011 negotiations with employee bargaining units, although as stated in 2008 agreements, "the study results do not obligate either party with respect to proposals or positions that might be advanced in bargaining for the new agreement".

Director Bales inquired which positions would be used as benchmark positions. Administrative Services Manager responded that benchmark positions are based on comparison data available. There are some positions that are difficult to compare due to their uniqueness, such as at the power generation facility

It was moved by Director Pendergrass, seconded, and Unanimously Carried To: Authorize Issuance of Request for Proposals for Compensation Study.

12) Adopt Resolution 2010-05 Authorizing Materials Recovery Facility Tipping Floor Concrete Resurfacing Services, Covering 17,685 Square Feet, Without Competitive Bidding, to Kalman Floors of Evergreen, CO, at a Cost of \$322,100

The Board reviewed a memorandum from Materials Recovery Facility (MRF) Manager Harry Hunzie regarding resurfacing the floor in the MRF. Assistant General Manager stated that Kalman Floors was selected in 1996, through a competitive bid process, to install the original MRF concrete tipping floor. The 14 year old concrete floor had exceeded its life expectancy of 8-10 years, due to the fact that the Kalman floor is a good product and

the MRF staff had taken care of the floor during operations. Informal bids were solicited and Kalman's price per square foot was the lowest. Staff is recommending Kalman be awarded the resurfacing services work without competitive bidding because of Kalman's unique design of a patented seamless concrete base slab that eliminates 80% of joints and seams. Their absorption process makes the concrete 200% more resistant and its durability has been proven.

Chair Laska stated that although he generally was not in favor of sole source purchasing, he was aware that there were proprietary chemicals in the floor that could call for an unsatisfactory outcome if another floor type was used in the repair. Director Bales inquired whether Legal Counsel had reviewed the resolution and staff memorandum. Legal Counsel responded affirmatively and that the information provided the reasons why competitive bidding would not be advantageous and in the public's best interest.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Adopt Resolution 2010-05 Authorizing Materials Recovery Facility Tipping Floor Concrete Resurfacing Services, Covering 17,685 Square Feet, Without Competitive Bidding, to Kalman Floors of Evergreen, CO, at a Cost of \$322,100.

13) Approve Long-Term Agreement with City of Capitola to Accept Waste for Disposal at Rate of \$28.48 per Ton

The Board reviewed a memorandum from Assistant General Manager Tim Flanagan requesting Board approval of a long-term waste disposal agreement with the City of Capitola at a rate of \$28.48 per ton. General Manager stated that the terms and conditions of this Agreement were similar to previous regional waste acceptance agreements. He stated that the City of Capitola has brought its waste to the District for 25 years, with the exception of two years, when it was taken elsewhere. Assistant General Manager stated that signing an agreement would guarantee the waste came to the District through the flow control provisions of the agreement. The waste would go directly to the landfill for disposal and the City of Capitola would not benefit from other services the District provides to its member agencies.

Director Downey expressed concern with accepting regional waste at a lower rate than the basic tipping fee and questioned if member agencies were subsidizing those rates. She stated that entering into an agreement would cause the District to lose \$177,000 in revenue annually since the City of Capitola already brings its waste to the District at the current rate. The District should negotiate a more favorable rate structure and charge more for regional use of the District's landfill. Director Pendergrass stated that acceptance of regional waste will subsidize District activities and allowed the District to maintain its rates, instead of needing to increase them.

Director Oglesby clarified that entering into an agreement would guarantee annual revenue of \$280,000 from the Capitola Agreement. With no Agreement, the City of Capitola could elect to take its waste elsewhere and the District would get no revenue. He stated that there are other entities that would appreciate the opportunity to take Capitola's waste because they are also struggling with their revenue streams. Director Parker expressed concern over losing revenue in the event that Capitola's waste were to be disposed of elsewhere, because of the District's inability to negotiate an acceptable lower rate and used the sludge from the Carmel Area Wastewater District as an example. Vice Chair McCloud stated that the District would benefit from the guaranteed \$280,000 annually and provisions were in the agreement in which either party to terminate and trigger a five-year final term. Director Delgado stated that perhaps staff should revisit the regional waste per ton rate to ensure that the District remains competitive. Legal Counsel stated that the regional waste rate was decided by the Board after reviewing information on the direct costs to landfill only.

Lisa Murphy, City Manager Assistant for the City of Capitola, addressed the Board and stated that Capitola does have other options for taking their waste, but they have a good relationship with the District and would like to see it continue. The agreement was a win-win situation in that it provided the District with income and it provided Capitola a place to bring their waste for disposal. She expressed that Capitola is also interested in partnering with the District on food waste composting.

Angela Brantley, City of Monterey, addressed the Board and asked if staff had evaluated the impact of the revenue lost because of the new rate and would the Board reconsider the \$28.48 rate relative to how the District's rates are increasing. She stated that perhaps cost of living adjustments would not be sufficient for the regional rate. She wondered whether the rate established for regional waste covered the true costs for landfilling when you included the costs of equipment and closure/postclosure.

It was moved by Vice Chair McCloud, seconded, and Approved by Chair Laska, Vice Chair McCloud, and Directors Bales, Oglesby, Parker, and Pendergrass; Opposed by Directors Delgado and Downey To: Approve Long-Term Agreement with City of Capitola to Accept Waste for Disposal at Rate of \$28.48 Per Ton. Motion Carried.

Director Parker retired from the meeting at 12:02 p.m.

STAFF REPORTS

14) Review Finance, Operating and Recycling Reports

The Board reviewed the financial statements for May 2010. The Operating Income for May was \$68,324 and \$781,575 year-to-date. The year-to-date total Operating Expenses are \$15,358,977 and Operating Revenues are \$16,140,552. The total refuse accepted over the last 12 months was 195,333 tons.

The Board also reviewed the Operating Report for May 2010. The Total Solid Waste Accepted into the site (excluding Regional Waste) during May 2010 was 26,840 tons. Regional Waste increased by 343 tons due primarily to the new contract to accept regional waste from the City of Scotts Valley.

15) Report on Strategic Planning Advisory Task Force Meeting of June 2, 2010

The Board was provided with the minutes of the June 2nd Strategic Planning Advisory Task Force (Task Force) meeting. The Task Force was asked to participate in completing a matrix of existing and desirable service options from the franchise hauler. A summary of the comments will be provided at the next Task Force meeting on August 12th. A Focus Group meeting was held in the afternoon and presentations were given by five different regional service haulers on the focus of programs and services in the future.

16) Report on Supplying Renewable Power to Proposed Regional Water Project (RWP)

The Board reviewed a memorandum from Information Systems Manager Don Prescott outlining staff efforts to supply renewable power to the proposed regional water project. Staff will be meeting with staff from the Marina Coast Water District and the Monterey County Water Resources Agency to further discuss the project.

OTHER CORRESPONDENCE

17) Letter to Assemblymember Julia Brownley RE: Support of AB 1998: Solid Waste: Single-Use Carryout Bags

The Board received a copy of a letter that sent by Vice Chair McCloud on behalf of the District's Litter Abatement Task Force supporting AB 1998 which would prohibit certain retail stores from providing single-use plastic bags to customers. The Board also received a response letter from Assemblymember Bill Monning expressing appreciation for the support and notifying that the bill had passed the Assembly Floor on a 42-27 vote and was currently awaiting Senate referral to a policy committee. Director Pendergrass expressed concern over the state regulating the use of plastic bags.

GENERAL MANAGER COMMUNICATION

General Manager reported that staff was working very closely with Waste Management, Inc. and with the Pebble Beach Company to promote recycling and waste minimization at the US Open Gold Tournament. He also reported on the new provisions for the lead based paint on Construction and Demolition material for buildings built prior to 1978. Additional information is available at the USEPA website: <http://www.epa.gov/lead/pubs/renovation.htm> or at the District website: www.mrwmd.org.

General Manager notified the Board that the California Special Districts Association (CSDA) would be holding a training workshop entitled "The Board's Role in Human Resources" on Thursday, July 29th, from 9 a.m. to 4 p.m. in the District's Boardroom. Director Downey is scheduled to attend and he encouraged other Boardmembers to consider attending as it is useful information and it also helps reduce the District's insurance premiums.

BOARD COMMUNICATIONS**ELECTION OF OFFICERS FOR FISCAL YEAR 2010/2011**

It was moved by Director Bales, seconded, and Unanimously Carried To: Re-elect Leo Laska as Chair and Sue McCloud as Vice Chair for Fiscal Year 2010/11 for One-Year Terms.

CLOSED SESSION

The Board went into closed session at 12:10 p.m. regarding the following:

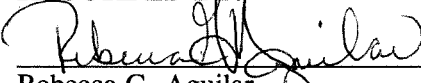
- 1) Conference with Property Negotiators
 - Property: Landfill Site Space/Capacity
 - District Negotiators: William Merry and Tim Flanagan
 - Negotiating parties: GreenWaste Recovery/Zanker Road Landfill
 - Terms: All Terms and Conditions

The Board came back into open session at 12:40 p.m. Legal Counsel Wellington announced that the Board had discussed the item listed on the agenda and with a split vote of 6-1, provided direction to staff on how to proceed with this item.

ADJOURNMENT

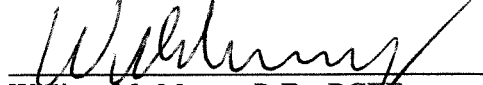
There being no further business to come before the Board at this time, the June 18, 2010 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to July 16, 2010 by Chair Laska at 12:41 p.m.

RECORDED BY:



Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:



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