



Monterey County

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Board Report

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- a. Consider the Monterey Regional Waste Management District's (MRWMD) request for Monterey County to become a member of the Monterey Regional Waste Management Authority (MRWMA);
- b. Consider approval of the Amendment to the MRWMA Joint Exercise of Powers Agreement (JPA).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Consider the Monterey Regional Waste Management District's (MRWMD) request for Monterey County to become a member of the Monterey Regional Waste Management Authority (MRWMA);
- b. Consider approval of the Amendment to the MRWMA Joint Exercise of Powers Agreement (JPA).

SUMMARY:

MRWMD requests that Monterey County become a member of MRWMA, and seeks approval of an Amendment to the MRWMA Joint Exercise of Powers Agreement (JPA). As a member of MRWMA, the County would have certain rights and obligations, including but not limited to having representation on the MRWMA's Board of Directors and being subject to the JPA's flow control provisions. MRWMD is pursuing three major capital improvement projects which will require approximately \$30M in revenue bonds. The addition of the County as a member of MRWMA would help MRWMD to show its revenue is stable and secure as possible in the future, which is an important component when seeking financing of the capital improvement projects.

DISCUSSION:

MRWMD is an Independent Special District of the State of California formed in 1951 to provide solid waste management, recycling, and disposal services to its member agencies. In 1993, MRWMA was formed for the purpose of issuing bonds to construct capital projects related to recycling, which included the Materials Recovery Facility (MRF), the Last Chance Mercantile and the Household Hazardous Waste Collection Facility. The bonds have been paid off and MRWMA has no debt at this time. Section 2.06 of the attached Joint Exercise of Powers Agreement provides that the Authority "is a legal entity separate and distinct from its member agencies" and "The debts, duties and obligations created pursuant to this Agreement shall be solely the obligation of the Authority and not those of its officers, employees, Board of Directors or its member agencies."

While Monterey County has representation on MRWMD Board of Directors, Monterey County is not a member of MRWMA. MRWMD is requesting that Monterey County become a member of

MRWMA. As a member of MRWMA, the County would have certain rights and obligations. For example, the County would have one representative on the MRWMA Board and would be subject to the flow control provisions established in the JPA.

Part of the reason MRWMD is requesting for the County to become a member of MRWMA is that MRWMD is pursuing three major capital improvement projects which will require approximately \$30M in revenue bonds. In seeking financing, the MRWMD revenue stream will need to be as stable and secure as possible in the future. MRWMD's current revenues are approximately 70% dependent on revenue from franchised haulers serving the member agencies. Franchise haulers are required under the waste flow control terms of the franchise agreements to deliver certain materials and wastes to the District for processing and disposal. The addition of the County's membership in MRWMA would help MRWMD to show its revenue is stable and secure.

The three major capital improvements for which MRWMD is seeking funding include:

1. Materials Recovery Facility (MRF) Infrastructure Improvement, the goal of which is to allow member agencies to comply with AB 1826, which will require mandatory organics diversion from landfill beginning in 2016, and to ensure compliance with the State 75% diversion goal by 2020.
2. Truck Parking and Maintenance Building for GreenWaste Recovery (GWR), the newly selected hauler that will provide collection services to MRWMD member agencies, except the City of Monterey and Monterey County which have current agreements with Monterey City Disposal and Waste Management, respectively.
3. Compressed Natural Gas (CNG) Fueling Station to fuel the fleet of GWR, the new service provider.

MRWMD's proposed capital improvement projects are estimated to require \$30 million in revenue bond financing for construction. According to MRWMD, the issuance of these bonds will have an impact on the tip fee of close to \$10.00 per ton (from \$51.75 to about \$61.75, an approximately 19% increase on the current tip fee). Given that tipping fees are a direct pass-through to the rate payers, any increases to the tipping fee as a result of this financing will impact the customer rates.

In addition, MRWMD is seeking approval of MRWMA's proposed Amendment to JPA. The proposed amendment revises Section 7.01 of the JPA to update and strengthen its flow control provisions. The waste flow control wording from the 1993 agreement required

- a) *the delivery of all refuse collection, which will not be recycled or processed at a materials recovery facility ("MRF"), and all waste materials resulting from processing at a MRF within the boundaries of the Authority, to a landfill or other facility operated by or for the Authority; and*
- b) *each hauler or operator to transport all construction and demolition material, concrete, asphalt, wood waste and yard waste to a recycling or disposal facility operated by or for the Authority.*

According to MRWMD, the waste flow control wording from the 1993 agreement will be updated with the amended language to be consistent with the new franchise agreements recently awarded to Green Waste Recovery (GWR), and it has been approved by seven of the nine member agencies of MRWMA. The updated language in Section 7.01 will require that all Discarded Material (other than Recyclable Material) for disposal or recycling *collected from any source within the MRWMD's boundaries* to be delivered solely to a facility designated by MRWMA or as otherwise directed by MRWMA.

Additionally, Section 7.02 has been added to provide for the redirection by the member agencies of recyclable materials to the MRWMD MRF, upon completion of improvements designed to accept those recyclables, as provided for in the new 15-year franchise agreements with GWR. Section 7.02, also addresses the fact that the City of Monterey and the County of Monterey have existing franchise agreements that allow those recyclables to be processed at the Monterey MRF in Ryan Ranch, and at the Waste Management, Inc. (WM) facility in Castroville. Section 7.02 requires that Member Agencies, with an existing (in 2014) and continuing franchise agreement (e.g. City of Monterey and Monterey County) to “consider and consult with the MRWMD concerning the redirection of their Recyclable Materials *collected from sources within MRWMD's boundaries* to a MRWMD processing facility at such time as *they enter into* new franchise agreements.”

Lastly, the proposed Amendment includes a minor revision to correct a clerical error in Section 6.02 of the JPA Agreement by removing the current reference to Section 7.02 and replacing it with a reference to Section 8.02.

The MRWMD Board of Directors approved as to form the draft Amendment for the flow control revision at their October 17, 2014 meeting. The bond documents are being prepared and a closing on the sale of the revenue bond financing is anticipated for March 2015.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel has reviewed the Board Report and associated documents.

FINANCING:

There will be no additional cost to the County General Fund association with this recommendation.

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Approved by: Ray Bullick, Director of Health, 4526

Attachments:

Attachment A - Joint Exercise of Powers Agreement for the Monterey Regional Waste Management Authority

Attachment B - Amendment to Joint Exercise of Powers Agreement for the Monterey Regional Waste Management Authority