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# MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

*Home of the Last Chance Mercantile*

## MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT REGULAR MEETING MINUTES

9:30 a.m., Friday  
November 21, 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  
Don Jordan  
Libby Downey

**MEMBERS ABSENT:** Ila Mettee-McCutchon

**STAFF PRESENT:** William M. Merry, General Manager  
Tim Flanagan, Assistant General Manager  
Rob Wellington, Legal Counsel  
Rick Shedden, Senior Engineer  
Richard Norton, Administrative Services Manager  
Charles Rees, Finance Manager  
Don Prescott, Information Systems Manager  
Jeff Lindenthal, Public Education & Recycling Manager  
Glen Evett, Last Chance Mercantile/Household Hazardous Manager  
Ron Mooneyham, Equipment Maintenance Manager  
Richard Petitt, Site Manager  
Rebecca Aguilar, Administrative Support Supervisor  
Amber Watson, Administrative Support Specialist  
Kimberle Herring, Public Education Coordinator  
Mike Perry, Public Education Intern  
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 Water Pollution Control Agency  
Brad Hagemann, Monterey Regional Water Pollution Control Agency  
Mike Niccum, Pebble Beach Community Services District  
Kristi Carriveau, Waste Management, Inc.  
Felipe Melchor, Waste Management, Inc.  
Lewis Leader  
Ron Lebda

## ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice having been duly given and the presence of a quorum established, the November 21, 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.

## CONSENT AGENDA

Chair Laska requested Item 5 be pulled from the Consent Agenda; the Board agreed.

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

- 1) **Approve Minutes of October 17, 2008 Regular Board Meeting**
- 2) **Approve Report of Disbursements**
- 3) **Authorize Purchase of New Caterpillar 938H Wheel Loader from Quinn Company of Salinas, CA, in the Amount of \$227,000**
- 4) **Adopt Resolution of Appreciation (2008-11) for Retiring Association of Monterey Bay Area Governments Retiring Executive Director Nicolas Papadakis**

## OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

- 5) **Adopt Resolution of Appreciation (2008-12) for Retiring Senior Materials Recovery Facility Operator Ron Lebda**

General Manager stated that during his years of service, Ron had a special ability to draw people together, an ability that served him well in his supervisory position. Following adoption by the Board, Chair Laska presented Ron with a resolution of appreciation for his eight years of service, and on behalf of the Board wished him well in his retirement. Ron addressed the Board and expressed he had enjoyed his time at the District and would continue to support the District's mission.

## PUBLIC HEARING

- 6) **Conduct Public Hearing to Consider Increase in Tipping Fee for Acceptance of Biosolids for Processing and Disposal, from \$25 Per Ton to \$30 Per Ton, Effective January 1, 2009.**

General Manager stated that a public hearing would be conducted to hear comments on the proposed fee increase and Assistant General Manager Tim Flanagan would provide a presentation. Assistant General Manager stated that staff had initiated an internal review of the actual costs for sludge (also known as biosolids) management and processing a couple of years ago. The preliminary staff review indicated that the actual costs for handling sludge was in the mid \$30 range. Discussions began with the Monterey Regional Water Pollution Control Agency (MRWPCA) and in early 2008, it was agreed by both the MRWPCA and the District to jointly retain the firm of R3 Consulting Group, Inc. to review the District's expenses to manage sludge. R3 concluded, based on a review of the District's expenses, that the actual cost to divert the material from the landfill and to compost it for on-site use was approximately \$38 per ton and that the cost to landfill the material was \$30 per ton and therefore the proposed rate increase to \$30 per ton was "reasonable".

General Manager stated the Board had granted a request at the September meeting to delay the public hearing until November to allow more time for review of the R3 consultant's report and the assumptions leading to the recommendation. He stated that several meetings were conducted with MRWPCA staff and he had received a letter from General Manager of the MRWPCA stating that they would not oppose the increase, and requesting the District review the costs for landfilling over the next six months.

Chair Laska opened the public hearing at 9:46 a.m. Brad Hagemann, MRWPCA Assistant General Manager, addressed the Board, and stated that the letter requested the District landfill a portion of the sludge material to determine the actual costs for landfilling per discussions with District staff. He stated that all were optimistic that the anticipated Carollo study would provide long term alternatives for the management of the sludge. Chair Laska closed the public hearing at 9:48 a.m. General Manager stated that the Carollo study, which was entered into jointly with the MRWPCA and the Carmel Area Wastewater District (CAWD), may provide more sustainable, long term, methods of managing biosolids.

Director Gray stated the Finance Committee had reviewed the R3 Report in detail and justification had been provided, such that the committee members were in support of the fee increase to recover costs.

#### **OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION (CONTINUED)**

**7) Adopt Resolution 2008-13 Approving Increase in Tipping Fee for Acceptance of Biosolids for Processing and Disposal, from \$25 Per Ton to \$30 Per Ton**

*It was moved by Director Gray, seconded, and Unanimously Carried To: Adopt Resolution 2008-13 Approving Increase in Tipping Fee for Acceptance of Biosolids for Processing and Disposal, from \$25 Per Ton to \$30 Per Ton.*

**8) Receive Report from Chair of Finance Committee on Meeting of November 6, 2008**

The Board reviewed a memorandum from Chair Laska summarizing the meeting of the Finance Committee on November 6<sup>th</sup>. The Committee received staff reports on the operations and finances of the District and discussed and supported the increase in the tipping fee for biosolids. Staff was directed to prepare a mid-year Budget report for the January Board meeting.

Director Downey inquired why CAWD sent their sludge to Kern County. General Manager stated it has been cheaper for them to do so, although he had recently learned that the rates might be rising, so it may no longer be cheaper to send their sludge to Kern County.

*No Action Taken.*

**9) Receive Report from Chair of Ad Hoc Power Sales Committee on Meeting of November 6, 2008**

The Board reviewed a memorandum from Chair Laska summarizing the meeting of the ad hoc Power Sales Committee on November 6<sup>th</sup>. The Committee received a status report from staff on the proposed amendment to the Power Sales Agreement with Pacific Gas & Electric (PG&E). Chair Laska stated the Committee was pleased to anticipate higher revenue as a result of the amendment. The matter of the District being able to deliver renewable power to a future water project was considered and would be discussed in the next agenda item.

*No Action Taken.*

**10) Authorize Staff to Prepare Documents to Amend Power Sales Agreement with PG&E, to Sell Power at the California Public Utilities Commission Market Price Referent 2009 Delivery Price of \$0.0998 per Kilowatt-Hour, for a Term of 10 Years, for Consideration of Adoption at December 19, 2008 Board Meeting**

The Board reviewed a memorandum from Information Systems Manager Don Prescott which provided a brief history of Landfill Gas (LFG) to Energy Project production and sales over the last 25 years. General Manager stated the District now has an opportunity to sell power to PG&E at a rate of \$0.0998 per kilowatt-hour (kW-hr). The District's Information Systems Manager had produced an alternative way of allowing the District to enter into an agreement with PG&E while still having the availability to provide power to a proposed regional water project.

Information Systems Manager stated that the amendment would allow for the sale of five megawatts of power to PG&E from all four engine/generators, thus increasing power sales revenue by 45%. He stated that in order to support a regional water project and allow the District to take advantage of the excellent price being offered by PG&E, staff was studying the option of building a separate power plant, which initially would use a fuel mixture of landfill gas and natural gas. As the volume of LFG increased with increased tonnage being landfilled, the amount of purchased natural gas would decrease. Additionally, the District would have to capture and utilize increased LFG and installing additional engine/generators were therefore anticipated to be needed in the future.

Board discussion followed regarding the use and cost of natural gas to produce power, and how that could potentially affect the regional water project, a five-year agreement, and was it possible to delay action until after the draft Environmental Impact Review (EIR) was completed by the California Public Utilities Commission (CPUC) for California American Water. General Manager responded that preliminary analysis revealed that the concept of using natural gas was less costly than the cost for PG&E's standby charges, and still makes the project financially feasible. Initial discussions indicate the Monterey Bay Unified Air Pollution Control District and the Marina Coast Water District are supportive of this concept. Legal Counsel stated that the regional water project was listed as an alternative in the EIR. General Manager stated that in light of the District's finances, staff strongly recommended proceeding with the agreement with PG&E. Director Pendergrass stated the CPUC was considering an alternative replenishment project, but it still was not clear how that would proceed. Legal Counsel suggested staff continue to negotiate the favorable agreement with PG&E and bring a report back to the Board at the December meeting, along with information on proposed timelines for the water project.

Chair Laska stated the ad hoc Power Sales Committee had considerable discussion on the proposed power sales and had taken into consideration that the water project might not materialize, but it seemed that staff had created a way to provide power to the project if it did come to fruition. Director Gray stated that discussion has also included the need to be able to handle additional LFG production and the suggestion provided by staff would allow that to occur while making power available for the proposed water project.

Vice Chair McCloud concurred with the suggestion by Legal Counsel and stated that member agencies may be faced with water rationing which would affect the hospitality industry, thus affecting each member agencies' economy. Director Russell expressed concern and stressed that the District be able to maintain flexibility for power sales. It was suggested that a representative for the water project be invited to the December meeting to provide comments regarding the feasibility of staff's suggestions for supplying power to a regional water project.

**It was moved by Director Gray, seconded, and Unanimously Carried To: Authorize Staff to Prepare Documents to Amend Power Sales Agreement with PG&E, to Sell Power at the California Public Utilities Commission Market Price Referent 2009 Delivery Price of \$0.0998 per Kilowatt-Hour, for a Term of 10 Years, for Consideration of Adoption at December 19, 2008 Board Meeting.**

**11) Approve Draft Annual Report for Fiscal Year 2007/08**

The Board reviewed a Draft Annual Report for Fiscal Year 2007/08, prepared by Public Education and Recycling Manager Jeff Lindenthal and Public Education Coordinator Kimberle Herring, with assistance from staff. The report will be used for public education and will be mailed to other agencies.

Several Boardmembers commented on how well the report had been prepared and expressed appreciation to staff. Director Bales inquired whether in light of the District finances, the report should be deferred this year. Public Education and Recycling Manager Jeff Lindenthal responded the annual report was a very effective tool in reaching the community and educating the public.

***It was moved by Director Downey, seconded, and Unanimously Carried To: Approve Draft Annual Report for Fiscal Year 2007/08.***

**12) Authorize Chair to Cast Vote for LAFCO Special District Alternate Member**

The Board reviewed information from Local Agency Formation Commission (LAFCO) regarding the election of one Independent Special District *Alternate* Member to serve a four-year term on LAFCO of Monterey County. Board discussion followed regarding the three candidates.

***It was moved by Director Pendergrass, seconded, and Approved by a 5-3 Vote To: Authorize Chair to Cast Vote for Vince Ferrante as LAFCO's Special District Alternate Member.***

**13) Adopt Resolution 2008-14 Providing the Tax Benefit Offered by Section 414(h)(2) of the Internal Revenue Code to Employer Paid Member Contributions to District Employees Who Are Members of the California Public Employees Retirement System (PERS)**

The Board reviewed a memorandum from Administrative Services Manager Rich Norton recommending adoption of Resolution 2008-14, which would clarify the tax exempt status with CalPers regarding employer paid contributions on behalf of District employees.

***It was moved by Director Downey, seconded, and Unanimously Carried To: Adopt Resolution 2008-14 Providing the Tax Benefit Offered by Section 414(h)(2) of the Internal Revenue Code to Employer Paid Member Contributions to District Employees Who Are Members of the California Public Employees Retirement System.***

**STAFF REPORTS**

**14) Financial, Operating and Recycling Reports**

The Board reviewed the financial statements for October 2008. The Operating Income for October was \$65,555 and \$563,970 year-to-date. The year-to-date total Operating Expenses are below budget levels at \$5,532,038. The year-to-date Operating Revenues are \$6,096,008.75, above last year and budget. Refuse Accepted (excluding Regional Waste) for October decreased by 1,593 tons or 8.0% from last year.

The Board also reviewed the Operating Report for October 2008. The Total Solid Waste Accepted into the site (excluding regional waste from Santa Cruz County and Watsonville) during October 2008 was 26,587 tons, a decrease of 2,674 tons (or 9.1%) from October 2007. The tonnage from Santa Cruz County was 1,580 in

October 2008 (down 14 tons from September 2008). The City of Watsonville delivered 1,171 tons during the month of October 2008 (up 98 tons from September 2008).

General Manager stated staff was making every effort to reduce expenses and improve revenue. The price for recycled commodities has dropped dramatically as explained in the next agenda item. The decline in prices may reduce the amount of recycling in the near term as local governments and their haulers reconsider how to pay for recycling programs which have now lost their revenue value. The District has made a commitment to not landfill recyclable materials through this fiscal year, although it has received a few inquiries from the community to landfill cardboard. Director Bales stated the Finance Committee had reviewed this issue in their recent meeting, and the District Board, in the near future, may have to consider burying some recyclable material.

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

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal, reporting on a November 9<sup>th</sup> 60 Minutes exposé concerning e-waste exports to the Far East. The District contracts with a recycler in the Bay Area who has been recognized as a responsible recycler. Public Education and Recycling Manager also reported on the dramatic drop in prices for recyclable commodities over the last month and the impact this will have in the State and worldwide. General Manager stated that as reported in Public Education and Recycling Manager's memorandum, the County was proposing to adopt a 75% waste diversion goal as part of the General Plan. He stated the District Board may wish to consider a similar diversion goal at the planned Board planning workshop in the spring.

**16) Report on Solid Waste Association of North America (SWANA) 2008 Wastecon Technical Conference and Tradeshow**

The Board reviewed a memorandum from Director Bales summarizing his attendance at SWANA's 2008 Wastecon, which was held in Tampa, Florida, the week of October 21-23, 2008. Director Bales stated the theme was "Reducing Our Carbon Footprint - Energy, Climate and the Solid Waste Connection" and many sessions were related to reducing the carbon impact stemming from landfills and landfill gas. He reported that many programs that were mentioned have already been implemented at the District's site. He thanked the Board for allowing him to attend.

**17) Report on SWANA Legislative Task Force (LTF) Activity and State Legislation**

The Board reviewed a report of the 2007/2008 Legislation prepared by the SWANA Legislative Task Force, which highlighted the six most significant pieces of legislation for the 2007/08 Legislative Session as follows:

- SB 1016 (Wiggins) Diversion: Annual Report. *Signed by Governor on 9/29/08.*
- SB 1020 (Padilla) Solid Waste: Diversion. *Died, failed to pass Legislative deadline.*
- SB 1252 (Padilla) Vehicles: dealers: consumer protection. *Died.*
- AB 1390 (Huffman) Solid Waste: diversion: illegal dumping: fees. *Died.*
- AB 2640 (Huffman) Solid Waste: compostable organics management. *Died.*
- AB 2866 (De Leon) Solid Waste; closure liability; solid waste disposal fees. *Died.*

General Manager stated that at the annual meeting of the SWANA Legislative Task Force, which was held in Monterey on November 14<sup>th</sup> and 15<sup>th</sup>, a key element of discussion for the 2009 Workplan was centered around Extended Producer Responsibility which would require manufacturers to take back their products at the end of their useful life instead of causing the consumer to pick up the cost for disposing of such items as fluorescent tubes.

OTHER CORRESPONDENCE

**18) Letter From Monterey County Re: Disposal Fees**

The Board reviewed a letter from the County Environmental Health Director outlining the range of solid waste related activity County staff performs as the Local Enforcement Agency (LEA). The letter was sent in response to a letter request from the District inquiring how the County spent the approximately \$500,000 per year paid by the District and the Salinas Valley Solid Waste Authority (SVSWA). The County fees assessed are just under \$1 per ton on all waste brought to the landfill for disposal.

**19) Letter From California Ocean Protection Council Re: Appreciation of Support**

The Board reviewed a letter from the California Ocean Protection Council expressing appreciation for the District's support of their draft report "An Implementation Strategy for the California Ocean Protection Council Resolution Reduce and Prevent Ocean Litter".

GENERAL MANAGER COMMUNICATIONS

General Manager provided the Board with a letter that was hand delivered on November 20, 2008 to the SVSWA, at their Board meeting, in response to action taken by their Board. Assistant General Manager stated the SVSWA Board approved a contract with Randazzo Industries to accept processed construction and demolition for a reduced tipping fee of \$20 per ton, and which would be used as alternative daily cover (ADC). District staff expressed concern regarding the use of the material as ADC and that the material, when it originates from within the District's watershed, was being taken to the SVSWA facilities, contrary to waste flow provisions of the District.

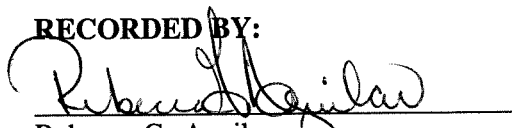
Board discussion followed regarding enforcement of the joint powers agreement (JPA). General Manager stated the District is in the process of strengthening the waste flow control language in the JPA in order to ensure that waste is brought to the District's site. Legal Counsel stated removal of material from within the District's watershed has been a problem for several years. As part of the JPA agreement, member agencies agreed to support the infrastructure of the District and have waste flow to District facilities. This issue will be brought up at the Strategic Planning Advisory Task Force meeting scheduled for December 3<sup>rd</sup>.

General Manager stated that the four-year terms of Directors Pendergrass, Jordan, Gray and Russell would expire at the end of 2008. Staff would be sending letters to the respective cities to request appointments for new four-year terms.

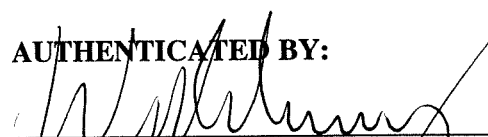
ADJOURNMENT

There being no further business to come before the Board at this time, the November 21, 2008 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to December 19, 2008, by Chair Laska at 11:21 a.m.

RECORDED BY:

  
Rebecca G. Aguilar  
Administrative Support Supervisor/

AUTHENTICATED BY:

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