

Update on Salinas Notice of Intent to Withdraw & Long-Term Facility Needs Project Implications

Salinas Valley Recycles
Board of Director's Meeting
January 24, 2019

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Salinas Stated Reasons For Withdrawal

- ▶ New Solid Waste Regulations
- ▶ Minimize Customer Rate Increases
- ▶ Revitalize the Alisal Marketplace Area
 - ▶ Social/Environmental Justice Concerns
- ▶ Salinas to Develop its own Solid Waste Plan
(backup to ensure compliance with new regulations)

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Salinas Stated Financial Options

- ▶ Updated Franchise Agreement with Republic
- ▶ New Agreement with Republic
- ▶ Long-Term Agreement with Monterey Regional Waste Management District
- ▶ Conduct Rate Study to Recapture Cost of Existing Obligations and Regulatory Compliance

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Strategic Plan Objectives - October 2018

- ▶ **DONE**
 - ▶ Collaborative MOU recommended by CMs, CAO and GMs, approved by both Boards in Nov.
- ▶ **DONE BUT DEFERRED**
 - ▶ LTFN Project EIR deferred due to Salinas Withdrawal, and
 - ▶ Republic Services completed purchase of MLTS 12-29-18
- ▶ **DEFERRED, ON HOLD**
 - ▶ Cannot complete EIR as Board directed in Strategic Plan
 - ▶ Status of MLTS and future role of SVR unclear
 - ▶ Salinas withdrawal intent unclear
- ▶ **DEFERRED**
 - ▶ City Manager email on evening of Nov. Board mtg creates uncertainty on SSTS sale
 - ▶ No definitive Alisal Market Place Developer in place (left in 2016)

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History

- ▶ February 2018: City & County express support for SVR use of Madison Lane as Relocation Site
- ▶ March 2018: SVR/MRWMD begin preparation of Collaboration MOU
- ▶ April 2018: City presents its own version of MOU, raising SVR legal concerns over CEQA and significant rate impacts to residents/businesses
- ▶ September 2018: SVR presents revised CEQA compliant MOU as originally conceived by both agencies
- ▶ October 2018: SVR approves Strategic Plan including use of Madison Lane TS as relocation site and finalizing MOU with MRWMD
- ▶ November 13, 2018: City Managers/County CAO/Agencies revise and support final MOU version
- ▶ November 15, 2018: MOU with MRWMD and EIR project description for Madison Lane TS scheduled for presentation and approval by Board per October 2018 Strategic Plan direction
- ▶ November 15, 2018: SVR approves MOU, defers EIR for long term facilities, no buyer for Sun St. property identified by Salinas
- ▶ November 30, 2018: MRWMD approves MOU

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Unanticipated Actions

- ▶ August 24, 2018: City terminates SVR contract for Republic Services Franchise Administration
- ▶ November 14, 2018: SVR notified that Republic Services is purchasing Madison Lane TS
- ▶ November 15, 2018: City posts agenda item to consider Noticing Withdrawal from SVR
- ▶ November 15, 2018: City notifies SVR that Alisal Market Place developer (Bristol) has not been interested in AMP (SSTS purchase?) since 2016
- ▶ November 20, 2018: City formally approves issuing Notice of Withdrawal
- ▶ November 21, 2018: SVR General Counsel tenders resignation due to conflict with Republic Services and City withdrawal noticing
- ▶ December 29, 2018: Republic Services completes purchase & takes over Madison Lane Transfer operations

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Next Steps

- ▶ **Budget Scenarios** - Complete 3 revised Budget Scenarios with rate, budget and staffing impacts for Board consideration in January
 - ▶ Status Quo w/Organics focus
 - ▶ Salinas Original MOU structure (tipping fee impact presented at Nov Board Mtg)
 - ▶ Salinas Withdrawal
- ▶ **Replacement General Council** - Prepare RFP for 2-21-19 release & 3-21-19 selection
 - ▶ First order Business: JPA legal review and guidance, bond holder/credit agency noticing
- ▶ **Use of Madison Lane TS** - Get clarity from Republic Services on intended use of Madison Lane TS and whether Sun St is part of plan during 1-year withdrawal period (2019)
- ▶ **Re-evaluate CEQA Needs** and compliance when intents and actions are fully known
- ▶ **Focus on Organics** - Continue to implement Expanded Organics Program and State grant funding commitment to comply with new mandates: AB 1594, AB 1826, and SB 1383
- ▶ **MOU with MRWMD** - Advance collaboration with MRWMD on cost effective shared resources, First meeting held 1/10/19, next meeting 1/31/19

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Next Steps

- ▶ **Salinas Withdrawal Actions needed**
 - ▶ De-couple Salinas from Regional Reporting Agency, 12-7-19
 - ▶ Transfer of City-County Payment program administration to Salinas, 7-1-19
 - ▶ Search for new office space, 12/31/19 expiration
 - ▶ Sale of Sun Street Properties (TBD)
 - ▶ Restructure or eliminate Gonzales Host fee (originally tied to Crazy Horse tonnage), 12-7-19
 - ▶ Evaluate CEQA needs for closure of a public service facility, Board meeting/2-21-19
 - ▶ Restructure County Litter program contribution, 12-31-19
 - ▶ Secure Salinas Organics via contract per State Grant commitment, Budget adoption/3-21-19
 - ▶ Develop debt, landfill post-closure and stranded cost liability funding agreement with Salinas, Board Meeting/3-21-19
 - ▶ Bond holder/credit agency notifications of Salinas exit, after conference with General Counsel, after Board meeting/3-21-19
 - ▶ Staffing layoff notices and/or adjustments, after clarification of Salinas intent, TBD
 - ▶ OTHER ITEMS TBD

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