



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: January 28, 2010
 TO: Board of Directors
 FROM: Leo Laska, Finance Committee Chair
 SUBJECT: Summary of Finance Committee Meeting of January 25, 2010

The Finance Committee met on January 25th at 9 a.m., at the District Administrative Offices. Committee members Pendergrass, Bales and Downey attended the meeting. The purpose of the meeting was to discuss the status of the mid-year budget in preparation for a report to the full Board at the February meeting. Discussion is summarized below and followed the attached agenda.

2009/10 Mid-Year Budget Review

The Committee received a report from Finance Manager on the status of the Mid-Year Budget and reviewed the Financial Statement for the mid-year. The District's midyear estimate shows a reduction in net income of \$459,000 or 71.8% from budget. The District's budget has a net income of \$639,000 and a reduction in unrestricted cash of \$899,500. Based on activity through midyear, staff now anticipates net income of \$180,000 and a reduction in unrestricted cash of \$708,500. Refuse tonnages into the site are approximately 195,000 over the last 12 months, well below the amount included in the budget of 205,000 tons. The reduced tonnage remains consistent with information in the staff report to the Finance Committee in October 2009. The reasons for the reduced tonnages are likely a depressed economy and sluggish economic activity, increased diversion efforts, and perhaps a change in customer/residential behavior resulting from the depressed economy. The Committee supported staff efforts to increase revenues, as with the recent agreement to accept wastes for disposal from Scotts Valley and with opportunities to increase production of renewable power. There was also a suggestion from the Committee that staff prepare an analysis of how a tipping fee increase would be used to restore programs or maintain services, along with a 5-Year Capital Outlay Program as part of Budget preparations. No action was taken under this item.

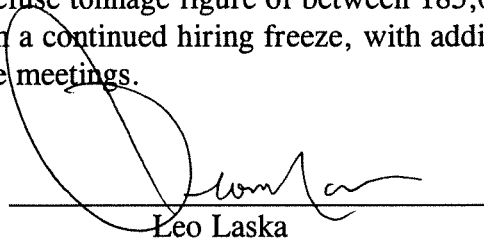
FY 2010/11 Budget Preparation

Staff is considering including an annual refuse tonnage figure in next year's budget somewhere around 185,000 to 190,000, as a result of actual tonnages into the site over the last 12 months. This figure is substantially below the 205,000 tons included in the FY 2009/2010 Budget.

The hiring freeze, which began in May 2007, will continue. Turnover has been minimal this past year and significant savings in personnel costs through attrition may be difficult to achieve. The District workforce in 2007 was 140, and now stands at 119.

The District will enter the last year of three-year contracts with OE3 and management employees and plans to budget for cost-of-living increases and any increased costs for health insurance which are provided for in those contracts. CalPERS employer rates are projected to increase only 0.2% (from 10.3% to 10.5%). The impact of past CalPERS investment losses will not be felt until the 2011/12 fiscal year at which time the District may expect to be hit with the first of three fiscal year rate increases that are estimated by CalPERS to be 1.0%, 1.6%, and 1.7%.

The Committee concurred in using an annual refuse tonnage figure of between 185,000 and 190,000 to begin budget preparations and concurrence with a continued hiring freeze, with additional information to be provided in upcoming Finance Committee meetings.



Leo Laska

Attachment

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COUNSEL

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

MEETING OF THE MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT FINANCE COMMITTEE

Monday
January 25, 2010
9 a.m.

Boardroom
MRWMD Offices
14201 Del Monte Blvd., Marina CA

Attending: Board Chair Laska; Directors Bales, Pendergrass, and Downey
William Merry, General Manager
Rob Wellington, Legal Counsel
Tim Flanagan, Assistant General Manager
Chuck Rees, Finance Manager

AGENDA

1. 2009/10 Mid-Year Budget Review
2. FY 2010/11 Budget Preparation
3. Other
4. Future Meeting Dates