



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: October 29, 2007
TO: Board of Directors
FROM: Adhoc Finance Committee – Chair Leo Laska
SUBJECT: Report on October 25, 2007 Meeting

The Adhoc Finance Committee met on October 25th from 9 a.m. to 11 a.m. at the administrative offices of the Pebble Beach Community Services District. Other members of the committee present were Directors Bales, Gray and Pendergrass. The meeting agenda is attached along with staff reports on the 1st Quarter finances and efforts in preparing a financial Strategic Operating Plan.

The meeting began in review of the Committee recommendations from the August meeting, as revised and adopted by the Board at their September 21st meeting. Staff reported that 1st Quarter expenses have been matched with revenues, resulting in Operating income \$40,000 above budget for the period. Tonnages into the site continue to be lower than anticipated. The Committee inquired how the reduction in staffing, by attrition, has affected operations; the reply by staff was that with fewer personnel, there is less ability to “take up the slack” when someone is out ill or on vacation.

The financial Strategic Operating Plan prepared by staff, presented the status of efforts to increase revenue and to further reduce expenses, as shown in the attached memo. The memo contained staff recommendations to increase fees in several areas of service. The Committee discussed the proposed fee increases, and agreed to recommend implementation of most of them, with the exception of the fee for bio-solids, which is a part of a broader topic for further discussion in the upcoming meetings between the Monterey Regional Water Pollution Control Agency, Carmel Area Wastewater District and the District.

RECOMMENDATIONS FROM THE OCTOBER 25TH ADHOC FINANCE COMMITTEE MEETING:

Finances and Interim Financial Strategic Operating Plan (SOP)

- An Interim 5 Year financial Strategic Operating Plan prepared by staff was presented and discussed at the meeting. Staff will bring recommendations for fee increases to the Board at the November meeting for adoption, with the exception of bio-solids. Additional fee adjustments to be considered are for Conditionally Exempt Small Quantity Generator (CESQG) hazardous waste handling charges, and possibly miscellaneous landscaping products. Following Board approval, the fees would be adjusted as soon as practical.
- A meeting of City Managers, and other stakeholders was again discussed and supported, to be held early in 2008. The purpose of the meeting would be to outline District matters related to declining tonnages, declining revenue and impacts on District recycling and other programs and the need to strengthen the Joint Powers Agreement related to waste flow; and hauler franchise agreement provisions.

Revenues

- Regional Waste. The Committee commended staff for their efforts in working with other regional solid waste entities, such as Watsonville, Santa Cruz County and the Salinas Valley Solid Waste Authority to work together to solve disposal and processing problems in management of the waste stream.
- Leakage of Waste. Continue efforts to reduce waste from traveling outside of the wasteshed.
- Tipping Fee Increases. Staff was directed to match expenses to revenues and hold tipping fees at \$45 per ton for two years or more, which will likely result in an adjustment in operations to reduce staffing by attrition, along with other operational adjustments which may reduce the amount of material diverted/recycled on site, as long as community diversion levels remained above the state mandated 50% level.
- Increasing landfill tipping fees (above \$45 per ton) will only be considered after all alternatives to increase revenue and decrease expenses have been evaluated and implanted. The Committee is not supportive of considering raising rates above \$45 per ton at this time, but rather, trim expenses to match revenues
- Franchise Agreements. Include discussion related to franchise agreements during planned meeting with City officials; outline efforts District staff now undertakes to track recycling and diversion numbers; present plan of how District staff could assist City staff with hauler franchise contracts, including enhancing recycling and diversion programs for residents and commercial accounts, a more prominent role for District staff in negotiating standardized franchise agreements to achieve common recycling goals for the purposes of state mandated AB939 diversion and most effective and efficient use of waste management infrastructure, to insure haulers provide services in accordance with franchise contract provisions, to account for AB939 diversion efforts and in reporting to the State, consideration of co-termination of Peninsula hauling contracts to allow greater competition in future contract negotiations and extensions. Staff was directed to create a matrix of District member agencies, showing the expiration dates for the franchise agreements.

Expenditures

- Reduce staffing or close the site on some additional holidays, including Veterans Day and Columbus Day.
- Staff is to consider all feasible means to reduce operating expenses, including alternate ways to carry out Materials Recovery Facility operations, which may affect (i.e., reduce) recycling and diversion rates, while maintaining state mandated diversion levels (currently 50%) for all member agencies
- From the items on the Strategic Operating Plan, retain safety incentives and safety items. The Personal Time Off item, is of interest and could be discussed during upcoming labor negotiations.



Leo Laska

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MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

DATE: October 30, 2007
TO: FORA Administrative Committee
FROM: William Merry
SUBJECT: MRWMD Joint Powers Agreement (JPA)

Requested Action: To appear before the FORA board to review MRWMD Joint Powers Agreement (JPA) related to waste flow control.

Background

In 1993, MRWMD member agencies, with the exception of Monterey County, entered into a JPA in order to form the Monterey Regional Waste Management Authority. The Authority recognized that "reliable waste flow to the Authority is essential to the Authority and to the securing of adequate financing for the acquisition and construction of necessary recycling and recovery facilities". The JPA also required member agencies to amend or condition their franchise agreements to specify that refuse collected within the JPA boundaries be transported to a recycling or disposal facility operated by or for the Authority.

Of primary concern to the MRWMD are materials that are not processed on-site during construction and demolition activity such as:

- green waste
- clean construction material
- demolition material
- debris boxes

This does not include materials classified as hazardous such as friable asbestos or lead-based paint. The District is appreciative of the success FORA has achieved to properly abate these materials. The District has recently strengthened its own on-site screening program for hazardous materials and is working cooperatively with other agencies to increase awareness for the proper identification and handling of hazardous materials.

Impact to the MRWMD in Loss of Tonnage

Refuse tonnage leaving District boundaries, and the corresponding loss in revenue, adversely impacts the MRWMD, its member agencies and rate payers in the MRWMD service area:

- Loss of revenue to the District leads to higher rates and/or loss of services
- Compromises the existing community infrastructure for comprehensive waste programs including disposal, recycling, and household hazardous waste management.
- Loss of diversion. The State is expected to raise the diversion mandate from 50% to as much as 75% in the near future.

MRWMD staff plan to convene an informational meeting with City Managers early in 2008 to discuss strengthening the JPA agreement to better support the essential services the MRWMD provides in support of community waste disposal and diversion.

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