

## BOARD OF DIRECTORS

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# MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

*Home of the Last Chance Mercantile*

February 1, 2008

WILLIAM MERRY, P.E., DEE  
GENERAL MANAGER/  
DISTRICT ENGINEERTIMOTHY S. FLANAGAN  
ASST. GENERAL MANAGERRICHARD SHEDDEN, P.E.  
SENIOR ENGINEERRICHARD NORTON  
ADMIN. SERVICES MGR.ROBERT WELLINGTON  
COUNSEL

Keith Israel  
General Manager  
MRWPCA  
5 Harris Court  
Monterey, CA 93940

RE: Inter-Agency Committee Meeting

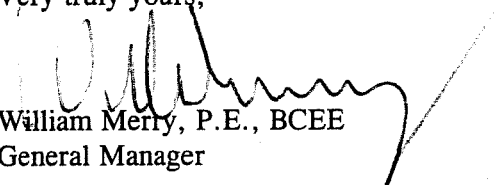
Dear Keith:

This is a follow-up letter to my letter dated September 14, 2007 (attached), requesting a meeting between Board Members of the District and the MRWPCA. The District Board members designated for the meeting are Chair Leo Laska and Director Gary Bales. The September letter stressed the District's urgency to hold such a meeting due to significant concerns over District finances in general and in particular the cost to manage biosolids.

The most pressing item for discussion, from the District's perspective, would be the current and future program for management of biosolids. A second and related topic would be management of biogas. In both cases, there may be a window of opportunity to seek a regional and cooperative solution in managing these two programs. As I stated in my previous letter, the District's financial condition is of a critical concern as a result of declining tonnages and revenues and increased costs and operational expenses. The District's review of operational costs to accept and process biosolids has revealed the fee should be \$35 per ton to cover the District's cost to manage the material, an increase from the current \$23 per ton average charge for biosolids delivered from the MRWPCA. This is a critical item of mutual financial interest for both the MRWPCA and the District. Therefore we urge your cooperation in scheduling a meeting for late February or early March.

Please contact Becky or me to coordinate a meeting time. We look forward to working together on these important topics to mutually improve operations, efficiencies, and customer service in our community.

Very truly yours,

  
William Merry, P.E., BCEE  
General Manager

Attachment

cc: MRWMD Board of Directors

BOARD OF DIRECTORS

LEO LASKA  
CHAIR

SUE McCLOUD  
VICE CHAIR

GARY BALES  
DAVID PENDERGRASS  
KEN GRAY  
JOSEPH P. RUSSELL  
JERRY SMITH  
DON JORDAN  
LIBBY DOWNEY



MONTEREY REGIONAL  
WASTE MANAGEMENT DISTRICT

*Home to the Bay Chapter, Marinella*

September 14, 2007

WILLIAM MERRY, P.E., D.  
GENERAL MANAGER  
DISTRICT ENGINEER

TIMOTHY S. FLANAGAN  
ASST. GENERAL MANAGER

RICHARD SHEDDEN, P.E.  
SENIOR ENGINEER

RICHARD NORTON  
ADMIN. SERVICES MANAGER

ROBERT WELLINGTON  
COUNSELOR

Keith Israel  
General Manager  
MRWPCA  
5 Harris Court  
Monterey, CA 93940

RE: Interagency Committee Meeting

Dear ~~Keith~~: *KEITH*

The Monterey Regional Water Pollution Control Agency (MRWPCA) and the Monterey Regional Waste Management District (District) have a history of working closely on matters of mutual interest. Two significant parts of the operations of each of our entities have been the subject of discussion at the staff level for over a year, and have been before the District Board during that time as well. They are biosolids management; and control, utilization and marketing of biogas.

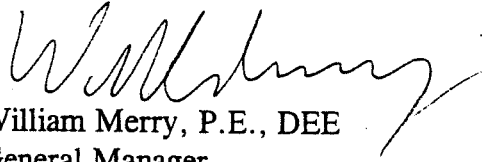
The District Board, in September 2006 appointed two members of the Board, Chair Laska and Director Gray, to serve on an interagency Committee to discuss these and other items of mutual interest. The two top items for discussion, from the District perspective, are management of biosolids and management of biogas. Both of these operations have significant operational and financial implications for the District. The FY 2007/2008 District Budget includes a \$2 million reduction in expenditures which includes not filling vacant positions, and reductions in expenses and deferred capital outlays. As a result, staff is conducting a very close review of all revenue sources, and expense items, including a review of biosolids management expenses at the District.

With this in mind, we request a meeting of an Interagency Committee and staff, to begin discussion on these two important items. This matter is of a high priority for the District. We therefore suggest scheduling meeting to be held at a mutually convenient time within the next 45 days. I will be glad to submit a draft agenda for your review. Please contact me if you have or any questions on this matter, and to schedule the meeting.

Keith Israel  
September 14, 2007  
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We look forward to working together on these important topics to mutually improve operations, efficiencies and customer service in our community.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Merry", written over a light blue horizontal line.

William Merry, P.E., DEE  
General Manager

cc: MRWMD Board of Directors