



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

BOARD OF DIRECTORS

LEO LASKA
CHAIR

SUE McCLOUD
VICE CHAIR

GARY BALES
DAVID PENDERGRASS
KEN GRAY
JOSEPH P. RUSSELL
DON JORDAN
LIBBY DOWNEY
ILA METTEE-McCUTCHON

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT REGULAR MEETING MINUTES

9:30 a.m., Friday
May 16, 2008

Boardroom
Monterey Peninsula Landfill
Marina, CA

MEMBERS PRESENT Leo Laska, Chair
 Sue McCloud, Vice Chair
 Gary Bales
 David Pendergrass
 Ken Gray
 Joseph P. Russell
 Libby Downey
 Ila Mettee-McCutchon

MEMBERS ABSENT: Don Jordan

STAFF PRESENT: William Merry, General Manager
 Tim Flanagan, Assistant General Manager
 Ken Buchert, Legal Counsel
 Richard Norton, Administrative Services Manager
 Richard Shedden, Senior Engineer
 Charles Rees, Finance Manager
 Don Prescott, Information Systems Manager
 Jeff Lindenthal, Public Education & Recycling Manager
 Jack Cook, Safety Manager
 Glen Evelt, Last Chance Mercantile/Household Hazardous Manager
 Ron Mooneyham, Equipment Maintenance Manager
 Rebecca Aguilar, Administrative Support Supervisor
 Amber Watson, Administrative Support Specialist
 Clyde Walkup, Materials Recovery Facility Supervisor/OE3 Operations Shop Steward

OTHERS PRESENT: Angela Brantley, City of Monterey
 Bjorn Lundegard, City of Seaside
 Matt Fore, Monterey County Environmental Health Department
 Tom Buell, Monterey Regional Waste Pollution Control Agency
 Kristi Carriveau, Waste Management, Inc.
 Jay Ramos, Waste Management, Inc.
 Marina Del Mar Elementary School 4th & 5th Grade Class

ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice having been duly given and the presence of a quorum established, the May 16, 2008, 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

Kimberle Herring, District Public Education Coordinator, addressed the Board to present students from Marina Del Mar School who were touring the District facilities. She stated this was her busiest time of the year and during the past couple of months she has been providing many tours to local schools which gives them the opportunity to learn more about the District facilities and about the 4Rs – Reduce, Reuse, Recycle, and Rot. She has also been busy providing local composting workshops and participating in several local events.

PRESENTATIONS

1) **10-Year Award to Vice-Chair Sue McCloud**

Chair Laska presented Vice-Chair McCloud with a ten-year longevity award, representing the City of Carmel-by-the-Sea, and thanked her on behalf of the Board, for her many contributions and dedicated service to the District over the last 10 years.

CONSENT AGENDA

Following a motion by Director Bales, and seconded, the Board approved the following actions:

- 2) **Approve Minutes of April 18, 2008 Regular Board Meeting**
- 3) **Approve Report of Disbursements**
- 4) **Schedule a Public Hearing for June 20, 2008 to A) Consider a 3.3% (Estimated) Cost of Living Landfill Tipping Fee Increase Effective January 1, 2009; B) Consider Adoption of Fee Schedule for Copying of Public Records and Board Meeting Packets**

ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

5) **Receive Recommendations from Ad Hoc Finance Committee Meeting of April 23, 2008**

The Board reviewed a memorandum from Chair Laska summarizing the discussion and making recommendations from the ad hoc Finance Committee's meeting of April 23, 2008.

Vice Chair McCloud expressed concern with the cost of living adjustment (COLA) since she has expressed unwillingness to increase tipping fees without first ensuring that all other options have been exhausted and she would oppose the increase. She also stated there was some concern on the Litter Abatement Task

Force that if the fees were to increase, illegal dumping would also increase. Director Pendergrass stated the committee had carefully considered the COLA. He stated the Board had requested staff to balance the expenses and revenues; he believed staff had done an excellent job holding down expenses, and he was supportive of committee recommendations.

Director Bales pointed out that the District expends significant funds in assisting member agencies in meeting state mandated recycling goals and he had requested that staff prepare a detailed report on exactly how much is spent in that effort by the District. General Manager stated the District's operations produced over half of the diversion achieved by the member agencies, with the other half coming from recycling efforts within each jurisdiction. He stated recycling was a cooperative effort with the District working closely with member agencies and their haulers.

Director Laska commented that the budget had been a long arduous process with unfunded state mandates, such as AB 32, adding to expenses. He stated staff has exerted considerable effort in reducing staffing and expenses, while continuing to operate efficiently and should be recognized for those efforts. Director Gray stated the Committee felt it prudent to keep fee increases to a minimum, and tied to cost of living adjustments in consideration of increases in operational costs. Director Russell asked that Chair Laska's memorandum clarify that the COLA "should be" considered by the Board of Directors on an annual basis.

It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Receive Recommendations from Ad Hoc Finance Committee Meeting of April 23, 2008.

6) Adopt Preliminary Budget for Fiscal Year 2008/09

The Board reviewed a memorandum from Finance Manager Chuck Rees and the Preliminary Budget for Fiscal Year (FY) 2008/09. The Board also reviewed a memorandum from Assistant General Manager Tim Flanagan summarizing staff efforts over the past year to increase revenues and reduce expenses. General Manager stated staff had received valuable input and guidance from the ad hoc Finance and Personnel Committees, over the last year.

Finance Manager made a presentation on the Preliminary Budget. He stated that the District had experienced a decrease in tonnage over the past two years of 17% resulting in over \$2,000,000 in lost revenue. He referred the Board to Assistant General Manager's memorandum which illustrated cost saving measures to balance out for the lost revenue. Assistant General Manager expressed appreciation to District employees for all of their input and efforts to improve operations and for taking on additional duties. During FY 2007/08, staff efforts resulted in reductions of over \$900,000 in operational costs and \$1,200,000 in capital outlay. He stated the District has not filled any of the 13 positions that have become vacant in the past two years, a 9% reduction in the workforce. This has been accomplished with a minimal disruption in recycling efforts, and while holding safety as a top priority. He further reviewed with the Board other operational and capital savings measures.

Board discussion followed regarding the cost saving measures to include changes in operations. Finance Manager also stated that staff is in the process of analyzing the cost of providing recycling assistance to member jurisdictions. Preliminary figures show that approximately 50% of District expenses are attributed to recycling while those same efforts generate only 10% of the District revenues.

Finance Manager continued with his preliminary budget presentation and stated it included \$18,195,000 in revenues, \$16,639,000 in operating expenses, and \$40,000 in non-operating expenses resulting in net income of \$1,516,000. Capital project expenditures totaled \$2,504,500 and principal payments on bond

and debt obligations were \$1,874,000. By the end of the fiscal year, unrestricted cash would decrease by \$400,500 and would be \$889,803 above the Board's guideline of 25% of operating expenses. The Revenues to Bond Debt Service ratio is projected to be 2.85 – well above the required minimum of 1.25. The budget included a continued hiring freeze on positions as they become vacant, continued reductions across the board in expenses, and continued delays in capital spending. Significant expense will be incurred over the next 10 years in order to be compliant with provisions of AB 32, and the California Air Resource Board (CARB) resulting regulations.

Director Bales suggested to Finance Manager that he provide a chart showing all income versus all expenses, for comparison. He understood the budget was balanced, due to a COLA to the tip fees and utilizing cash reserves from prior years and that the District would spend \$400,000 more cash than what would be received. He thanked staff for their efforts in producing a prudent budget despite the decrease in tonnage of 17% over the last two years.

Director Bales stated that the ad hoc Finance Committee had discussed using some of the District reserves. He commented that the District had picked up a big obligation to assist its member agencies in meeting their AB 939 requirements at a significant cost and a significant amount of funding would be spent on meeting the unfunded state mandates, such as AB 32 requirements. He also stated that he had requested staff to provide him with information on how the suggested COLA adjustment to the tipping fee (\$1.25 per ton) would affect individual garbage customers in Pacific Grove and the result had been that it would cost an additional \$0.25 per month per residential customer. His interpretation was that the District had two options, issue more bonds or raise the tip fees in order to fund the additional state mandates and continue to provide its member agencies with the current level of services.

Finance Manager stated the final budget would be recommended for adoption at the June meeting.

It was moved by Director Pendergrass, seconded, and *Unanimously Carried To: Adopt Preliminary Budget for Fiscal Year 2008/2009.*

7) Review LAFCO's Proposed Fiscal Year 2008/09 Budget and Work Plan and Provide Direction to Staff

The Board reviewed LAFCO's proposed FY 2008/09 Budget and Work Program and a proposed update to their application fee schedule. General Manager reminded the Board that a year ago, LAFCO had proposed a substantial increase to their budget, which would have increased the District's contribution by 20%, to over \$50,000. The Board had requested that LAFCO Executive Director Kate McKenna appear at the April 2007 Board meeting to present the LAFCO proposed Budget summary with justifications for increases and to answer questions. Following her appearance, the Board directed General Manager to send a letter to LAFCO expressing concern with the proposed increases to their budget. LAFCO had responded by cutting back on the proposed budget and LAFCO staff then held a number of meetings throughout the year to review its fee schedules and operating procedures. He and two other special district general managers met with LAFCO staff to provide input on the budget.

General Manager stated the District's contribution for FY 2008/09 would be \$40,614, or 15.37% of the contribution by independent special districts. The contributions are calculated according to a formula set by State Law. The District has no intention in the foreseeable future, of directly utilizing any of the services provided by LAFCO. The District is a principal contributor among special districts, and contributes more to LAFCO's budget than most of the other local public agencies.

Board discussion followed regarding continued participation in LAFCO. Vice Chair McCloud expressed concerns with LAFCO's 4% cost of living adjustment, legal expenses, and the hiring of outside consultants. Director Bales suggested the fee schedule could be adjusted on a user basis to generate more revenue. General Manager suggested he would be willing to send a letter to LAFCO expressing the Board's concerns, which received consensus Board support.

The Board also reviewed a call for nominations for the selection of two LAFCO Commissioners. Only Director Laska and Director Bales would qualify for nomination, since they are the only members of the District Board who are not members of a legislative body of a city or the county, but they both stated they were not interested in serving. General Manager stated that Peggy Shirrel had resigned, but Anne McGowan was interested in serving another term.

No Action Taken.

Director Mettee-McCutchon retired from the meeting at 10:50 a.m.

STAFF REPORTS

8) Financial, Operating and Recycling Reports

The Board reviewed the operating report for April. Total solid waste accepted into the site (excluding regional waste from Santa Cruz County and Watsonville) during April was 26,821 tons, an increase of 1,910 tons from March 2008 and up 387 tons, or (1.5%) from April of last year. The tonnage from Santa Cruz County was 1,681 in April 2008. The City of Watsonville delivered 862 tons during the month of April 2008 and 300 tons in March 2008, with deliveries beginning on March 17, 2008.

Although the Board did not receive the financial statements for April, draft numbers show tipping fee revenues at \$1,140,000 and total operating income estimated to be approximately \$185,000.

The Board reviewed the AB 939 Recycling Rates, as of May 7, 2008, showing member agencies diversion levels through the first quarter of 2008.

9) Report on Public Education, Recycling, and Litter

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal highlighting recent community activity related to the polystyrene packaging ordinance and the District's receipt of the "Sponsor of the Year" award for 2007, from Caltrans as a result of District efforts over the last 13 years in sponsoring litter cleanup of two sections of Highway 1.

10) Update on Department of Conservation City Payment Program

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal regarding the Department of Conservation Payment Program. Applications, which are due on June 30th, will be completed by District staff and submitted on behalf of the member jurisdiction as was done in the past.

11) Report on SWANA Legislative Task Force Activity

The Board reviewed information on proposed solid waste and recycling legislation. General Manager stated there were two bills of particular interest, SB 1016 (Wiggins), and SB 1020 (Padilla). The Wiggins bill proposes changes to the way diversion is measured and has strong support from the CIWMB staff. The Padilla bill proposes to raise statewide diversion levels above the current 50%, to 60% or 75%. SWANA is watching these two bills closely and is working with the authors on acceptable language. The Board also received information regarding a new piece of legislation, AB 2425 (Coto) – which would call for more public education on the potential effects of pharmaceuticals entering drinking water systems. Currently, the District's Household Hazardous Waste Program collects unused and expired pharmaceuticals along with all the other regulated and hazardous materials turned in by District residents, at no cost to the residents, but at a HHW total program cost of over \$500,000 per year to the District.

12) Update on General Manager's Goals

The Board received an update of the General Manager's 2008 goals.

OTHER CORRESPONDENCE

13) Letter to Assembly Member Lois Wolk RE: Support of AB 642 - Design-Build Counties, Cities, and Special Districts

The Board reviewed a letter to Assembly Member Lois Wolk written in support of AB 642, which would allow cities, counties, and special districts to use a design-build contracting process for building construction projects as well as wastewater treatment facilities, solid waste management facilities, or water recycling facilities.

14) Letter to Monterey County Supervisor Armenta RE: Support for Continued Funding for Monterey County Business Council Competitive Clusters Project, and the Monterey County Business Council, in Fiscal Year 2008/09

The Board reviewed a letter to Monterey County Board of Supervisors Chair Fernando Armenta requesting that the County continue financial support of Monterey County Business Council programs.

GENERAL MANAGER COMMUNICATIONS

General Manager reported that, as directed by the Board, staff had contacted Hayashi & Wayland (H&W) to discuss their proposed costs to conduct the annual audit for the District for the next three years and as a result, H&W had agreed to reduce their costs by approximately \$2,000 per year in exchange for District staff providing certain audit information in a format which was compatible with their systems.

General Manager also reported that Patrick Matthews, currently employed with the County of Santa Cruz, has been selected as the new General Manager/CAO for the Salinas Valley Solid Waste Authority. He is scheduled to begin work on June 23, 2008.

CLOSED SESSION

The Board went into closed session at 10:58 a.m. regarding the following:

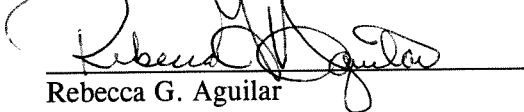
- 1) Conference with Labor Negotiators:
District Negotiators: William Merry, Richard Norton, Tim Flanagan, Donna Williamson
Employee Organizations: Operating Engineers, Service Employees International Union, Management Employees

The Board came back into open session at 11:56 p.m. Legal Counsel Buchert announced that during closed session, the Board received information and direction was given to the negotiators; no other action was taken.

ADJOURNMENT

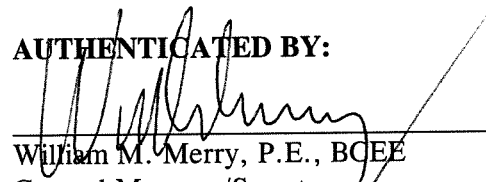
There being no further business to come before the Board at this time, the May 16, 2008 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to June 20, 2008, by Chair Laska at 11:57 a.m.

RECORDED BY:



Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:



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