September 27, 2019

Mr. Joe Gunter, Mayor and Mr. Ray Corpuz, City Manager
200 Lincoln Avenue
Salinas, CA 93901

Subject: Request for Formal Extension of City of Salinas Notice of Intent to Withdraw Date

Dear Mayor Gunter and City Manager Corpuz,

We are in receipt of Mr. Corpuz’s letter of September 20, 2019 (copy attached), responding to Salinas Valley Solid Waste Authority’s (“Authority”) letter of September 5, 2019 (copy attached) to Mayor Gunter. The Authority’s letter requested formal action from the City Council to memorialize Mr. Corpuz’s previous suggestions that the City’s Notice of Intent to Withdraw from the Authority would be considered to coincide with the end of the fiscal year and not the current and fast approaching withdrawal date of December 7, 2019.

Mr. Corpuz has stated on several occasions his intent to extend the withdrawal date due to the significant delays in completing the City’s solid waste study. Inadequate time now remains for the City to complete its due diligence to determine if withdrawal is appropriate for the stated goals of ratepayer protection and benefits. Unfortunately, Mr. Corpuz cannot bind the City Council to an extension of the withdrawal date without formal Council action. The Authority is now placed in an even more difficult position without the certainty of formal Council action to extend the withdrawal date as Mr. Corpuz has suggested.

Considering Authority concerns, we would like to repeat our request that the extension of the City’s withdrawal date come before the City Council for formal action at its earliest convenience. This would provide time for fair and transparent resolution of this matter and completion of all necessary due diligence activities by both agencies.

We are also very concerned with the unexpected tone of Mr. Corpuz’s letter. On page 2 of Mr. Corpuz’s letter, he states unequivocally that the City opposes placement of a Transfer Station or Self-Haul Facility [AB 939 programs and public services] in Salinas. He further extends this statement to exclude our Public Service Facilities within the City Sphere of Influence and any area identified as an Opportunity Zone in the City’s Economic Development Element (EDE). The primary basis for his opposition to a new site under consideration by the Authority is its presence in the City’s EDE Opportunity Zone W. It is important to note that the Madison Lane Transfer Station, recently purchased by the City’s Franchise Hauler Republic Services, is in City EDE Opportunity Zone M.
On March 7, 2019, the Authority Board held a special meeting for the specific purpose of discussing pathways forward for the two agencies, including improved collaboration and compromise. There was a consensus reached by the Board that there remains a need and clear public demand for the Authority, at a minimum, to continue to provide its core services for the public related to recycling, AB 939 services and transfer services for Salinas area self-haul customers. City Public Works staff also provided public comment to this effect, acknowledging the City’s intent to maintain local public service facilities.

Attached are excerpts from Authority’s November 2017 third-party Marketing Survey report which included questions related to long term Salinas area facility options under consideration at the time of the survey. The survey shows very clear public support to maintain and/or improve the Sun Street Transfer Station over other options. This report was presented to the Authority Board of Directors on January 18, 2018.

The survey showed the overall respondent support at 80% to 86% for maintaining and/or improving the Sun Street Transfer Station and the Salinas-only respondents showed an increased 84% to 88% level of support.

While the Authority Board recognizes and remains committed to the City need to relocate the Sun Street operations for possible future redevelopment, it is clear the public still strongly supports having a convenient facility within the City limits, if not at its current Sun Street location. This need has repeatedly been echoed by the City Franchise Hauler in order to maintain its collection efficiencies that keep ratepayer costs controlled. Authority staff has also opined and maintains that a complete system of either a single full-sized or two smaller-sized (existing) transfer station(s) and recycling facility(s) also reduces collection vehicle greenhouse gas generation and increased truck traffic impacts to distant facilities, and meets one of the major City goals of having “Excellent Infrastructure” to serve the public good.

On May 29, 2019, the Authority hosted a meeting with Authority and City leadership including two Salinas Council members (Authority Vice President De La Rosa and Authority Board member Cromeenes), and the Authority President, Cullen (King City) and Alternate Vice President Lopez (County). The complete minutes from that collaborative meeting are attached. The highlights of this meeting most relevant to this response are underlined and reflect the Authority’s concerns over the withdrawal date uncertainty and the comments of Mr. Corpuz indicating willingness to collaborate with the Authority on an extended withdrawal date and to consider relocation sites within the City. The comments regarding the need to maintain a public service facility in the City were echoed by both De La Rosa and Cromeenes, representing both the City and the Authority.

Based on the items above, we again request the City Council formally act on Mr. Corpuz’s suggestion to extend the withdrawal date to the end of the fiscal year to allow both agencies reasonable time to complete their due diligence, assess ratepayer impacts, financial risks, and receive public input on this very significant issue.
Response to Salinas City Manager Letter of 9-20-19

Sincerely,

Robert Cullen, President
Salinas Valley Solid Waste Authority

Attachments:  Robert Cullen, Authority President, letter of September 5, 2019
Ray Corpuz, Salinas City Manager, letter of September 20, 2019
Excerpts from Authority Marketing Survey of November 2017
Minutes of May 29, 2019 Authority/City Joint Meeting

Copy to:  Salinas Valley Board of Directors
Salinas City Council Members
September 5, 2019

Mr. Joe Gunter, Mayor
City of Salinas
200 Lincoln Avenue
Salinas, California 93901

Re: City of Salinas Withdrawal from Salinas Valley Solid Waste Authority

Dear Mayor Gunter and Council Members:

Salinas Valley Solid Waste Authority ("SVSWA") received the City’s Notice of Intent to Withdraw from the authority in December 6, 2018. As you know, this means a potential significant disruption to our agency and rate taxpayers, which requires planning on our part. The one-year anniversary of the Notice of Intent to Withdraw is quickly approaching. SVSWA needs direction on the potential transition timeline from the City. It is our current understanding that the City Council has not officially approved withdrawal at this time and is completing their due diligence. It has been informally stated by the Salinas City Manager that if City Council approves withdrawal, the transition would be consistent with the end of the fiscal year, placing withdrawal in July 2020, not December 2019.

SVSWA would appreciate an official Council statement and confirmation of the revised timeline for potential withdrawal in writing, if Council were to later approve this action. It is important that we have this information as we approach the one-year anniversary of the intent to withdraw and our need to plan.

I look forward to hearing from you regarding this issue. Please feel free to contact me if you have any questions.

Sincerely,

[Signature]

Robert Cullen, President
Salinas Valley Solid Waste Authority

cc: Salinas City Council
SVSWA Board of Directors
September 20, 2019

Via U.S. Mail and Electronic Mail: rculen@farmersagent.com

Robert Cullen, President
Salinas Valley Solid Waste Authority
128 Sun Street, Suite 101
Salinas, California 93901

Re: City of Salinas Withdrawal from Salinas Valley Solid Waste Authority;
   September 19, 2019 Board Meeting, Agenda Item no. 13

Dear Mr. Cullen:

This letter is written as a follow-up to your September 5, 2019 letter to the Salinas Mayor and City Council members regarding the City of Salinas’s withdrawal from the Salinas Valley Solid Waste Authority (SVSWA) and Item No. 13 on the SVSWA Board of Directors’ (Board) September 19, 2019 Agenda.

City of Salinas’s Notice of Intent to Withdraw

As you, the Board, and SVSWA staff are aware, on November 20, 2018, pursuant to Section 19 of the SVSWA Joint Powers Agreement, the Salinas City Council approved a Resolution (Resolution No. 21521) authorizing me to deliver a one-year written notice of the City’s intent to withdraw from the SVSWA Joint Powers Agency. As the SVSWA Staff’s September 19, 2019 Report to the Board correctly notes, the City indicated its Notice of Intent to Withdraw (Notice) in a letter to the SVSWA dated December 6, 2018. The City’s Notice initiated a minimum one-year timeline for the City’s withdrawal but did not set a specific date on which the withdrawal would occur. As your letter also correctly states, the City is completing its due diligence with respect to the City’s withdrawal and that
the City Council has not yet set a specific date on withdrawal would occur; I have previously indicated in correspondence to the SVSWA Board and Staff and in previous meetings with SVSWA Board members and Staff that the City’s withdrawal would not occur in December 2019, but at the earliest would occur at the end of the current fiscal year.

The City’s December 6, 2019 Notice initiated a minimum one-year timeline for withdrawal, meaning the City’s withdrawal could occur no sooner than on or about December 7, 2019. As you know and as you indicate in your September 5, 2019 letter, the City has not yet completed its due diligence into the City’s withdrawal and therefore City staff have not yet presented the results of that due diligence to the City Council. The City Council has thus not yet acted on the information or set a specific date on which the City would withdraw from the SVSWA, if at all. I anticipate that the City will complete its due diligence in October with a presentation on the results given to the City Council some time thereafter.

Given this timing and as I have previously indicated, City withdrawal could not occur in December 2019; withdrawal would not occur prior to the end of the current fiscal year. From our previous meetings, I am aware that the SVSWA Board and Staff have concerns regarding the City’s potential withdrawal and the need to accordingly plan for continued operations after the City’s withdrawal takes effect. Postponing withdrawal until at least the end of the current fiscal year gives the City additional time to complete its due diligence and also accommodates the SVSWA’s concerns for additional time to appropriately plan for the City’s potential withdrawal.

Opposition to Placement of a Transfer Station (or Self-Haul Facility) in Salinas

On August 7, 2018 the City Council approved a resolution supporting collaboration between Salinas Valley Solid Waste Authority (SVSWA) and the Monterey Regional Waste Management District (MRWMD) to leverage their resources to improve the overall system of solid waste processing and landfills in the County and address State regulations. The Board of Supervisors passed an MOU in support of collaboration on July 17, 2018. There was not much progress over the following months to create a partnership between SVSWA and MRWMD to address solid waste management with a more efficient countywide approach. Nor was there progress on relocating the Sun Street Transfer
Station outside the City. On November 20, the City passed the resolution to provide a one-year notice to withdraw from the Salinas Valley Solid Waste Authority Joint Powers Authority. The notice provides the City an opportunity to continue the process of determining the most efficient and economical method of delivering waste disposal and diversion services to the Salinas community.

The City is aware that the SVSWA Staff is in the process of identifying locations to which the existing Sun Street Transfer Station can be relocated and/or at which a self-haul facility can be established. As SVSWA’s General Manager/CAO has indicated and as shown on the Board’s September 19, 2019 Closed Session Agenda, SVSWA Staff are considering properties located at 356, 346, 330, and 320 West Market Street (West Market Street Parcels) in the city of Salinas as a possible relocation site. All of these properties are located within the city’s existing boundaries. The City is opposed to the relocation of the existing transfer Station and/or the establishment self-haul facility within the City’s limits or within the City’s Sphere of Influence or Economic Development Opportunity Areas. In a letter dated May 30, 2017, written in response to the SVSWA’s Notice of Preparation for the Long Term Facility Needs Study Project, the City made clear that it would not support either the expansion and continued use of the existing Sun Street Transfer Station at its current site or the relocation of the Transfer Station or the placement of a new facility within the city limits or within the City’s Sphere of Influence and other areas covered by its Economic Development Element.

The West Market Street Parcels are located within an Industrial-General Zoning District. Under the applicable development regulations, a transfer station or self-haul facility could only be permitted within this Zoning District pursuant to a Conditional Use Permit. The City would not support the required application for a Conditional Use Permit for a transfer station or a self-haul facility on the West Market Street Parcels.

The West Market Street corridor is designated in the City’s Economic Development Element as an area ripe for repositioning.\(^1\) All of the West Market Street parcels are located within Economic Opportunity Area W which, among other Economic Opportunity Areas, has been designated by the

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\(^1\) The Salinas City Council adopted the Economic Development Element as an element of its General Plan in December 2018.
City for the promotion and prioritization of redevelopment and revitalization to ensure the efficient use of land and existing infrastructure and services. Economic Opportunity Area W has been identified for mixed-use infill development, reuse of existing buildings, and for general revitalization where residents, workers, and visitors would have proximity to a wide range of commercial and workplace land uses in support of pedestrian-friendly and vibrant neighborhood corridors.

The West Market Street Parcels are located on the outside boundary of Gateway Overlay District No. 3. Gateway Overlay Districts are intended to create entrances that announce arrival and set a tone for the part of the City they introduce; establish attractive and inviting entrances to the City in order to form the basis for positive impressions and perceptions of the community; avoid inappropriate development that would result in incompatible uses or design; and ensure site planning and design that is sensitive to the unique gateway district.

I am aware that the West Market Street Parcels at issue are currently vacant at that agricultural cooling facilities and other general industrial uses presently exist on West Market Street. Those uses, however, and the proposed relocation or establishment of a transfer station or a self-haul facility on the West Market Street Parcels are inconsistent with the City’s current land use objectives for this area and the City’s long-term plans for redevelopment and revitalization of this corridor. For the reasons stated here, the City would oppose the relocation or the establishment of a transfer station or a self-haul facility on the West Market Street Parcels.

Non-Compliance with Existing Land Use Approvals

The Sun Street Transfer Station exists at its current location pursuant to a Site Plan Review (ministerial approval) which was approved and issued under previously existing land use regulations. The Site Plan Review was issued for a **Temporary** Transfer Station with maximum daily tonnage limited to one hundred tons per day.\(^2\) I am aware that the Local Enforcement Agency (LEA) for Monterey County has granted a permit for maximum daily tonnage in excess of one hundred tons per

\(^2\) Under current land use regulations, a Conditional Use Permit (discretionary approval) would be required for a transfer station to exist at the site. As the City has previously indicated, if the expansion of the existing temporary transfer station is an alternative being considered by the SVSWA, the City would not support the required application for a Conditional Use Permit.
day; however, that exceeds and is not compliant with the City’s land use approval. The SVSWA should bring its operations into compliance with the Site Plan Review limitation of a maximum of one hundred tons per day.

We respectfully request that this letter be entered into the Board’s record regarding this item.

Please let me know if you have any questions.

Sincerely,

Ray Corpuz
City Manager

cc: Mayor and City Council
    City Attorney
    Public Works Director
    Community Development Director

Salinas Valley Solid Waste Authority Board of Directors
General Manager/CAO, Salinas Valley Recycles
Telephone Survey of Salinas Valley Solid Waste Authority Service Area Residents

November 2017
Key Findings

- The Authority's brands are healthy, and the job rating of the Authority in providing its services to residents is strong.
  - There is more familiarity with the SVR brand than the SVSWA brand, but both are viewed favorably and known to a majority of residents.

- Confidence is high among residents when it comes to their ability to correctly sort their waste and recyclables, and most feel it is important to do correctly.

- Two-in-three residents have brought waste or recycling to an SVR facility, and there is some awareness of where waste goes after it is picked up by the local hauler.

- There is significant support for the Sun Street Station remaining open, and being upgraded to a permanent facility.
Facility Proposals Support

Support is highest for the two proposals that keep the Sun Street Transfer Station open. A majority strongly support upgrading and making the Sun Street facility permanent.

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Strongly Support</th>
<th>Somewhat Support</th>
<th>(DK/Ref.)</th>
<th>Somewhat Oppose</th>
<th>Strongly Oppose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrade Sun Street &amp; Make Permanent</td>
<td>54%</td>
<td>26%</td>
<td>5%</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>Add facilities at Johnson Canyon/Keep Sun Street as is</td>
<td>52%</td>
<td>34%</td>
<td>4%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>New Facility on Harrison/Close Sun Street</td>
<td>36%</td>
<td>35%</td>
<td>7%</td>
<td>11%</td>
<td>11%</td>
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<tr>
<td>New Facility on Crazy Horse/Close Sun Street</td>
<td>35%</td>
<td>32%</td>
<td>5%</td>
<td>12%</td>
<td>16%</td>
</tr>
<tr>
<td>Close Sun Street/Haul Waste to Marina</td>
<td>19%</td>
<td>27%</td>
<td>2%</td>
<td>18%</td>
<td>34%</td>
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</table>

35-39. I am going to read you some proposals that are being discussed for waste management and disposal in the Salinas Valley in the future. For each one, please tell me if you strongly support, somewhat support, somewhat oppose or strongly oppose that proposal.
“Upgrade Sun Street & Make Permanent” Support by Subgroups

A majority of Salinas residents want to see Sun Street upgraded and made permanent, but there is support for this option in all areas. Support is higher among Hispanic residents.

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Strongly Support</th>
<th>Somewhat Support</th>
<th>(DK/Ref.)</th>
<th>Somewhat Oppose</th>
<th>Strongly Oppose</th>
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<tbody>
<tr>
<td>Overall</td>
<td>54%</td>
<td>26%</td>
<td>0%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Salinas (56%)</td>
<td>58%</td>
<td>26%</td>
<td>0%</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>King City/Unincorp. (31%)</td>
<td>48%</td>
<td>25%</td>
<td>0%</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>Gonzales/Greenfield/Soledad (13%)</td>
<td>52%</td>
<td>27%</td>
<td>0%</td>
<td>2%</td>
<td>11%</td>
</tr>
<tr>
<td>Hispanic (52%)</td>
<td>64%</td>
<td>21%</td>
<td>0%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Non-Hispanic (48%)</td>
<td>44%</td>
<td>31%</td>
<td>0%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>18-39 (42%)</td>
<td>56%</td>
<td>28%</td>
<td>0%</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>40-64 (41%)</td>
<td>53%</td>
<td>25%</td>
<td>0%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>65+ (17%)</td>
<td>54%</td>
<td>20%</td>
<td>0%</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>≤10 yrs in Monterey Co. (19%)</td>
<td>56%</td>
<td>30%</td>
<td>0%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>11-20 yrs in Monterey Co. (21%)</td>
<td>56%</td>
<td>31%</td>
<td>0%</td>
<td>2%</td>
<td>6%</td>
</tr>
<tr>
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<td>0%</td>
<td>6%</td>
<td>7%</td>
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<tr>
<td>Gone to SVR facility (66%)</td>
<td>54%</td>
<td>25%</td>
<td>0%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Have not gone to SVR facility (34%)</td>
<td>54%</td>
<td>27%</td>
<td>0%</td>
<td>5%</td>
<td>6%</td>
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39. Upgrading the Sun Street Transfer Station in Salinas to make it a permanent facility that is able to handle all of the waste and recycling needs for the Salinas Valley.
"Add Facilities at Johnson Canyon/Keep Sun Street as is" Support by Subgroups

<table>
<thead>
<tr>
<th></th>
<th>Strongly Support</th>
<th>Somewhat Support</th>
<th>(DK/Ref.)</th>
<th>Somewhat Oppose</th>
<th>Strongly Oppose</th>
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<tbody>
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<td>Overall</td>
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<td>34%</td>
<td>4%</td>
<td>6%</td>
<td>4%</td>
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<tr>
<td>Salinas (56%)</td>
<td>55%</td>
<td>33%</td>
<td>4%</td>
<td>6%</td>
<td>2%</td>
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<tr>
<td>King City/Unincorp. (31%)</td>
<td>42%</td>
<td>38%</td>
<td>4%</td>
<td>7%</td>
<td>8%</td>
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<tr>
<td>Gonzales/Greenfield/Soledad (13%)</td>
<td>60%</td>
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<td>8%</td>
<td>4%</td>
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<tr>
<td>Hispanic (52%)</td>
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<td>Non-Hispanic (48%)</td>
<td>42%</td>
<td>40%</td>
<td>5%</td>
<td>9%</td>
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<tr>
<td>18-39 (42%)</td>
<td>48%</td>
<td>40%</td>
<td>1%</td>
<td>7%</td>
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<tr>
<td>40-64 (41%)</td>
<td>55%</td>
<td>33%</td>
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<td>65+ (17%)</td>
<td>55%</td>
<td>21%</td>
<td>8%</td>
<td>9%</td>
<td>7%</td>
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<td>≤10 yrs in Monterey Co. (19%)</td>
<td>47%</td>
<td>39%</td>
<td>3%</td>
<td>7%</td>
<td>3%</td>
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<tr>
<td>11-20 yrs in Monterey Co. (21%)</td>
<td>57%</td>
<td>33%</td>
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<tr>
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<td>51%</td>
<td>33%</td>
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<td>Have not gone to SVR facility (34%)</td>
<td>48%</td>
<td>36%</td>
<td>6%</td>
<td>6%</td>
<td>5%</td>
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38. Building new facilities at the Johnson Canyon Landfill in Gonzales that allow for on-site processing of waste materials to reduce trash volume and extend the life of the landfill. This plan would also include keeping the temporary Sun Street Transfer Station open.
Salinas Valley Solid Waste Authority

City of Salinas

Meeting Notes
May 29, 2019
2:30 p.m.

Attendees:

City of Salinas
Christopher A. Callihan, Attorney
Gloria De La Rosa, Councilmember/SVSWA Board Vice President
Christie Cromeenes, Councilmember/SVSWA Board Member
David Jacobs, Public Works Director
Jim Sandoval, Asst. Public Works Director
Ray E. Corpuz, City Manager
Matt N. Pressey, Finance Director

Salinas Valley Solid Waste Authority
Roy Santos, General Legal Counsel
Robert Cullen, President
Chris Lopez, Alt. Vice President
Patrick Mathews, General Manager/CAO
Cesar Zuñiga, Asst. General Manager
Mandy Brooks, Resource Recovery Manager
Ray Hendricks, Finance and Administration Manager
Erika J. Trujillo, Clerk of the Board

Meeting Topics

Introductions
Mr. Cullen welcomed everyone, introduced himself, and invited a brief introduction of all attendees.

Settlement Offer Business Points to Avoid Salinas Withdrawal as Authority Member
Mr. Cullen provided a brief history on the reason for the meeting. He indicated the City of Salinas’ One-Year Notice of Intention to Withdraw from the Joint Powers Agreement (JPA) with the Salinas Valley Solid Waste Authority (SVSWA), dated December 6, 2018, triggered the development of the settlement offer presented to the City of Salinas (COS) that will be discussed at this meeting. Mr. Cullen explained that the notice created havoc and the offer presented to the COS was approved by the SVSWA Board in the effort to try to balance things and meet the COS and SVSWA’s needs. He indicated the Board is understanding of the need to remove/relocate the Sun Street Transfer Station to accommodate the Alisal Market Place project and has been attempting for several years to relocate the transfer station in an effort to meet the city and customer’s needs. Mr. Cullen invited comments from Mrs. De La Rosa and Mr. Lopez as representatives of the SVSWA Executive Committee.

Mrs. De La Rosa indicated it has been a long process and is glad everyone is in this meeting to be able to listen to the COS needs and wants.

Mr. Lopez expressed his desire to identify a path forward for SVSWA, expressing his concerns about the recurring conversation regarding the move of the Salinas transfer station that has carried over for several years. He stated he would like to identify a long-term solution and a clear understanding of the desire of the COS of maintaining a transfer station within city limits or not.
Mr. Cullen further commented that the SVSWA Board is aware of the current study being conducted by R3 Consultants for the COS related to waste management and the audit of the COS franchise agreement. He expressed the understanding by the SVSWA Board of all the moving pieces related to this study and requested a status update of the study.

Mr. Corpuz indicated that the COS would like clarification on a few points of the settlement offer, timeline, and reason for offering it. He indicated R3 Consultants was hired to conduct a study and provide a report of the good, bad and ugly, related to waste, new organics legislation, and the franchise agreement. He indicated that the COS Council has deemed the cost to the Salinas rate payer a key criterion for the future decisions to be made. He indicated completing all due diligence of the study is important so that the COS Council can make informed decisions, as well as the renegotiating of the franchise agreement. He stated that the COS Council will seek public comment on the study after completion. Mr. Corpuz also stated that he understands the negative impacts imposed upon SVSWA by the COS Council’s action of issuing the notice to withdraw. He indicated the Alisa Vibrancy plan will be presented to the COS Council in June with recommendation and feedback coming from 24 residents not directly involved with the city.

Mr. Sandoval indicated the COS agrees for the need of a local facility for self-haul customers. He indicated the COS will review the findings of the study and the results of the audit of the franchise agreement to assess the waste processing for the COS.

Mr. Cullen expressed his concern with the estimated completion date of August for the study being conducted by the R3 Consultant. Specifically, his concern is that the analysis and discussion of the study at the COS Council level will likely result in a final decision being made too close to the December withdrawal date. The repercussions of that are significant because it does not allow the SVSWA to plan for the future, and has further impacts on employees, bond holders, customers and the residents of Salinas.

Mr. Corpuz indicated he has discussed with the County of Monterey their previous intent to withdraw from the JPA and they had indicated their intent was to withdraw at the end of a fiscal year. He stated this would be considered as an option for the COS, indicating the December deadline is not necessarily the withdraw date. Mr. Corpuz stated, “If withdrawal is approved, we will work with a transition consistent with the fiscal year.” [Clarification by email communication dated June 14, 2019 from Ray Corpuz, City of Salinas City Manager to President Cullen presented at the June 20, 2019 SVSWA Board meeting].

Mr. Cullen indicated that because there is nothing in writing it is difficult for SVSWA to plan for anything other than a December withdraw date. Therefore, obligations for notices such as employee terminations and bond holders’ notices would be given months prior to the December date. That becomes nearly impossible given the question marks surrounding COS’ plans. Mr. Cullen requested General Manager/CAO Mathews review and explain the bullet points within the settlement agreement to allow the COS to ask questions.

Mr. Mathews reviewed each of the bullet points in detail within the settlement offer. He explained the dates offered in the settlement offer were based on the time the offer was originally presented to the COS and are subject to adjustments and flexible within reasonable and realistic expectations. The process of relocating the transfer station without interruption of services would require a process such as CEQA, sale of the existing transfer station, moving of the transfer station and other operation factors that must be considered
when it comes to adjusting the dates. He indicated that all bullet points in the settlement offer would be placed in a Memorandum of Understanding format for the entities to execute. He clarified that the services currently being offered to Republic Services are not mandated to be done by SVSWA as they have been provided at the past request of the City of Salinas and Republic Services to improve franchise productivity and reduce traffic.

Mr. Corpuz inquired on the type of transfer station SVSWA is considering.

Mr. Mathews indicated that is open for discussion. With Republic Services purchasing Madison Lane it is unknown at this time if any shared services opportunities are available. He indicated they have expressed interest but there has been no offer or commitment.

Mr. Cullen clarified that SVSWA has no intent in moving what is currently at the Salinas transfer station, an open transfer station, to another location. SVSWA intent has always been to have an enclosed facility. Mr. Cullen inquired if R3 Consultant would be contacting SVSWA for data related to waste flow for their study.

Mr. Sandoval indicated they are working on a questionnaire to contact SVSWA.

Mr. Cullen inquired about the identification of a developer interested in the Alisal Market Place.

Mr. Corpuz indicated they have received general interest on the Alisal Market Place. He indicated that the Alisal Market place is part of a census tract allowing for other opportunities. He indicated the COS has already had two workshops to help identify opportunities and has received one proposal. It has been heavily marketing several projects and has brought people out who have expressed interest.

Mr. Mathews inquired about possible sites identified within the COS that could be beneficial for SVSWA or appropriate for a transfer station.

Mr. Corpuz indicated there might be sites within the COS and opportunities for the SVSWA.

Mr. Corpuz inquired about the commitment of the bond stated within the settlement offer. He stated that the COS is committed to the bonds regardless of whether they withdraw from the agency or stay.

Mr. Mathews clarified the intent is to look for stability as the withdrawal of the COS will cause SVSWA to lose the economy of scale causing financial burdens with annual carrying costs.

Mr. Pressey inquired about the estimated anticipating annual carrying cost.

Mr. Mathews indicated aside from bond obligation there are closure and post-closure care costs, environmental issues that would require an irrevocable letter of commitment in case of unforeseen damages caused at one of the closed landfills and other carrying cost such as the maintenance of property where the transfer station is located if moved prior to it being sold.

Mr. Sandoval inquired about the greenwaste contract with Republic Services and the subsequent effect on the rate increase for the AB939 fees.

Mr. Hendricks indicated there is a shortfall of approximability $313,0000 due to the contract and continuing subsidy of the low Salinas rate. He stated that if the COS would allow the rate to be equalized for all the members, the AB939 fee increase would not be added,
which would end the South County cities and unincorporated county subsidizing the Salinas rate payers.

Mr. Mathews explained the Organics fees will not be going down because SB 1383 is more rigorous than AB 939. To comply with the mandate, it will require more staff and equipment either from the COS or SVSWA.

Mr. Corpuz inquired about the value expected by SVSWA for the Sun Street property if sold.

Mr. Mathews stated the Board had previously requested fair market value, or at least what it was purchased for, which was approximately $3.8 million. The last appraisal came in at $4 million in 2014.

Mr. Corpuz expressed his appreciation for the meeting indicating it was very helpful.

Mrs. Cromeeenes expressed her gratitude for SVSWA, the work being done to educate the community and youth on organics and recycling. She wanted to reiterate what she has said to the COS staff of a transfer station being needed within the city that handles recycling, waste, and household hazardous waste. She expressed her concern with a facility outside of the city limits as this would potentially cause more litter within the city. Mrs. Cromeeenes requested City staff to work collaboratively with SVSWA staff to find viable options for a self-haul facility within the city limits.

Mr. Lopez reiterated wanting a clear direction from the COS on what they want.

Mrs. De La Rosa expressed her understanding from Mr. Corpuz that is to work cooperatively with SVSWA and reiterated the need to have a self-haul facility in the city.

Mr. Mathews expressed his concern related to the organics grant received from CalRecycle for $1.3 million in which all member agencies committed their organic waste stream. He indicated the facility is almost complete, but that the grant is now at risk with the potential loss of COS' organic waste stream.

Mr. Santos commented that SVSWA settlement offer was presented and no response on an agreement or counteroffer has been received. He would like some terms of offer or a rough estimate of when SVSWA would get a response or counteroffer as SVSWA needs to start preparing for a possible withdraw. Mr. Corpuz did not provide terms but agreed on the urgency to discuss with the COS Council.

Mr. Cullen indicated SVSWA cannot wait much longer for the COS to make a decision on the notice to withdraw before it needs to consider sending notices to employees and bondholders. He requested that COS staff present this item, including the numerous negative impacts, to the COS Council as soon as possible for comment and for them to provide direction to staff on how to proceed.

Mr. Sandoval inquired about a partnership between SVSWA and Republic Services for the self-haul customers to go to the Madison Lane Transfer Station.

Mr. Mathews indicated interest has been expressed from Republic Services, however, there has been nothing concrete presented. He explained there are many factors to take into considerations such as the amount of permitted tonnage needed by Republic Services for their own operation, extension of permits if tonnage needs to be increased, road improvements previously promised to the Boronda community, amongst other variables.
Conclusion
Meeting concluded at 3:40 p.m.