

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



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

9:30 a.m., Friday  
October 17, 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  
Ila Mettee-McCutchon

**MEMBERS ABSENT:** None

**STAFF PRESENT:** William M. Merry, General Manager  
Rob Wellington, Legal Counsel  
Tim Flanagan, Assistant General Manager  
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:** Bjorn Lundegard, City of Seaside  
Mike Nolan, Hayashi & Wayland  
Allen Stroh, Monterey County Environmental Health Department  
John Ramirez, Monterey County Environmental Health Department  
Matt Fore, Monterey County Environmental Health Department  
Tom Buell, Monterey Regional Water Pollution Control Agency  
Suha Kilic, Pebble Beach Community Services District  
Kristi Carriveau, Waste Management, Inc.  
Whitney Jacobs, Waste Management, Inc.  
Lewis Leader

**ROLL CALL AND ESTABLISHMENT OF QUORUM**

Notice having been duly given and the presence of a quorum established, the October 17, 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**

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

- 1) **Approve Minutes of September 19, 2008 Regular Board Meeting**
- 2) **Approve Report of Disbursements**

**PRESENTATIONS**

- 3) **Five-Year Award to Director Ken Gray**

On behalf of the Board, Chair Laska congratulated Director Gray on his five years of service and expressed appreciation for his active participation on the District Board.

**OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION**

*Chair Laska requested to discuss Item 5 before Item 4 in order to allow the auditors to make their presentation. The Board concurred.*

- 5) **Presentation of Annual Audit for Fiscal Year 2007/08 by Hayashi & Wayland (H&W) and Finance Manager**

General Manager stated Finance Manager Chuck Rees and Mike Nolan of H&W would provide a presentation of the Annual Audit for the year ended June 30, 2008. The District received an "unqualified opinion" as an outcome of the audit.

Finance Manager stated staff reviewed and discussed the audit in detail with the ad hoc Finance Committee. He made a presentation to the Board and briefly outlined how the audit was conducted. Operating revenues increased by 5% due to an increase in the tipping fee, improved rates for power sales, Last Chance Mercantile sales, and historically high rates for scrap metal and other recyclable prices. Operating Expenses increased by 3.5%.

Director Bales stated the ad hoc Finance Committee had discussed the audit in detail at their meeting of September 29<sup>th</sup>. At the meeting, the Committee had requested that staff review the District's assets and protection and he inquired about the results. Finance Manager stated he had received a notification letter from First National Bank (FNB) stating that all of the District funds were public entity funds, collateralized at 110% with the United States Treasury. The Local Agency Investment Fund also notified the District that District funds were secure and not invested in troubled institutions. The Public Employees Retirement System investments had experienced a decrease of 2.4%, but its investment processes will smooth losses over several years. Director Bales requested staff provide the FNB agreement to Legal Counsel for review.

Vice Chair McCloud inquired about the District's buying power. Finance Manager stated the District's bond payable was approximately \$5 million and he estimated the District buying power to be around \$10 to \$20 million. Vice Chair McCloud requested that staff review the District's bond rating.

Mr. Nolan addressed the Board and thanked them for selecting H&W to once again conduct the District's annual audit. He expressed appreciation to District accounting staff for their cooperation. As General Manager had stated, the District had received a "clean audit" with an "unqualified opinion" which was the highest level of assurance H&W could provide to the District Board. He provided a brief overview of the audit standards.

Board discussion followed regarding fiduciary responsibilities and the high level of financial expertise on the ad hoc Finance Committee. Chair Laska stated the ad hoc Finance Committee had discussed the audit and he was comfortable that the District maintained a high level of internal control.

***It was moved by Vice Chair McCloud, seconded, and Unanimously Carried To: Accept Annual Audit for Fiscal Year 2007/08.***

**4) Receive Report from Chair of September 29, 2008 Ad Hoc Finance Committee Meeting**

The Board reviewed a memorandum from Chair Laska summarizing the meeting of the ad hoc Finance Committee on September 29<sup>th</sup>. The principal topic of discussion was review of the draft Financial Statements and Annual Audit for FY 2007/08 from the District's auditing firm, Hayashi & Wayland. The Committee had also agreed to establish an ad hoc Power Sales Committee to discuss future power sales. The Committee supported retaining Donna Williamson of Liebert Cassidy & Whitmore to provide assistance with the upcoming labor negotiations.

Discussion followed regarding reductions in District operating hours as stated in the memorandum and the workscope of Ms. Williamson outlining negotiating parameters. Vice Chair McCloud requested that the workscope be provided to the full Board prior to the onset of negotiations.

***No Action Taken.***

**6) Authorize General Manager to Purchase Heavy Equipment Diesel Particulate Mufflers for Early Compliance Credit with Proposed AB 32 Emissions Regulations, at an Estimated Cost of \$220,000**

The Board reviewed a memorandum from Equipment Maintenance Manager Ron Mooneyham, which provided information received from the California Air Resources Board (CARB) regarding the AB 32 requirements deadline for installation of heavy equipment emissions control. On October 1<sup>st</sup>, the CARB issued a statewide notification that in order to receive guaranteed retrofit credit, users (the District) must have verified diesel emission control devices (VDECS) installed by March 1, 2009. In order for manufacturers to meet this deadline, orders for the VDECS, must be submitted by November 1<sup>st</sup>. General Manager stated that failure to order the VDECS could result in additional expenditures by the District in achieving compliance. There is \$220,000 in the budget for this purchase. He stated that Equipment Maintenance Manager had done an excellent job in preparing a plan for compliance with the complex and confusing regulations developing around AB 32.

Board discussion followed regarding AB32 and its requirements, manufacturers of devices, and costs. Equipment Maintenance Manager reviewed three different strategies with the Board, which were developed to determine the most effective implementation of AB 32. He stated staff had opted to implement strategy 2, which would involve early retrofit with VDECS for double horse power credits, and allowing the District to replace equipment within its normal life span as opposed to an accelerated schedule. Because of the short CARB notice, Huss, the selected VDECS manufacturer, had not been able to provide the opacity/emissions measurements required in order to make a recommendation for systems for each piece of equipment. Once the recommendations are provided, staff will request quotes from three vendors. General Manager stated that by allowing him to make the final decision in selecting the vendor, the District would be able meet the November 1<sup>st</sup> deadline.

Chair Bales suggested that it might be appropriate to establish a surcharge to provide funding for this unfunded state mandate during preparation of next year's budget, and especially in light of the District finances.

***It was moved by Director Downey, seconded, and Unanimously Carried To: Authorize General Manager to Purchase Heavy Equipment Diesel Particulate Mufflers for Early Compliance Credit with Proposed AB 32 Emissions Regulations, at an Estimated Cost of \$220,000.***

**7) Receive Staff Report on Punitive Measures of Upgraded Waste Screening Program**

The Board reviewed a memorandum from Last Chance Mercantile and Hazardous Materials Manager Glen Evett regarding punitive measures taken with the upgraded waste screening program. General Manager stated the question had arisen at the September meeting about the status of approximately 80 customer accounts who had not yet signed the certification related to proper management of hazardous wastes. He stated that a majority of the customers no longer used the District's facility. All 80 customers will be notified that their accounts have been closed. The accounts may be reopened upon meeting District charge account requirements and receipt of the signed certification.

***No Action Taken.***

**8) Receive Report on October 8<sup>th</sup> District Strategic Planning Advisory Task Force Meeting**

The Board reviewed memorandum from General Manager summarizing the October 8<sup>th</sup> District Strategic Planning Advisory Task Force Meeting. Chair Laska stated that the meeting had been informative and productive. Director Gray stated that the topic of how to maintain and support District operations had been thoroughly discussed including enhanced levels of service. He expressed appreciation to staff for developing topics of discussion.

General Manager stated that there had been a suggestion by Allen Stroh, Monterey County Environmental Health Director, regarding having just one county-wide waste management agency. Mr. Stroh addressed the Board and stated that during the recent unincorporated county waste hauler contract proposals, staff had identified the potential to have one county-wide waste management agency. He stated that although it might not be possible, it would be a good time to explore the possibility with the potential benefits of increasing processing efficiencies, and reducing haul distances and overall environmental impacts. General Manager stated that a second meeting of the Task Force was scheduled from 9 a.m. to noon on Wednesday, December 3<sup>rd</sup> at the District's administrative offices.

*No Action Taken.*

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

General Manager stated that the LTF had conducted a teleconference call on October 2<sup>nd</sup> to recap legislation from the recently adjourned legislative session. General Manager reported that the LTF will be joining other statewide organizations to develop legislation to support Extended Producer Responsibility (EPR). The statewide organization of County Environmental Health Directors has also placed EPR at the top of their list of priorities for the next legislative session.

General Manager also reported that on September 29<sup>th</sup>, the Governor had signed Senate Bill 1016, which would set in place a new method of measuring diversion. The AB 939 diversion goal of 50% would continue, but diversion forward would be measured in terms of per capita disposal. District staff will contact California Integrated Waste Management Board staff regarding the implementation details of the new law and how Peninsula cities may be impacted.

*No Action Taken.*

**STAFF REPORTS****10) Financial, Operating and Recycling Reports**

The Board reviewed the financial statements for July, August, and September 2008. As shown on the statements, tonnages are below historical levels for the summer months.

The Board also reviewed the Operating Report for September 2008. The Total Solid Waste Accepted into the site (excluding regional waste from Santa Cruz County and Watsonville) was 25,963 tons. The tonnage from Santa Cruz County and the City of Watsonville was 1,594 tons and 1,072 tons, respectively.

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

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal summarizing recent public education, recycling and litter activity. The District hosted a community recycling forum in Pacific Grove on October 7<sup>th</sup> with more than 60 residents in attendance. It was also reported that a food waste composting pilot project was underway at the District landfill, in cooperation with the City of Monterey and Monterey Disposal. The pilot project will allow staff to gain experience in composting food wastes, and will help define the request for proposals to manage/compost regional organics wastes, which the District intends to release in early 2009.

**OTHER CORRESPONDENCE**

**GENERAL MANAGER COMMUNICATIONS**


General Manager shared with the Board an article from the *Carmel Pine Cone*, dated September 12, 2008 on the topic of the Regional Water Project. The District had been mentioned in the article as the source of electrical power for the project. District staff has been talking with RMC, engineering consultants on the Regional Water Project, about the project's power needs. He reported that the ad hoc Power Sales Committee will meet on November 6<sup>th</sup> to discuss the draft 2008 Market Price Referent (MPR) from the California Public Utilities Commission (CPUC) and future power sales.

**BOARD COMMUNICATIONS**


**ADJOURNMENT**

There being no further business to come before the Board at this time, the October 17, 2008 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to November 21, 2008, by Chair Laska at 10:49 a.m.

**RECORDED BY:**

  
\_\_\_\_\_  
Rebecca G. Aguilar  
Administrative Support Supervisor/

**AUTHENTICATED BY:**

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