



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: October 10, 2008
TO: Board of Directors
FROM: General Manager
SUBJECT: Agenda Information for the October 17, 2008 Board Meeting

CALL TO ORDER AT 9:30 A.M.

ROLL CALL AND ESTABLISHMENT OF QUORUM

PLEDGE OF ALLEGIANCE

PUBLIC COMMUNICATIONS

Anyone wishing to address the Board on matters not appearing on the Agenda may do so now. The public may comment on any other matter listed on the agenda at the time the matter is being considered by the Board.

CONSENT AGENDA

These matters include routine financial and administrative actions, which are usually approved by a single majority vote. Individual items may be removed from Consent for discussion and action.

- 1) **Approve Minutes of September 19, 2008 Regular Board Meeting**
- 2) **Approve Report of Disbursements**

PRESENTATIONS

- 3) **Five-Year Award to Director Ken Gray**

Congratulations to Director Gray on his five years of service on the District Board. We appreciate his active participation and look forward to his continued service.

OTHER ITEMS FOR BOARD CONSIDERATION, DISCUSSION AND ACTION

4) Receive Report from Chair of September 29, 2008 Ad Hoc Finance Committee Meeting

Please refer to the enclosed memo from Chair Laska summarizing the meeting of the ad hoc Finance Committee on September 29th. The principal topic of discussion was to review the draft Financial Statements and Annual Audit for FY 2007/08 from the District's auditing firm, Hayashi & Wayland. The Annual Audit will be discussed in the next agenda item.

Recommendation: Receive Report from Chair on September 29, 2008 Ad Hoc Finance Committee on Meeting.

5) Presentation of Annual Audit for Fiscal Year 2007/08 by Hayashi & Wayland (H&W) and Finance Manager

Please refer to the enclosed memo from Finance Manager Chuck Rees and the Financial Statements and Independent Auditors Report for the year ended June 30, 2008. Additionally, for further information, please refer to the report from the ad hoc Finance Committee under the previous agenda item. H&W Principal Mike Briley reported to the Committee that the District will receive an "unqualified opinion" as an outcome of the Annual Audit. Mr. Nolan added that the District runs "extremely well" and has received a "clean" audit. Chuck and Mr. Nolan will make a presentation at the meeting to review the finances for the fiscal year and answer any questions.

Recommendation: Accept Annual Audit for Fiscal Year 2007/08.

6) Authorize General Manager to Purchase Heavy Equipment Diesel Particulate Mufflers for Early Compliance Credit with Proposed AB 32 Emissions Regulations, at an Estimated Cost of \$220,000.

Please refer to the enclosed memo and attachments from Maintenance Manager Ron Mooneyham. Ron's memo is in response to information received last week from the California Air Resources Board (CARB), with a new deadline for off-road vehicle emission compliance of November 1st. As Ron outlines in his memo, there is a lot to do before the November 1st compliance date and failure to meet that date would result in additional expenditures for compliance by the District and likely delay our plans to comply with AB 32. With concurrence by the Board, to allow the General Manager to make the final decisions in selecting the muffler vendor, staff anticipates we will meet the November 1st deadline. Staff, and in particular, Ron,

have done an excellent job in preparing a plan for compliance with the complex and confusing regulations developing around AB 32, and are to be commended for their efforts.

Recommendation: Authorize General Manager to Purchase Heavy Equipment Diesel Particulate Mufflers for Early Compliance Credit with Proposed AB 32 Emissions Regulations, at an Estimated Cost of \$220,000.

7) Receive Staff Report on Punitive Measures of Upgraded Waste Screening Program

Please refer to the enclosed memo from Glen Evett, Manager of the Last Chance Mercantile and Household Hazardous Waste programs. The Board directed staff at the March meeting to make a six-month report on punitive measures taken with the upgraded waste screening program. Additionally, the question arose at the September meeting about the status of approximately 80 customer accounts who had not yet signed necessary paperwork related to proper management of hazardous wastes. Glen's memo addresses the matter and District staff is taking appropriate measures to ensure customers comply with provisions of the upgraded waste screening program, as adopted by the Board in March.

Recommendation: No Action Required.

8) Receive Report on October 8th District Strategic Planning Advisory Task Force Meeting

Please refer to my enclosed memo summarizing the meeting. The meeting was very well attended, with only one member agency not in attendance. Several tactical and strategic topics were covered in the meeting, which was very productive and useful in advancing District plans on current fiscal and operational constraints, as well as future waste management programs. A second meeting of the Task Force is scheduled from 9 a.m. to noon on Wednesday, December 3rd at the District's administrative offices.

Enclosed are two recent articles on regional waste conversion technologies. The first article, from the September 29th edition of the *Herald*, reports on the Salinas Valley Solid Waste Authority's plans to convert trash to electricity or fuel for cars. The article reports the Authority will be teaming up to pay the developer \$300,000 to develop a prototype model. The article goes on to report a full scale commercial plant would cost about \$30 million. Only two such plants are in operation, both in England.

The second article, from the October 8th edition of the *Santa Cruz Sentinel* reports the Santa Cruz County Board of Supervisors is growing skeptical over the controversial proposal to convert trash to energy in the face of rising concerns over timing, costs, emissions and

regulatory approvals required. The proposal by Adaptive ARC is meeting stiff opposition from the local community near the Buena Vista Landfill and from the regulating agencies due to lack of factual operating data from the developers.

As District staff, and the Board, have concluded, there is no need for the District to rush ahead to identify a particular conversion technology at this point, since the District possesses long term remaining landfill capacity. Rather, the District is focused on increasing the effectiveness of practical, time tested, cost effective, existing recycling and diversion programs, and expanding commercial and multi-family recycling programs along with regional organics management.

Recommendation: No Action Required

9) Report on SWANA Legislative Task Force (LTF) Activity and State Legislation

The LTF conducted a teleconference call on October 2nd. The purpose of the call was to recap legislation coming out of the recently adjourned legislative session. In addition, the LTF reviewed recent regulatory matters related to control of landfill gas and landfill gas emissions.

As I reported to you last month, SWANA's LTF intends to go on the offensive in the next legislative session, joining with other statewide organizations to develop legislation to support Extended Producer Responsibility (EPR). Coincidentally, at the District's October 8th Task Force meeting, we heard the County Environmental Health Director Allen Stroh say the exact same thing, that in 2009 the Statewide Environmental Health Directors Association has also placed EPR at the top of their list of priorities. We will make every attempt to work together on EPR. For more information on EPR you may wish to visit one of the following websites.

- California Product Stewardship: www.caproductstewardship.org
- National Product Stewardship: www.productstewardship.us

Finally, on Monday, September 29th, the Governor signed into law Senate Bill 1016 the Disposal Measurement System Act of 2008 (SB 1016-Wiggins). SWANA, together with the League of California Cities and the California State Association of Counties, and other groups, supported the legislation. Enclosed is a brief description of what the bill contains. It will set in place a new method of measuring diversion. The AB 939 diversion goal of 50% will continue, but diversion forward will be measured in terms of per capita disposal. The devil will be in the accounting details as we go forward. District staff will be in contact with California Integrated Waste Management Board staff regarding the implementation details of the new law and how Peninsula cities may be impacted.

Recommendation: No Action Required

STAFF REPORTS

10) Financial, Operating and Recycling Reports

The audited financial statements for June 2008 are enclosed (see the Finance Manager's separate memo). The financial statements for July, August, and September 2008 have been completed and are also enclosed. The Operating Income for September is \$116,515.45 and \$498,415.60 year-to-date. The year-to-date total Operating Expenses are below budget levels at \$4,135,311.48. The year-to-date Operating Revenues are \$4,633,727.08, above last year, and at budget levels. The tonnage for the month decreased slightly resulting in below budget tipping fee revenues. Fortunately, revenue from sources other than solid waste made up for this decrease mixed waste fees.

The Operating Report for September 30, 2008 is enclosed. The Total Solid Waste Accepted into the site (excluding regional waste from Santa Cruz County and Watsonville) during September 2008 was 25,963 tons, a decrease of 327 tons (or 1.2%) from August 2008 and 1,555 tons (or 5.7%) from September 2008. The variances from August 2008 resulted from decreased refuse from Franchise Haulers (279 tons - 2.1%), Cash customers (548 tons - 9.9%) and partially offset by an increase in Commercial and Industrial haulers (498 tons - 6.8%). The tonnage from Santa Cruz County was 1,594 in September 2008 (down 240 tons from August 2008). The City of Watsonville delivered 1,072 tons during the month of September 2008 (up 24 tons from August 2008).

The price of recyclables is already down substantially with the completion of the Beijing Olympics and the associated construction over the last few years, and with the world wide financial crisis. The best example is with scrap metal, where the District last year grossed over \$700,000 in metal sales, which over the last year have been at historic highs, peaking in August 2008 at \$260 per ton. Since that time the prices have declined steadily to the current price of \$90 per ton. This decline in commodity prices will negatively affect the District's budget. In the larger view, this market uncertainty and volatility is why District staff over the years has maintained that control of the wastestream and responsibility to achieve mandated recycling levels is best left in the hands of a publicly controlled facility.

11) Report on Public Education, Recycling and Litter

Please refer to the enclosed memo from Public Education and Recycling Manager Jeff Lindenthal.

OTHER CORRESPONDENCE

GENERAL MANAGER COMMUNICATIONS

- **Selling Landfill Gas to Energy Power to PG&E.** You may wish to refer to the enclosed article from the *Carmel Pine Cone*, dated September 12, 2008 on the topic of the Regional Water Project. The District is mentioned in the article as the source of power for the project.

This subject was briefly discussed at the Board meeting in September. The latest information on the matter is that the California Public Utilities Commission (CPUC) is scheduled to approve the methodology for the 2008 Market Price Referent (MPR) at their October 16th meeting.

Assuming this occurs without a delay, CPUC staff will then prepare draft figures of the MPR by October 23rd and release them for public comment. The CPUC's final approval of the MPR figures would not occur until November 6th or 21st, but the draft figures will most likely be the final figures. When the draft MPR is released, District staff will continue discussions with PG&E on the two contract options being considered: 1) selling the power from all four engines at the new MPR rate, or 2) selling the power from two engines at the new MPR rates and continue selling the power from the other two engines under the existing PG&E contract. These discussions should be completed within four to five weeks. District staff is also talking with RMC, engineering consultants on the Regional Water Project, on the project's power needs. Staff expects to be prepared to meet with the ad hoc Power Sales Committee the week of November 10th.

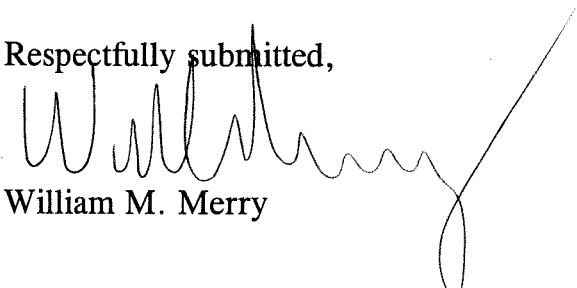
BOARD COMMUNICATIONS

CLOSED SESSION

As permitted by Government Code Section 54956 et seq., the Board may adjourn to a Closed or Executive Session to consider specific matters dealing with pending or prospective litigation, real property negotiations, certain personnel matters, or to confer with District's Meyers-Milias-Brown representative.

NEXT MEETING DATE: NOVEMBER 21, 2008

Respectfully submitted,



William M. Merry