

**MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT
REGULAR MEETING MINUTES**

9:30 A.M., Friday
October 15, 2004

Boardroom
Monterey Peninsula Landfill
Marina, CA

MEMBERS PRESENT: Dan Albert, Chair
Gary Bales
Ken Gray
Edith Johnsen
Leo Laska
Tom Mancini
Sue McCloud
David Pendergrass

MEMBERS ABSENT: Jack Barlich, Vice-Chair

STAFF PRESENT: J. David Myers, General Manager
William Merry, District Engineer/Assistant General Manager
Rob Wellington, Legal Counsel
Rick Shedden, Senior Engineer
Richard Norton, Administrative Services Manager
Don Prescott, Finance/Information Systems Manager
Richard Petitt, Assistant Site Superintendent
Rebecca Aguilar, Administrative Support Supervisor
Julia Partida, Administrative Support Specialist
Harry Hunzie, MRF Manager
Jack Cook, Assistant MRF Manager
Chad Mauzey, Sales Clerk/SEIU President

OTHERS PRESENT: Patrick Matthews, Santa Cruz County
Jim Moresco, Carmel Marina Corporation
Christine Kemp, Noland Hamerly Etienne Hoss
Tim Hearne
John Madson
Marianne Madson

ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice having been duly given and the presence of a quorum established, the October 15, 2004, Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Chair Albert at 9:32 a.m.

RECOGNIZE DAVID MYERS FOR RECEIVING THE SWANA ROBERT L. LAWRENCE DISTINGUISHED SERVICE AWARD AND THE GOLD RUSH CHAPTER MUNICIPAL MEMBER OF THE YEAR AWARD

The Board reviewed a copy of the announcement in the SWANA *MSW Solutions* newsletter and the *MSW Management* magazine recognizing the General Manager for receiving the Robert L. Lawrence award in Phoenix on September 23rd. The General Manager also received the SWANA Northern California Gold Rush Chapter Municipal Member of the Year award.

Chair Albert stated that the General Manager had received much recognition. It was nice for him to be recognized for his great service locally, statewide, and nationally. He also reminded everyone that the General Manager's retirement dinner was scheduled for December 4, 2004 at the Elks Lodge in Monterey.

CONSENT AGENDA

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

- 1) Approve Minutes of September 17, 2004 Regular Board Meeting.
- 2) Approve Report of Disbursements.

ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

3) Consider Adoption of Guiding Principles Recommended by the MRWMD Advisory Task Force

The Board revisited the principles that were presented to the Board at the September meeting. General Manager stated that based on discussions at the Advisory Task Force (ATF) meetings and at the Board meeting last month, he did not believe that the issues of governance structure, labor policy, reserve policy, and debt service were controversial. The biggest issues were directly related to the issue of rate policies, service levels, service areas, and whether or not the District should accept additional out-of-district waste.

The Board reviewed a PowerPoint presentation prepared by Don Prescott, Finance/Information Systems Manager showcasing the five scenarios that were also presented to the ATF, described in the Manager's report, and as listed below.

Scenario 1 Did not include any rate increases, increased tonnage, or the Salinas greenwaste that BFI had been bringing in during the past year, which has provided the District with an additional \$250,000 in annual income. At the end of the current fiscal year, the District's unrestricted cash reserves would be down to \$2,848,250, less than the 25% of operating expenses that the Board agreed should be held in reserve. By the end of fiscal 2006-07 the unrestricted reserves would drop to \$240,000. By the end of fiscal 2007-08, there would be no reserves.

- Scenario 2 Included a rate increase of \$5 per ton on July 1, 2005 (ATF recommended increasing rates from \$3-5 per ton) and an additional \$1 per ton each year for five years ending in 2010. Included no additional outside refuse and assumed \$250,000 in greenwaste revenue from BFI which could change if the SVSWA was successful in working out a financial arrangement with Norcal to take the greenwaste. The scenario also showed acceptance of biosolids from Gilroy at a reduced rate, which would reduce revenue by \$72,000 per year. By 2010, District tipping fees would be \$45 a ton, still below the \$48 per ton currently charged by the SVSWA. In 2007-08, District unrestricted cash would once again rise above the 25% of operating expense reserve established by the Board.
- Scenario 3 Included a rate increase of \$7 per ton effective July 1, 2005, with no additional annual rate increases after that, rebuilding the unrestricted cash reserves, which would peak out in 2008-09, and drop below the 25% reserve level in 2011. Overall cash would begin to decline to unacceptable levels at the end of the ten-year period. No additional outside waste is accepted.
- Scenario 4 Included a rate increase of \$5 per ton July 1, 2005 and no other increases for the remainder of the ten-year period. This scenario showed an additional 30,000 tons of outside refuse starting January 1, 2006, perhaps coming from Santa Cruz County. In this scenario, unrestricted cash would exceed the 25% reserve level by 2006-07 and would drop below that requirement in 2011-12.
- Scenario 5 Included a rate increase of \$5 per ton July 1, 2005. This scenario showed the effect of the District accepting most of the Salinas wastestream going to Crazy Horse Canyon, after it closes in four to five years and did not include the South Santa Clara County waste that currently is taken to Crazy Horse. Even at a slightly reduced tipping fee, this huge amount of increased tonnage would have a very positive effect on the District's financial bottom line. Unrestricted cash would not exceed the 25% reserve level until 2008-09, but would continue to increase every year after that.

General Manager stated that the ATF recommended gradual increases instead of a big increase all at once. He also stated that in all of the scenarios, existing District revenue bonds are paid off in 2013.

Director Johnsen questioned why the Board was not presented with scenarios that included a \$3 per ton increase which was within the range the ATF had recommended and requested that those scenarios be presented to the Board in order for the Board to make an informed decision.

Director McCloud questioned the Labor Policy in the proposed guiding principles and the use of outside contractors if expenses could be reduced. General Manager stated that the ATF had discussed service levels and the use of District personnel. It had been a long term policy of the Board to operate District facilities in order to maintain control of those operations. Director McCloud stated that other options needed to be studied in order to determine if it was more cost effective to use outside contractors for certain District operations.

Director Bales stated that the ATF had provided the Board with guiding principles as recommendations only to help the Board in making future decisions. Director Laska stated that most of the discussions had been surrounding the acceptance of outside waste with the recommendation to the Board that they "Adopt a policy establishing a minimum of a 75 to 80 year landfill life...". General Manager stated that a recent Vector Engineering report showed that acceptance of 160,000 tons of Salinas waste per year would still leave the District with a site life of 84 years. He stated that revisions could be made to the scenarios to include the \$3 per ton options, but staff wanted to be able to continue discussions with the SVSWA and Santa Cruz County regarding acceptance of their waste.

Chair Albert said that the Labor Policy, stated “Do not use outside contractors to provide primary District services” and to him the key word was “primary”, and perhaps there were other lesser operations that could be cost effectively contracted out. He also said that in regard to the Rate Policies, the recommendation stated that the “Board should adopt a rate policy to include a \$3-5 per ton increase...” Director Johnsen stated that she was uncomfortable with the assumption that the increase would be \$5 per ton and also questioned General Manager’s statement regarding further discussions with SVSWA and Santa Cruz County regarding the acceptance of outside waste when the Board had still not fully considered the full implications of that type of decision. Director McCloud recommended changing the word “adopt” to “consider” under the Landfill Capacity and Service Area guideline. Director Gray commented that adoption of the guidelines did not lock the Board into any kind of commitment, but would allow staff to continue discussions with the SVSWA and Santa Cruz County.

General Manager stated that the franchised haulers were anxious to know whether the District would be increasing rates since they needed time to advise their customers.

Christine Kemp, attorney with the law offices of Noland, Hamerly, Etienne, and Hoss, representing owners of the Carter Ranch in South Monterey County, expressed that she was new to the solid waste arena, but was impressed by the Board on their need for an in-depth analysis of outside waste acceptance.

It was moved by Director Johnsen, seconded, and Unanimously Carried To: Adopt Guiding Principles Recommended by the MRWMD Advisory Task Force to include the Revision of “Adopt a Policy” to “Consider a Policy” under Item 5, Landfill Capacity and Service Area.

4) Authorize Negotiations with Salinas Valley Solid Waste Authority and Santa Cruz County for Acceptance of Additional Waste

General Manager stated that given the discussion in Agenda Item 3, perhaps negotiations with SVSWA and Santa Cruz County were inappropriate, but meetings had been held with representatives of the SVSWA and by adoption of the guiding principles, it enabled staff to continue discussions with the SVSWA and Santa Cruz County regarding the possibility of bringing in additional out-of-District waste.

Board discussion followed regarding the Board’s willingness to accept outside waste. Director McCloud stated that there were ancillary issues that needed to be looked at such as impact on roads because of traffic as well as additional litter on the roadways. Director Gray suggested that perhaps any opposition in that regard could be mitigated by the District accepting responsibility for any additional costs with regard to traffic and litter. General Manager stated when Carmel Marina began bringing Capitola waste to the site, no CEQA work was required. District Engineer stated that on a daily basis, trucks can travel and come to the site on any public roadway. Director Bales suggested staff meet with SVSWA and Santa Cruz County to discuss these and other issues in order to be able to provide the Board with more information. General Manager stated that after further meetings, staff would have a better idea of what SVSWA and Santa Cruz County would be willing to pay. Director Pendergrass stated that most of the scenarios previously discussed which provided the District with financial stability without huge increases, included acceptance of outside waste.

Christine Kemp addressed the Board and stated the Carter Ranch had four sites that had been designated by the SVSWA for further review in siting a new landfill. She expressed that she was grateful that the Board was allowing further discussions of staff with the SVSWA. She stated that this could be financially beneficial to both parties since the cost to build a new landfill could be quite high and the District could potentially remain financially stable without raising rates in the future. Ms. Kemp stated that they would continue to assist in any way possible to see that an agreement is reached.

Mr. Tim Hearne, South County landowner, expressed that it was good to see a Board considering all options as well as conducting an efficient meeting. Ms. Marianne Madsen, also a South County landowner, addressed the Board and stated that although she understood the Board's concern about maintaining a sufficient site life, but with new technology, the site life could be expanded further and she was hopeful that an agreement could be reached with the SVSWA through further discussions. She stated that it was refreshing to see a Board that was well informed and progressive.

It was moved by Director Mancini, seconded, and Unanimously Carried To: Authorize Staff to Continue Discussions Regarding the Parameters of Negotiation with Salinas Valley Solid Waste Authority and Santa Cruz County for Acceptance of Additional Waste.

5) Consider Acceptance of South Santa Clara County Waste

General Manager stated the SVSWA is in the process of revising their Crazy Horse Canyon Landfill permit to allow increased tonnage. Currently there are days when they cannot take in all of the waste that is brought there. Steve Johnson, SVSWA General Manager, had asked the Board to consider acceptance of some of the waste that they are receiving from South Santa Clara County on days that their permit limit is reached. General Manager stated that although there could be some problems in bringing the waste to the District site because of how the waste was transported, but the SVSWA wanted to be able to consider the District site as a possibility until their permit is revised. Since considerable discussion was held last year regarding acceptance of this waste, it would seem reasonable to accept this waste temporarily. Further discussions were needed regarding the per ton fee. The SVSWA currently accepts the waste at an approximate rate of \$28 per ton and would like to negotiate a rate with the District that is less than the current \$35 per ton rate.

Director McCloud stated that although she was not opposed to acceptance of the waste, she did not believe that acceptance should preclude the acceptance of local waste such as the South Monterey or Santa Cruz County waste. Director Laska stated that the District should not be influenced by the negotiated rate between the SVSWA and South Santa Clara County.

It was moved by Director Mancini, seconded, and Unanimously Carried To: Authorize District Staff to Negotiate an Agreement with the Salinas Valley Solid Waste Authority for Acceptance of South Santa Clara County Waste at a Tipping Fee of \$35 Per Ton.

6) Authorize Reduced Rate for South Santa Clara County Biosolids

General Manager stated that the District has accepted and composted biosolids (sewage sludge) from the treatment plant in Gilroy run by the South (Santa Clara) County Regional Wastewater Authority for the past few years. The District currently charges \$25 per ton, but Synagro, a large biosolids processor, has made an offer to the South County Regional Wastewater Authority to take their sludge for the next five years at a lower rate. Staff requested Board approval to offer a lower, perhaps competitive, rate of \$20 per ton, which is the same rate that is charged to the Monterey Regional Water Pollution Control Agency (MRWPCA) for their belt-pressed biosolids. Although it would reduce income by \$72,000 a year the District would continue to receive more than \$280,000 for processing this material.

It was moved by Director Mancini, seconded, and Unanimously Carried To: Authorize Reduced Rate of \$20 per ton for South Santa Clara County Biosolids.

7) Approve Draft Annual Report for Fiscal Year 2003-2004

The Board reviewed the final draft of the District annual report. The report, coordinated by Cheryl Hall with input from staff, is in the same format as in the past couple of years. The only differences, other than updated numbers and highlights, are letters from Chair Albert and the General Manager. The report will be printed and mailed to District member agencies and other interested parties.

It was moved by Director Pendergrass, seconded, and Unanimously Carried To: Approve Draft Annual Report for Fiscal Year 2003-2004.

8) Review Revised Drawings of Proposed Site Entrance Improvements

The Board reviewed some revised drawings for improvements to the Environmental Park entrance. General Manager stated that the homemade bricks would not be cost effective and not a lot of recycled latex paint would be used to make them. Staff was supportive of using un-painted adobe style bricks at the site entrance to tie into the existing adobe walls. General Manager stated that if the Board approved, the next step would be to develop some cost estimates and submit it to the MRWPCA Board for their review and approval.

It was moved by Chair Albert, seconded, and Unanimously Carried To: Approve Proposed Site Entrance Improvements Extending the Existing Adobe Walls, Adding Intermittent Pillars and a Short Retaining Wall Along the Edge of the Roadway.

9) Continue Discussion of Highway Litter Issues

The Board continued discussions on highway litter issues. General Manager reported that CalTrans was finally picking up litter along the center divide on Highway 1 in the Seaside area. The work is being accomplished by a small crew from the Monterey County Jail. General Manager reported that he had been in contact with some of the "adopt-a-highway" contractors to see if they would be willing and able to pick up the center divide on Highway 1, but had yet to receive any positive responses.

General Manager stated that although the TAMC Board had decided not to take the lead in dealing with the County's litter issues, Bill Reichmuth had been instructed to stay involved to encourage the active participation of the District and the SVSWA. He stated that the Monterey County Illegal Dumping Task Force would be meeting and discussing litter issues at their next meeting on October 21st.

Director McCloud asked how Santa Cruz County was able to have litter pick up done regularly. General Manager stated Santa Cruz County had an employee who was willing to work on weekends in order to use community service workers. He stated that there was also potential to use prison workers at a cost of \$40 per hour for the prison guard to oversee the prisoners, although they probably could not pick up in the center divide since only CalTrans or authorized contractors could do that.

Director Johnsen stated that a Monterey County resident had called to complain about the litter coming out of a garbage truck. She stated that the litter issue was a county-wide problem and she did not believe in putting anyone at risk in picking up the center divide. The task force was made up of different agencies that were able to look at not just the litter issue, but other related issues as well and anything that the District or the SVSWA could do should be welcomed. Director McCloud suggested allowing the task force to review and consider solutions to the problem, but have the Board revisit this issue if a solution was not forthcoming.

STAFF REPORTS

10) Financial, Operating, and Recycling Reports

The Board reviewed the financial, operating, and recycling reports for September.

11) Report on "Second Chance Week" (October 18-26) Activities

The Board reviewed a press release from Public Education Coordinator, Heidi Feldman, regarding "Second Chance Week" from October 18-26. During this period, the District will run newspaper ads promoting the Last Chance Mercantile and other resale stores in the area.

12) Status of State Legislative and Regulatory Issues

The Board reviewed a summary of solid waste regulations and legislation that were prepared by Larry Sweetser of the SWANA Legislative Task Force and a report from the California Chamber of Commerce on new employment laws signed by the Governor.

ADJOURNMENT

There being no further business to come before the Board at this time, the October 15, 2004 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to November 19, 2004 by Chair Albert at 11:12 a.m.

RECORDED BY:

Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

AUTHENTICATED BY:

J. David Myers
General Manager