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DISTRICT ENGINEER

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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.
September 21, 2012

Boardroom
MRWMD Offices
14201 Del Monte Blvd., Marina CA

MEMBERS PRESENT: Leo Laska (Chair), Pebble Beach Community Services District Boardmember
Dennis Allion (Vice Chair), City of Del Rey Oaks Councilmember (Seated at 9:40 a.m.)
Sue McCloud, City of Carmel-by-the-Sea
Gary Bales, City of Pacific Grove
David Pendergrass, City of Sand City Mayor
Jane Parker, (Unincorporated) Monterey County Supervisor, District 4
Ian Oglesby, City of Seaside Councilmember

MEMBERS ABSENT: Libby Downey, City of Monterey Vice Mayor
Bruce Delgado, City of Marina Mayor

STAFF PRESENT: William Merry, General Manager
Tim Flanagan, Assistant General Manager
Robert Rathie, Legal Counsel
Daylene Alliman, Human Resources Manager
Richard Petitt, Site Manager
Jeff Lindenthal, Public Education and Recycling Manager
Don Prescott, Information Systems Manager
Chuck Rees, Finance Manager
Jack Cook, Safety Manager
Rebecca Aguilar, Administrative Support Supervisor
Ida Gonzales, Administrative Support Specialist

OTHERS PRESENT: Ted Terrasas, City of Monterey
Hans Uslar, City of Monterey
Dave Edwards, D. Edwards, Inc
Charlie Cordova, Green Waste Recovery
Michael Gross, Green Waste Recovery
Ric Encarnacion, Monterey County Environmental Health Bureau
Brad Hagemann, Monterey Regional Water Pollution Control Agency
Mike Niccum, Pebble Beach Community Services District
Dave Meza, Salinas Valley Solid Waste Authority
Felipe Melchor, Waste Management
Jay Ramos, Waste Management
Joe Cadelago, Waste Management

ROLL CALL AND ESTABLISHMENT OF QUORUM

With notice duly given and presence of a quorum established, the September 21, 2012 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 comments.

CONSENT AGENDA

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

- 1) **Approve Minutes of August 17, 2012 Regular Board Meeting**
- 2) **Approve Report of Disbursements**
- 3) **Adopt Resolution 2012-08 Amending Designated Positions on the Conflict of Interest Code**
- 4) **Adopt Resolution 2012-09 Updating Third Party Liability Claims Policy**

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

- 5) **Accept Report from Finance Committee Chair on Meeting of August 29, 2012**

The Board reviewed a memorandum from Chair Laska summarizing discussion from the August 29, 2012 Finance Committee meeting. The Finance Committee received a staff report on the next steps with the procurement process with member agency Franchise Agreements, and in the design process for the Materials Recovery Facility (MRF) Improvement Project. Staff also reported on the landfill gas (LFG) project operations and plans for upgrades, with the Committee supporting staff recommendation to request that the Board authorize proceeding with Option 4, to install a new blower/flare, and to have Dave Edwards, Inc. (DEI) provide project management services for the work.

It was moved by Director Parker, seconded, and Unanimously Carried To: Accept Report from Finance Committee Chair on Meeting of August 29, 2012.

- 6) **Receive Presentation from Dave Edwards (DEI) on Landfill Gas to Energy Facility Operations and Plans for Facility Improvements, and:**
 - a. **Receive DEI Report**
 - b. **Authorize Option 4 to Install a New Blower/Flare at an Estimated Cost of \$1.8 Million**
 - c. **Authorize General Manager to Execute Agreement with DEI for Professional Services on a Sole Source Basis, to Include Scope of Work to Provide Project Design and Management Services to Install New Blower/Flare, in an Amount Not to Exceed \$371,120**

The Board reviewed a memorandum from Information Systems Manager Don Prescott, and the Report from District consultant Dave Edwards of Dave Edwards, Incorporated (DEI). General Manager stated that Mr.

Edwards has been assisting the District in evaluating several options related to the landfill gas (LFG) collection and utilization program, and has prepared a Report. Staff is recommending proceeding with Option 4 of the DEI Report, which is to install a new blower/flare, and to continue to evaluate Option 3 which is to install one or two new engine/generators. The District is currently utilizing a rented flare to burn the excess LFG.

Information Systems Manager stated that staff had divided the matter of excess gas into two phases; Phase 1 for short term (1-3 years) options and phase 2 for long term (beyond 3 years) options. The Board had authorized Mr. Edwards to proceed with the Phase 2 work at the July Board meeting.

Vice Chair Allion seated at 9:40 a.m.

Mr. Edwards addressed the Board and gave a brief overview of the District's LFG system. The District currently has four engine/generators which generate a total of five megawatts (MW) of renewable energy, which is used on site and also sold to third parties via the grid. The District is currently recovering approximately 2,000 standard cubic feet per minute (scfm), about 300 scfm more than the current engines can consume, and being burned off through the use of a rented flare. Four options had been presented in his report. He stated that the first two options were determined not to be a good fit with District operations. Option 3, was to install one engine/generator for an additional 1.6 MW, and possibly another engine/generator pending further evaluation, at a preliminary cost of \$6 million. Option 4 was to upgrade the existing LFG blower system and install an enclosed flare to manage all anticipated LFG from the landfill, even if all the engines are down. The cost of this option is \$1.8 million and would take approximately nine months to a year to complete. He stated that as part of the Phase 2 work, DEI would be looking at long-term strategic plans to include additional renewable energy generation and sales, direct sales, combining LFG and digester gas, a desalination plant, and compressed natural gas for vehicle fuel. Mr. Edwards reviewed with the Board his proposal to provide professional engineering services related to the design and project management services for the blower/flare installation at a cost of \$371,120.

Board discussion followed regarding the cost to install the blower/flare, the life of an engine/generator, and margin of error projecting LFG generation. Mr. Edwards stated that his services are included in the \$1.8 million to install the blower/flare. General Manager stated that if the Board decided to direct staff to issue a request for proposals (RFP) for the design and management services, it would be included in the cost to install the blower/flare. Mr. Edwards possesses unique qualifications to perform this work and his selection would be in the best interest of the District. He stated that the life of an engine is 10-15 years, and that there were many variables to consider, although the District has always taken a conservative position when projecting LFG project capital investments. Director Bales asked how the cost of this unbudgeted item would be financed. Finance Manager responded that since the total cost would not be spent during the current fiscal year, and that staff would delay certain budgeted purchases such as the bulldozer, for this higher priority item. Director Bales expressed concern regarding sole source contracts. Director McCloud expressed concern regarding starting a project without having a clear path on how the full cost would be financed. Director Pendergrass expressed frustration on unfunded state greenhouse gas mandates and asked that staff seek out any funding assistance, to which Vice Chair Allion agreed. Director Allion stated additionally that staff should do their due diligence related to actual costs. Chair Laska stated that construction services and equipment would be solicited through a Request for Proposals (RFP).

In response to Director Parker's comment on LFG long term options, General Manager stated that there were many opportunities to produce renewable energy from LFG and other materials. Staff is considering providing power to a proposed desalination plant and providing power to the Monterey Regional Water Pollution Control Agency (MRWPCA), although the immediate need is to provide environmental compliance and meet regulatory compliance.

Hans Uslar, City of Monterey, addressed the Board and stated that with AB 32, pressure to meet regulatory requirements is expected to increase. The city currently purchases power from 3Phase Energy, with which the District has a contract, at a cost savings to the city. He believes that this is an exciting project and encouraged the Board to consider competitive rates to make it feasible for cities to purchase renewable energy in the future. Brad Hagemann, MRWPCA, addressed the Board to reinforce that staffs from both agencies are continuously collaborating on this matter and he anticipated that the MRWPCA would be in the market to purchase renewable energy in the future. General Manager responded that staff will be reporting on the matter of selling renewable energy locally through a report on the Community Choice Aggregation.

It was moved by Director McCloud, seconded, and *Unanimously Carried To: Receive Presentation from DEI on Landfill Gas to Energy Facility Operations and Plans for Facility Improvements, and:*

- a. Receive DEI Report.***
- b. Authorize Option 4 to Install a New Blower/Flare at an Estimated Cost of \$1.8 Million.***
- c. Authorize General Manager to Execute Agreement with DEI for Professional Services on a Sole Source Basis to Include Scope of Work to Provide Project Design and Management Services to Install New Blower/Flare, in an Amount Not to Exceed \$371,120.***

7) Authorize District Expenditure in Amount Not to Exceed \$143,109 for Assistance in Franchise Procurement Process for Member Agencies

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal. General Manager stated that following input from the Technical Advisory Committee (TAC), staff is recommending that the District pay the consultant fee from HF&H Consultants (HF&H), estimated to be as much as \$143,109, to assist in the procurement process to solicit bids for future franchise collection services. At the August 22, 2012 TAC meeting, it was evident that some of the member agencies would not participate in the process without the District paying for the work. There was consensus that a competitive procurement process would be in the best interest of the residents and businesses of the District to insure that the best services are being provided for the most competitive price, and appropriate for the District to pay for it.

Several Board members stated that participation in the procurement process has already been placed on future member agency meeting agendas for consideration and action. Board discussion followed regarding the costs and certain inclusions in the HF&H work scope, and economies of scale. Director Bales inquired if the cost would be less if all member agencies did not participate. Staff responded that the cost assumed that the City of Monterey and the unincorporated Monterey County would not participate and pointed out where in the agreement it was stated that the cost was based on the rest of the District member agencies participating and if they did not, the cost would be adjusted.

Mr. Uslar addressed the Board and stated that he felt that continuing to utilize HF&H, as requested in Item 8 of the agenda, was in the best interest of all member agencies since during the development of the model franchise agreement, HF&H had become very familiar with local member agency needs. The City of Monterey was supportive of having the District fund the procurement process. Felipe Melchor, Waste Management, Inc. inquired whether the procurement process involved only one contract and who would administrate the contract. Chair Laska responded that the solicitation would be combined, but each city would administer their own contract and have the right to pick and choose which services they needed in that contract.

It was moved by Director Parker, seconded, and *Unanimously Carried To: Authorize District Expenditure in Amount Not to Exceed \$143,109 for Assistance in Franchise Procurement Process for Member Agencies.*

- 8) **Authorize Execution of Agreement with HF&H Consultants to Include Scope of Work to Provide Assistance in Franchise Procurement Process for Member Agencies in an Amount Not to Exceed \$143,109**

The Board received information and held discussion on this item under Item 7.

It was moved by Director Parker, seconded, and Unanimously Carried To: Authorize Execution of an Agreement with HF&H Consultants to Include Scope of Work to Provide Assistance in Franchise Procurement Process for Member Agencies in an Amount Not to Exceed \$143,109.

- 9) **Receive HDR Engineering Report on Materials Recovery Facility (MRF) Improvement Project**

The Board reviewed a memorandum from Assistant General Manager Tim Flanagan and the Report from HDR on the MRF Improvement Project. Assistant General Manager stated that the HDR Report confirmed that the District's proposed process to design, bid and build the proposed MRF improvements was reasonable and viable. The Report also confirmed that the course to proceed with selection of the engineering design firm to complete the final design for the MRF Improvement Project was the next step followed by the acceptance of bids to supply and install the equipment. He referred to a brochure prepared by staff that will be used for public outreach efforts.

Director Parker expressed appreciation to the Finance Committee and staff for requesting an expert opinion on the plans and processes.

It was moved by Director Parker, seconded, and Unanimously Carried To: Receive HDR Engineering Report on MRF Improvement Project.

- 10) **Authorize General Manager to Negotiate a Scope of Work with JR Miller & Associates to Complete the Final Design and Specifications Suitable for Bid Package Development for MRF Improvement Project**

The Board received a memorandum from Assistant General Manager requesting the Board authorize the General Manager to negotiate a scope of work with JR Miller and Associates (JRMA) to complete the final design and specification in order to develop a bid package for the MRF Improvement Project. Assistant General Manager stated JRMA has been assisting the District with the preliminary design of the improved MRF since 2008.

Chair Laska recessed the meeting at 9:49 a.m. to witness the fly over of the Space Shuttle. The meeting was reconvened at 9:53 a.m.

Assistant General Manager stated that the results of the recent waste characterization study would be used to determine the final design. He stated that JRMA was a uniquely qualified, knowledgeable, and experienced firm that has designed and brought to construction 20 new or upgraded MRFs in the last five years. JRMA had overseen the Shoreway Environmental Center in San Carlos, CA, in which the existing transfer station was retrofitted and construction of a new MRF had been completed. During the 2-year project, they were able to work around operations without having to shut down the facility.

Board discussion followed regarding seeking an RFP for the services. Assistant General Manager responded there would be a delay of a few months if the Board decided to go through the RFP process. He stated that there are few consultants qualified to do this type of work, and none were local. Other firms normally team together depending on their skill set. If the District were to seek proposals, staff would seek some input from JRMA to assist in the development of the specifications. General Manager added that staff could prepare the specifications

using sample RFPs, since staff does have the expertise to do so. Director Bales stated that although he was not in favor of sole sourcing, it seemed that staff had conducted a thorough comparison of options, and after discussion, he would be comfortable with staff proceeding to negotiate a scope of work.

It was moved by Director McCloud, seconded, and Unanimously Carried To: Authorize General Manager to Negotiate a Scope of Work with JR Miller & Associates to Complete the Final Design and Specifications Suitable for Bid Package Development for MRF Improvement Project, on a Time and Materials Basis, to be Reviewed by the Finance Committee and the Technical Advisory Committee, and Report Back to the Board.

- 11) **Authorize General Manager to Execute Amendment 2 to GreenWaste Recovery/Zanker Road Resource Management, Ltd., (GWR) Disposal Agreement, Including Provision to Reduce Amount of Annual Guaranteed Delivery (Item May be Continued Until After Closed Session)**

General Manager provided information in his Manager's Report regarding the GWR agreement. Since negotiating the first amendment to bring in more annual tonnage for disposal, circumstances have changed for GWR, which has resulted in less annual tonnage to deliver. GWR is therefore seeking an amendment to the Agreement to reduce the guaranteed annual delivery of waste for disposal.

It was moved by Director McCloud, seconded, and Unanimously Carried To: Defer Action Until After Closed Session.

- 12) **Authorize Execution of an Agreement with Dole Fresh Vegetables for Access Easement on Charlie Benson Lane (Item May be Continued Until After Closed Session)**

General Manager provided information in his Manager's Report in which Dole was seeking an access easement along the District's Charlie Benson Lane (CBL) for the purposes of accessing their 46-acre parcel located on the northerly side of CBL, and just to the west of the District's Last Chance Mercantile (LCM) site.

It was moved by Director McCloud, seconded, and Unanimously Carried To: Defer Action Until After Closed Session.

- 13) **Accept Report on Employee Injuries and Property Loss Incidents for Fiscal Year 2011/12**

The Board received a memorandum from Safety Manager Jack Cook summarizing District employee injuries and property loss incidents for FY 2011/12. Safety Manager stated that extensive back training has been conducted, resulting no back injuries. The number of injury claims increased, but the overall injury costs decreased. The Workers' Compensation experience modifier (Ex Mod) has decreased from 145% to 105%, which was very good news. The equipment/property loss statistics show a reduction in both the number of incidents and the cost per incident.

Director Oglesby inquired whether the proposed improvements in the MRF could result in fewer injuries due to ergonomically newer equipment. Safety Manager responded that improving the processes in the MRF with new equipment could significantly reduce employee injuries. The Board thanked the Safety Manager for the excellent report. Safety Manager thanked Boardmembers who had attended seminars and webinars during the last fiscal year, which resulted in the District experiencing premium savings of \$69,000.

It was moved by Director Pendergrass, seconded, and Unanimously Carried To: Accept Report on Employee Injuries and Property Loss Incidents for Fiscal Year 2011/12.

STAFF REPORTS

14) Financial, Operating and Recycling Reports

The Board reviewed the financial statements for July 2012. The June financials are still open to facilitate the close with actual end of year financial activity. Staff reported that Bianchi, Kasavan & Pope had completed their audit fieldwork on August 30th and were performing their reviews in order to present the annual audit at the October Board meeting.

Refuse Accepted (excluding Regional and Contract Waste) for August 2012 was 16,792 tons. The total refuse for the last 12 months was 181,076 tons, down 9,822 tons from the 12-month period ending August 2011, a statistic of continuing concern to staff.

The Board reviewed the Operating Report for August 2012. The Total Solid Waste Accepted into the site (excluding regional and contract waste) was 27,878 tons, an increase of 1,799 tons from July 2012 and up 572 tons from August 2011. Regional Waste and Contract Waste delivered from Watsonville, Scotts Valley, Capitola, and GreenWaste Recovery was 49, 624, 630, and 6,394 tons, respectively.

Finance Manager referenced the Landfill Rolling 12 Month Refuse chart and stated continued reduction in incoming tonnage is of concern. Staff is in the process of reviewing operations and programs for ways to reduce costs, as a result of the estimated loss of budgeted tonnage and corresponding estimated revenue loss, as much as \$1 million.

15) Report on Principles of Extended Producer Responsibility (EPR)

The Board reviewed a memorandum from Public Education and Recycling Manager Jeff Lindenthal on Extended Producer Responsibility (EPR) as an effective tool for manufacturers to step forward to include the cost of disposal for their products in their design, manufacturing, and sale. He used household batteries and fluorescent bulbs as examples in which local government assumes the costs of the State's bans. EPR will help to transition to EPR-based recycling. Staff will return to the Board in October to request the Board to consider a resolution in support of EPR.

Director McCloud requested that this matter be placed on the agenda for a meeting of the District's Litter Abatement Task Force in an effort to assist with promoting this issue. Director Parker asked that staff provide a recommendation on the type of products that need to be addressed locally as part of the request for support of EPR, to include local agency procurement processes.

16) Report on SWANA 2012 Wastecon Technical Conference and Tradeshow

The Board reviewed memorandums from District staff and Director Bales on the annual SWANA Technical Conference and Tradeshow. At the conference there was significantly increased attention to not "waste" resources and in particular to divert more "organics" from the waste stream and to convert organics into some form of energy, as the District proposes with the Anaerobic Digester pilot project.

17) Report on Solid Waste Legislation and Regulatory Matters

The Board reviewed a memorandum from the General Manager summarizing legislative and regulatory action. The Board also reviewed a letter from the Solid Waste Association of North America (SWANA) California Chapters Legislative Task Force requesting financial support for 2012/13 and presenting an Outlook for 2012.

General Manager provided the Board with a letter sent to the State Water Resources Control Board, which the District had signed onto, objecting to proposed regulatory tightening on compost operations, such as the District's, which have the potential to significantly increase the cost to composting operations.

OTHER CORRESPONDENCE

GENERAL MANAGER COMMUNICATIONS

General Manager provided an update on the status of the Module 5 Liner construction project and the AD pilot project. He reported that a District tour will be provided to attendees of Ecotourism and Sustainable Tourism Conference which would be held in Monterey, September 17-19, 2012. General Manager would also be sitting on a panel discussion titled: "Sustainability Solutions for Events".

General Manager also stated that Assistant General Manager had been elected to a two-year term as International Board Representative on SWANA's Recycling & Special Waste Technical Division.

BOARD COMMUNICATIONS

CLOSED SESSION

The Board went into closed session at 11:32 a.m. regarding the following:

- 1) **Conference with Property Negotiators:**
 - Property:** Easement Along Charlie Benson Lane
 - District Negotiators:** William Merry and Tim Flanagan
 - Negotiating Parties:** Dole Fresh Vegetables
 - Terms:** All Terms and Conditions
- 2) **Conference with Property Negotiators:**
 - Property:** Landfill Site Space/Capacity
 - District Negotiators:** William Merry and Tim Flanagan
 - Negotiating Party:** Green Waste Recovery/Zanker Road Resource Management
 - Terms:** All Terms and Conditions
- 3) **Conference with Property Negotiators:**
 - Property:** Landfill Site Space/Capacity
 - District Negotiators:** William Merry and Tim Flanagan
 - Negotiating Party:** County of Monterey
 - Terms:** All Terms and Conditions
- 4) **Personnel Matter**
 - a. **Public Employee Performance Evaluation: General Manager**

The Board came back into open session at 12:03 p.m. Legal Counsel announced that with regard to Items 1 and 2, information was received and discussion held. With regard to Item 3, information was received by the Board and no action was taken. With regard to Item 4, information was received, discussion held, and input provided, by the Board.

In open session, the Board took up the following items:

- 11) **Authorize General Manager to Execute Amendment 2 to GreenWaste Recovery/Zanker Road Resource Management, Ltd., (GWR) Disposal Agreement, Including Provision to Reduce Amount of Annual Guaranteed Delivery**

It was moved by Director McCloud, seconded, and Unanimously Carried To: Authorize General Manager to Execute Amendment 2 to GreenWaste Recovery/Zanker Road Resource Management, Ltd., (GWR) Disposal Agreement, Including Provision to Reduce Amount of Annual Guaranteed Delivery, Subject to Final Review by General Manager and Legal Counsel.

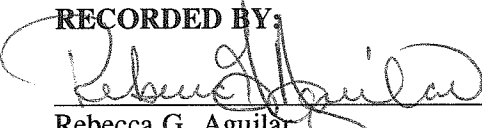
- 12) **Authorize Execution of an Agreement with Dole Fresh Vegetables for Access Easement on Charlie Benson Lane**

It was moved by Director Oglesby, seconded, and Unanimously Carried To: Authorize Execution of an Agreement with Dole Fresh Vegetables for Access Easement on Charlie Benson Lane.

ADJOURNMENT

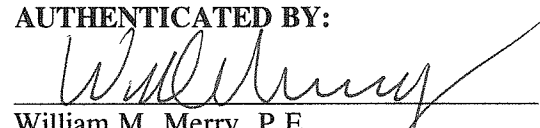
There being no further business to come before the Board at this time, the September 21, 2012 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to October 19, 2012 by Chair Laska at 12:05 p.m.

RECORDED BY:



Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:



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