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COUNSEL

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

STRATEGIC PLANNING ADVISORY TASK FORCE MEETING MINUTES

Wednesday
June 2, 2010
9:30 to 11:30 a.m. and 12:30 – 2:30 p.m.

MRWMD Boardroom
14201 Del Monte Blvd.
Marina, CA

The Monterey Regional Waste Management District (District) Strategic Planning Advisory Task Force (SPATF) met on June 2, 2010 (list of attendees attached). The meeting included a three-part agenda (attached) consisting of:

- Discussion of Alternative Funding Strategies
- Overview of Policies, Programs, and Facilities Options
- Service Provider Presentations

DISCUSSION

The meeting began with a historical perspective on how the origin of the District grew out of the closure of the old “dump” located on the sand dunes of what is now Sand City, approximately four miles northeast of Monterey. This site was operational between 1920 and 1955. The District was founded in 1951 and over the years has assumed a primary role in waste reduction, reuse, and recycling and disposal, while implementing programs that have helped member jurisdictions surpass the diversion mandates of AB 939. Future District programs will focus on how to maximize the recovery of resources from the wastestream and minimize waste going to the landfill.

Discussion of Alternative Funding Strategies

The Alternative Funding Strategies discussion included a brainstorming session with the SPATF designed to identify and generate discussion of possible funding mechanisms, as well as operational and organizational options for consideration. All the options identified and discussed are summarized in the attached table. A comment was made that it needs to be proven that use of the District programs is the most efficient alternative and that the SPATF needed to see a dollars, tons, and customer impact analysis to better understand what the District is proposing. The question was raised regarding the most efficient way to achieve 75% diversion and at what cost.

Overview of Policies, Programs, and Facilities Options

The Procurement Strategy portion of the meeting included a presentation by Rob Hilton outlining a wide variety of diversion programs along with anticipated diversion levels and anticipated costs. The SPATF members were requested to submit their comments on the matrix by June 9th. HF&H will summarize

comments for presentation at the next meeting. HF&H will also present matrix by sorting findings from “low cost to high cost” and from “high diversion to low diversion” categories. Mr. Hilton stated that not owning a landfill or corporation yard limits public cities during negotiations.

In regards to pending mandatory commercial recycling requirements, member agencies are looking for leadership/guidance from the District and have not developed their own independent plans for meeting this need. This is an issue that will require resolution prior to the start of new franchise agreements, as the regulation will go into effect on July 1, 2012 and the new contracts are not likely to start until 2015.

Service Provider Presentations

The afternoon portion of the meeting included presentations by five waste and recycling service providers operating in the Central Coast region. Each hauler was asked to briefly address the following key topics:

- Discuss the top three emerging demands (social, financial, or environmental) and threats (regulatory, social, or economic) that you see driving the industry towards more innovative ways of managing materials.
- Discuss the innovations that are currently developing in the industry which you believe our District should consider as part of our programming strategy.

The following is a summary of the presentation/remarks provided by each of the service provider’s representatives.

- **Emily Hanson, Green Waste Recovery**

Ms. Hanson stated that Green Waste Recovery was vertically integrated and locally-owned. She provided an overview of their three primary businesses: Green Waste Recovery, Zanker Road, and Zero Waste Energy Development Company. The major threats she identified included the challenges related to financing and permitting new facilities. It had been very difficult to get their new Anaerobic Digestion Facility permitted in San Jose in spite of the City’s “zero waste” position; they expect to break ground on that facility this fall. Green Waste operates a processing facility for the multi-family wastestream in San Jose which achieves a 75% diversion rate.

One of the trends in the industry is performance-based contracts, which Ms. Hanson indicated her firm preferred to ensure that everyone knows what is expected and how the performance will be measured. She also commented that zero waste is attainable, but was dependent on modification of behavior and each community’s willingness to pay what it costs. Emerging threats are declining tonnages and permitting challenges. Priorities should be placed on economies of scale, maintain local control and flexibility, and consolidate for efficiencies. Ms. Hanson discussed the importance of having an integrated system approach so that the public education, collection, processing, and end markets for materials are all aligned to ensure highest value.

- **Gary Parola, Monterey City Disposal Service**

Mr. Parola began by discussing the concept of “preserving what we have”. He spoke about the volatility of international markets for recyclable commodities and the crash in market prices in 2008. One of his goals is to “high grade” the recyclable materials that he collects and find ways to “make products” with them whenever possible. He described how 30% of his expenses result from District disposal fees and City franchise fees. With regard to the proposed increase in District disposal fees, he

stated that he would try to “offset” the increase by “decreasing” what comes to the District. He offered the following suggestions for future consideration:

- Sell or lease MRWMD facilities
 - Sell landfill capacity
 - Form a more regional agency, including with Santa Cruz County
 - Merge with the Salinas Valley Solid Waste Authority and/or with MRWPCA
 - Lease the Last Chance Mercantile to a non-profit entity
 - Find “alternate ways to not require raising the tipping fee”
 - We can all do more; cut costs; avoid debt
 - Process waste at a regional facility next to the Moss Landing power plant and sell the energy produced to PG&E.
 - Consider use of conversion technologies (CT); CT not ready for use yet in this community.
- Mark Arsenault, Recology (formerly Norcal Waste Systems)

Mr. Arsenault provided a brief history of Recology and where it operates. Recology is a corporate “ESOP” organization where all employees are also stockholders in the company. Recology has adopted the slogan “waste zero”. Throughout his remarks, he emphasized “waste zero” and the importance of “educational awareness (specifically detailed educational and customer outreach requirements in contracts)” and the value of “as much oversight” as possible from the agency that holds the contract for waste and recycling. Speaking to the cost associated with “recover vs. burial”, he stated “it’s about tons, tons, tons” and that greater integration and “maximization of scale” allows you to do more with less. He singled out organics processing, “customer-tailored” commercial programs, CNG fueling for trucks, and flexibility as opportunities in the industry. With regard to commercial recycling, he again emphasized the importance of education and that each contract should specify how many staff will be tasked with implementing this service. He identified “cradle to cradle manufacturing” as an integrated approach to material reuse. Potential threats are the “regulatory” environment and that recycling is perceived as being “free”; communities may have to start moving towards the Berkeley and San Francisco models of charging for recycling.

- Doug Kenyon, Republic Services / BFI

Mr. Kenyon began by stating that in today’s business and economic environment, it’s “no longer business as usual”. He described the services he provides to the City of Salinas, which has the lowest curbside collection rate in the County, and his objective to be a “community oriented service provider.” As a participant in the city’s “clean city initiative” they are working to partner with the city to provide additional services such as street sweeping, litter abatement, and graffiti removal. By shifting this burden to the hauler, the City will avoid nearly \$1 million in “clean city programs” cost each year and those program costs will be added to solid waste bills. In support of the city being a signatory to the United Nations Environmental Accords, he plans to utilize CNG trucks to reduce air emissions. Mr. Kenyon identified beverage container poaching, with an estimated loss of \$1,000 per day, as one of the threats, as well as economic constraints. In describing his approach to providing services, Mr. Kenyon stated that it’s “cost vs. value” and the challenge is how to communicate value and brand the service; consider working together in the region to create a television piece on the cost to recycle. He stated that declining garbage generation was not a problem as he had the ability to eliminate trucks and drivers and consolidate routes on short notice.

- Felipe Melchor, Waste Management Incorporated

Mr. Melchor described the “consolidated” operations his company now manages locally including: trash and recycling service to Peninsula cities (except for the City of Monterey) and the unincorporated County, the Carmel Valley Transfer Station, Castroville MRF, and the Madison Lane and Jolon Road Transfer Stations. He stated that every city was different which was reflected by the various service levels. He further stated that recycling has increased at large venues and described the work underway to upgrade the Castroville MRF with a goal of reducing residual material currently 5%-10% to 3%. Waste Management has a “climate action team” that is focusing on reduction of emissions. He identified several “efficiencies” associated with contract standardization including reporting, adjustments, and fees. He suggested the District could lease operations or property and believed that having one solid waste management entity county-wide could be achieved. Although he did not have a preference, he believed there could be many benefits in the consolidation of franchise agreements.

The presentations were followed by a question and answer session which included discussion of the following:

- *Do you presently “pass through” fees to other entities?* Four haulers replied that they do and the types of fees included: closure and post closure fees, HHW fees, clean city initiative fees, NPSD fees, and liability fees.
- *Would it be possible to pick up every other week instead of weekly to reduce costs?* Recology and Green Waste responded that they do bi-weekly collection by providing larger carts and depending on the specific cities’ needs.
- *Monterey Disposal’s ability to provide economies of scale?* Mr. Parola stated he could not just eliminate trucks and manpower, as done in the City of Salinas, due to scheduling constraints imposed by the City of Monterey.

Future Meeting Dates

The next two meetings of the SPATF have been scheduled for Thursday, August 12, 2010 at 9:30 a.m. and Wednesday, September 15, 2010 at 9:30 a.m.

Attachments

Meeting of the Strategic Planning Advisory Task Force Meeting
List of Attendees
June 2, 2010

NAME	MEMBER AGENCY	A.M. MEETING	P.M. MEETING
Burch, Heidi	City of Carmel-by-the-Sea	X	
Dawson, Daniel	City of Del Rey Oaks	X	X
Szymanis, Theresa	City of Marina	X	
Brantley, Angela	City of Monterey	X	X
Rios, Teresa	Monterey County Environ. Health Div.	X	X
Matarazzo, Steve	City of Sand City	X	
Hodgson, Daphne	City of Seaside	X	
Becklenberg, Jim	City of Pacific Grove	X	
Niccum, Mike	PBCSD	X	X
Kilic, Suha	PBCSD	X	X
NAME	STAFF/CONSULTANTS		
Merry, William	MRWMD	X	X
Flanagan, Tim	MRWMD	X	X
Laska, Leo	MRWMD Board/PBCSD	X	X
Downey, Libby	MRWMD Board/City of Monterey	X	X
Shedden, Rick	MRWMD	X	X
Rees, Chuck	MRWMD	X	X
Lindenthal, Jeff	MRWMD	X	X
Prescott, Don	MRWMD	X	X
Petitt, Richard	MRWMD	X	X
Hunzie, Harry	MRWMD	X	X
Aguilar, Becky	MRWMD	X	X
Thacher, George	Wellington Law Offices/MRWMD Legal Counsel	X	X
Myers, David	MRWMD Consultant	X	X
Hilton, Rob	HF&H/MRWMD Consultant	X	X
Hilton, Bob	HF&H/MRWMD Consultant	X	X
NAME	HAULERS/OTHERS		
Hason, Emily	Green Waste Recovery		X
Parola, Gary	Monterey City Disposal Service		X
Arsenault, Mark	Recology (formerly Norcal Waste Systems)		X
Kenyon, Doug	Republic Services/BFI		X
Melchor, Felipe	Waste Management Incorporated		X
Caruso, Mandy	SVSWA		X

**Strategic Planning Advisory Task Force Meeting
June 2, 2010**

FUNDING, OPERATIONAL, AND ORGANIZATIONAL OPTIONS

Funding Options*	Short Term	Long Term	District Only	District & MA	District & Other
County-wide Parcel tax on special/problem waste		X			X
Surcharge on loads with high recyclable content	X		X		
Double the \$/ton tipping fee to encourage diversion	X		X		
Assess a surcharge on collection rates (District Programs Fee)	X			X	
Charge for recycling	X	X	X	X	
Land leases collection yard	X	X	X	X	
Business License Fee	X	X		X	

*Make sure to communicate budgetary impacts of actions both to MA's and District

Operational Options	Short Term	Long Term	District Only	District & MA	District & Other
Market landfill capacity to region	X	X	X		
Direct C&D materials to District	X	X		X	
Conversion technology services		X	X		
Developing fuels – Green Economy		X	X	X	
Providing dirty vs. clean MRFs					

Organizational Options	Short Term	Long Term	District Only	District & MA	District & Other
Establish/Improve landfill disposal agreements and flow control commitments within District	X	X		X	
Define District role for diversion and funding	X	X		X	
Establish a Regional Agency for AB939 and Planning		X		X	
District Consolidation		X			X
Franchise fee to District from haulers	X	X		X	