

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

9:30 A.M., Friday
November 19, 2004

Boardroom
Monterey Peninsula Landfill
Marina, CA

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

MEMBERS ABSENT: None

STAFF PRESENT: J. David Myers, General Manager
William Merry, District Engineer/Assistant General Manager
Rob Wellington, Legal Counsel
Richard Shedden, Senior Engineer
Richard Norton, Administrative Services Manager
Heidi Feldman, Public Education Coordinator
Don Prescott, Finance/Information Systems Manager
Jim Griffith, Site Superintendent
Gary Metzler, Safety Manager
Chuck Rees, Accounting Manager
Rebecca Aguilar, Administrative Support Supervisor
Maria Brooks, Administrative Support Assistant
Rodney Barber, Assistant Mechanic/Operating Engineers Shop Steward
Chad Mauzey, Sales Clerk/MRWMD Service Employees International Union President

OTHERS PRESENT: Angela Brantley, City of Monterey
Albert Robertson, Metro-Waste to Energy
Mark Arsenault, Waste Management, Inc.
Marianne Madsen, San Lucas

ROLL CALL AND ESTABLISHMENT OF QUORUM

Notice having been duly given and the presence of a quorum established, the November 19, 2004, Regular Meeting of the Monterey Regional Waste Management District Board of Directors was called to order by Chair Albert at 9:35 a.m.

PUBLIC COMMENTS

Mr. Albert Robertson, Metro-Waste to Energy, addressed the Board and stated that he had previously lived on the Monterey Peninsula and was an avid recycler. He stated that although he was very supportive of the District landfill operations, he believed that material that was placed in the landfill could generate more energy in a waste burning facility.

Ms. Marianne Madsen, South County landowner, addressed the Board to thank the Board for their consideration of acceptance of South County waste.

INTRODUCE NEW SAFETY MANAGER GARY METZLER

General Manager introduced the new District Safety Manager, Gary Metzler, and commented that Gary had come to the District with vast experience and great recommendations, having worked in the private and public sector in similar capacities as well as serving for 13 years as Safety Officer for the County of Monterey.

General Manager also introduced new Administrative Support Assistant, Maria Brooks.

CONSENT AGENDA

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

- 1) Approve Minutes of October 15, 2004 Regular Board Meeting.**
- 2) Approve Report of Disbursements.**

ITEMS FOR BOARD CONSIDERATION, DISCUSSION, AND ACTION

3) Consider Approval of Rate Increase/Out-of-District Waste Scenario

General Manager stated that although no formal meetings had taken place with the Salinas Valley Solid Waste Authority (SVSWA) or Santa Cruz County, he had spoken to Steve Johnson, General Manager of the SVSWA regarding a proposed rate if an agreement can be reached to have waste brought to the District once Crazy Horse Canyon Landfill closes. If that rate is too low and is unacceptable to the District Board, then there was no point negotiating at this time. General Manager stated that the Board had received a copy of the October 21, 2004 SVSWA board meeting minutes in which Supervisor Lou Calcagno expressed concern about the proximity of the District site to the Salinas River and agricultural land. General Manager stated that the District site was environmentally safe. He stated that it was difficult to determine what type of rate would be financially feasible for the SVSWA since in order to make a comparison between bringing the waste to the District site and siting their own landfill, some testing is necessary on the potential sites in South County, which South County

residents are initially opposing. Until the SVSWA has an idea of what the costs would be to site a new landfill, it may be difficult to negotiate any type of agreement. General Manager reported that Santa Cruz County staff would be gathering information for the County Board of Supervisors in early December so that they could decide if they were interested in bringing waste to the District site.

General Manager stated that because of the before mentioned uncertainties, the District Board needed to consider a rate increase regardless of outside waste acceptance. If, in the future, outside waste is brought to the District site, the Board could revisit or reduce the rates. The District is currently operating on reserves and a rate increase was necessary to build the reserves back to the 25% of operating expenses previously set by the Board. The Board reviewed various scenarios using rate increases of \$3 to \$7 a ton and removing \$250,000 in greenwaste currently received from Salinas but eliminated in June 2005. General Manager explained the scenarios as follows:

- **Page A**
Rate increases effective July 1, 2005. In scenarios A2 through A5, rates are increased \$1 per ton each year beginning July 1, 2005 to a maximum of \$10, or \$45 per ton. Scenario A6 proposes a \$2 increase July 1, 2006 and \$1 every year afterwards. Even with a \$5 rate increase July 1, 2005 reserves do not increase to a level above the 25% operating expense goal. The goal is reached in FY 2007-08 with a \$6 increase July 1, 2005 and in FY 2008-09 with a \$5 increase plus a \$2 increase July 1, 2006. Although staff believed that A5 and A6 were viable options, it could present a problem for the franchised haulers since they need to give their cities and the County 90 days notice before the end of the calendar year.
- **Page B**
Rate increases effective January 1, 2006. Scenarios B1 and B2 would provide for a \$5 or \$6 rate increase January 1, 2006, which was preferable to allow the franchised haulers enough time to notify their customers. Mark Arsenault, Waste Management, Inc. (WMI) addressed the Board and stated that in anticipation of a rate increase, WMI had sent out notices notifying their customers that their rates could increase by as much as 5%. He stated that although the cities had been prepared for a rate increase, giving them more time was preferable. Scenario B1 and B2 do not allow the District to reach the 25% operating reserve level in the next ten years. If rates are increased by \$7 (B3) on January 1, 2006, the District would achieve the 25% reserve level in FY 2008-09. General Manager stated that he preferred Scenario B4, which included a \$6 per ton increase January 1, 2006 and additional \$2 increases on January 1, 2007 and 2008. In all of the scenarios, delaying the rate increase until January 1, 2006 would allow more time for negotiations on outside waste which could reduce the rate increases in the end.
- **Page C**
Page C demonstrated the acceptance of 30,000 tons of outside waste coming from Santa Cruz County as early as July 1, 2005 at the regular District rate. A \$3 per ton increase (C1) effective January 1, 2006 would not allow the District to reach the desired reserve level in the next ten years. A \$4 rate increase (C2) on January 1, 2006 would work for the first year if Santa Cruz County waste started flowing in by July 1, 2005. If rates are increased by \$5 on January 1, 2006 or \$5 on July 1, 2005, unrestricted cash continued to grow considerably. Scenario C5 showed 150,000 tons of outside refuse at a contract rate of \$35 per ton starting January 1, 2010 (\$10 less than the current rate at that time), the approximate date when the SVSWA Crazy Horse Canyon Landfill would close. If the District accepts outside waste, the rate increases could be reduced since it is clear that neither the SVSWA nor Santa Cruz County would be able to pay the full rate. As stated before, the outside waste would go directly to the landfill and the costs would be less.

General Manager stated that if the SVSWA or Santa Cruz County encounter more difficulties, the District site may become increasingly desirable and they would be willing to pay more to dispose of trash here, but just as likely, if District rates continued to rise and were no longer the lowest rates in this market place, the District could lose out-of-District self haul waste necessitating further rate increases and creating even more excess landfill capacity.

Chair Albert reminded the Board that any discussion on acceptance of outside waste would be handled during closed session.

Director Johnsen expressed appreciation to staff for providing the Board with the additional scenarios she had requested at the October Board meeting showing their commitment to provide the Board's constituents a clearer picture.

Director McCloud stated that during the recent voting polls, it was clear that the people were not open to increases in any way. She anticipated an outcry from the public and that staff would have to ensure that every effort had been made to reduce expenses. She questioned whether the 25% reserve was perhaps too high. Finance/Information Systems Manager responded that he had come up with the 25% reserve based on the District monthly cash flow. He stated that the District was mainly dependent on the franchised haulers and power sales and that the reserve level could comfortably be reduced to 20%, but anything lower could create cash flow problems. General Manager responded that staff continuously looked at ways of improving operations and reducing expenses.

Director Gray inquired how rate increases could reduce the District's competitiveness and reduce the amount of waste the District received. General Manager responded that currently the District had the lowest rates in the area, but that gap could narrow if increases became too high, reducing the viability of hauling waste to the District site.

Director Bales inquired when staff proposed to schedule a public hearing regarding a January 1, 2006 rate increase. General Manager responded that staff wanted to increase other charges and would probably want to hold a public hearing in April. Director Bales commented that given that budget preparations and upcoming employee negotiations could be a deciding factor with regard to a rate increase, it might not be feasible to have the public hearing before that time. He stated that given the information provided by staff at this time, he was inclined to agree with the General Manager with regard to a rate increase that assumed no outside waste and if it did come, then the increase could be adjusted.

Chair Albert commented that it had been apparent at the polls that constituents were not in favor of any type of increases, but when it came time to reduce services, they would not be in favor of that as well. He stated that it had been the Board's decision to provide better benefits to District employees as well as continuing the various recycling programs and therefore increasing expenditures. He believed that the District was a well-run organization and the Board had been prudent in overseeing the budget. He agreed with staff recommendation to pursue a rate increase.

Director Gray commented that the public wanted higher services at a lower cost. He stated that the District was different than other services that required a tax increase. He suggested that staff provide additional analysis to demonstrate that the District has done everything possible to reduce expenses and to justify a rate increase.

Director Mancini stated that the District fees should be user based. If there is no need to use, then citizens should not have to pay, but those that do use, should have to pay. He stated that the District has proven to be efficient given the fact that the site life has continuously increased.

Director Laska inquired about the built-in rate increases in the ensuing years. General Manager stated that the task force had provided the recommendation of built-in rate increases, which could be revisited at a later date if necessary. He stated that he preferred to have the built-in rate increases in place and anticipated. He asked Mr. Arsenault how much advance notice WMI preferred. Mr. Arsenault responded that ideally, they would prefer to know by August 2005 if a rate increase would take effect January 1, 2006. District Engineer commented that based on information provided by WMI and knowing the uncertainties of the labor negotiations and acceptance of outside waste, it might be preferable to schedule a public hearing in January for other charges that staff would like to increase effective July 1, 2005. Another public hearing could be scheduled in July for the rate increase effective January 1, 2006. General Manager stated that perhaps an outside firm could be retained to look at ways to operate more efficiently.

Director Pendergrass expressed concern with regard to acceptance of outside waste at a lower cost than other District jurisdictions. He believed that staff was quite capable of looking at District expenditures, more so than an outside firm.

Director Johnsen stated that the issue of rates and services was first raised during the Board's strategic planning session at which point staff was directed to involve the community in the decision making process. Staff had agreed to form a task force comprised of representatives of member jurisdictions. She commented that during the time she was mayor of Marina, she did not think that the District was involving the community, and although staff was now more acceptable to doing so, she still had some concerns that there needed to be more public involvement. Director Johnsen stated that the task force had been a good endeavor, but more effective communication to entire communities was necessary. She suggested using Access Monterey Peninsula (AMP) television so that more community members could be made aware of what took place at the District Board meetings. She believed that in doing so, the public would know that Board decisions are based on requests for thorough information and extensive discussion.

Board discussion followed regarding various public outreach methods and the consequences of not attempting to engage the public in the decision making process. Director Gray stated that publicizing District meetings was a good idea since the meetings are held during the day when most people are working and cannot attend. He suggested the use of the existing public education program as an outreach extension. Director Mancini suggested that District Engineer, William Merry, could attend council meetings, as the new General Manager, when the issue of rate increases came up, so that he can respond to any questions.

The Board requested that staff inquire about televising District Board meetings and report back to the Board. Chair Albert agreed, but asked the Board to move forward on providing direction to staff regarding a rate increase.

District Engineer stated that he would be more than happy to attend council meetings to make a presentation and expressed that the discussion of the Board would be useful. He reminded Board members that highlights of every District Board meeting are prepared and made available to their respective city councils. He stated that financial reports are prepared monthly and presented to the Board. Legal Counsel stated that concept approval could be given with further Board discussion at the December meeting to include scheduling a public hearing and public outreach methods.

It was moved by Director McCloud, seconded, and Unanimously Carried To: Give Concept Approval to Adopt Scenario B4, a \$6 Per Ton Rate Increase January 1, 2006 and \$2 Increases January 1, 2007 and 2008; Set Public Hearing and Include Discussion of Public Outreach Program at the December Board Meeting.

4) Adopt Resolution 2004-07 Authorizing Sole Source Purchase of New Bulldozer

The Board reviewed a memorandum from the District Site Superintendent, Jim Griffith, regarding the purchase of a new Caterpillar D9T landfill bulldozer/tractor without competitive bidding from Quinn Company of Salinas at a total price of \$754,281. General Manager stated that Caterpillar is the only manufacturer of these large high drive bulldozers that are especially designed for garbage. Other manufacturers do not meet the District needs and specifications. Funds have been included in the budget for financing the bulldozer over a five year period.

Board discussion followed regarding cost of previous bulldozer purchases, optional components, sole source purchasing, and purchase from other Caterpillar dealers. Site Superintendent stated that the last bulldozer had been purchased in 1996 for approximately \$605,000, the optional components were strongly believed to extend the life of the parts and equipment, and Caterpillar agreements restricted dealers from outbidding each other. District Engineer stated that although staff compares equipment and pricing, staff is convinced that Caterpillar produces the best bulldozer meeting the District needs at competitive pricing. In recent years the District has also purchased John Deere loaders and forklifts.

It was moved by Director Laska, seconded, and Unanimously Carried To: Adopt Resolution 2004-07 Authorizing Purchase of a New Caterpillar D9T Without Competitive Bidding From Quinn Company of Salinas for a Total Price of \$754,281.

5) Approve Agreement for Stump Grinding

The Board reviewed a memorandum from District MRF Manager, Harry Hunzie, regarding the need to grind approximately 1,750 tons of oversized woodwaste that cannot be processed using the District wood grinder. Staff recommended hiring Vision Recycling to grind 1,400 tons of the material with the remainder, primarily large stumps, being landfilled. There are funds in the recycling services budget for this purpose.

Board discussion followed regarding sale of the large stumps, acceptance of the material given the difficulty to dispose of, and optional grinding. General Manager responded that Randazzo Enterprises, who has in the past taken the larger stumps, is no longer able to take them and there is no other place to dispose of the material if the District does not accept it.

It was moved by Director Mancini, seconded, and Unanimously Carried To: Authorize Hiring of Vision Recycling of Fremont to Process About 1,400 Tons of Oversize Woodwaste at a Cost not to Exceed \$20,000.

6) Approve Agreement with Monterey County Water Resources Agency for Permission to Enter MRWMD Property for Geotechnical Drilling and Data Collection for Salinas River Diversion Facility

The Board reviewed two letters dated October 22, 2004 from Chris Moss, Associate Water Resources Engineer for the Monterey County Water Resources Agency (MCWRA) regarding the proposed Salinas River Diversion Facility (rubber dam). The first letter described an agreement to "Permit to Enter for Geotechnical Drilling and Design Data Collection for the Salinas River Diversion Facility Project". The agreement had been reviewed and revised by Bob Rathe of Rob Wellington's office. The MCWRA is not satisfied with some of the revisions and staff is asking for authorization to sign the agreement once Legal Counsel and the MCWRA are satisfied with the wording. The second letter referred to the rubber dam and included some pros and cons related to whether the District should sell or lease the property where the dam will be located to the MCWRA.

General Manager commented that the rubber dam project was moving forward and staff did not see any problems allowing the MCWRA to do the initial information collection work. Testing had been completed to ensure that there would not be any groundwater contamination. The bigger decision would be deciding whether or not the District should sell or lease the property in the northeast section of the District site.

Director Gray questioned whether access to the rubber dam once completed was anticipated to be through District property. District Engineer responded that there was another access road on the other side of the river, but if access was through District property, it would be away from the day-to-day operations.

It was moved by Director Gray, seconded, and Unanimously Carried To: Approve Agreement with Monterey County Water Resources Agency for Permission to Enter MRWMD Property for Geotechnical Drilling and Data Collection for Salinas River Diversion Facility.

7) Authorize New Landfill Gas Power Sales Agreement

The Board reviewed a memorandum from Finance/Information Systems Manager, Don Prescott, and a contract from Three Phases Energy Services regarding the sale of one megawatt of power. General Manager stated that Don had been able to obtain a deal with Three Phases Energy Services to sell the green power for \$48 per megawatt-hr (MWh) or 4.8 cents per kilowatt (kW) compared to the \$28.50 per MWh or 2 to 3 cents per kW the District was receiving on the open market. Three Phases is a marketing firm that specializes in green power that could potentially be sold to environmentally oriented companies such as Whole Foods.

It was moved by Director Mancini, seconded, and Unanimously Carried To: Authorize Sale of One Megawatt of Power to Three Phases Energy at \$48 per MWh.

8) Review Cost Estimate for Site Improvements

The Board reviewed the latest drawings of proposed improvements to the Environmental Park site entrance. General Manager commented that the improvements had become more expensive than originally anticipated, even if the MRWPCA agreed to share the cost. The estimate of \$83,300 did not include the cost of Paul Davis' services or for landscaping and electrical work.

Director Bales commented that given the substantial cost, he recommended redesigning the work at a lower cost or deferring the improvements altogether since there was so much discussion earlier in the meeting regarding raising rates and reducing costs.

Board discussion followed regarding asking the MRWPCA to share the high cost of the improvements. General Manager stated that the MRWPCA still needed to approve the design and decide if they wanted to share in the cost, which could be revised at a later date.

It was moved by Director Pendergrass, seconded, and Approved by Chair Albert, Vice Chair Barlich, Directors Gray, Johnsen, Laska, Mancini, McCloud, and Pendergrass; Opposed by Director Bales to Submit Design for Site Entrance Improvements to the MRWPCA for Consideration of Cost Sharing.

9) Ratify Purchase of a Used Manlift

The Board reviewed a memorandum from Site Superintendent regarding the purchase of a manlift. General Manager stated that the manlift that is used primarily for maintenance work in the MRF had cracks in the frame that were not repairable. On that basis, he authorized Site Superintendent to locate manlifts meeting District needs. Site Superintendent had recommended the purchase of a used manlift from Hertz Equipment Rental in Anaheim, CA at a cost of \$42,971. Funds were not included in the capital budget, but staff would be forgoing replacement of a forklift that was budgeted saving the District \$80,000.

Director McCloud inquired whether staff would be requesting to purchase the forklift next year. Site Superintendent responded that because of the improvements to the MRF equipment, there no longer was a need to replace the forklift.

It was moved by Director Mancini, seconded, and Unanimously Carried To: Ratify Purchase of a Used Manlift from Hertz Equipment Rental in Anaheim, CA at a Cost of \$42,971.

10) Review October 7, 2004 Employee Safety Committee Meeting Minutes

The Board reviewed the October 7, 2004 employee safety committee meeting minutes.

Director McCloud requested that staff provide more specific information regarding accidents and employee injuries as had been provided in the past.

No Action Necessary.

11) Consider Starting December 17, 2004 Meeting at 10:30 a.m. Prior to Employee Awards Luncheon at 11:30 a.m.

General Manager stated that historically the December meeting has started later so that there would not be too much of a gap between the end of the meeting and the beginning of the annual employee holiday awards luncheon.

The Board agreed to start the December 17, 2004 meeting at 10 a.m.

No Action Necessary.

12) Consider Acceptance of Santa Clara County Waste

Discussed in Closed Session.

STAFF REPORTS

13) Status of Litter Clean Up Activities

The Board reviewed staff reports and newspaper articles regarding the activities of the newly expanded Monterey County Illegal Dumping and Litter Abatement Task Force that is now focusing more attention on the litter problem on County roads and highways. General Manager reported that CalTrans has increased its efforts in recent weeks along Highway 1, which hadn't been picked up for several months previously. District staff will continue to be actively involved in the litter control effort.

14) Report on Biosolids Compost Feasibility

The Board reviewed the executive summary from the biosolids compost feasibility study prepared by Matt Cotton of Nevada City.

15) Review Strategic Plan Six Month Objectives

The Board reviewed a revised strategic plan six-month objective schedule.

16) Review Quarterly Recycling Reports by Jurisdiction and America Recycles Day Activities

The Board received the latest quarterly recycling report by jurisdiction. General Manager reported that the diversion rates for the cities of Carmel, Sand City, and Seaside have gone up from the second quarter of 2004. He also reported that the Del Rey Oaks, Monterey County, and Pebble Beach diversion rates have dropped since the second quarter of 2004. The rates for the other jurisdictions remained the same as they were at the end of June 2004. General Manager stated that the report would be attached to the highlights that are sent to the cities.

The Board also reviewed a report from Heidi Feldman regarding America Recycles Day activities which included a school presentation at the Washington Union School and tours of the District, Monterey City Disposal, and Waste Management recycling facilities on Saturday November 20th.

17) Financial, Operating, and Other Recycling Reports

The Board reviewed the financial, operating, and other recycling reports for the month of October.

GENERAL MANAGER COMMUNICATIONS

General Manager asked the Board if they wished to continue receiving the general manager's report in the same format as had been provided in the past. Chair Albert directed new General Manager William Merry to continue to provide the manager's report until the Board could decide at a later date.

BOARD COMMUNICATIONS

Chair Albert reminded the Board that this was David Myers' last Board meeting as General Manager. He stated that David's retirement dinner was scheduled at the Elks Lodge in Monterey on December 4th and he hoped that all who could attend would. General Manager stated that he would be in attendance at the December Board meeting.

CLOSED SESSION

The Board met in closed session at 11:36 a.m. regarding the following:

Conference with Property Negotiators

- a. Property: Landfill site space/capacity
- District Negotiators: David Myers and William Merry
- Negotiating Parties: Santa Clara County, Santa Cruz County, and Salinas Valley Solid Waste Authority
- Terms: All Terms and Conditions

The Board came out of closed session at 11:58 a.m. Legal Counsel announced that following presentation of information, the Board discussed the item listed on the agenda. The Board, by a 6-3 vote, gave direction to the negotiators. No other action was taken.

ADJOURNMENT

There being no further business to come before the Board at this time, the November 19, 2004 Regular Meeting of the Monterey Regional Waste Management District Board of Directors was adjourned to December 17, 2004 by Chair Albert at 11:59 a.m.

RECORDED BY:

AUTHENTICATED BY:

Rebecca G. Aguilar
Administrative Support Supervisor/
Recording Secretary

J. David Myers
General Manager