



COUNTY OF MONTEREY HEALTH DEPARTMENT

Elsa Jimenez, Director of Health

Administration
Behavioral Health

Clinic Services
Emergency Medical Services
Environmental Health/Animal Services

Public Health
Public Administrator/Public Guardian

Nationally Accredited for Providing Quality Health Services

March 2, 2020

Via Email to fmelchor@wm.com and kskromme@wm.com
And U.S. Mail

Felipe Melchor, District Manager

Kristin Skromme, Public Sector Manager

USA Waste of California dba Carmel Marina Corp., a subsidiary of Waste Management, Inc.

11240 Commercial Parkway

Castroville, California 95012-3206

Dear Mr. Melchor and Ms. Skromme,

Thank you and all for taking the time to meet with us to discuss Carmel Marina Corp.'s and County's priorities. We look forward to reaching an agreement to extend the Unified Franchise Agreement (UFA) for five (5) years through June 30, 2025 per Article 2.02 of the UFA to reach the maximum fifteen-year term per Monterey County Code Section 10.41.090 ("Franchise Agreement").

To summarize, the following are the meeting objectives and scheduled target dates we discussed:

- Amendment No. 9 with the currently proposed RRI retroactive to January 1, 2020 is set as a noticed public hearing on March 10, 2020 at 10:30 a.m., before the Monterey County Board of Supervisors, in the Board of Supervisors Chambers, at 168. W. Alisal Street, First Floor, Salinas, California.
- Carmel Marina Corp. and County will participate in telephone conference calls and/or in-person meetings to reach a proposed agreement for a five (5) year extension of the UFA. Once agreement is reached, Amendment No. 10 of the current agreement with Carmel Marina Corp. to extend the UFA by five (5) years will be scheduled for approval by the Monterey County Board of Supervisors in mid-April. Approval of this extension allows for audit costs, costs for processing recyclables and other operational costs, including costs for addressing and securing the collection of unpaid customer debt, utilizing the described verification requirements to be incorporated into the RRI to be processed in October/November 2020 for the rate adjustment effective January 1, 2021 and for future calendar years throughout the remainder of the UFA term as extended, subject to Board of Supervisors approval.
- Next steps identified include receiving written confirmation from Carmel Marina Corp. of the items agreed upon during the February 19, 2020 meeting held between Carmel Marina Corp. and the County of Monterey and presenting Amendment No. 10 of the

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current agreement with Carmel Marina Corp. to extend the UFA by five (5) years for approval by the Monterey County Board of Supervisors in mid-April.

A summary of the items discussed in detail are included as an attachment to this letter. These items are for further evaluation and/or inclusion in future Amendments.

We look forward to working with Carmel Marina Corp. to continue to serve residential and commercial customers within the unincorporated areas of Monterey County and toward successfully implementing new State regulations to meet diversion requirements in the future.

Sincerely,

Rob Durham

Rob Durham, MA | Management Analyst III

Supervisor-Recycling & Resource Recovery Services

Monterey County Health Department | Environmental Health Bureau

1270 Natividad Rd.

Salinas CA 93906

CC: John Ramirez, Director of Environmental Health

Ric Encarnacion, Assistant Director of Environmental Health

Summary of Discussion and Priorities:

An option discussed was for EHB staff to seek Board of Supervisors direction regarding Carmel Marina Corp.'s request for an additional five (5) year extension, to 2030, which would require an amendment to Title 10, Chapter 10.41, Section 10.41.092 (Franchise Agreement), of the Monterey County Code which currently provides for a 15-year maximum term.

Carmel Marina Corp. will provide a five (5) year model to EHB as soon as possible. In the event Carmel Marina Corp.'s and County's priorities have not been addressed to the mutually agreeable satisfaction of both parties by mid-April 2020, the term of the existing UFA shall be extended for exclusive negotiations to continue through a mutually agreeable date.

The following is a list of County priorities to be negotiated for incorporation into the proposed five (5) year extension of the existing UFA:

- a) Third party audit costs shall be incorporated into operational costs and not separated out into direct pass through costs. Full third party audits shall be conducted every other year upon an agreed upon timeline. In those years between full audits a third party shall conduct audits of operational costs to verify Carmel Marina Corp.'s financial figures. Costs for audits of operational costs shall also be incorporated as operational costs into the next Rate Refuse Index (RRI) adjustment.
- b) Detailed emergency contingency plans with workflows/procedures, points of contact, and possible container (drop boxes) locations pre-located for those areas prone to disaster, along with staffing plans, shall be articulated. Communications in the event of a disaster shall be through the County Emergency Operations Center (EOC) with the Environmental Health Bureau (EHB) copied and kept informed.
- c) Following the Board's consideration of Carmel Marina Corp.'s costs for processing recyclables as a separate direct pass through due to extraordinary and unforeseen circumstances for the currently proposed rates to be effective retroactively to January 1, 2020, future costs for processing recyclables shall be considered as a part of operational costs which shall be incorporated into the RRI to be processed in October/November for rates effective January 1, 2021, and for future RRI adjustments.
- d) Any unpaid debt incurred by customers shall be negotiated between Carmel Marina Corp. and the customer or processed through the applicable administrative and/or legal action within the applicable statute of limitations. Once these remedies are exhausted, Carmel Marina Corp. will provide verification/documentation to demonstrate these efforts, provide documentation of outstanding customer debt, and once verified by a third party, that debt will be incorporated as operational costs into the next RRI adjustment.

- e) Customers who meet State mandated diversion requirements shall receive an incentive in the form of a credit from Carmel Marina Corp. to encourage mandated diversion rates.
- f) If rates/fees in the annual RRI adjustment increase above an agreed upon threshold the Board of Supervisors of Monterey County shall have the authority to approve any increase above that threshold.
- g) Increase liquidated damages for non-compliance with State mandated diversion rates.
- h) Quarterly reports using CalRecycle calculations and format to measure all CalRecycle regulation metrics.
- i) Illegal dumping responsibilities to be transferred back to Carmel Marina Corp. which will provide resources in the form of staff and equipment to target and service illegal dumping sites as needed and as determined by EHB.
- j) Increased community diversion events (including Antifreeze, Batteries, Oil, and Paint material [ABOP]) to target high illegal dumping areas.
- k) Bulky Item campaign using Carmel Marina Corp. staff and/or interns to canvass areas to set a target date (appointments) for bulky item pick up.