



APPEARANCES

MR. DANIEL G. PENNINGTON, CHAIRMAN  
MR. ROBERT C. FRAZEE, VICE CHAIRMAN  
MR. WESLEY CHESBRO, MEMBER  
MS. JANET GOTCH, MEMBER  
MR. PAUL RELIS, MEMBER

STAFF PRESENT

MR. RALPH CHANDLER, CHIEF EXECUTIVE OFFICER  
MS. KATHRYN TOBIAS, LEGAL COUNSEL  
MS. MARLENE KELLY, BOARD SECRETARY



I N D E X

	<u>PAGE NO.</u>
CALL TO ORDER	7
EX PARTE COMMUNICATIONS	
ITEM 1: PRESENTATION BY LOCAL OFFICIALS	9
ITEM 2: REPORTS OF THE BOARD'S COMMITTEES:	
LEGISLATION AND PUBLIC EDUCATION	23
PLANNING AND LOCAL ASSISTANCE	23
PERMITTING & ENFORCEMENT	26
MARKET DEVELOPMENT	28
POLICY, RESEARCH & TECHNICAL ASSISTANCE	32
ADMINISTRATION	33
ITEM 3: REPORT FROM THE EXECUTIVE DIRECTOR	33
ITEM 4: CONSIDERATION OF CONSENT AGENDA:	39-45
ITEM 5: CONSIDERATION OF AN INCREASE TO THE 1996-97 FISCAL YEAR INTERAGENCY AGREEMENT WITH THE BOARD OF EQUALIZATION TO COLLECT THE TIRE RECYCLING FEE	
ITEM 6: CONSIDERATION OF A CONTRACT CONCEPT AND AWARD OF CONTRACT FOR \$1 MILLION WITH THE CALIFORNIA CONSERVATION CORPS FOR USED OIL EDUCATION ACTIVITIES	
ITEM 7: CONSIDERATION OF APPOINTMENT OF A MEMBER TO THE LOAN COMMITTEE FOR THE RECYCLING MARKET DEVELOPMENT ZONE LOAN PROGRAM	
ITEM 8: CONSIDERATION OF THE COMPOSITION OF MEMBERSHIP AND THE ESTABLISHMENT OF A PROCESS FOR SELECTION/APPOINTMENT TO THE RECYCLING MARKET DEVELOPMENT ZONE LOAN COMMITTEE	
ITEM 9: CONSIDERATION OF A PROCESS TO IDENTIFY A STATE AGENCY PARTNER AND PROJECT FOR THE 1997-98 ENVIRONMENTAL ENHANCEMENT AND MITIGATION PROGRAM GRANT APPLICATION	



ITEM 11: CONSIDERATION OF STAFF  
RECOMMENDATION ON THE ADEQUACY OF THE SUMMARY PLAN  
AND COUNTYWIDE INTEGRATED WASTE MANAGEMENT PLAN  
FOR AMADOR COUNTY.

ITEM 12: CONSIDERATION OF STAFF  
RECOMMENDATION ON THE ADEQUACY OF THE SOURCE  
REDUCTION AND RECYCLING ELEMENT AND THE HOUSEHOLD  
HAZARDOUS WASTE ELEMENT FOR THE CITY OF EUREKA,  
HUMBOLDT COUNTY

ITEM 13: CONSIDERATION OF STAFF  
RECOMMENDATION ON THE ADEQUACY OF THE NONDISPOSAL  
FACILITY ELEMENT FOR THE CITY OF DUARTE, LOS  
ANGELES COUNTY

ITEM 14: CONSIDERATION OF STAFF  
RECOMMENDATION ON THE ADEQUACY OF THE SOURCE  
REDUCTION AND RECYCLING ELEMENT, HOUSEHOLD  
HAZARDOUS WASTE ELEMENT, NONDISPOSAL FACILITY  
ELEMENT FOR THE CITY OF PORTOLA, PLUMAS COUNTY

ITEM 15: CONSIDERATION OF STAFF  
RECOMMENDATION ON THE ADEQUACY NONDISPOSAL  
FACILITY ELEMENT FOR THE CITY OF LODI, SAN JOAQUIN  
COUNTY

ITEM 16: CONSIDERATION OF STAFF  
RECOMMENDATION ON THE ADEQUACY OF THE SITING  
ELEMENT AND SUMMARY PLAN FOR SOLANO COUNTY

ITEM 17: CONSIDERATION OF STAFF  
RECOMMENDATION ON THE ADEQUACY OF THE SITING  
ELEMENT AND SUMMARY PLAN FOR ALAMEDA COUNTY

ITEM 20: CONSIDERATION OF CONCURRENCE IN  
THE ISSUANCE OF A NEW SOLID WASTE FACILITY PERMIT  
FOR THE WESTERN EL DORADO RECOVERY SYSTEMS, INC.,  
MATERIAL RECOVERY FACILITY, EL DORADO COUNTY

ITEM 21: CONSIDERATION OF CONCURRENCE IN  
THE ISSUANCE OF A REVISED SOLID WASTE FACILITY  
PERMIT FOR THE HANFORD LANDFILL, KINGS COUNTY

ITEM 22: CONSIDERATION OF CONCURRENCE  
IN THE ISSUANCE OF A REVISED SOLID WASTE FACILITY  
PERMIT FOR THE NORTH AREA TRANSFER STATION,  
SACRAMENTO COUNTY



ITEM 23: CONSIDERATION OF CONCURRENCE IN THE ISSUANCE OF A REVISED SOLID WASTE FACILITY PERMIT FOR THE SOUTH AREA TRANSFER STATION, SACRAMENTO COUNTY

ITEM 24: CONSIDERATION OF ALLOCATION OF 1996/1997 SOLID WASTE DISPOSAL AND CODISPOSAL SITE CLEANUP PROGRAM FUNDS

ITEM 25: CONSIDERATION OF BOARD ENFORCEMENT POLICY WHICH PROVIDES GUIDANCE FOR LEA ENFORCEMENT PROGRAMS AND FOR BOARD STAFF

ITEM 26: CONSIDERATION OF ADOPTION OF NEGATIVE DECLARATION AND PROPOSED REGULATIONS FOR THE HANDLING AND DISPOSAL OF ASBESTOS-CONTAINING WASTE

ITEM 27: CONSIDERATION OF THE APPROVAL OF A MEMORANDUM OF AGREEMENT WITH THE CITY OF STOCKTON FOR ENFORCEMENT AGENCY DUTIES

ITEM 10: CONSIDERATION OF THE TIRE PROGRAM PRIORITIES AND FUNDING ALLOCATIONS.

STAFF PRESENTATION	--
PUBLIC TESTIMONY	--
BOARD DISCUSSION	92
ACTION	98

ITEM 18: CONSIDERATION OF ADOPTION OF THE NEGATIVE DECLARATION AND THE PROPOSED REGULATIONS FOR CONSOLIDATION OF THE ANNUAL REPORT REQUIREMENTS

STAFF PRESENTATION	99
PUBLIC TESTIMONY	
BOARD DISCUSSION	103
ACTION	104
	105

ITEM 19: PULLED



ITEM 28: CONSIDERATION OF THE ESTABLISHMENT OF A  
HEARING PANEL WHEN THE BOARD IS ACTING AS THE  
ENFORCEMENT AGENCY

STAFF PRESENTATION	105
PUBLIC TESTIMONY	
BOARD DISCUSSION	106
ACTION	107

ITEM 29: PRESENTATION OF SIX-MONTH UPDATE ON OXFORD TIRE  
RECYCLING PERMIT, STANISLAUS COUNTY

STAFF PRESENTATION	45, 78
PUBLIC TESTIMONY	56, 70
BOARD DISCUSSION	61, 73, 82
ACTION	- -
ADJOURNMENT	108



1 YUBA CITY, CALIFORNIA; WEDNESDAY, OCTOBER 23, 1996  
2 9:30 A.M.  
3  
4 CHAIRMAN PENNINGTON: GOOD MORNING AND  
5 WELCOME TO THE OCTOBER MEETING OF THE CALIFORNIA  
6 INTEGRATED WASTE MANAGEMENT BOARD. WILL THE  
7 SECRETARY PLEASE CALL THE ROLL.  
8 BOARD SECRETARY: BOARD MEMBER CHESBRO.  
9 BOARD MEMBER CHESBRO: HERE.  
10 BOARD SECRETARY: FRAZEE.  
11 BOARD MEMBER FRAZEE: HERE.  
12 BOARD SECRETARY: GOTCH.  
13 BOARD MEMBER GOTCH: HERE.  
14 BOARD SECRETARY: RELIS.  
15 BOARD MEMBER RELIS: HERE.  
16 BOARD SECRETARY: CHAIRMAN PENNINGTON.  
17 CHAIRMAN PENNINGTON: HERE. I HAVE TO  
18 LOOK AROUND AND SEE WHERE EVERYBODY IS. WE HAVE A  
19 QUORUM.  
20 DOES ANY MEMBER HAVE ANY EX PARTE  
21 COMMUNICATIONS THEY WISH TO BRING BEFORE THE  
22 BOARD?  
23 BOARD MEMBER RELIS: MR. CHAIR, AFTER THE  
24 MEETING YESTERDAY, THE POLICY COMMITTEE MEETING,  
25 MET WITH JACK MICHAEL AND REPRESENTATIVES OF L.A.



1 COUNTY CONCERNING THEIR PROPOSAL. THERE WERE ALSO  
2 REPRESENTATIVES, AND I DID NOT GET ALL THEIR  
3 NAMES, AND I WILL MAKE THAT AVAILABLE FOR THE  
4 RECORD, FROM THE CITY OF LOS ANGELES WHO CAME UP  
5 AND DISCUSSED WITH ME THEIR TESTING SYSTEM FOR  
6 RAC.

7 CHAIRMAN PENNINGTON: ANY OTHERS? MR.  
8 CHESBRO.

9 BOARD MEMBER CHESBRO: MR. CHAIRMAN, I  
10 HAVE A LIST THAT I'LL SUBMIT FOR THE RECORD, BUT  
11 THE ONES THAT ARE DIRECTLY RELEVANT TO THE AGENDA.  
12 I GOT A LETTER, AND I THINK YOU ALL SHOULD HAVE  
13 RECEIVED IT TOO, FROM STU CLARK REPRESENTING WMX  
14 REGARDING ITEM 17, THE ALAMEDA COUNTY SITING  
15 ELEMENT. ALSO A LETTER FROM LYNN NICHOLSON, L.A.  
16 COUNTY, ON THE ASPHALT RUBBER TECHNOLOGY ISSUE. A  
17 LETTER FROM SENATOR O'CONNELL AND ASSEMBLYMAN  
18 FIRESTONE REGARDING TIRE FUNDING ISSUES. AND ALSO  
19 SHAYNE DEL COHEN - - THIS WAS A VERBAL EX PARTE  
20 YESTERDAY - - REPRESENTING RST P-A-L PALLETS, AGAIN  
21 REGARDING THE TIRE ISSUE.

22 CHAIRMAN PENNINGTON: THANK YOU. MS.  
23 GOTCH.

24 BOARD MEMBER GOTCH: ON THE 21ST I HAD A  
25 CONVERSATION WITH TERRY LEVEILLE AND ASSOCIATES



1 AND HAZEL BLANKENSHIP REGARDING T.Y.R.E.S.  
2 INCORPORATED. AND I DON'T BELIEVE THE LETTER FROM  
3 JERRY JAMGOTCHIAN, CITY OF HAWTHORNE THIS MORNING  
4 REGARDING AB 939 ANNUAL REPORT.  
5 ALSO RECEIVED A LETTER FROM  
6 ASSEMBLYMEMBERS FIRESTONE . EXCUSE ME - -  
7 ASSEMBLYMEMBER FIRESTONE AND SENATOR O'CONNELL.  
8 AND LASTLY, A LETTER FROM - - I BELIEVE WE ALL  
9 RECEIVED THIS LETTER - - FROM BELL, MCANDREWS &  
10 HILTACHK, ATTORNEYS AND COUNSELORS AT LAW,  
11 REGARDING T.Y.R.E.S. INC. AND THAT COMPLETES.  
12 CHAIRMAN PENNINGTON: THANK YOU. MR.  
13 FRAZEE.  
14 BOARD MEMBER FRAZEE: MINE ARE ALL  
15 RECORDED IN THE RECORD BEFORE I LEFT YESTERDAY.  
16 CHAIRMAN PENNINGTON: OKAY. THANK YOU.  
17 I THINK ALL OF MINE ARE AS WELL, ALTHOUGH I SHOULD  
18 MENTION THAT I'M NOT SURE THAT I'VE DONE THE  
19 MEETING WITH TERRY LEVEILLE AND HAZEL BLANKENSHIP  
20 REGARDING T.Y.R.E.S. INC. AND I DID SPEAK WITH  
21 THE L.A. CITY SOLID WASTE FOLKS LAST EVENING AFTER  
22 THE COMMITTEE MEETING. I THINK THAT DOES THAT.  
23 I WILL NOW MOVE TO WELCOMING REMARKS  
24 BY MAYOR PAT HEARNE.  
25 MAYOR HEARNE: THANK YOU AND GOOD



1 MORNING, CHAIRMAN PENNINGTON AND BOARD MEMBERS,  
2 WELCOME. IT'S AN HONOR TO HAVE YOU VISIT OUR CITY  
3 FOR YOUR MONTHLY MEETING. USUALLY I SIT WHERE  
4 YOU'RE SITTING AND, BELIEVE ME, IT'S MUCH MORE  
5 PLEASANT TO BE ON THIS SIDE, ESPECIALLY DURING AN  
6 ELECTION YEAR.  
7 IT'S AN HONOR FOR THE CITY OF YUBA  
8 CITY TO BE HOSTING YOUR MONTHLY MEETING, AND WE  
9 WOULD HOPE THAT AFTER BEING HERE FOR A BRIEF TIME  
10 IN THE YUBA-SUTTER AREA, THAT IT WILL BE AN  
11 ENCOURAGEMENT FOR YOU TO COME AND VISIT AGAIN WHEN  
12 YOU HAVE MORE TIME TO VISIT OUR GREAT REGION.  
13 EVEN THOUGH WE HAVE ONE OF THE MORE  
14 ADVANCED WASTE MANAGEMENT SYSTEMS IN THE STATE FOR  
15 A COMMUNITY OUR SIZE, WE DO HAVE MORE TO OFFER,  
16 FROM THE SACRAMENTO RIVER TO THE WEST, SUTTER  
17 COUNTY TO EVEN UP INTO THE SIERRA NEVADA  
18 MOUNTAINS, AND EAST OF YUBA WE ARE BLESSED WITH  
19 NATURAL AND ECONOMICAL AND HUMAN RESOURCES.  
20 THAT'S WHAT MAKES THIS PLACE A GREAT PLACE,  
21 CONTRARY TO WHAT YOU MIGHT HAVE HEARD, TO LIVE AND  
22 VISIT. AGAIN, WELCOME TO YUBA CITY.  
23 I'D LIKE TO INTRODUCE TO YOU AT THIS  
24 TIME KEITH MARTIN, THE ADMINISTRATOR OF THE  
25 REGIONAL WASTE MANAGEMENT IN THIS AREA, AND HE'S



1 GOING TO BRING TO YOU SOME OF THE BRIEF HIGHLIGHTS  
2 OF OUR WASTE MANAGEMENT SYSTEM AND WHY IT IS SO  
3 UNIQUE. AND ALSO HE'S GOING TO UPDATE YOU ON HOW  
4 WE ARE MEETING OUR MANDATES FOR THE AB 939. THANK  
5 YOU.

6 BOARD MEMBER CHESBRO: MADAM MAYOR, I  
7 JUST WANTED TO SAY, BEFORE KEITH GETS UP, THAT I  
8 HAVE HAD THE PLEASURE OF SPENDING QUITE A BIT OF  
9 TIME AROUND HERE BECAUSE MY SISTER HAS LIVED IN  
10 THE CITY FOR MANY YEARS. SHE NOW LIVES OVER IN  
11 SUTTER AND TEACHES SCHOOL THERE. SHE AND HER SON  
12 LIVE IN THE TOWN OF SUTTER, SO I'M REAL FAMILIAR  
13 WITH THE NEIGHBORHOOD, AND, OF COURSE, I'VE HAD  
14 MANY OPPORTUNITIES TO COME UP AND VISIT YSDI. AND  
15 IT'S A PLEASURE TO BE HERE.

16 MAYOR HEARNE: IT'S A REAL PRIVILEGE TO  
17 HAVE YOU HERE.

18 CHAIRMAN PENNINGTON: THANK YOU, MS.  
19 MAYOR.

20 MR. MARTIN: THANK YOU, MAYOR HEARNE.  
21 WELCOME, MR. CHAIRMAN AND MEMBERS OF THE BOARD.  
22 WE CERTAINLY ARE PLEASED TO HAVE YOU HERE WITH US  
23 TODAY IN OUR REGION, AND IT'S A GREAT OPPORTUNITY  
24 TO HAVE YOU WITH US AND ALSO APPRECIATE THE CHANCE  
25 TO JUST GIVE YOU A BRIEF OVERVIEW OF WHAT WE'RE



1 DOING IN THIS AREA, AND SOME OF YOU ARE MORE  
2 FAMILIAR THAN OTHERS, AND CERTAINLY WE'VE BEEN  
3 BEFORE YOUR BOARD BEFORE ON ISSUES SUCH AS OUR  
4 VARIOUS ELEMENTS AND VARIOUS PERMITS FOR DIFFERENT  
5 FACILITIES, AND SO YOU AND YOUR STAFF HAVE BEEN  
6 FAMILIAR WITH US IN THE PAST.  
7 THE COMMUNITIES OF YUBA AND SUTTER  
8 COUNTIES AND MOST RECENTLY JOINED BY THE CITY OF  
9 GRIDLEY HAVE BEEN COOPERATING ON REGIONAL WASTE  
10 MANAGEMENT ACTIVITIES FOR QUITE SOME TIME ACTUALLY  
11 DATING BACK MORE THAN 20 YEARS TO THE FIRST COUNTY  
12 SOLID WASTE MANAGEMENT PLAN, WHICH IN THIS CASE  
13 WAS A BICOUNTY PLAN. AS FAR AS I KNOW, WE'RE  
14 STILL THE ONLY MULTICOUNTY SOLID WASTE PLANNING  
15 FUNCTION IN THE STATE, AND A LOT OF THAT HAS TO DO  
16 WITH OUR LONGTIME HISTORY OF COOPERATION ON MANY  
17 ISSUES, NOT JUST SOLID WASTE MANAGEMENT.  
18 WE ALSO HAVE A SINGLE SOLID WASTE  
19 HAULER IN YUBA SUTTER DISPOSAL, IN NORCAL WASTE  
20 SYSTEMS COMPANY, AND THAT IS IN A SINGLE LARGE  
21 FACILITY FOR LANDFILL OPERATIONS THAT HAS ALLOWED  
22 US TO COORDINATE A LOT OF OUR ACTIVITIES OVER THE  
23 YEARS.  
24 WE, AS A REGIONAL WASTE MANAGEMENT  
25 AUTHORITY, WE'RE A SEVEN MEMBER JURISDICTION, AND



1 WE ARE RESPONSIBLE FOR THE SOLID WASTE MANAGEMENT  
2 PLANNING. AND THAT'S PRIMARILY THE AB 939 PLANS  
3 AND THOSE PROCESSES. AND WE DO HAVE NO  
4 OPERATIONAL RESPONSIBILITY, SO WE REALLY ARE A  
5 PLANNING AGENCY. ALL OF OUR OPERATIONAL  
6 RESPONSIBILITIES ARE DONE THROUGH OUR CONTRACTS  
7 WITH THE FRANCHISE HAULERS, WHICH ARE MANAGED AND  
8 LET AND PRICES AND RATES SET BY INDIVIDUAL ACTION  
9 OF OUR MEMBER JURISDICTIONS.  
10 SO YOU CAN SEE THAT WHEN WE DO  
11 SOMETHING HERE, YOU HAVE TO COORDINATE WITH SEVEN  
12 DIFFERENT JURISDICTIONS TO HAVE AN ACTION BY THEIR  
13 CITY COUNCIL AND BOARDS OF SUPERVISORS. MAKES IT  
14 A REAL CHALLENGE TO MOVE FORWARD IN SOME OF THESE  
15 AREAS. SO FOR WHAT WE HAVE ACCOMPLISHED, WE ARE  
16 QUITE PROUD OF THAT COOPERATION.  
17 AS I SAID, ALL OF OUR SEVEN  
18 JURISDICTIONS ARE SERVED BY THE SAME HAULER, YUBA  
19 SUTTER DISPOSAL, AND WE HAVE A SINGLE LARGE  
20 REGIONAL LANDFILL THAT SERVES ALL THE SEVEN  
21 JURISDICTIONS.  
22 AND TO COMPLY WITH THE AB 939  
23 DOCUMENT REQUIREMENTS, WE'VE BEEN COORDINATING ON  
24 THESE ISSUES SINCE THE VERY BEGINNING EVEN BEFORE  
25 THE REGIONALIZATION LEGISLATION, WHICH WE



1 SUPPORTED, TO ALLOW FOR REGIONAL DOCUMENTS WE  
2 PREPARED. AND, IN FACT, IN LAST YEAR, ACTUALLY  
3 EARLIER THIS YEAR, IN APRIL, THIS BOARD APPROVED  
4 ALL OF OUR ELEMENTS AND OUR REGIONAL AGREEMENT TO  
5 DEVELOP THE REGIONAL INTEGRATED WASTE MANAGEMENT  
6 PLAN, WHICH HAS BEEN COMPLETED NOW.  
7 WE - AS TO THE LEAD AGENCY FOR  
8 THAT, WE ARE CONSTANTLY COORDINATING WITH OUR  
9 CONTRACTOR AND YUBA SUTTER DISPOSAL AS WELL AS OUR  
10 JURISDICTIONS AND WORKING WITH THEM ON DEVELOPMENT  
11 OF NEW PROGRAMS AND PLANS AS WE MOVE FORWARD INTO  
12 THE YEAR 2000.  
13 I AM HAPPY TO REPORT THAT WE HAVE  
14 MADE SOME PROGRESS, CONSIDERABLE PROGRESS, IN A  
15 NUMBER OF AREAS, ESPECIALLY CONSIDERING THE SIZE  
16 OF OUR COMMUNITIES. THE ENTIRE SERVICE AREA IS  
17 ABOUT 140,000 PEOPLE SPREAD OVER TWO COUNTIES AND  
18 FIVE CITIES. AND IT'S PRIMARILY A RURAL AREA.  
19 EVEN THOUGH OUR URBAN AREA IS ABOUT 65,000 PEOPLE  
20 IN YUBA CITY AND MARYSVILLE, WE'RE STILL  
21 CONSIDERED LARGELY A VERY RURAL POPULATION. AND  
22 OUR AREA IS MARKED BY EXTREMELY HIGH UNEMPLOYMENT  
23 AND EXTREMELY LOW HOUSEHOLD INCOMES.  
24 AGAIN, GIVEN THAT - - THOSE  
25 CIRCUMSTANCES, WE FEEL WE'VE DONE A PRETTY GOOD



1 JOB IN THAT AREA. AFTER 13 OR 14 YEARS, WE'VE  
2 FINALLY SECURED LONG-TERM LANDFILL CAPACITY WITH  
3 THE AUSTIN ROAD LANDFILL, WHICH BEGAN OPERATIONS  
4 EARLIER THIS YEAR. AND THAT FACILITY, AGAIN OWNED  
5 BY YUBA SUTTER DISPOSAL, WILL PROVIDE US WITH OUR  
6 15-YEAR MINIMUM CAPACITY AS REQUIRED, PLUS AN  
7 ADDITIONAL CAPACITY TO SUPPORT THE INTEREST OF OUR  
8 AGENCIES FOR MANY YEARS TO COME.  
9 WE HAVE A MATERIAL RECOVERY  
10 FACILITY, WHICH WE WILL HAVE THE PLEASURE OF  
11 SHOWING TO YOU DURING YOUR LUNCH BREAK. THAT  
12 FACILITY OPENED IN 1991 AND IS NOW BEING EXPANDED  
13 TO SERVE AS A FULL-SCALE TRANSFER FACILITY, AS  
14 WELL AS ADDING A SECOND PROCESSING LINE FOR THE  
15 PROCESSING OF MIXED SOLID WASTE. THAT FACILITY IS  
16 REALLY THE KEY TO OUR MANAGEMENT SYSTEM ALONG WITH  
17 OUR LANDFILL.  
18 WE ALSO HAVE A HOUSEHOLD HAZARDOUS  
19 WASTE FACILITY THAT'S BEEN ON LINE SINCE '92.  
20 THAT FACILITY WAS RECENTLY EXPANDED TO ALLOW FOR  
21 THE ACCEPTANCE OF SMALL QUANTITY COMMERCIAL WASTE  
22 TO EXPAND THAT OPPORTUNITY IN OUR COMMUNITY. WE  
23 GET A LOT OF SMALL BUSINESSES THAT CAN'T HANDLE  
24 THOSE MATERIALS, AND IT'S BEEN VERY SUCCESSFUL AS  
25 WELL.



1 THAT PROGRAM, ALONG WITH A SIMILAR  
2 PROGRAM FOR THE CITY OF GRIDLEY, IS FUNDED THROUGH  
3 A SURCHARGE ON RESIDENTIAL AND COMMERCIAL RATES,  
4 AND WE'VE BEEN - - AND THAT FACILITY IS NOW VERY  
5 SUCCESSFUL, AND IT'S UNDER THE OVERSIGHT OF THE  
6 REGIONAL WASTE MANAGEMENT AUTHORITY AS THE SPONSOR  
7 AGENCY.  
8 THE - - IN ADDITION TO THE PERMANENT  
9 FACILITIES, LAST YEAR THIS BOARD GRANTED A  
10 DISCRETIONARY GRANT FOR US TO DO THREE RURAL  
11 COLLECTION EVENTS THAT SUPPORTED THAT FACILITY AND  
12 ALSO HELPED TO PROMOTE THAT FACILITY THROUGHOUT  
13 OUR AREA. THOSE WERE QUITE SUCCESSFUL, AND FOR  
14 THAT WE THANK YOU FOR THE SUPPORT OF THAT.  
15 WE ALSO HAVE A VERY ACTIVE YOUTH  
16 RECYCLING PROGRAM, AND WE DO A LOT OF PUBLIC  
17 EDUCATION IN THAT AREA. AGAIN, THOSE FUNDS ARE  
18 COMING THROUGH THIS BOARD.  
19 IN THE AREA OF GREEN WASTE, WE JUST  
20 RECENTLY, THROUGH THE YUBA SUTTER DISPOSAL, JUST  
21 RECENTLY BEGAN A RECYCLING DEMONSTRATION PROGRAM.  
22 THEY'RE STARTING TO LOOK AT SOME GREEN WASTE  
23 OPPORTUNITIES AND HOPE THAT WILL ULTIMATELY LEAD  
24 TO A FULL-SCALE GREEN WASTE MANAGEMENT SYSTEM.  
25 THE OTHER THING WE'VE BEEN DOING IS



1 PUBLIC EDUCATION, AND WE'VE RECENTLY BEEN WORKING  
2 WITH YOUR CLOSING-THE-LOOP CURRICULUM TO GET THAT  
3 WORD OUT TO THE LOCAL EDUCATORS. IT'S BEING  
4 PRETTY WELL RECEIVED, AND WE HOPE OVER THE NEXT  
5 YEAR OR TWO THAT'S GOING TO BE INTRODUCED INTO ALL  
6 OUR ELEMENTARY SCHOOLS.  
7 THROUGH REGIONAL COOPERATION AND THE  
8 TREMENDOUS SUPPORT OF OUR FRANCHISE COLLECTION  
9 COMPANY, WE'VE BEEN VERY SUCCESSFUL AND HAVE  
10 ACCOMPLISHED MUCH, BUT CERTAINLY WE HAVE MORE MUCH  
11 TO ACCOMPLISH AS WE ATTEMPT TO ACHIEVE THE  
12 50-PERCENT DIVERSION LEVEL FOR THE YEAR 2000. AND  
13 WE ARE, LIKE OTHER CALIFORNIA COMMUNITIES, VERY  
14 CONCERNED ABOUT WHAT IT'S GOING TO COST TO ACHIEVE  
15 THAT.  
16 IN 1995 OUR STATED, REPORTED FIGURE  
17 IS 25.2 PERCENT DIVERSION, AND WE'RE VERY EXCITED  
18 TO SEE THAT NUMBER. WE ARE ALSO QUITE CONCERNED  
19 AT WHAT IT'S GOING TO TAKE TO GET TO 50 PERCENT AS  
20 EVERYONE ELSE IS AS WELL.  
21 I WAS QUITE ENCOURAGED TO SEE WHAT  
22 WAS GOING ON AT THE NATIONAL RESOURCES COMMITTEE  
23 MEETING EARLIER THIS MONTH AND HEAR SOME OF THE  
24 COMMENTS ON THAT AND SOME OF THE CALLS FOR  
25 PERSPECTIVE AND FOR REASON IN THIS PROCESS. AND



1 WE CERTAINLY CONCUR IN MUCH OF WHAT WAS SAID AT  
2 THAT TIME.  
3 WE KNOW THIS BOARD WILL BE INVOLVED  
4 AND IN THE FOREFRONT OF THE DISCUSSIONS OF WHERE  
5 WE GO NEXT WITH THE YEAR 2000 FIGURE. AND  
6 CERTAINLY, AS DEMONSTRATED BY OUR ACTIVITIES, THAT  
7 WE'RE PREPARED TO MEET THE CHALLENGE. WE'RE ALSO  
8 VERY CONCERNED ABOUT WHAT IT'S GOING TO COST TO DO  
9 THAT.  
10 AS YOU WELL KNOW, THE INCREMENTAL  
11 COST OF THE NEXT TON OF DIVERSION IS INCREMENTALLY  
12 HIGHER THAN THE LAST ONE, AND WE'RE VERY CONCERNED  
13 ABOUT WHAT'S GOING TO HAPPEN WHEN WE START  
14 APPROACHING THE 50.PERCENT MARK. BEYOND THE  
15 EXPANSION OF THE MRF AND THE ADDITION OF THE GREEN  
16 WASTE PROGRAM, WE'RE REALLY NOT SURE WHAT KIND OF  
17 COST WE'RE GOING TO BE ENCOUNTERING.  
18 AND IN OUR COMMUNITY, AGAIN, WITH  
19 HIGH UNEMPLOYMENT AND LOW HOUSEHOLD INCOMES, WE'RE  
20 NOT SURE POLITICALLY OR ECONOMICALLY IF OUR  
21 BUSINESSES AND RESIDENTS CAN AFFORD TO MEET THAT  
22 CHALLENGE. WE HAVE COME A LONG WAYS, LONG WAYS TO  
23 GO, AND WE CERTAINLY STAND READY TO ASSIST YOU AS  
24 YOU TRY TO EVALUATE THE IMPACT OF THESE MEASURES  
25 AND POTENTIAL CHANGES ON THE LOCAL JURISDICTIONS,



1 ESPECIALLY FOR SMALL URBAN AND RURAL COMMUNITIES.  
2 WHILE I KNOW, AGAIN, THAT WE WILL BE  
3 ON A TOUR WITH YOU THIS AFTERNOON DURING YOUR  
4 LUNCH BREAK, WE'D BE HAPPY TO ANSWER ANY QUESTIONS  
5 YOU MIGHT HAVE. AND AGAIN, WELCOME YOU TO THE  
6 AREA AND WE LOOK FORWARD TO WORKING WITH YOU.

7 CHAIRMAN PENNINGTON: THANK YOU VERY  
8 MUCH. ANY QUESTIONS OF MR. MARTIN?  
9 MR. CHESBRO.

10 BOARD MEMBER CHESBRO: JUST GOING TO  
11 COMMENT ON THAT ONE OF THE KEY ISSUES IN ACHIEVING  
12 25 PERCENT, MUCH LESS 50, IS EFFICIENCY AND  
13 LEARNING TO DO IT IN AN ECONOMICALLY SOUND WAY.  
14 AND AROUND THE STATE LOCAL GOVERNMENTS ARE  
15 STRUGGLING TO FIGURE OUT HOW TO DO THAT, AND WE'RE  
16 STRUGGLING WITH HOW WE CAN ASSIST TO DO THAT. BUT  
17 I THINK THE VOLUNTARY INTERJURISDICTIONAL  
18 COOPERATION HERE IS REALLY A MODEL AND NOT  
19 SOMETHING THAT THE STATE PUSHED OR FORCED. IT WAS  
20 SOMETHING THAT LOCAL JURISDICTIONS SAW EARLY ON AS  
21 IN THEIR BEST INTEREST TO PULL TOGETHER IN ORDER  
22 TO ACHIEVE SOME EFFICIENCY. AND I THINK THAT'S  
23 REALLY KEY TO WHY YOU'VE BEEN ABLE TO ACHIEVE WHAT  
24 YOU HAVE.  
25 I HOPE THAT WE CAN IN OUR EDUCATION



1 PROCESS SPREAD THE WORD ON WHAT YOU'VE DONE HERE  
2 TO SHOW OTHER LOCAL GOVERNMENTS HOW WORKING  
3 TOGETHER CAN ACHIEVE EFFICIENCIES THAT OTHERWISE  
4 ARE VERY DIFFICULT. AND I ALSO KNOW FROM MY MANY  
5 YEARS IN CITY AND COUNTY GOVERNMENT HOW HARD IT IS  
6 ON A DAY-TO-DAY BASIS TO MAINTAIN THOSE REGIONAL  
7 RELATIONSHIPS BECAUSE YOU HAVE TO GO FROM A  
8 MEETING ONE NIGHT WHERE EVERYBODY HAD THEIR GUNS  
9 OUT OVER TRANSPORTATION OR ROADS OR SOMETHING ELSE  
10 AND THE NEXT MORNING PUT YOUR SMILE ON AND GO TO A  
11 MEETING OVER SOLID WASTE.  
12 SO IT'S NOT AN EASY THING TO ACHIEVE  
13 ON AN ONGOING BASIS. IT'S HARD TO GET IN PLACE IN  
14 THE FIRST PLACE, BUT THE TEMPTATION TO ALLOW ONE  
15 ARGUMENT TO CARRY OVER INTO ANOTHER AREA FOR  
16 POLITICIANS IS VERY DIFFICULT, I KNOW. AND I  
17 THINK YOU'RE REALLY TO BE COMMENDED FOR THE LEVEL  
18 OF COOPERATION YOU'VE BEEN ABLE TO MAINTAIN, AND  
19 IT'S REALLY SERVED THE PEOPLE OF THIS COMMUNITY  
20 QUITE WELL.

21 MR. MARTIN: THANK YOU FOR THE COMMENTS.  
22 I WILL SAY THAT IT'S NOT AN EASY TASK TO MAINTAIN.  
23 AND I THINK THAT WE'VE BEEN CALLED UPON TO PRESENT  
24 OUR CASE STUDY AT A NUMBER OF LOCATIONS OVER THE  
25 YEARS; AND CERTAINLY AS WE TALK TO THEM, THEY SAY,



1 "WELL, THAT'S GREAT, BUT HOW DID YOU DO THIS?"

2 WELL, YOU TAKE 30, 40, 50, A HUNDRED YEARS OF  
3 COOPERATION ON CERTAIN ISSUES TO DEVELOP THAT  
4 GROUNDWORK THAT ALLOWS YOU TO SIT DOWN AND TALK  
5 ABOUT APPLYING THAT SAME COOPERATION TO SOLID  
6 WASTE.

7 BOARD MEMBER CHESBRO: WE HAVE PLACES IN  
8 THE STATE WHERE THERE'S THREE LITTLE TOWNS RIGHT  
9 NEXT TO EACH OTHER AND THEY'RE BUILDING A MRF AND  
10 IT'S CRAZY. WE CAN'T TELL THEM NOT TO DO THAT.  
11 WE CAN'T FORCE, FORTUNATELY, FROM A LOCAL  
12 GOVERNMENT, WE SHOULDN'T BE, BUT THEY SHOULD BE  
13 LEARNING FROM WHAT YOU'VE BEEN ABLE TO ACHIEVE.

14 MR. MARTIN: WE CERTAINLY ARE IN THE  
15 PHONE BOOK, AND WE'LL BE HAPPY TO HELP ANYONE TO  
16 JUST TALK ABOUT SOME OF THE ISSUES. THERE ARE A  
17 LOT OF ISSUES THAT NEED TO BE CONSIDERED WHEN THEY  
18 APPROACH REGIONAL COOPERATION.

19 THANK YOU AGAIN.

20 BOARD MEMBER RELIS: WHAT ARE YOU HOPING  
21 TO GET BY WAY OF DIVERSION FROM YOUR GREEN WASTE  
22 PROGRAM?

23 MR. MARTIN: THE GREEN WASTE PROGRAM IS  
24 REALLY RIGHT NOW A DEMONSTRATION. WE HAVEN'T GOT  
25 INTO IT IN ANY GREAT WAY. IF WE HAVE A CHANCE,



1 WE'LL AT LEAST SHOW YOU WHERE WE'RE STARTING THAT  
2 PROCESS UP. I DON'T KNOW IF DOUG SLOAN - - IS DOUG  
3 HERE, LARRY? OKAY - - I CAN GET THOSE - - THAT  
4 INFORMATION FOR YOU AND SHARE IT WITH YOU. YSDI  
5 HAS DONE A LOT OF RESEARCH IN THAT AREA AND DONE  
6 SOME PILOT PROJECTS IN OTHER COMMUNITIES. THE  
7 NUMBER IS NOT AT THE TIP OF MY TONGUE. WE'LL HAVE  
8 IT FOR YOU AT LUNCHTIME.

9 BOARD MEMBER RELIS: THANK YOU.

10 MR. MARTIN: THANKS AGAIN.

11 CHAIRMAN PENNINGTON: THANK YOU VERY  
12 MUCH.

13 I HAVE A FEW ANNOUNCEMENTS ABOUT THE  
14 BOARD'S AGENDA. ITEM 19 IS PULLED FROM TODAY'S  
15 AGENDA. WE'LL TAKE ITEM 29 OUT OF ORDER TO GET AN  
16 UPDATE ON THE OXFORD TIRE RECYCLING PERMIT, AND  
17 WE'LL BREAK AT 11:30 TODAY FOR LUNCH AND FACILITY  
18 TOUR, WHICH YOU HEARD ABOUT, AND RECONVENE AT  
19 1:30. THERE'S MAPS AVAILABLE AT THE TABLE OUT  
20 THERE IN THE FOYER.

21 ALSO, IF ANYBODY WISHES TO SPEAK ON  
22 ANY ITEM, THERE ARE SPEAKER SLIPS OUT THERE IN THE  
23 TABLE IN THE FOYER. AND IF YOU WILL FILL THEM OUT  
24 AND GIVE THEM TO MS. KELLY, THEN SHE'LL GET THEM  
25 TO ME AND WE'LL GET YOUR REMARKS.



1 NEXT WE'LL HAVE THE REPORTS OF THE  
2 BOARD'S COMMITTEES STARTING WITH THE LEGISLATION  
3 AND PUBLIC EDUCATION COMMITTEE. JANET GOTCH.

4 BOARD MEMBER GOTCH: THE LEGISLATION AND  
5 PUBLIC EDUCATION COMMITTEE DID NOT MEET THIS  
6 MONTH, SO I HAVE NOTHING TO REPORT.

7 CHAIRMAN PENNINGTON: QUICK REPORT.  
8 LOCAL ASSISTANCE AND PLANNING CHAIRED BY WESLEY  
9 CHESBRO.

10 BOARD MEMBER CHESBRO: MR. CHAIRMAN, THE  
11 COMMITTEE CONSIDERED 13 PLANNING DOCUMENTS, WHICH  
12 RECOMMENDED SEVEN JURISDICTIONS. ALL OF THESE  
13 PLANS ARE ON THE CONSENT CALENDAR.  
14 THE COMMITTEE ALSO APPROVED A PUBLIC  
15 NOTICE FOR THE RIGID PLASTIC PACKAGING CONTAINER  
16 REGULATIONS RELATED TO THE LEGISLATION THAT  
17 AFFECTS THE REUSABLE CONTAINERS IN THE FLOWER  
18 INDUSTRY, AND THOSE WILL BE GOING OUT TO NOTICE.  
19 THE ANNUAL REPORT REGULATIONS WILL  
20 BE PRESENTED BY STAFF LATER ON ON THE AGENDA.  
21 SOME BRIEF UPDATES: AS OF OCTOBER  
22 1996, 309 ANNUAL REPORTS HAVE BEEN SUBMITTED TO  
23 THE BOARD FOR COMMENT BY LOCAL JURISDICTIONS. ON  
24 NOVEMBER 7TH AND 8TH OF THIS YEAR A PAPER  
25 IDENTIFICATION - - WAIT A MINUTE. COULDN'T BE - -



1 NOVEMBER 7TH AND 8TH, 1996, A PAPER IDENTIFICATION  
2 WORKSHOP IS GOING TO BE CONDUCTED. THE WORKSHOP  
3 IS A TRAINING WORKSHOP INTENDED FOR STATE  
4 RECYCLING COORDINATORS WHO WILL BE PARTICIPANTS IN  
5 THE STATE'S RECYCLING PROGRAM. THE PURPOSE OF  
6 THESE WORKSHOPS IS TO PROVIDE THE PARTICIPANT WITH  
7 A HANDS-ON WORKING KNOWLEDGE OF PAPER THAT WILL  
8 ASSIST THEM IN CARRYING OUT THEIR DUTIES AS  
9 RECYCLING COORDINATORS.  
10 ON THAT SAME NOTE, 21 NEW AND  
11 RENEWED WASTE REDUCTION PROS RECEIVED A  
12 COMPREHENSIVE HALF-DAY TRAINING ON WASTE  
13 PREVENTION, REUSE, EMPLOYEE MOTIVATION, WORM BINS,  
14 AND RECYCLING. THESE STAFF ARE NOW A LOCAL  
15 INFORMATION RESOURCE TO THEIR CO-WORKERS AS WE  
16 CONTINUE OUR QUEST TO PRACTICE WHAT WE PREACH.  
17 ON THAT NOTE, I HEARD SOMETHING REAL  
18 INTERESTING THE OTHER DAY. WE'VE ALL HEARD OF  
19 PILFERING OF CURBSIDE RECYCLING BINS. SOMEBODY  
20 TOLD ME THAT SOMEONE HAS BEEN RUNNING AROUND AND  
21 STEALING WORMS OUT OF THE WORM BINS. WE'RE  
22 ASSUMING THAT IT'S FOR FISHING; BUT NONETHELESS,  
23 THE VALUE OF WORMS SEEMS TO BE GOING UP. NO, IT'S  
24 TRUE. I'VE HAD TWO PEOPLE TELL ME THAT ON BOARD  
25 STAFF, THAT THEY THINK THAT THE WORM POPULATION



1 HAS BEEN DROPPING. SOMEBODY HAS BEEN PILFERING  
2 THE WORMS. NEXT TIME THERE'S A CONFERENCE ON HOW  
3 TO PREVENT PILFERING, THEY'LL HAVE TO HAVE A  
4 SPECIAL SECTION ON WORM PILFERING.  
5 AS OF OCTOBER 1996 THE USED OIL  
6 PROGRAM NOW HAS 2,037 CERTIFIED RECYCLING CENTERS,  
7 500 INDUSTRIAL GENERATORS PARTICIPATING, 68  
8 CURBSIDE COLLECTION PROGRAMS, AND ONE ELECTRIC  
9 UTILITY, FOR A TOTAL OF 2,623 PROGRAM  
10 PARTICIPANTS.  
11 FINALLY, LAST WEEK I HAD THE CHANCE  
12 TO SPEAK AT THE ELECTRONICS INDUSTRY ASSOCIATION  
13 IN ANAHEIM PRIMARILY ON WASTE PREVENTION ISSUES.  
14 I HAD THE PLEASURE OF SPEAKING AFTER BOB DOLE  
15 WARMED THE CROWD UP FOR ME AT LUNCH. AND THE  
16 GROUP WAS VERY INTERESTED IN WHAT THE STATE IS  
17 DOING REGARDING WASTE PREVENTION.  
18 IT WAS ONE OF THE VERY FIRST TIMES  
19 THAT I'VE READ THE - . INCLUDED THE ADDRESS OF THE  
20 BOARD'S HOME PAGE IN MY REMARKS AND HAD THE PEOPLE  
21 SAY STOP. I NOTICED EVERYBODY IN THE ROOM WAS  
22 WRITING IT DOWN. SO THIS IS A GROUP PARTICULARLY  
23 INTERESTED IN OUR ELECTRONIC INFORMATION THAT  
24 WE'RE PUTTING OUT OVER THE INTERNET. AND I THINK  
25 WE'RE GOING TO SEE THEM AS REALLY THE LEADERS IN



1 INDUSTRY, PARTICULARLY IN WASTE PREVENTION. THEY  
2 HAD A VERY ACTIVE INTEREST IN WHAT WE'RE DOING AND  
3 WHAT WE HAVE TO SAY.  
4 THAT CONCLUDES MY REPORT.

5 CHAIRMAN PENNINGTON: THANK YOU, MR.  
6 CHESBRO. NOW WE HAVE PERMITTING AND ENFORCEMENT  
7 COMMITTEE, MR. FRAZEE CHAIR.

8 BOARD MEMBER FRAZEE: THANK YOU, MR.  
9 CHAIRMAN. THE PERMITTING AND ENFORCEMENT  
10 COMMITTEE MET THIS MONTH ON THE 9TH. THE  
11 FOLLOWING ITEMS WERE CONSIDERED BY THE COMMITTEE  
12 AND ARE ALL RECOMMENDED FOR THE CONSENT AGENDA.  
13 FIRST, A NEW PERMIT FOR THE WESTERN  
14 EL DORADO RECOVERY FACILITY - - SYSTEMS IN EL  
15 DORADO COUNTY; A REVISED PERMIT FOR THE HANFORD  
16 LANDFILL IN KINGS COUNTY; AND THE NORTH AND SOUTH  
17 AREA TRANSFER STATIONS IN SACRAMENTO COUNTY; THE  
18 ALLOCATION OF THE '96-'97 FUNDS FOR THE SOLID  
19 WASTE DISPOSAL AND CODISPOSAL SITE CLEANUP  
20 PROGRAM, ALSO KNOWN AS THE AB 2136 PROGRAM; THE  
21 ADOPTION OF A FRAMEWORK FOR BOARD ENFORCEMENT  
22 POLICY.

23 BEGINNING IN JANUARY THE COMMITTEE  
24 WILL BEGIN CONSIDERING THE INDIVIDUAL COMPONENTS  
25 THAT WILL TOGETHER COMPRISE THE ENFORCEMENT



1 POLICY. WE ALSO ADOPTED NEGATIVE DECLARATION AND  
2 PROPOSED REGULATIONS FOR THE HANDLING AND DISPOSAL  
3 OF ASBESTOS-CONTAINING WASTE. THIS ACTION WILL  
4 COMPLETE A REGULATORY PROCESS WHICH INCLUDED  
5 EMERGENCY REGULATIONS ADOPTED EARLIER THIS YEAR BY  
6 THE BOARD.  
7 THE COMMITTEE APPROVED A MEMORANDUM  
8 OF AGREEMENT WITH THE CITY OF STOCKTON FOR  
9 ENFORCEMENT AGENCY DUTIES. THIS IS THE FIRST SUCH  
10 AGREEMENT THE BOARD EVER ENTERED INTO WITH A  
11 JURISDICTION WITH THE BOARD SERVING AS ENFORCEMENT  
12 AGENCY.  
13 THEN ON TODAY'S REGULAR AGENDA, ITEM  
14 28, REGARDING THE ESTABLISHMENT OF A HEARING  
15 PANEL. THIS IS IN SITUATIONS WHERE THE BOARD IS  
16 ACTING AS THE ENFORCEMENT AGENCY. THIS ITEM WAS  
17 APPROVED BY THE COMMITTEE ON A THREE-ZERO VOTE.  
18 WE FELT THAT DISCUSSION AND CONSIDERATION BEFORE  
19 THE FULL BOARD WAS APPROPRIATE.  
20 IN ADDITION, THE COMMITTEE  
21 CONSIDERED SEVERAL PERMITS FOR FACILITIES WHICH  
22 WOULD HAVE TO SHUT DOWN ON OCTOBER 16TH IF THEY  
23 WERE NOT ISSUED PERMITS. THESE ITEMS INCLUDED  
24 WASTE RESOURCES TECHNOLOGY MRF IN SAN FRANCISCO,  
25 THE MURAI FARMS AND COMPOSTING, ORANGE COUNTY, AND



1 ALTURAS TRANSFER STATION IN MODOC COUNTIES. THESE  
2 PERMITS WERE CONCURRED IN BY THE BOARD IN A  
3 SPECIAL MEETING ON OCTOBER 9TH, AND IT'S MY  
4 UNDERSTANDING THAT EACH OF THESE PERMITS HAVE BEEN  
5 ISSUED.

6 THAT COMPLETES MY REPORT.

7 CHAIRMAN PENNINGTON: THANK YOU, MR.  
8 FRAZEE. NEXT IS THE MARKETING DEVELOPMENT  
9 COMMITTEE BY MR. RELIS, CHAIR.

10 BOARD MEMBER RELIS: THANK YOU, MR.  
11 CHAIRMAN. THE MARKET DEVELOPMENT COMMITTEE HEARD  
12 SEVEN ITEMS, TWO OF WHICH ARE ON CONSENT TODAY.  
13 THERE WAS AN UPDATE ON THE IMPLEMENTATION OF THE  
14 PRIVATE BUY RECYCLED STRATEGY. AND THAT RELATES  
15 TO THE BOARD'S WORK TO ENCOURAGE PROCUREMENT OF  
16 PRODUCTS MANUFACTURED WITH RECYCLED CONTENT BY THE  
17 PRIVATE SECTOR.

18 WE HEARD A PRESENTATION FROM DR.  
19 MENGE OF UC RIVERSIDE, WHO IS OUR CONTRACT - - OUR  
20 PENDING CONTRACT PARTNER WITH THE BOARD CONCERNING  
21 THE USE OF GREEN MULCH MATERIAL WITHIN AVOCADO AND  
22 CITRUS ORCHARDS THROUGHOUT SOUTHERN CALIFORNIA.  
23 MR. CHESBRO WAS THERE. AND LET'S SEE. DAN, YOU  
24 WEREN'T THERE.

25 BUT WE HEARD, I THINK, A VERY



1 FASCINATING ACCOUNT OF THE DISEASE SUPPRESSION  
2 FUNCTIONS OF USING GREEN WASTE ON PARTICULARLY  
3 AVOCADOS, AND HEARD THAT MARKET FOR MULCHES MAY BE  
4 IN EXCESS OF A MILLION TONS PER YEAR FROM THE  
5 SOUTHERN CALIFORNIA AREA, ACCORDING TO DR. MENGE'S  
6 CALCULATION.  
7 SO THIS CONTRACT WITH UC RIVERSIDE  
8 AND OUR PARTNERS, L.A. CITY, SAN DIEGO, AND SANTA  
9 BARBARA COUNTY, HAS THE POTENTIAL OF BEING A REAL  
10 MARKET MAKER FOR THIS MATERIAL FOR THE GREEN WASTE  
11 OF SOUTHERN CALIFORNIA.  
12 WE HEARD A PRESENTATION OF - - ON A QUARTERLY PROGRESS REPORT ON  
13 THE RECYCLING MARKET DEVELOPMENT ZONE PROGRAMS MARKET STRATEGY FOR  
14 1996  
15 AND '97 - - AN ENCOURAGING REPORT, I MIGHT ADD - -  
16 AND AN UPDATE ON THE IMPLEMENTATION OF OUR  
17 CONSTRUCTION AND DEMOLITION WASTE PLAN. CONSTRUCTION AND DEMOLITION  
18 WASTES ARE ONE OF OUR TARGETED  
19 MATERIALS FOR RECOVERY IN ORDER TO REACH THE  
20 50-PERCENT DIVERSION OBJECTIVE OF AB 939.  
21 WE HEARD CONSIDERATION OF THE  
22 APPOINTMENT OF A MEMBER TO THE LOAN COMMITTEE FOR  
23 THE RECYCLING MARKET DEVELOPMENT ZONE LOAN  
24 PROGRAM. THE COMMITTEE VOTED THREE OH TO  
25 RECOMMEND APPROVAL OF THE APPOINTMENT OF DARYL



1 SUTTERFIELD TO FILL THE VACANCY ON THE LOAN  
2 COMMITTEE FOR THE REMAINDER OF THE TWO-YEAR TERM  
3 EXPIRING ON DECEMBER 31, '97. AND THAT ITEM IS ON  
4 CONSENT.  
5 WE ALSO HEARD THE DISCUSSION OF  
6 COMPOSITION OF MEMBERSHIP IN THE ESTABLISHMENT OF  
7 A PROCESS FOR SELECTING APPOINTMENTS TO THE  
8 RECYCLING MARKET DEVELOPMENT ZONE LOAN COMMITTEE.  
9 AGAIN, ON A THREE OH VOTE, THERE WAS APPROVAL, AND  
10 THIS RECOMMENDATION DEFINES A PROCESS FOR  
11 SELECTING AND APPOINTING TO THE LOAN COMMITTEE  
12 WITH THE FOLLOWING MODIFICATION: THAT STAFF WILL  
13 RECOMMEND ONE PERSON FOR FINAL SELECTION AND  
14 APPOINTMENT BY THE BOARD, AND THAT PERSON  
15 RECOMMENDED BY STAFF WILL MEET WITH THE CHAIR OF  
16 THE MARKET DEVELOPMENT COMMITTEE, AND HIS OR HER  
17 RESUME WILL BE CIRCULATED TO OTHER BOARD MEMBERS  
18 PRIOR TO THE MARKET DEVELOPMENT COMMITTEE MEETING.  
19 THIS WAS PLACED ALSO ON CONSENT.  
20 COMMITTEE ALSO PROVIDED DIRECTION ON  
21 POTENTIAL CHANGES TO PROGRAM REGULATIONS. AGENDA  
22 ITEM REGARDING THE REGULATIONS IS TENTATIVELY  
23 SCHEDULED FOR NOVEMBER OF '96. THE CHANGES  
24 DISCUSSED INCLUDE WHETHER OR NOT WE SHOULD  
25 CONSIDER INCREASING THE SIZE OF THE LOAN COMMITTEE



1 TO 12 AND RETAINING A QUORUM AT FOUR. THIS IS AN  
2 AD HOC - - NOT AN AD HOC, BUT IT IS A VOLUNTARY  
3 COMMITTEE, AND PEOPLE ARE JUST PAID TRAVEL AND PER  
4 DIEM, SO IT'S VERY DIFFICULT SOMETIMES FOR US TO  
5 GET A QUORUM. AND WE HAVE BEEN STRUGGLING WITH  
6 THAT FOR SEVERAL YEARS.  
7 WE ARE ALSO LOOKING INTO MAKING THE  
8 COMMITTEE MEETINGS MONTHLY, ALLOWING FOR MORE  
9 TIMELY REVIEW OF LOANS, WHICH HAS ALSO BEEN A  
10 PROBLEM. WE'VE BEEN ON A QUARTERLY CYCLE, AND  
11 THAT ISN'T EFFECTIVE FOR BUSINESS DEVELOPMENT  
12 PURPOSES.  
13 THE COMMITTEE DIRECTED STAFF TO  
14 RETAIN FLEXIBILITY IN TERMS OF THE COMPOSITION OF  
15 THE LOAN COMMITTEE AND NOT TO BE CONSTRAINED  
16 NECESSARILY BY THE NEED FOR GEOGRAPHIC  
17 DISTRIBUTION. THE PRIORITY BEING QUORUM AND  
18 BUSINESS FUNCTION OF THE LOAN COMMITTEE.  
19 FINALLY, IN MARKET COMMITTEE WE  
20 HEARD CONSIDERATION OF A PROPOSAL TO CHANGE  
21 REGULATIONS FOR RECYCLED-CONTENT NEWSPRINT QUALITY  
22 STANDARDS. THE COMMITTEE VOTED THREE OH TO DIRECT  
23 STAFF TO FILE A NOTICE OF PROPOSED RULEMAKING WITH  
24 THE OFFICE OF ADMINISTRATIVE LAW. THIS ITEM WILL  
25 RETURN TO THE COMMITTEE AFTER THE 45-DAY COMMENT



1 PERIOD.

2 THANK YOU.

3 CHAIRMAN PENNINGTON: THANK YOU, MR.

4 RELIS. MR. RELIS, YOU ALSO CHAIR POLICY,

5 RESEARCH, AND TECHNICAL ASSISTANCE COMMITTEE.

6 BOARD MEMBER RELIS: WE HEARD TWO ITEMS

7 YESTERDAY AT POLICY . - IN THE POLICY, RESEARCH,

8 AND TECHNICAL ASSISTANCE COMMITTEE. THE FIRST WAS

9 CONSIDERATION OF A PROCESS TO IDENTIFY A STATE

10 AGENCY PARTNER AND PROJECT FOR THE 1997/98

11 ENVIRONMENTAL ENHANCEMENT AND MITIGATION PROGRAM

12 GRANT APPLICATION.

13 COMMITTEE VOTED THREE OH TO

14 RECOMMEND APPROVAL TO DELEGATE STAFF THE AUTHORITY

15 TO SELECT PARTNERS AND DEVELOP AND SUBMIT A GRANT

16 PROPOSAL TO THE RESOURCES AGENCY OF CALIFORNIA IN

17 THE REQUIRED TIME FRAME. THIS IS A PROPOSAL AIMED

18 AT INCREASING, WITH BATTELLE INSTITUTE, A

19 NATIONALLY RENOWNED RESEARCH LABORATORY, ADVANCING

20 THE USE OF PLASTIC LUMBER WITHIN THE STATE OF

21 CALIFORNIA.

22 OUR SECOND ITEM WAS THE TIRE FUND

23 ALLOCATION, AND THAT WAS AN ALL-DAY ITEM. WE

24 HEARD EXTENSIVE TESTIMONY AND THEN TOOK ACTION

25 THAT WAS VERY COMPREHENSIVE RIGHT AT THE END OF



1 THE DAY, AND THAT WILL CARRY OVER INTO TODAY'S

2 DISCUSSION.

3 SO THAT COMPLETES MY REPORT.

4 CHAIRMAN PENNINGTON: THANK YOU, MR.

5 RELIS.

6 LAST COMMITTEE IS THE ADMINISTRATION

7 COMMITTEE, WHICH I CHAIR. AND THE ADMINISTRATION

8 COMMITTEE MET ON OCTOBER 8TH AND CONSIDERED TWO

9 ITEMS.

10 FIRSTLY, THE COMMITTEE INCREASED THE

11 INTERAGENCY AGREEMENT BETWEEN THE BOARD OF

12 EQUALIZATION BY 390,000 TO A TOTAL OF 484,000 FOR

13 THE COLLECTION OF THE TIRE FEES IN THE 1996/97

14 FISCAL YEAR.

15 AND SECOND, THE COMMITTEE APPROVED A

16 CONTRACT CONCEPT AND AWARD FOR A MILLION DOLLARS

17 TO THE CALIFORNIA CONSERVATION CORPS FOR THE

18 CONTINUATION OF USED OIL EDUCATION ACTIVITIES.

19 BOTH OF THESE ITEMS ARE ON THE

20 CONSENT CALENDAR. THAT CONCLUDES MY REPORT, AND

21 NOW WE'LL HEAR FROM THE EXECUTIVE DIRECTOR.

22 MR. CHANDLER: THANK YOU, MR. CHAIRMAN,

23 AND GOOD MORNING. I HAVE THREE ITEMS THIS MORNING

24 I'D LIKE TO SPEAK TO. THE FIRST IS THE CHOPERENA

25 CLEANUP. I'LL PUT THIS OFF AND SPEAK UP.



1 THE CLEANUP AT THE CHOPERENA TIRE  
2 SITE BEGAN ON OCTOBER 17TH UNDER CONTRACT WITH  
3 SUKUT CONSTRUCTION. THE PROJECT WILL TAKE  
4 APPROXIMATELY SIX WEEKS TO COMPLETE AND WILL  
5 INVOLVE KNOCKING DOWN THE SIDE SLOPES OF THE  
6 CANYON WHERE WE ARE STABILIZING THE SITE WITH  
7 HEAVY EQUIPMENT WHERE THE TIRES PREVIOUSLY BURNED,  
8 AS WELL AS PROPER MANAGEMENT OF THE ASH CREATED BY  
9 THE FIRE.  
10 FUNDING FOR THIS CLEANUP IS DIRECTED  
11 FROM THE BOARD'S 2136 CLEANUP PROGRAM AND WILL  
12 UTILIZE \$400,000 OF THOSE FUNDS. WHILE THE BOARD  
13 IS TAKING RESPONSIBILITY FOR THE CLEANUP, THE SITE  
14 IS STILL BEING LED AND OVERSEEN BY U.S. EPA IN  
15 THEIR LEAD CAPACITY FOR THE OVERALL CLEANUP OF THE  
16 SITE.  
17 MR. MARTIN SPOKE EARLIER OF OUR  
18 ASSEMBLY NATURAL RESOURCES HEARING. I'D LIKE TO  
19 SPEAK A LITTLE BIT TO THAT SINCE THAT OCCURRED  
20 SINCE OUR LAST MEETING.  
21 THE HEARING WAS HELD AS AN OVERSIGHT  
22 HEARING ON SOLID WASTE MANAGEMENT ISSUES IN  
23 CALIFORNIA. MEMBERS OF THE BOARD, ALONG WITH  
24 MYSELF AND OTHER RECYCLING EXPERTS IN THE SOLID  
25 WASTE FIELD, PARTICIPATED IN PANEL DISCUSSIONS AS



1 PART OF THE HEARING.  
2 THE HEARING WAS WELL ATTENDED AND  
3 MANAGED UNDER A VERY TIGHT TIME SCHEDULE WITH FIVE  
4 MINUTES ALLOWED FOR INDIVIDUALS AND SIGNIFICANT  
5 WRITTEN TESTIMONY WAS ALSO PROVIDED TO THE  
6 COMMITTEE. MANY PARTICIPANTS IN THE HEARING  
7 EXPRESSED CONCERN ABOUT LOCAL GOVERNMENT'S ABILITY  
8 TO MEET THE 50-PERCENT WASTE REDUCTION MANDATE IN  
9 THE YEAR 2000.  
10 SOME PANELISTS SUGGESTED THAT THE 50  
11 PERCENT MANDATE IS TOO RIGID AND HOW THE CURRENT  
12 LAW ALREADY ALLOWS A GREAT DEAL OF FLEXIBILITY FOR  
13 THE BOARD TO DETERMINE SUCCESS OR FAILURE FOR THE  
14 LOCAL JURISDICTION TO MEET THE MANDATE, GIVING THE  
15 BOARD THE OPPORTUNITY TO CONSIDER A GOOD FAITH  
16 EFFORT BY ANY JURISDICTION LEADING UP TO THE YEAR  
17 2000.  
18 FROM MY PERSPECTIVE, IT WAS HELPFUL  
19 TO HAVE BOTH THE LEGISLATURE AND LOCAL GOVERNMENT  
20 IN EXPLAINING THE POLICIES THAT THIS BOARD HAS  
21 CARRIED FORWARD IN DEALING WITH THAT GOOD FAITH  
22 EFFORT.  
23 OTHER TESTIMONY FOCUSED ON THE  
24 BIOMASS INDUSTRY AND THE IMPACTS OF ELECTRIC  
25 SERVICE AND THE RESTRUCTURE AND POTENTIAL SHIFT TO



1 THE WASTE STREAM OF THIS WASTE IN THE LANDFILLS.  
2 AS YOU KNOW, ASSEMBLY BILL 1890, BRULTE, PASSED  
3 LAST SESSION AND DEALS A LOT WITH LOCAL ELECTRICAL  
4 DEREGULATION. AND THIS BOARD HAS SOME  
5 RESPONSIBILITY IN THAT AREA, AND IT WAS A  
6 QUANTIFICATION STUDY ON THE IMPACTS OF BIOMASS  
7 GOING TO ELECTRICAL GENERATION FACILITIES.  
8 AND I WISH TO SPEAK TO THE BOARD  
9 MORE ABOUT THIS, AND IT'S GOING TO BE A  
10 SIGNIFICANT RESPONSIBILITY FOR THIS BOARD AND  
11 PLAYS AN INTEGRAL PART IN THE ENERGY COMMISSION'S  
12 ALLOCATION OF \$540 MILLION TO THE RENEWABLE  
13 INDUSTRY.  
14 THE COMMITTEE ALSO HEARD FROM  
15 INDUSTRY REPRESENTATIVES ON THE PERSPECTIVE THAT  
16 MINIMUM-CONTENT PROGRAMS WERE EXPENSIVE AND  
17 INEFFECTUAL IN ASSISTING TO ACHIEVE THE 50-PERCENT  
18 MANDATE. BOTH THE BOARD AND THE STAFF WERE  
19 COMPLIMENTED THROUGHOUT THE HEARING FOR OUR  
20 ASSISTANCE TO LOCAL GOVERNMENT AND INDUSTRY IN  
21 IMPLEMENTING A BROAD RANGE OF PROGRAMS, INCLUDING  
22 PLANNING ACTIVITIES, THE RIGID PLASTIC PROGRAM,  
23 RURAL ASSISTANCE, AND OTHERS.  
24 IT'S EXPECTED THAT NUMEROUS BILLS  
25 WILL BE INTRODUCED IN THE LEGISLATURE NEXT YEAR ON



1 SOLID WASTE ISSUES. THE THEMES DISCUSSED AT THE  
2 HEARING WILL LIKELY BE THE SUBJECT OF LEGISLATION.  
3 THE COMMITTEE IS EXPECTED TO ISSUE A  
4 FINAL REPORT BASED ON THE INPUT PROVIDED IN THE  
5 HEARING. BOARD STAFF HAS BEEN WORKING WITH THE  
6 COMMITTEES' CHAIRMEN'S OFFICE TO PROVIDE  
7 CLARIFYING AND ADDITIONAL INFORMATION FOR THIS  
8 FINAL REPORT.  
9 MY LAST ITEM IS JUST AN UPDATE, A  
10 QUICK UPDATE - -  
11 BOARD MEMBER RELIS: BEFORE YOU LEAVE  
12 THAT ITEM, LAST FRIDAY I WAS IN VICTORVILLE.  
13 THERE WAS A, CALL IT. HIGH DESERT SUMMIT ON WASTE  
14 MANAGEMENT. BUT I HAD AN OPPORTUNITY TO SPEND  
15 SOME TIME WITH THE CHIEF CONSULTANT TO THE  
16 ASSEMBLY NATURAL RESOURCES COMMITTEE CHAIR ON THE  
17 HEARING. AND WE HAD A LENGTHY AND, I THINK, GOOD  
18 DISCUSSION.  
19 AND THERE'S BEEN A LOT OF  
20 SPECULATION OUT THERE AS TO WHAT - - IS THERE A  
21 SPECIFIC AGENDA GOING ON VIS-A-VIS THE DIRECTION  
22 HERE. AND I WAS VERY ENCOURAGED THAT THE  
23 CONSULTANT WAS GIVING A GREAT DEAL OF THOUGHT TO  
24 THE COMPLEXITY OF THE TESTIMONY THAT WAS PROVIDED  
25 AND WAS OUT AT THIS SUMMIT LISTENING TO A



1 JURISDICTION, IN THIS CASE VICTORVILLE, THAT HAS A  
2 MRF.  
3 WE TOOK THE TOUR OF THE MATERIAL  
4 RECOVERY FACILITY. AND HE HAD NOT SEEN ANY OF THE  
5 FACILITIES, SPEAKING TO THE INVESTMENTS THAT HAD  
6 BEEN MADE, AND I BELIEVE THAT MRF IS A JOINT  
7 VENTURE WITH, LET'S SEE, WHAT'S THE SAN DIEGO - -  
8 FEDCO DISPOSAL. SO THEY HAD REPRESENTATIVES  
9 THERE. ALTOGETHER, I THINK IT WAS A VERY GOOD  
10 EDUCATIONAL EXPERIENCE CARRYING ON FROM THE  
11 TESTIMONY IN THE COMMITTEE, AND I THINK THUS FAR  
12 IT APPEARS VERY BALANCED AND FAIR MINDED.

13 MR. CHANDLER: GOOD. LET ME JUST  
14 CONCLUDE WITH A BRIEF UPDATE ON THE PASO ROBLES  
15 SITUATION. AS YOU KNOW, BOARD STAFF HAS BEEN  
16 WORKING WITH OUR CONSULTANTS ON ISSUES RELATED TO  
17 TRAFFIC AND AIR QUALITY IMPACTS THAT COULD RESULT  
18 FROM THE CITY'S REQUEST TO INCREASE THE EXISTING  
19 PERMITTED TONNAGE AT THE PASO ROBLES LANDFILL.  
20 A PUBLIC HEARING WILL BE HELD ON  
21 NOVEMBER 7TH TO RECEIVE GENERAL INPUT FROM THE  
22 PUBLIC ON THE SCOPE OF THE PROJECT.

23 MR. CHAIRMAN AND MEMBERS, THAT  
24 CONCLUDES MY REPORT.

25 CHAIRMAN PENNINGTON: THANK YOU, MR.



1 CHANDLER.  
2 NOW WE TAKE UP THE CONSIDERATION OF  
3 THE CONSENT AGENDA. THE CONSENT AGENDA INCLUDES  
4 ITEMS 5 THROUGH 9, 11 THROUGH 17, AND 20 THROUGH  
5 27. I UNDERSTAND THAT MR. CHESBRO HAS SOME  
6 COMMENTS ON A COUPLE OF THESE, BUT DOES NOT WISH  
7 TO PULL THEM.

8 BEFORE MR. CHESBRO, DOES ANY OTHER  
9 MEMBER HAVE ANY ITEM THAT THEY WISH TO PULL FROM  
10 THE AGENDA?

11 BOARD MEMBER CHESBRO: MR. CHAIRMAN, I  
12 INTEND TO VOTE FOR ALL THESE. THAT'S WHY I'M NOT  
13 ASKING THEM TO BE PULLED OFF. I JUST HAD,  
14 HOPEFULLY, VERY BRIEF POINTS OR QUESTIONS I WANTED  
15 TO ASK.

16 THEY'RE NO. 9, 25, AND 27. NO. 9 IS  
17 THE CONSIDERATION OF THE GRANT FOR THE PLASTIC  
18 TESTING. AND I JUST WANTED SOME KIND OF FEEDBACK  
19 OR ASSURANCE FROM STAFF THAT - - I KNOW THERE'S  
20 DISCUSSION BETWEEN SOME ADVISORS AND STAFF AND  
21 OTHER PEOPLE ABOUT OTHER POSSIBILITIES HOW THESE  
22 FUNDS COULD BE USED, WHETHER THERE ARE OTHER  
23 APPLICATIONS COULD STILL BE POSSIBLE IF THERE WAS  
24 SOME FOCUS THAT CAME AROUND A PARTICULAR NEED  
25 BECAUSE THERE'S SO MANY FUNDING NEEDS OUT THERE,



1 THERE ARE DIFFERENT THINGS THAT - - THINGS KEEP  
2 POPPING UP. AND I'M AFRAID AFTER THIS BOARD  
3 MEETING THERE'S GOING TO BE ANOTHER IDEA POP UP,  
4 AND I WANT TO MAKE SURE WE'RE NOT PRECLUDING THE  
5 POSSIBILITY TO ASSIST IN GETTING AN APPLICATION IN  
6 FOR ANOTHER PURPOSE IF THERE'S SOME AGREEMENT THAT  
7 THERE'S A GOOD PROPOSAL.

8 MS. TRGOVCICH: CAREN TRGOVCICH WITH THE  
9 WASTE PREVENTION/MARKET DEVELOPMENT DIVISION. WE  
10 WOULD CERTAINLY NOT PRECLUDE ANY ADDITIONAL  
11 APPLICATIONS IN THIS AREA; HOWEVER, I WOULD LIKE  
12 TO SAY THAT THIS PARTICULAR GRANT SOLICITATION IS  
13 FOCUSED IN THE TRANSPORTATION ARENA. AND WE'VE  
14 CONTACTED AGENCIES THAT AT LEAST WE FELT MAY BE  
15 INTERESTED IN PURSUING THIS.  
16 SINCE WE ARE NOT AN AGENCY WITH  
17 DIRECT RESPONSIBILITY IN THIS ARENA, WE WOULD NEED  
18 TO PARTNER WITH AN AGENCY THAT IS. SO GIVEN THE  
19 FACT THAT I BELIEVE IT IS A NOVEMBER 12TH  
20 DEADLINE, WE SENT A SOLICITATION OUT TO OVER -  
21 CLOSE TO TEN DIFFERENT STATE AGENCIES THAT COULD  
22 POSSIBLY CONNECT IN THIS AREA, AND WE RECEIVED  
23 LIMITED RESPONSE. WE SET A TENTATIVE DEADLINE OF  
24 THE END OF THIS WEEK. SO IF WE RECEIVE INTEREST  
25 MUCH PAST THE END OF THIS WEEK, WE MOST LIKELY



1 WILL NOT BE ABLE TO PROCESS IT.

2 BOARD MEMBER CHESBRO: I UNDERSTAND THE  
3 PRACTICAL LIMITATIONS. I JUST WANTED SOME  
4 ASSURANCE THAT IF SOMETHING POPPED UP, THAT STILL  
5 THE DOOR'S AT LEAST A CRACK OPEN FOR OTHER  
6 POSSIBILITIES.

7 MS. TRGOVCICH: CERTAINLY WITHIN THE TIME  
8 LINE THAT WE PROVIDED.

9 BOARD MEMBER CHESBRO: THANK YOU.  
10 ON ITEM 25 IT SEEMED VERY GENERAL IN  
11 NATURE, CONSIDERATION OF ENFORCEMENT POLICY WHICH  
12 PROVIDES GUIDANCE FOR THE LEA ENFORCEMENT  
13 PROGRAMS. I JUST WANTED TO MAKE PASSING COMMENT  
14 ABOUT THE EMPHASIS I'VE HAD AND I KNOW OTHER  
15 MEMBERS OF PERMITS AND ENFORCEMENT HAVE HAD ON THE  
16 QUESTION OF LINKAGE BETWEEN PERMIT UPDATE AND  
17 COMPLIANCE, AND THAT I HOPE THAT THAT CONTINUES TO  
18 BE THE THEME THROUGHOUT THIS EFFORT OF WORKING  
19 WITH THE LEA'S ON HOW THEY GO ABOUT THEIR  
20 ENFORCEMENT PROCESS.

21 I DON'T KNOW IF YOU WANTED TO  
22 RESPOND TO THAT, DOROTHY. TO RESTATE THAT POINT,  
23 I KNOW IT'S STATED MANY TIMES, BUT SINCE IT WAS ON  
24 CONSENT AND I DIDN'T GET A CHANCE TO ATTEND THE  
25 COMMITTEE AND MAKE THE POINT THERE, I JUST WANTED



1 TO MAKE IT. THANK YOU.  
2 AND THEN ITEM 27. WHEN I - - I VERY  
3 QUICKLY READ THAT ITEM, AND I HAD THE IMPRESSION  
4 UNTIL THIS MORNING THAT IT WAS - - THE CITY OF  
5 STOCKTON WAS THE LEA AND THAT THEY WERE GIVING IT  
6 UP. AND NOW IT APPEARS THAT THAT'S NOT THE CASE.  
7 THE COUNTY IS THE LEA AND THAT CITY IS SIMPLY NOT  
8 REAUTHORIZING THEM TO BE THE LEA FOR THE CITY.

9 MS. RICE: THAT'S CORRECT.

10 BOARD MEMBER CHESBRO: OKAY. AGAIN, I  
11 JUST WANTED TO SORT OF CREATE A LITTLE FOCUS ON  
12 THE SITUATION, THAT IT APPEARS TO ME THAT IT MAY  
13 BE LEA SHOPPING, THE KIND OF PROBLEM WE WERE  
14 WRESTLING WITH IN SAN LUIS OBISPO COUNTY. AND I  
15 WANT THE STAFF AND THE BOARD TO BE FOCUSED ON THAT  
16 FACT. I HOPE THAT WE ARE NOT UNDERMINING LEA'S  
17 THAT ARE DOING A STRONG JOB AND HAVE OPERATORS,  
18 WHETHER THEY'RE PUBLIC OR PRIVATE, THINK THAT,  
19 WELL, THE WAY TO GET AN EASIER ROW TO HOE IS TO  
20 COME TO THE STATE INSTEAD OF THE LOCAL LEA.  
21 SO I DON'T THINK WE HAVE ANY LEGAL  
22 OPTION BUT TO APPROVE THIS IF THEY'VE DROPPED THE  
23 CERTIFICATION OF THE COUNTY AS THEIR LEA, BUT I  
24 JUST WANTED US TO GO WITH OUR EYES OPEN AND BE  
25 REALLY ALERTED TO THE FACT THAT SOMEONE MAY BE



1 THINKING THAT THEY'RE GOING TO UNDERCUT STRONG  
2 COMPLIANCE OR REGULATIONS BY COMING TO THE STATE  
3 RATHER THAN THEIR LOCAL LEA.

4 MS. RICE: CERTAINLY UNDERSTAND THE  
5 ISSUE. DOROTHY RICE, DEPUTY DIRECTOR, PERMITTING  
6 AND ENFORCEMENT DIVISION. AS YOU KNOW, YOU  
7 DIRECTED STAFF IN THE PAST TO LOOK INTO  
8 LEGISLATIVE OPTIONS TO CLARIFY OR STRENGTHEN THE  
9 PROVISIONS IN THE STATE LAW WHICH BASICALLY SAY  
10 THAT IF A JURISDICTION DOES NOT WISH TO BE THE  
11 LEA, WE BECOME IT WITHOUT ANY FORM OF REVIEW OR  
12 CRITERIA APPLIED TO THAT. IT SIMPLY HAPPENS. AND  
13 SO THAT IS WHAT IS HAPPENING IN THIS INSTANCE.  
14 WE'RE ENTERING INTO AN AGREEMENT  
15 WITH THE CITY BECAUSE THERE REALLY AREN'T OTHER  
16 OPTIONS AVAILABLE TO REQUIRE OTHER STEPS TO BE  
17 TAKEN, BUT WE ARE PURSUING THAT LEGISLATIVE COURSE  
18 AT YOUR DIRECTION, AND WE'LL BE BACK TO YOU WITH  
19 MORE DETAIL ON THAT PROPOSAL.

20 BOARD MEMBER CHESBRO: WELL, I HAVE NO  
21 FIRSTHAND KNOWLEDGE THAT THAT'S THE CASE HERE, BUT  
22 IT LOOKED TO ME LIKE IT MIGHT BE THAT, SO I WANTED  
23 US ALL TO HAVE OUR EYES OPEN. THAT'S ALL.

24 BOARD MEMBER FRAZEE: LET ME JUST  
25 INDICATE THAT I SHARE YOUR VIEWS ON THIS, AND I



1 WISH THAT LEGISLATION DIDN'T PROVIDE FOR THIS  
2 OPTION. AND AS DOROTHY MENTIONED, WE ARE LOOKING  
3 AT THAT. IF THESE PROGRAMS ARE GOING TO WORK,  
4 THERE MUST BE REGIONAL COOPERATION. AND IF  
5 THERE'S AN OPPORTUNITY EVERY TIME SOMEONE HAS A  
6 LITTLE INTERNAL FIGHT TO JUMP OUT AND NOT  
7 PARTICIPATE ANY LONGER, I THINK THAT WORKS TOWARDS  
8 DESTROYING THE SUCCESS OF THE SYSTEM

9 BOARD MEMBER CHESBRO: I STILL FIRMLY  
10 HAVE THE SAN LUIS OBISPO SITUATION IN MY MIND, AND  
11 THAT OCCURRED TO ME WHEN I LOOKED AT THAT ITEM.

12 BOARD MEMBER FRAZEE: THIS IS A LITTLE  
13 BIT DIFFERENT IN THAT I UNDERSTAND THIS IS THE  
14 FIRST TIME WE'VE ACTUALLY ENTERED INTO AN  
15 AGREEMENT WITH THE JURISDICTION. THE CASE OF SAN  
16 LUIS OBISPO, I GUESS WE JUST HAVE THAT ON HAND  
17 WITHOUT ANY FORMAL AGREEMENT. SO MAYBE WE'RE  
18 MAKING ONE STEP IN THE RIGHT DIRECTION ANYWAY.

19 BOARD MEMBER CHESBRO: THAT CONCLUDES MY  
20 COMMENTS. THANK YOU, MR. CHAIRMAN.

21 CHAIRMAN PENNINGTON: WE NEED A MOTION TO  
22 APPROVE THE CONSENT CALENDAR.

23 BOARD MEMBER FRAZEE: SO MOVED, MR.  
24 CHAIRMAN

25 BOARD MEMBER GOTCH: SECOND.



1 CHAIRMAN PENNINGTON: IT'S BEEN MOVED AND  
2 SECONDED. WILL THE SECRETARY CALL THE ROLL.  
3 BOARD SECRETARY: BOARD MEMBER CHESBRO.  
4 BOARD MEMBER CHESBRO: AYE.  
5 BOARD SECRETARY: FRAZEE.  
6 BOARD MEMBER FRAZEE: AYE.  
7 BOARD SECRETARY: GOTCH.  
8 BOARD MEMBER GOTCH: AYE.  
9 BOARD SECRETARY: RELIS.  
10 BOARD MEMBER RELIS: AYE.  
11 BOARD SECRETARY: CHAIRMAN PENNINGTON.  
12 CHAIRMAN PENNINGTON: AYE. THANK YOU.  
13 MOTION CARRIES.  
14 NEXT UP IS ITEM 29, THE SIX-MONTH  
15 UPDATE ON THE OXFORD TIRE RECYCLING PERMIT. I'D  
16 ALSO LIKE TO REMIND MEMBERS OF THE AUDIENCE, IF  
17 YOU WISH TO ADDRESS ANY ITEM ON THE AGENDA, THERE  
18 ARE SOME SHEETS OUT IN THE FOYER TO BE FILLED OUT  
19 AND GIVEN TO THE SECRETARY. THANK YOU.  
20 MS. RICE: MR. GARTH ADAMS WILL OPEN THE  
21 ITEM FOR STAFF AND THEN TURN IT OVER TO THE  
22 REPRESENTATIVE OF OXFORD TIRE RECYCLING FOR THEIR  
23 RESPONSE TO THE ISSUES IN THE ITEM.  
24 MR. ADAMS: GOOD MORNING, MR. CHAIRMAN,  
25 BOARD MEMBERS. ALSO IN THE AUDIENCE TODAY IS A



1 REPRESENTATIVE FROM MELP, JOE GRECO, IN THE EVENT  
2 THAT YOU WANTED TO ASK HIM ANY QUESTIONS.  
3 YOU MAY RECALL THAT THE BOARD  
4 REQUESTED A SIX-MONTH UPDATE ON THE STATUS OF THE  
5 OXFORD MAJOR WASTE TIRE FACILITY UPON ISSUANCE OF  
6 THE PERMIT BACK IN MARCH. THE UPDATE WILL INCLUDE  
7 A STAFF PRESENTATION AND A PRESENTATION FROM  
8 REPRESENTATIVES FROM OXFORD, WHICH IS MICHAEL  
9 BYRNE. THE UPDATE WILL INCLUDE SIX AREAS THAT THE  
10 BOARD REQUESTED INFORMATION ON. THESE ARE IN THE  
11 ITEM BEGINNING ON PAGE 227 IN YOUR PACKET, THE SIX  
12 ITEMS THAT THE BOARD HAD ASKED AN UPDATE ON.  
13 WE WOULD LIKE TO BEGIN BY HAVING TOM  
14 MICKA PRESENT AN ANALYSIS OF THE FLOW OF TIRES  
15 INTO THE FACILITY AND THE NUMBER OF TIRES BURNED  
16 BY MELP. AND WE'RE ALREADY HANDING OUT THE GRAPH  
17 FOR YOU TO LOOK AT. I WOULD LIKE TO TOUCH ON THE  
18 FINANCIAL ASSURANCES AND THE STATUS OF THAT.  
19 CURRENTLY OXFORD IS IN COMPLIANCE  
20 WITH THE FINANCIAL ASSURANCES AS REQUIRED IN THE  
21 PERMIT. A LITTLE HISTORICAL DATA ON THE LAST SIX  
22 MONTHS. TWO NOTICES OF VIOLATION HAVE BEEN ISSUED  
23 TO OXFORD REGARDING DEFICIENCIES IN FINANCIAL  
24 ASSURANCES. THE FIRST WAS ISSUED ON AUGUST 30TH.  
25 THE FIRST NOTICE WAS CORRECTED BY DEPOSITING THE



1 DEFICIENCY, AND A COMPLIANCE LETTER WAS THEREFORE  
2 SENT ON OCTOBER 9TH.

3 A SECOND NOTICE WAS ISSUED TO  
4 OXFORD - -

5 BOARD MEMBER RELIS: CLARIFICATION. WHAT  
6 WAS THE - - HOW MUCH WAS THAT DEFICIENCY? WHAT WAS  
7 THE TIME FRAME?

8 MR. ADAMS: ABOUT \$26,000 DEFICIENT WHEN  
9 THEY WERE NOTIFIED, AND THEY SUBSEQUENTLY  
10 DEPOSITED THAT AMOUNT INTO THE TRUST FUND,  
11 BRINGING THE FUND UP TO WHERE IT WAS SUPPOSED TO  
12 BE.

13 CHAIRMAN PENNINGTON: WHERE IS IT  
14 SUPPOSED TO BE?

15 MR. ADAMS: AT THAT TIME 135,000. TO  
16 DATE, TODAY, IT'S AT 150.

17 THE SECOND NOTICE WAS ISSUED TO  
18 OXFORD ON OCTOBER 17TH. WE HAD CONTACTED THE BANK  
19 ON THE 16TH TO SEE IF THE 15TH DEPOSIT WAS MADE.  
20 THEY'D INDICATED IT HAD NOT BEEN. WE ISSUED THE  
21 SECOND NOTICE OF VIOLATION. SUBSEQUENT TO THAT,  
22 WE GOT A LETTER FROM THE BANK, INDICATING THAT IT  
23 WAS AN ADMINISTRATIVE ERROR ON THE BANK'S PART.  
24 THEY HAD TRANSFERRED THE OXFORD TRUST ACCOUNT TO  
25 LONG BEACH OFFICE AND THEIR DEPOSIT WAS NOT MADE,



1 SO THERE WAS ADMINISTRATIVE ERROR AND WE CONSIDER  
2 THAT TO BE CORRECTED.  
3 A LETTER WAS SENT TO OXFORD  
4 SPECIFYING THAT THEY HAVE 60 DAYS TO SUBMIT A  
5 REVISED CLOSURE COST ESTIMATE AND ASSOCIATED  
6 FINANCIAL ASSURANCES FOR DISPOSING OF THE  
7 STOCKPILE OF WASTE TIRES. THIS LETTER WAS SENT IN  
8 RESPONSE TO THE BOARD BEING NOTIFIED OF THE  
9 CONTRACT BETWEEN OXFORD AND MELP BEING IN DEFAULT  
10 DUE TO NONPAYMENT BY OXFORD.  
11 YOU MAY RECALL THAT THE CURRENT  
12 CLOSURE COST ESTIMATE WAS BASED ON A CONTRACT  
13 BETWEEN OXFORD AND MELP FOR \$16 A TON DISPOSAL FEE  
14 AT THE MELP BURNER.  
15 WITH THAT, I'LL TURN THIS OVER TO  
16 TOM MICKA TO GO OVER THE CHART, AND THEN I BELIEVE  
17 MICHAEL BYRNE HAS A PRESENTATION TO MAKE, AND  
18 WE'RE AVAILABLE FOR QUESTIONS, COMMENTS AT YOUR  
19 PLEASURE.

20 MR. MICKA: MR. CHAIRMAN AND MEMBERS OF  
21 THE BOARD, THE GRAPH THAT'S BEEN HANDED OUT  
22 REPRESENTS ACTUAL, PROJECTED, AND HISTORIC  
23 STOCKPILE REDUCTION DATA FOR OXFORD'S FIRST YEAR  
24 OF THEIR PERMIT.

25 YOU MAY RECALL THAT OXFORD HAS FOUR



1 YEARS TO ELIMINATE THE STOCKPILE IN THEIR PERMIT.  
2 THE FIRST YEAR THEY'RE REQUIRED TO REDUCE THE  
3 STOCKPILE BY 7500 TONS. THIS GRAPH REPRESENTS THE  
4 FIRST YEAR.  
5 THE LINE ON THE LEFT SIDE OF THE  
6 GRAPH REPRESENTS WHAT HAS HAPPENED TO DATE AS  
7 REPORTED TO STAFF BY OXFORD. YOU WILL NOTICE THAT  
8 DURING THE FIRST TWO MONTHS, APRIL AND MAY, ON THE  
9 LEFT SIDE OF THE GRAPH, THE PILE SIZE HAS  
10 INCREASED BY 8500 TONS, AND THAT'S BECAUSE DURING  
11 THOSE MONTHS MELP WAS NOT OPERATING.  
12 AND THEN YOU WILL SEE FROM THE HIGH  
13 POINT, THE PEAK, THAT MELP CAME BACK ON LINE, AND  
14 THE PILE HAS BEEN REDUCING IN VOLUME. AND YOU  
15 WILL SEE THERE'S TWO LINES ON THE RIGHT SIDE OF  
16 THE GRAPH. THE UPPER LINE REPRESENTS HISTORIC  
17 DATA CONCERNING WHAT COULD BE EXPECTED TO BE  
18 REDUCED DURING A PREVIOUS YEAR OF THE PLANT.  
19 THE LINE - - THAT LOWER LINE, WHICH  
20 ALMOST APPEARS TO BE A CONTINUATION OF THE LINE ON  
21 THE LEFT, IS THE LINE THAT OXFORD WOULD HAVE TO  
22 FOLLOW TO REACH THE 7500-TON REDUCTION AT THE END  
23 OF THE YEAR DOWN IN THE LOWER RIGHT-HAND CORNER.  
24 SO BASED ON THE REDUCTIONS THAT  
25 THEY'RE MAKING TO DATE, THEY WOULD NOT HAVE TO



1 MAKE A SIGNIFICANT CHANGE IN HOW MUCH THEY'RE  
2 REDUCING THE PILE PER MONTH TO REACH THAT GOAL BY  
3 THE END OF THE YEAR.  
4 ON THE RIGHT SIDE YOU WILL ALSO SEE  
5 A LINE THAT MAKES A, YOU KNOW, SHARP DEVIATION UP  
6 TO THE RIGHT, AND THAT REPRESENTS IN THE EVENT  
7 THAT MELP WERE TO SHUT DOWN AGAIN THIS NEXT YEAR  
8 AS THEY HAVE IN THE PAST TWO YEARS.

9 BOARD MEMBER RELIS: COULD WE JUST STOP  
10 THERE A SECOND BECAUSE I'M TRYING TO TRACK. OKAY.  
11 IF WE START OUT IN MONTH ZERO AND WE GO UP TO  
12 8500, SO FOR THE FIRST TWO MONTHS, WE CLIMB, WE  
13 INCREASE THE TIRE PILE?

14 MR. MICKA: CORRECT.

15 BOARD MEMBER RELIS: SO CURRENTLY WE'RE  
16 SOMEWHERE AROUND, WHAT, FOUR, LITTLE BELOW 4,000  
17 WE'VE BROUGHT IT DOWN?

18 MR. MICKA: THAT'S TRUE.

19 BOARD MEMBER RELIS: AND THEN YOU'RE  
20 ANTICIPATING, IF ALL THINGS STAY ACCORDING TO  
21 SCHEDULE, BY MONTH TEN WE'LL BE DOWN ANOTHER FOUR.

22 MR. MICKA: CORRECT.

23 BOARD MEMBER RELIS: AT THAT TIME  
24 HISTORICALLY THEY SHUT DOWN?

25 MR. MICKA: THIS HAS HAPPENED THE PAST



1 TWO YEARS. MR. GRECO CAN ADDRESS THIS, WHERE PG&E  
2 HAS ACTUALLY ASKED MELP TO SHUT DOWN BECAUSE OF  
3 THE SURPLUS OF HYDROPOWER.

4 BOARD MEMBER RELIS: IF THEY FOLLOWED  
5 HISTORICAL TREND AND THEN BUMPED BACK UP TO BY - -  
6 FROM MINUS FOUR TO PLUS FOUR - -

7 MR. MICKA: CORRECT.

8 BOARD MEMBER RELIS: - - THEN THE NET  
9 DIFFERENCE BETWEEN WHERE WE STARTED, WHERE'S THE  
10 7500-TON REDUCTION THAT WE'D BE LOOKING TO IN THE  
11 FIRST YEAR?

12 MR. MICKA: IT WOULD BE 11,500 TONS ABOVE  
13 THAT 7500-TON REDUCTION.

14 BOARD MEMBER RELIS: SO IT WOULDN'T BE AT  
15 THE 7500 - -

16 MR. MICKA: RIGHT. IF MELP WERE TO SHUT  
17 DOWN. IF MELP CONTINUES TO OPERATE, THEN YOU  
18 WOULD STAY ON THE STRAIGHT LINE.

19 BOARD MEMBER RELIS: SO WE'RE GOING TO  
20 HEAR - - WE WON'T HEAR A PRESENTATION FROM MELP?

21 CHAIRMAN PENNINGTON: LET ME FOLLOW THAT  
22 JUST A LITTLE BIT. AT MONTH - - AT THE SIX-MONTH  
23 POINT, TODAY, WE'RE 2500 TONS ABOVE WHERE WE  
24 STARTED THE YEAR AT; IS THAT CORRECT?

25 MR. MICKA: THAT'S CORRECT.



1                   CHAIRMAN PENNINGTON: OKAY. IT TAKES US  
2 TO EIGHT . - MONTH EIGHT BEFORE WE ACTUALLY GET  
3 BACK TO WHERE WE STARTED?

4                   MR. MICKA: CORRECT.

5                   CHAIRMAN PENNINGTON: OKAY. THANK YOU.

6                   MR. CHANDLER: TOM, IF I COULD ASK A  
7 QUESTION. YOU'VE LAID THIS OUT FOR THE NEXT 12  
8 MONTHS. AS YOU LOOK DOWN AT THE AGENDA ITEM,  
9 BEGINNING IN APRIL OF '97, AT THE POINT WHERE THIS  
10 CHART ENDS, WE THEN JUMP TO 12,500 TONS FOR WHAT  
11 WE COULD CALL YEAR TWO OF THE PERMIT. SO THIS  
12 LINE IN SLOPE WILL HAVE TO CHANGE SIGNIFICANTLY AS  
13 YOU CARRY IT OUT FOR YEAR TWO; IS THAT NOT  
14 CORRECT?

15                  MR. MICKA: NOT NECESSARILY BECAUSE YOU  
16 WON'T HAVE THE INCREASE - - WELL, IT JUST DEPENDS  
17 ON WHETHER MELP SHUTS DOWN OR NOT. IF MELP DOES  
18 NOT SHUT DOWN, WE'D HAVE TO DO THE CALCULATIONS,  
19 BUT THE PRESENT SLOPE MAY BE SATISFACTORY TO REACH  
20 12,500 TONS.

21                  CHAIRMAN PENNINGTON: HOWEVER, UNDER THE  
22 PRESENT SITUATION, WHERE MELP IS, I UNDERSTAND,  
23 ACCEPTING TIRES FROM OTHER PLACES NOW, THAT WOULD  
24 AFFECT THIS CHART TOO, CORRECT?

25                  MR. MICKA: OH. PARDON?



1 CHAIRMAN PENNINGTON: SAY UNDER THE  
2 PRESENT SITUATION THAT WE UNDERSTAND THAT MELP IS  
3 NOW TAKING TIRES FROM OTHER LOCATIONS BECAUSE  
4 OXFORD IS IN ARREARS WITH THEM, SO THIS CHART WILL  
5 GO BACK UP AGAIN STARTING NOW?

6 MR. MICKA: I DON'T KNOW THAT THAT'S  
7 OCCURRED TO DATE. MR. GRECO WOULD HAVE TO ADDRESS  
8 THAT.

9 CHAIRMAN PENNINGTON: I KNOW MR. BYRNE IS  
10 GOING TO TALK TO US TOO. YOU DON'T HAVE TO ANSWER  
11 THAT RIGHT NOW.

12 BOARD MEMBER CHESBRO: I HAVE A QUESTION  
13 FOR STAFF.

14 MR. BYRNE: I DON'T BELIEVE, ALTHOUGH  
15 THAT WAS STATED YESTERDAY, I DON'T BELIEVE THAT  
16 THEY ACTUALLY HAVE A PERMIT TO ALLOW FOR THAT.  
17 ALSO, IN MY PRESENTATION I WILL GET  
18 INTO THE FACT THAT ALTHOUGH OXFORD IS IN DEFAULT  
19 TO MELP, THE CONTRACT AGREEMENT HAS NOT BEEN  
20 TERMINATED. AND, IN FACT, MELP IS STILL TAKING  
21 TIRES OFF THE TIRE PILE AND, I ASSUME, INTENDS TO  
22 BILL OXFORD FOR THOSE ACTIVITIES.

23 CHAIRMAN PENNINGTON: OKAY.

24 MR. ADAMS: MR. CHAIRMAN, YOU MIGHT  
25 RECALL, I DON'T WANT TO SPEAK FOR MR. GRECO, BUT I



1 RECALL MR. TOMEO INDICATED YESTERDAY THAT MELP WAS  
2 SOLICITING OTHER FOLKS TO BRING IN TIRES AND HAVE  
3 YET TO DO SO.

4 CHAIRMAN PENNINGTON: MR. CHESBRO.

5 BOARD MEMBER CHESBRO: CORRECT ME IF I'M  
6 WRONG, BUT THIS PERMIT THAT WE HAVE DOESN'T HAVE  
7 THE POWER PLANT SHUTDOWN EXCUSE IN IT, DOES IT?  
8 MEAN THIS IS A LINE THAT SAYS WHAT THE APPLICANT  
9 SAYS MAY HAPPEN, BUT FROM OUR STANDPOINT, THE  
10 TIRES ARE TO GO DOWN IN TERMS OF THE PERMIT  
11 REQUIREMENTS. THERE'S NOT AN OPTION THERE THAT  
12 THE TIRES NEED TO GO SOMEWHERE.

13 MR. ADAMS: CORRECT.

14 BOARD MEMBER RELIS: ONE FURTHER POINT.  
15 WHEN STAFF ANALYZES THE REPORTS FROM OXFORD, DO  
16 YOU ALSO HAVE A PHYSICAL MAP THAT YOU LOOK AT OR  
17 INSPECT THAT TELLS YOU THIS IS THE SECTION OF THE  
18 PILE THAT WE THINK SHOULD BE COMING DOWN FIRST,  
19 AND YOU WOULD OBSERVE WHETHER, INDEED, THAT'S  
20 HAPPENED? OR IS THIS ALL ON PAPER?

21 MR. ADAMS: WE'VE VISITED THE SITE. WE  
22 VISITED THE SITE BACK IN SEPTEMBER 17TH TO  
23 VISUALLY LOOK AT THE PILE TO SEE WHAT CHANGES HAVE  
24 OCCURRED SINCE THE PERMIT WAS ISSUED AND WHEN THE  
25 BOARD MEMBERS WERE ACTUALLY THERE, AND OUR



1 OBSERVATIONS OF THE SITE, AND MR. MICKA DOES HAVE  
2 PICTURES, THAT SOME OF THE AREAS HAVE BEEN CLEARED  
3 OUT THAT WEREN'T THERE BEFORE.  
4 SOME OF THE AREAS AT THE TOP WHERE  
5 THEY WERE UNLOADING SOME TRUCKS LOOKS LIKE IT MAY  
6 HAVE GOTTEN A LITTLE LARGER. OBVIOUSLY THE CHART  
7 REFLECTS THAT THERE'S MORE TIRES THERE. THEY HAVE  
8 WIDENED SOME OF THE FIRE LANES AND HAVE STARTED  
9 TAKING OUT SOME TO THE DELIVERY AREA AT THE  
10 BOTTOM. THE CONVEYOR BELTS WERE BASICALLY EMPTY  
11 THE DAY WE WERE THERE, AND THE TRACTORS WERE OUT  
12 PULLING TIRES OFF THE PILE AND PUTTING THEM ON THE  
13 DELIVERY AREA AND ON THE DAY THAT WE WERE THERE.

14 BOARD MEMBER RELIS: BUT IN TERMS OF THE  
15 DISCUSSION THUS FAR, THEN THE NEXT FOUR MONTHS  
16 BECOME EXTREMELY CRITICAL TO - - I MEAN WE SHOULD  
17 SEE A SUBSTANTIAL DIFFERENCE IF THINGS GO AS PER  
18 PERMIT.

19 MR. ADAMS: I WOULD THINK THAT IF THEY  
20 CONTINUE ON THAT SLOPE, YOU ARE GOING TO SEE  
21 BASICALLY ALMOST TWO MILLION TIRES BEING TAKEN OFF  
22 THAT PILE. IF THAT'S A FOUR-MONTH PERIOD AT ABOUT  
23 A HALF A MILLION A MONTH - - MAYBE MY MATH'S NOT  
24 RIGHT THERE - - TWO MILLION TIRES, THAT SHOULD PUT  
25 QUITE A DENT IN IT. I KNOW THAT MR. BYRNE MAY BE



1 ADDRESSING AS TO WHERE SOME OF THE TIRES WILL BE  
2 GOING AS PART OF THE EFFORTS OF OXFORD TO FIND  
3 ANOTHER HOME FOR THEM. THEY'VE INDICATED THAT IT  
4 WILL CERTAINLY HELP THEIR REDUCTION IF THEY DON'T  
5 BRING ANY MORE IN.

6 CHAIRMAN PENNINGTON: ABSOLUTELY. OKAY.  
7 DOES THAT COMPLETE YOUR REPORT?

8 MR. ADAMS: THAT'S IT FOR US UNLESS  
9 YOU'VE GOT SOME OTHER QUESTIONS AND WANT MR. BYRNE  
10 TO COME UP.

11 CHAIRMAN PENNINGTON: YES. MR. BYRNE.

12 MR. BYRNE: STANDING ROOM ONLY UP HERE.

13 THANK YOU, MR. CHAIRMAN AND MEMBERS OF THE  
14 COMMITTEE.

15 CONSISTENT WITH A LOT OF THE ADVICE  
16 THAT I HAVE GIVEN MY CLIENT ON THIS ISSUE, I SAID  
17 DON'T BOTHER COMING UP TILL NOON. WE'RE 29TH ON  
18 THE AGENDA. THEY'VE GOT A LONG DAY GOING FOR  
19 THEM. WE'LL HAVE YOU UP HERE PROBABLY LATER ON  
20 WEDNESDAY OR PROBABLY REALISTICALLY THURSDAY  
21 MORNING. I WASN'T AWARE THAT THE CONSENT CALENDAR  
22 HAD SO MANY ITEMS ON IT. SO I APOLOGIZE FOR MR.  
23 KIRKLAND NOT BEING HERE. I WILL TRY TO GIVE A  
24 COMPLETE PRESENTATION. IF WE DO GET INTO AREAS OF  
25 OPERATIONAL QUESTIONS, I'LL DO MY BEST AND THEN



1 GET BACK TO MR. KIRKLAND.

2 CHAIRMAN PENNINGTON: WE APOLOGIZE FOR  
3 GIVING YOU A CURVE BALL THERE BY BEING SO  
4 EFFICIENT.

5 MR. BYRNE: MR. CHAIRMAN, HE CALLED MY  
6 OFFICE AT 7 O'CLOCK. I APPRECIATE THAT. I WOULD  
7 HAVE LOVED TO. HAVE BEEN THERE, BUT I WAS AT HOME  
8 WORKING ON A SOCRATES REPORT WITH ONE OF MY  
9 ROOMMATES.

10 LET ME START OFF BY SAYING - - ANSWER  
11 THE FIRST QUESTION, PROBABLY THE MOST IMPORTANT  
12 HERE, WILL OXFORD MEET ITS PERMIT CONDITIONS? AND  
13 LIKE I STATED YESTERDAY AT THE POLICY COMMITTEE,  
14 WE MOST DEFINITELY WILL MEET OUR PERMIT  
15 CONDITIONS.

16 THE - - I THINK THE TWO MOST  
17 IMPORTANT PERMIT CONDITIONS, I THINK YOU, MR.  
18 CHAIRMAN, RAISED YESTERDAY, WHAT'S THE STATUS OF  
19 THE ESCROW FUND AND WILL THE PILE BE REDUCED BY  
20 THE DEADLINE?  
21 THE ESCROW FUND IS UP TO ITS BALANCE  
22 WHERE IT SHOULD BE... THE LAST NOTICE AND ORDER WAS  
23 REALLY AN UNFORTUNATE SITUATION. WE DEAL WITH  
24 WELLS FARGO BANK. DEPOSITS WERE MADE. THE  
25 AUTOMATIC TRANSFERS WERE SUPPOSED TO BE MADE.



1 WELLS FARGO, I THINK, IS GOING THROUGH RIGHT  
2 SIZING NOW OR WHATEVER, AND THEY GOT SOME OF THE  
3 WORK SCREWED UP. AND HOPEFULLY THAT WILL NOT  
4 OCCUR AGAIN. SO THE ESCROW FUND WILL BE FINE.  
5 NOW, WILL THE PILE BE REDUCED BY THE  
6 DEADLINE? I THINK MR. MICKA'S CHART IS A VERY  
7 FAIR PRESENTATION OF WHERE WE'RE HEADING. IF THE  
8 MELP PLANT STAYS UP AND RUNNING, WE'RE THERE.  
9 WE'RE THERE FOR THIS YEAR AND, AS MR. MICKA SAID,  
10 WE'RE THERE FOR NEXT YEAR. HOWEVER, HISTORIC USE  
11 OF THE FACILITY HAS PROVEN THAT THEY DO NOT STAY  
12 OPEN FOR THE ENTIRE YEAR, AND THAT DOES CAUSE A  
13 PROBLEM.  
14 IN FACT, I HAVE TO SAY THAT MR.  
15 KIRKLAND HAS SPENT A LION'S SHARE OF HIS TIME  
16 SINCE WE APPROVED THE PERMIT TO FIND NEW HOMES FOR  
17 THESE TIRES. IN FACT, THE REASON WHY I SUGGESTED  
18 THAT HE COME UP HERE TODAY AT NOON IS BECAUSE HE'S  
19 CURRENTLY MEETING WITH SOME REPRESENTATIVES OF A  
20 BIOMASS FACILITY AND ALSO A PERSON THAT HAS THE  
21 ABILITY TO SHRED TIRES TO SEE IF WE CAN TAKE THESE  
22 TIRE SHREDS DOWN AS LOW AS 2-INCH MINUS AND SEE IF  
23 THE BIOMASS FACILITY CAN USE THOSE SHREDS IN THEIR  
24 OPERATION.  
25 NOW, THE TROUBLE WITH THESE KIND OF



1 ACTIVITIES IS THAT THEY'RE QUITE EXPENSIVE. A  
2 2-INCH MINUS AND, YOU KNOW, I'M NEW TO THIS WHOLE  
3 WORLD, APPARENTLY A 2-INCH MINUS DOESN'T JUST GO  
4 THROUGH THE SHREDDER ONCE; IT GOES THROUGH IT  
5 ONCE, YOU GRAB IT AND YOU PUT IT THROUGH AGAIN.  
6 EVERY TIME YOU GRAB THOSE THINGS, YOU'RE ADDING  
7 COST, SO WE'RE TALKING 30, 40, 50 CENTS OF COST TO  
8 GET THESE SHREDS TO THE RIGHT SIZE AND EVERYTHING  
9 ELSE, SO IT'S ECONOMICALLY QUITE A DIFFICULT TASK  
10 FINDING A HOME. BUT WE COMMIT ON THE PERMIT THAT  
11 WE WILL FIND THAT HOME.  
12 AND WITH THE DILIGENCE OF YOUR  
13 STAFF, I KNOW THAT APRIL 1, IF WE'RE NOT THERE,  
14 WE'VE GOT SOME EXPLAINING TO DO, PROBABLY HAVE A  
15 NOTICE AND ORDER IN HAND ALSO. COME APRIL 1 WE  
16 WILL BE THERE. COME APRIL 1 OF THE FOLLOWING  
17 YEAR, WE WILL ALSO BE THERE.  
18 NOW, THERE'S BEEN SOME TALK ABOUT  
19 THE MELP'S NOTICE OF DEFAULT. AND THIS IS A LEGAL  
20 ISSUE, AND I WANTED TO HAVE OUR ATTORNEYS HERE,  
21 BUT THEY'RE IN DEPOSITIONS TODAY, AND I COULDN'T  
22 GET THEM UP HERE. BUT THEY DID PROVIDE ME WITH  
23 SOME INFORMATION. SO PLEASE BEAR WITH ME. I'M  
24 GOING TO READ IT WORD FOR WORD FOR THE RECORD.  
25 ACCORDING TO OUR COUNSEL, DOWNEY &



1 BRAND, THE RESTATED TIRE SUPPLY AGREEMENT HAS NOT  
2 BEEN TERMINATED. THE TIPPING FEE SET FORTH IN THE  
3 CONTRACT REMAINS IN PLACE, AND OTR IS NOT REQUIRED  
4 TO SUBMIT AN UPDATED CLOSURE COST ESTIMATE. WHILE  
5 MELP HAS DECLARED A DEFAULT, IT HAS NOT EXERCISED  
6 ITS RIGHT TO TERMINATE THE AGREEMENT, BUT RATHER  
7 IT HAS RESERVED ALL OF ITS RIGHTS.  
8 OTR CONTINUES TO DELIVER TIRES TO  
9 MELP, AND MELP, IN TURN, CONTINUES TO INVOICE OTR  
10 AT ITS CONTRACTUAL TIPPING RATE OF \$16 PER TON.  
11 SECONDLY, THE CLOSURE COST ESTIMATE  
12 IS BASED ON THE COST OF A THIRD-PARTY CLOSURE.  
13 AND THE BOARD OR ITS DESIGNEE ARE ENTITLED TO  
14 DISPOSE OF TIRES AT THE \$16 CONTRACT RATE EVEN  
15 AFTER OTR'S DEFAULT UNDER CONTRACT.

16 BOARD MEMBER RELIS: READ THAT JUST ONE  
17 MORE TIME.

18 MR. BYRNE: SURE. I'M GLAD YOU ASKED ME  
19 TO READ IT, NOT INTERPRET IT.  
20 THE CLOSURE COST ESTIMATE - -

21 BOARD MEMBER CHESBRO: WHAT DOES THAT  
22 MEAN, MICHAEL?

23 MR. BYRNE: THE CLOSURE COST ESTIMATE IS  
24 BASED ON THE COST OF A THIRD-PARTY CLOSURE. OF  
25 COURSE, I'LL INTERPRET IT, BUT WE'RE OUT OF



1 BUSINESS AND YOU GET SOMEBODY ELSE IN THERE TO DO  
2 IT. AND THE BOARD AND/OR ITS DESIGNEE ARE  
3 ENTITLED TO DISPOSE OF TIRES AT THE \$16 CONTRACT  
4 RATE EVEN AFTER OTR'S DEFAULT UNDER CONTRACT.  
5 I WILL INTERPRET. WE'RE OUT OF  
6 THERE. YOU BRING SOMEBODY IN TO CLEAN UP THE  
7 MESS, AND THEY BRING THE TIRES TO THE PILE, AND  
8 YOU DISPOSE OF THEM AT THE \$16 RATE, AND THAT'S  
9 STATED IN THE RESTATED TIRE SUPPLY AGREEMENT,  
10 WHICH WAS AN AGREEMENT SIGNED BY ALL PARTIES AT  
11 THE TIME THE BOARD ISSUED OXFORD ITS PERMIT.

12 BOARD MEMBER RELIS: AND JUST FOR  
13 CLARIFICATION, IS THAT, IN EFFECT, MELP SAYING  
14 THAT WE WILL CONTINUE TO TAKE THE TIRES FOR \$16 A  
15 TON?

16 MR. BYRNE: I DON'T WANT TO PUT WORDS IN  
17 MELP'S MOUTH HERE. YOU WILL HEAR FROM MELP LATER.  
18 IN THE RESTATED SUPPLY - - RESTATED TIRE SUPPLY  
19 AGREEMENT, IT'S VERY SPECIFIC ON THESE INSTANCES.  
20 OKAY.

21 SEE, THE CLOSURE COST ESTIMATE IS  
22 BASED ON THE PROVISIONS OF THE RESTATED TIRE  
23 SUPPLY AGREEMENT WHICH PERMITS THE BOARD TO  
24 DISPOSE OF TIRES AT THE \$16 CONTRACT RATE. THE  
25 AGREEMENT EXPRESSLY STATES, AND HERE FROM THE



1 AGREEMENT, THE EXACT WORDS FROM THE AGREEMENT,  
2 "UPON ANY DEFAULT BY OTR UNDER THE TERMS OF  
3 SECTION 12(A), THE BOARD OR ITS DESIGNEE SHALL BE  
4 ENTITLED TO DISPOSE OF ACCEPTABLE TIRES FROM THE  
5 TIRE PILE AT THE FACILITY FOR THE SERVICE FEE  
6 SPECIFIED IN SECTION 7 OF THE AGREEMENT."  
7 AND SECTION 7 REFERS TO THE \$16 PER  
8 TON RATE.

9 BOARD MEMBER RELIS: AND AS I RECALL,  
10 THAT WOULD NOT, THOUGH, INCLUDE THE COST OF -  
11 THERE'S A GRAY AREA ABOUT THE DELIVERY OF THE TIRE  
12 TO - - THE MOVING OF THE TIRE FROM THE PILE TO  
13 THE . - WHATEVER THAT COST IS.

14 MR. BYRNE: I DON'T BELIEVE THAT'S A GRAY  
15 AREA. AND I WOULD HAVE TO DEFER TO COUNSEL ON  
16 THAT. YOU KNOW, I'M A LITTLE UNCOMFORTABLE IN  
17 THIS. THIS WHOLE SITUATION CAN END UP IN  
18 LITIGATION, AND I DON'T WANT TO PRACTICE LAW UP  
19 HERE, NOT BEING AN ATTORNEY. I DO NOT BELIEVE  
20 THAT'S A GRAY AREA. I THINK IF IT WAS A GRAY  
21 AREA, IT WOULD HAVE BEEN A PERMIT PROBLEM.

22 MS. TOBIAS: I THINK IT MIGHT BE BEST,  
23 MR. RELIS, TO FIRST, IF YOU WOULDN'T MIND, LET MR.  
24 BYRNE FINISH HIS PRESENTATION, ASK YOUR QUESTIONS  
25 ALONG THE WAY, THEN LET MELP RESPOND TO THEM. I'M



1 A LITTLE BIT CONCERNED MYSELF ABOUT INTERPRETING  
2 ANYTHING THAT EITHER OF THE PARTIES IS SAYING.  
3 AND THEN I THINK WE COULD ALSO ASK TIRE STAFF TO  
4 RESPOND WHAT IT WAS THAT WE THOUGHT WE HAD IN A  
5 PERMIT IN TERMS OF THAT COST THAT WAS GOING TO BE  
6 GUARANTEED IN TERMS OF FINANCIAL ASSURANCE IF THAT  
7 WOULD BE OKAY WITH YOU.

8 MR. BYRNE: THANK YOU. YESTERDAY - - THIS  
9 IS NOT WORD FOR WORD, JUST MY WORDS AGAIN.

10 YESTERDAY MELP'S REPRESENTATIVE STATED THAT THERE  
11 WAS DISCUSSION WITH TIRE COMPANIES TO SEE IF THEY  
12 COULD START TRANSPORTING TIRES TO THE FACILITY, AS  
13 THE CHAIRMAN STATED EARLIER.

14 NOW, I PERSONALLY WOULD THINK THE  
15 BOARD WOULD BE VERY CONCERNED ABOUT THIS. AS A  
16 RESULT OF YOUR DIRECTION, WE ARE TRYING TO DIVERT  
17 TIRES AWAY FROM THE FACILITY. LET'S GET THAT PILE  
18 DOWN AND GONE AS SOON AS POSSIBLE. AND IT SEEMS  
19 TO ME TO HAVE THE PILE THERE AND BRING IN TIRES  
20 FROM OTHER SOURCES, WE'RE HEADING IN THE WRONG  
21 DIRECTION.

22 AND ANOTHER COMMENT I MADE EARLIER,  
23 I WOULD ALSO ASSUME THAT IF OXFORD HOLDS A PERMIT  
24 ON THE MAJOR WASTE TIRE FACILITY AT THE WESTLEY  
25 FACILITY, BEFORE ANY OF THIS COULD OCCUR, ANY



1 OTHER TIRES COMING INTO THE FACILITY FROM OTHER  
2 SOURCES, IT WOULD REQUIRE A PERMIT FROM THE WASTE  
3 MANAGEMENT BOARD. THAT'S PRETTY MUCH THAT ISSUE.  
4 NOW I THINK I NEED TO SPEAK ABOUT  
5 THE REAL CRUX OF THE PROBLEM HERE AND WHY I'M EVEN  
6 TALKING ABOUT THIS. WHY DID OXFORD DEFAULT? AND  
7 OVER THE PAST SIX- OR EIGHT-MONTH PERIOD,  
8 ACCORDING TO MR. KIRKLAND, COSTS ASSOCIATED WITH  
9 THIS PERMIT HAVE BEEN AROUND THE NEIGHBORHOOD OF  
10 FOUR TO \$500,000. THESE INCLUDE ATTORNEYS FEES,  
11 WHICH I KNOW FOR A FACT ARE IN THE UPPER  
12 SIX-FIGURE CATEGORIES, VERY IMPORTANT, BUT THEY'RE  
13 QUITE EXPENSIVE; ENGINEERING FEES; CONSULTANT FEES  
14 ARE NOT AS EXPENSIVE, BUT I CONSIDER VERY, VERY  
15 IMPORTANT; THE ESCROW FUND COST; AND ADDED  
16 STAFFING. AND WE'VE GOT SOME VERY GOOD PEOPLE ON  
17 BOARD TO KIND OF HELP US FIND HOMES FOR THESE  
18 FIRES.  
19 NOW, THE TIRE INDUSTRY, WHICH I'M  
20 GETTING A VERY, VERY GOOD CRASH COURSE ON IT, IS  
21 VERY CLOSED IN AND CLOSED IN BEING WHAT IS YOUR  
22 DISPOSAL OPTIONS. AND WHAT IS THE PRICE YOU PAY  
23 FOR THOSE DISPOSAL OPTIONS? AND IT'S HARD TO GET  
24 AN EQUIPMENT DOOR FOR ALTERNATIVES. WELL, THE  
25 CEMENT KILN, THAT'S A GOOD EXAMPLE.



1 SO SUCH A CASH FLOW STRAIN IS  
2 DEVASTATING ON A SMALL COMPANY, AND THIS IS A  
3 SMALL COMPANY. I WOULD LIKE TO, IF NOBODY HAS ANY  
4 QUESTIONS, SHIFT OVER TO THE OTR PROPOSAL THAT I  
5 DISCUSSED A LITTLE BIT YESTERDAY. IS THAT OKAY?  
6 I HAVE A HANDOUT. OKAY.  
7 WHAT I'VE HANDED OUT IS A FACT  
8 SHEET. AND I GUESS I SHOULD HAVE HAD MADE IT INTO  
9 A TRANSPARENCY, BUT I'VE GONE FROM A 600-PERSON  
10 OPERATION TO A ONE-PERSON OPERATION, AND I DON'T  
11 GET ALL THE CLERICAL HELP TAKEN CARE OF ON A  
12 TIMELY BASIS. I'LL TAKE YOU THROUGH IT.  
13 THE FIRST ROW OF NUMBERS IS A -  
14 THIS IS JUST PURE FACT, PURE FACT. YOU KNOW, WHAT  
15 IS THE CURRENT TIRE PILE SIZE? WE HAVE 7.2  
16 MILLION, AND BY APRIL OF '97, WE'VE GOT TO GET IT  
17 DOWN TO 6,450,000. APRIL OF 1998, WE'VE GOT TO  
18 GET IT DOWN TO 5,200,000, AND ALL THE WAY DOWN  
19 TILL WE GET A ZERO PILE BY APRIL 2000. AND I  
20 DON'T THINK THERE'S ANY DISPUTE WITH THOSE  
21 NUMBERS.  
22 NOW, THE FINANCIAL ASSURANCES,  
23 ACCORDING TO THE PERMIT, ARE 7.2 MILLION TIRES  
24 TIMES 16 CENTS A TIRE, PLUS A 20-PERCENT  
25 CONTINGENCY - - THAT'S IN THE LAW OR THE



1 REGULATION - - FOR A TOTAL OF \$1,282,400. ONE  
2 MILLION BEING MET BY THE SURETY BONDS AND THE  
3 FINANCIAL ASSURANCE, AND THE REMAINDER BEING MET  
4 BY THE ESCROW FUND, WHICH I MIGHT ADD IS  
5 UP-TO-DATE. OKAY.  
6 NOW, GO DOWN TO THE NEXT GROUPING.  
7 I HAVE SCENARIOS OF WHERE THIS THING MIGHT HEAD.  
8 UNDER SCENARIO ONE, WE HAVE MELP CONTINUES TO  
9 OPERATE AFTER DECEMBER 31, 1997, AND THE TIRE PILE  
10 IS ELIMINATED BY 2000 PAID BY OXFORD AT A COST OF  
11 \$2,880,000. AND THE NUMBERS WE'RE LOOKING AT HERE  
12 IS WE'RE GOING TO HAVE TO DIVERT. WE'RE GOING TO  
13 HAVE TO HAVE TO DIVERT TO MAKE THESE NUMBERS. WE  
14 TAKE IN SIX MILLION TIRES A YEAR: AND WHEN MELP IS  
15 UP AND RUNNING, I BELIEVE THEY CAN BURN SIX  
16 MILLION TIRES A YEAR. SO MELP ALONE IS NOT GOING  
17 TO GET US THE TYPE OF REDUCTIONS THAT ARE REQUIRED  
18 BY OUR PERMIT. WE'RE GOING TO HAVE TO GO  
19 ELSEWHERE.  
20 NOW, THE 40 CENTS I HAVE AS GOING  
21 ELSEWHERE IS A REAL SWAG. WE DON'T KNOW WHAT THAT  
22 ELSEWHERE IS GOING TO COST. LIKE I SAY, WE'RE  
23 TRYING TO FIND NEW MARKETS, HOPEFULLY, AND MAYBE  
24 MR. KIRKLAND HAS FOUND A NEW MARKET THIS MORNING.  
25 THAT WOULD BE WONDERFUL, BUT IT'S SAFE TO SAY THAT



1 40 CENTS IS PROBABLY NOT OUT OF LINE WITH WHAT  
2 WE'RE GOING TO HAVE TO PAY. AND SO AT 40 CENTS A  
3 TIRE FOR FINDING NEW HOMES FOR 7.2 MILLION TIRES  
4 IS GOING TO BE A TOTAL COST OF 2.8 MILLION.  
5 NO. 2, MELP CLOSES OR CEASES  
6 OPERATING OR CEASES TAKING OXFORD TIRES AS OF  
7 DECEMBER 31ST, BUT OXFORD TIRE CONTINUES IN  
8 BUSINESS, AND THERE'S STILL THE REQUIREMENT OF  
9 ELIMINATING THE TIRE PILE BY THE YEAR 2000. OKAY.  
10 THE FIRST TWO OR THE FIRST DEADLINE  
11 WILL REMAIN UNCHANGED. IT WILL STILL COST US 300  
12 GRAND TO FIND HOMES FOR 750,000 TIRES. OKAY.  
13 THE SECOND ONE, WE WILL HAVE HALF A  
14 YEAR OF THE RATES OF FINDING HOMES, BUT FROM THEN  
15 ON WHO KNOWS? WHO KNOWS WHAT IT'S GOING TO COST  
16 US? AND ACTUALLY THIS COULD ACCELERATE QUITE A  
17 BIT TO FIND HOMES FOR ALL THOSE TIRES.  
18 OKAY. NO. 3, MELP CLOSES  
19 12-31-97 - - OH, LET ME ADD TOO ON NO. 2. MELP  
20 CLOSES 12-31-97, OXFORD CONTINUES IN BUSINESS, YOU  
21 ARE GOING TO CALL US BACK HERE AND SAY WE WANT TO  
22 RETALK ABOUT THESE FINANCIAL ASSURANCES. 1.3  
23 MILLION DOESN'T DO IT ANYMORE.  
24 NO. 3, MELP CLOSES 12-31-97 AND  
25 FORCES OXFORD TO BANKRUPTCY. OKAY. THE COST TO



1 OXFORD WILL BE AS I SHOWED IN THE PRIOR CHARTS.  
2 AND THEN AS OF APRIL 1 - - I MEAN APRIL 1 OF '98.  
3 THAT PROBABLY SHOULD BE JANUARY 1 OF '98 - - I'M  
4 SORRY - - ON THE CHART THERE, IT WILL BE A COST TO  
5 THE BOARD OR THE BOARD'S DESIGNEE, I WOULD ASSUME,  
6 FINDING HOMES FOR THESE TIRES THAT ARE ACTUALLY IN  
7 THE TIRE PILE. THESE AREN'T TRANSIENT TIRES, BY  
8 THE WAY. THESE ARE ACTUAL TIRE PILE TIRES. SO  
9 BASED UPON 40 CENTS A TIRE UP TO THAT POINT AND A  
10 BUCK FIFTY A TIRE AFTER THAT POINT, I CONCLUDE  
11 THAT THE GROSS COST WILL BE UP AROUND NINE MILLION  
12 BUCKS.  
13 NOW, YOU'LL TAKE THE FINANCIAL  
14 ASSURANCE ON DECEMBER 31ST, WHICH WILL BE 1.3  
15 MILLION, WHICH WILL LEAVE A NET COST TO THE BOARD  
16 OR THE BOARD'S DESIGNEE OR WHOEVER OF ABOUT \$7.6  
17 MILLION TO CLEAN UP THE TIRE PILE.  
18 NOW, LAST, NO. 4, IS THE PROPOSAL  
19 THAT WE BROUGHT TO THE BOARD YESTERDAY. THE BOARD  
20 APPROVES OXFORD'S REQUEST FOR TIRE PILE  
21 ELIMINATION BY 12-31-97. THAT MEANS ALL TIRES ARE  
22 OUT OF THERE BY THE END OF NEXT YEAR. OKAY. THE  
23 COST TO OXFORD, THE FIRST TWO, APRIL '97, DECEMBER  
24 OF '97, THAT'S NOT GOING TO CHANGE. THAT'S THE  
25 SAME REGARDLESS. BUT THE ACCELERATED COST FROM



1 THIS POINT TO THAT POINT FOR SIX MILLION TIRES AT  
2 40 CENTS A TIRE IS \$2.4 MILLION TO OXFORD TO FIND  
3 NEW HOMES FOR THESE - - ALL THE TRANSIENT TIRES  
4 BASICALLY THAT ARE COMING INTO THE PILE.  
5 THEY WILL NOT - - IF THIS PROPOSAL IS  
6 AGREED UPON BY THE BOARD, BASICALLY WHAT YOU'RE  
7 DOING IS TAKING OUR PERMIT AWAY, TAKING OUR MAJOR  
8 TIRE FACILITY PERMIT AWAY UNTIL DECEMBER OF '97,  
9 AND THEN WE'LL SEE HOW MELP IS DOING, WE'LL SEE  
10 HOW OXFORD IS DOING, AND HOPEFULLY MELP WILL BE  
11 DOING GOOD, AND THAT WILL BE A GOOD SOURCE OF  
12 TAKING TRANSIENT TIRES, BUT THAT PILE WILL BE  
13 GONE, AND WE WILL NOT TAKE ANY MORE TIRES TO THAT  
14 PILE.  
15 NOW, THE COST TO THE BOARD FOR 6.8  
16 MILLION TIRES OR WHATEVER IT IS - - IT CHANGES ON A  
17 DAILY BASIS - - AT 16 CENTS A TIRE IS \$1,092,000.  
18 SO LIKE I SAID YESTERDAY IN MY  
19 TESTIMONY, THE REASON WHY THE ENVIRONMENTAL  
20 COMMUNITY WAS VERY, VERY SUPPORTIVE - - CAW HAD  
21 ISSUED SUPPORT OF THIS PROPOSAL - - IS BECAUSE FOR  
22 5 PERCENT OF THE TOTAL MONEY YOU ARE TALKING  
23 ABOUT, I THINK YOU HAVE 21, \$23 MILLION FOR THE  
24 NEXT THREE YEARS TO SPEND ON THE TIRE PROGRAM, FOR  
25 5 PERCENT OF THOSE MONIES, YOU CAN GET RID OF 25



1 PERCENT OF YOUR LEGACY PILES AND THEN ALSO AVOID  
2 THE CLIFF DATE OF THE FEDERAL UTILITY RATES THAT'S  
3 GOING TO HIT ALL OF US ON DECEMBER '97. SO THAT'S  
4 THE EXTENT OF MY PROPOSAL HERE. I'M HERE TO  
5 ANSWER ANY QUESTIONS.

6 CHAIRMAN PENNINGTON: QUESTIONS OF MR.

7 BYRNE? OKAY. THANK YOU, MR. BYRNE.

8 NOW WE ARE GOING TO HEAR FROM JOE

9 GRECO WITH MODESTO ENERGY LIMITED.

10 MR. GRECO: MR. CHAIRMAN, BOARD MEMBERS,

11 THANK YOU. NOW I SEE WHY YOU HAD THIS ITEM UP

12 FIRST. YOU HAD A LITTLE EXCITEMENT THIS MORNING.

13 SEVERAL ITEMS THAT I'D LIKE TO

14 ADDRESS. IT SEEMS AS THOUGH THERE'S BEEN SEVERAL

15 PEOPLE SPEAKING ON BEHALF OF MELP. I'D LIKE TO

16 CLEAR UP A COUPLE POINTS. FIRST OFF, WHAT GARTH

17 SAID, IN REGARDS TO GARTH'S PRESENTATION, WHAT MR.

18 TOMEI DID SAY YESTERDAY IS THAT WE ARE SEEKING

19 PROPOSALS FROM OUTSIDE SOURCES. WE ARE DOING THIS

20 BECAUSE WE HAVE ISSUED A NOTICE OF DEFAULT TO

21 OXFORD TIRE.

22 THEY ARE IN DEFAULT SEVERAL

23 THOUSANDS OF DOLLARS IN EXCESS OF A QUARTER OF A

24 MILLION DOLLARS. SO ONE OF THE POINTS I'D LIKE TO

25 ADDRESS IS THAT, YES, THEY ARE REDUCING THE PILE,



1 BUT THEY'RE DOING IT AT MELP'S EXPENSE. IT'S REAL  
2 EASY TO SAY THEY ARE REDUCING THE TIRE PILE, BUT  
3 THEY'RE NOT PAYING US. SO WITH THEIR PERFORMANCE  
4 AND THEIR ESTIMATES WE WERE LOOKING AT ORIGINALLY,  
5 TO SAY THEY COULD BURN 750 OR 7,500 TONS OF TIRES  
6 IN A YEAR I DON'T THINK WERE CORRECT.  
7 WE, HELP, PER OUR TIRE SERVICES  
8 AGREEMENT, WAS RESPONSIBLE FOR REDUCING THE PILE  
9 BY 2500 TONS. THE FIRST 2500 TONS, THAT'S OUR  
10 AGREEMENT. WE DID THAT. WE MET THAT OBLIGATION.  
11 SO PART OF THAT CHART WAS DONE NOT ONLY AT NOT  
12 BEING PAID THE \$16 A TON RATE PER OUR TIRE  
13 SERVICES AGREEMENT, BUT ALSO GETTING OUR EQUIPMENT  
14 AND STAFF IN THE PILE REDUCING THAT PILE. SO  
15 THAT'S A POINT THAT I'D LIKE TO NOTE.  
16 THE ISSUE ABOUT BRINGING TIRES IN,  
17 HE SAID WE ARE NOT PERMITTED. YES, WE HAVE  
18 APPLIED FOR A MAJOR WASTE TIRE FACILITY PERMIT,  
19 AND WE ANTICIPATE ON GETTING THAT BY YEAR END. WE  
20 HAVE APPLIED FOR IT. THERE ARE CERTAIN ISSUES.  
21 WE'RE TRYING TO WORK THAT OUT NOW WITH TOM AND  
22 GARTH, AND I THINK WE WOULD HAVE SUCCESS IN THAT  
23 BY YEAR END.  
24 IN REGARD TO THE SERVICE FEE OF \$16  
25 A TON THAT WAS MENTIONED, I THINK IT WAS SECTION



1 12(A) OF THE AGREEMENT, WHAT I'D LIKE TO REMIND  
2 YOU OF IS A STATEMENT THAT OUR ATTORNEY MADE AT  
3 THE LAST PRESENTATION IS THE INTENT OF THAT WAS,  
4 YES, WE WOULD BURN TIRES AT \$16 A TON WHEN  
5 NECESSARY.  
6 MELP HAS A VIEW IT WOULD LIKE TO SEE  
7 THAT PILE BE REDUCED, AND OUR PROPOSAL, THE DRAFT  
8 PROPOSAL WHICH WAS ISSUED TO RALPH, WAS CLEAR IN  
9 THAT WE WOULD LIKE TO BURN THAT PILE DOWN AS QUICK  
10 AS WE CAN. THE \$16 A TON RATE IS AN UNREALISTIC  
11 NUMBER TO MAINTAIN THE VIABILITY OF THE UNIT IF WE  
12 HAVE TO GO IN THE PILE AND REDUCE THE PILE.  
13 SO WE CAN, AS THE TIRE SERVICES  
14 AGREEMENT HAD OUTLAID, WE COULD DO A MIX OF SOME  
15 TIRE PILE AND MOSTLY TRANSIENT AND SURVIVE AT THAT  
16 RATE OF ACCEPTING TIRE PILE TIRES AT \$16 A TON.  
17 BUT TO GO IN THERE AND REDUCE THAT PILE BY THE  
18 TIME OUR CLIFF DATE COMES UP CANNOT BE  
19 ACCOMPLISHED AT \$16 A TON AND REMAIN US AS A  
20 VIABLE UNIT.  
21 WE ARE TAKING TIRES NOW FOR NOTHING  
22 BECAUSE WE DO HAVE AN OBLIGATION, WE HAVE A  
23 CONTRACTUAL OBLIGATION WITH PG&E TO SUPPLY  
24 ELECTRICITY, AND WE HAVE A FIDUCIARY OBLIGATION TO  
25 OUR BANKS TO TRY TO ENHANCE REVENUE. RIGHT NOW WE



1 ARE DOING THAT BECAUSE THROUGH THE A PERIOD IS  
2 WHEN OUR HIGHER PEAK RATES ARE GENERATED FROM  
3 PG&E. SO WE HAD TO CONTINUALLY BURN TIRES TO  
4 OBTAIN THOSE ENERGY RATES.  
5 SO IF THERE ARE ANY QUESTIONS, I'D  
6 LIKE TO ENTERTAIN THAT NOW, BUT I JUST WANTED TO  
7 STRESS THE FACT THAT THERE ARE TWO ISSUES HERE IN  
8 THAT TIMING IS OF THE ESSENCE IN OUR ORIGINAL  
9 PROPOSAL THAT WAS SENT OUT; AND IF WE WANT TO  
10 REDUCE THAT PILE IN 1997, WHILE WE CAN STILL  
11 REMAIN A VIABLE UNIT UNDER THE CURRENT CONTRACTUAL  
12 TERMS, WE WOULD LIKE TO ASSIST IN THAT EFFORT.  
13 AND THE KEY ISSUE ON TOP OF THAT IS THAT WE WOULD  
14 LIKE TO CONTINUE TO REMAIN AS A VIABLE ENTITY  
15 ONGOING PAST '97, AND WE'RE SEEKING WAYS TO DO  
16 THAT. WE'LL TRY TO WORK WITH OTHER TIRE DELIVERY  
17 PEOPLE, THE BOARD, IF NECESSARY, THROUGH LOBBYING  
18 EFFORTS OR LEGISLATIVE INITIATIVES TO GET US OUT  
19 THERE, TO CONTINUE TO BE VIABLE, AND CONTINUE TO  
20 BURN SIX MILLION TIRES A YEAR.

21 CHAIRMAN PENNINGTON: OKAY.

22 BOARD MEMBER RELIS: MR. CHAIRMAN. MR.

23 GRECO, SO THEN I TAKE IT YOU WOULD DISPUTE THE  
24 NUMBER AS A COST TO THE BOARD OF 1,092,000? YOU  
25 DON'T THINK THAT'S A REALISTIC- -



1 MR. GRECO: I HAVEN'T SEEN HIS PROPOSAL,  
2 BUT BASICALLY TO GO INTO THE PILE, TO KEEP OUT  
3 CURRENT ECONOMICS, THE RATE AT WHICH WE ARE  
4 RECEIVING AT \$16 A TON, WHICH IS THE PROPOSAL THAT  
5 WE BASED THE DRAFT PROPOSAL I HAD SENT TO MR.  
6 CHANDLER WAS BASED ON, WAS TO MAINTAIN THAT \$16 A  
7 TON REVENUE INTO MELP, MEANING TIRES BEING  
8 DELIVERED TO THE DELIVERY AREA, WE DON'T THINK  
9 THAT - - I DON'T KNOW HOW THAT NUMBER WAS  
10 GENERATED, BUT THE ISSUE IS IS THAT IT COSTS  
11 SIGNIFICANTLY MORE TO GO INTO THAT PILE ON A  
12 TIERED BASIS. FOR INSTANCE, THE FIRST MILLION IS  
13 MUCH EASIER TO OBTAIN THAN THE LAST MILLION.  
14 AND THERE ARE SEVERAL ISSUES  
15 INVOLVED IN THAT. WE'RE APPROACHING THE WET  
16 SEASON NOW. IT'S A VERY, VERY DIFFICULT AREA.  
17 THE TERRAIN IS VERY DIFFICULT. IT BECOMES VERY  
18 MUDDY IN THERE. AND WE'VE DONE IT. WE KNOW THE  
19 COST. WE'VE - - WE'RE NOT FAR OFF FROM THE BOARD'S  
20 CONSULTANTS WHEN THEY MADE THEIR ORIGINAL  
21 PROPOSAL.  
22 IT'S A VERY DIFFICULT PILE TO  
23 REMEDIATE. WE UNDERSTAND THAT. AND WE'RE WILLING  
24 TO DO IT FOR A REASONABLE MARGIN IN TRYING TO KEEP  
25 THE SAME REVENUE STREAM THAT WE CURRENTLY HAVE.



1 AND I DIDN'T BRING MY "NEWS WEEK" ARTICLE OR THE  
2 "BUSINESS WEEK" ARTICLE THAT I SHOWED YOU  
3 YESTERDAY, BUT I JUST WANTED YOU TO REMEMBER THAT.  
4 IT'S SITTING ON MY CHAIR. IT'S OUT THERE. IT'S  
5 AN ISSUE. AND WE KNOW AND WE'D LIKE TO BE A PART  
6 IN HELPING RESOLVE THAT ISSUE.

7 CHAIRMAN PENNINGTON: OKAY. ANY  
8 QUESTIONS, FURTHER QUESTIONS OF MR. GRECO? I SEE  
9 MR. BYRNE WOULD LIKE TO SAY SOMETHING. I DON'T  
10 WANT TO GET INTO A DEBATE.

11 MR. BYRNE: I'M NOT GOING TO DEBATE. I'M  
12 IN SUPPORT OF WHAT MR. GRECO IS SAYING. I TALKED  
13 TO MR. COOKE AND I TALKED TO MR. GRECO ABOUT THAT.  
14 WHAT IS THE DIFFERENCE BETWEEN OUR TWO PROPOSALS?  
15 THE DIFFERENCE PRIMARILY IS MOVING THE TIRES FROM  
16 THE PILE TO THE BELT. AND AS I STATED YESTERDAY,  
17 MR. KIRKLAND IS VERY INTERESTED IN SITTING DOWN  
18 WITH MR. GRECO AND THE BOARD AND THE BOARD PEOPLE  
19 AND SEE IF WE CAN COME TO SOME KIND OF AGREEMENT  
20 ON THIS. IT'S NOT AN UNSURPASSABLE ISSUE IS WHAT  
21 MY COMMENT IS.

22 CHAIRMAN PENNINGTON: OKAY.

23 MR. GRECO: JUST LIKE TO ADD SOMETHING AS  
24 HE BROUGHT THAT UP. THE RELATIONSHIP THAT EXISTS  
25 BETWEEN THE TWO ORGANIZATIONS HAS BECOME QUITE



1 STRESSED LATELY. AND THAT IS SOMETHING TO NOTE  
2 BECAUSE WE HAVE SEEN IN THE PAST THAT NUMBERS WERE  
3 GENERATED, PROPOSALS WERE GENERATED THAT THINGS  
4 CAN OCCUR, TIRES CAN BE BROUGHT TO THE DELIVERY  
5 AREA. IT WOULD ONLY COST 5 CENTS TO BRING TIRES  
6 FROM THE TIRE PILE TO THE DELIVERY AREA. WE'RE  
7 HAVING A TOUGH TIME UNDERSTANDING THE NUMBERS THAT  
8 WERE PRESENTED TO US.  
9 AND IN REGARD TO THE DEFAULT ISSUE,  
10 ONE THING THAT I DIDN'T BRING UP BEFORE IN MY  
11 PRESENTATION WAS THE TERMINATION HAS NOT BEEN  
12 ISSUED IN REGARD TO THE NOTICE OF DEFAULT BECAUSE  
13 WE WANT TO REMAIN AN OPERATING UNIT. WE WANT TO  
14 CONTINUE TO BURN DOWN TIRES. THAT'S WHY WE ARE  
15 SEEKING THE PROPOSALS TO CONTINUE A STEADY REVENUE  
16 STREAM TO KEEP THE UNIT VIABLE.  
17 ANY OTHER QUESTIONS?  
18 CHAIRMAN PENNINGTON: ANY OTHER  
19 QUESTIONS? MR. CHANDLER.  
20 MR. CHANDLER: I KNOW YOU HEARD A LOT OF  
21 NUMBERS THIS MORNING AND IT GETS CONFUSING WITH  
22 RESPECT TO JUST EXACTLY WHAT IS THE FULL COST TO  
23 THE STATE. BUT IF YOU RECALL, WHEN THESE TWO  
24 PROPOSALS CAME IN, ONE IN DRAFT FORM AND ONE THAT  
25 WAS PRETTY - - DOROTHY AND I ASKED STAFF TO ANALYZE



1 BOTH THOSE PROPOSALS. AND AT THE SAME TIME WE  
2 SAID TO STAFF ALSO PUT ON YOUR THINKING CAPS ON A  
3 BIT AND SEE IF THERE'S AN ALTERNATIVE PROPOSAL  
4 THAT MIGHT MAKE SENSE IN LIGHT OF THE BOARD'S  
5 POLICY OF HAVING SOME RELUCTANCE TO SPEND TIRE  
6 DOLLARS TO GRANT, IF YOU WILL, REMEDIATION AT A  
7 SITE.  
8 AND THERE'S - - WE STILL HAVE THIS  
9 THEME OF COST RECOVERY, WHICH WE'D LIKE TO ADHERE  
10 TO, TO DEVELOP A COST RECOVERY PROPOSAL, WHICH YOU  
11 ALL RECEIVED UNDER SEPARATE COVER. MAYBE A  
12 SUCCINCT SUMMATION OF THAT FROM RICHARD OR GARTH.  
13 WE'D LIKE THE BOARD TO JUST HAVE, AS WE LEAVE THIS  
14 DISCUSSION, AN OVERVIEW OF WHAT WE'VE HEARD FROM  
15 OXFORD, WHAT WE'VE HEARD FROM MELP. MICHAEL IS  
16 RIGHT. BOTH PROPOSALS ESSENTIALLY PULL MONIES  
17 FROM THE TIRE FUND TO ACCELERATE THE DRAW DOWN OF  
18 THAT SITE. SLIGHTLY DIFFERENT COSTS GOING FURTHER  
19 INTO THE PILE. STAFF'S PROPOSAL PLAYS A LITTLE  
20 BIT ON THE MONTHLY CONTRIBUTIONS TO THE FINANCIAL  
21 ASSURANCE FUND. I THINK IT WOULD BE HELPFUL IF  
22 RICHARD OR GARTH TOUCHED ON THAT REAL BRIEFLY.

23 MR. ADAMS: IN RESPONSE TO MR. CHANDLER'S  
24 REQUEST, I WANTED TO SUGGEST THAT YOU MIGHT WANT  
25 TO GET BATTERIES FOR YOUR CALCULATORS. I'LL HAVE



1 RICHARD CASTLE SPEAK TO THE ISSUES THAT RALPH IS  
2 ADDRESSING, BECAUSE HE'S THE ANALYST WORKING ON  
3 IT, AND PROVIDE A SUMMARY THE INFORMATION THAT YOU  
4 RECEIVED.

5 MR. CASTLE: MY NAME IS RICHARD CASTLE  
6 WORK IN THE FINANCIAL ASSURANCE SECTION. AND WHEN  
7 WE DID THE PROPOSAL, IT WAS BEFORE OCTOBER, AND WE  
8 BASED ALL OF OUR CALCULATIONS AS IF WE WERE ABLE  
9 TO REACH AN AGREEMENT BY OCTOBER 1ST TO BEGIN  
10 REMOVING TIRES FROM THE PILE. SO YOU'VE GOT TO  
11 REALIZE THAT ALMOST A MONTH HAS BEEN USED UP, AND  
12 THERE'S A VERY SHORT TIME FRAME.  
13 BUT AT THE TIME, IF WE WOULD HAVE  
14 BEGUN THE PROPOSAL UNDER MELP'S ABILITY TO BURN,  
15 THEY WOULD HAVE ONLY BEEN ABLE TO BURN 54,000 TONS  
16 FROM THE PILE, LEAVING ABOUT 18,000 TONS, IN THAT  
17 RANGE, OF TIRES ON THE PILE, BUT BEFORE SEPTEMBER  
18 OF '97. AND THAT'S WHEN MELP'S OFFER TO US OF A  
19 SPECIFIED RATE ENDED BECAUSE OF THEIR CONTRACT  
20 WITH PG&E.  
21 SO WE ONLY HAD NUMBERS THAT WERE  
22 RELATIVELY SOLID TO GO OVER WITH IN THAT TIME  
23 FRAME. IF WE WERE ABLE TO BURN THE FULL 54,000  
24 TONS FROM THE PILE DURING THAT TIME FRAME, IT  
25 WOULD BE A COST, BASED ON MELP'S PROPOSAL -- I'M



1 SORRY - BASED ON THE \$16 TON, \$575,000.  
2 WE WOULD STILL LIKE TO REACH AN  
3 AGREEMENT BETWEEN MELP AND OXFORD AND OURSELVES ON  
4 WHO IS GOING TO MOVE THOSE TIRES FROM THE PILE.  
5 AND IN REVIEWING THE ESTIMATES, THE OFFER MADE BY  
6 MELP WAS VERY CLOSE TO WHAT STAFF HAD PRESENTED AT  
7 THE END OF LAST YEAR AND BEGINNING OF THIS YEAR ON  
8 THE COST TO MOVE THOSE TIRES. AND THAT SAME  
9 54,000 TONS WOULD HAVE COST 1.8 MILLION BECAUSE  
10 THERE'S A SIGNIFICANT COST TO MOVE THE TIRES.  
11 WE WOULD HAVE TO HAVE ACCESS TO THE  
12 TRUST FUND THAT IS CURRENTLY IN PLACE TO GET THE  
13 CLOSURE INSURANCE AND SURETY BOND AND TO ESTABLISH  
14 A NEW AGREEMENT TO MAKE MONTHLY PAYMENTS TO THE  
15 BOARD, THE AGREEMENT BETWEEN OXFORD AND THE BOARD,  
16 AND THAT WOULD BE THE COST RECOVERY PORTION OF  
17 THAT. SO BASICALLY INSTEAD OF MAKING DEPOSITS TO  
18 THE TRUST FUND TO BUILD IT UP, THEY START PAYING  
19 THE BOARD ON A MONTHLY BASIS TO BE DOING THE WORK  
20 AND THEN ON INTO THE FUTURE UNTIL WE RECOVERED THE  
21 COST.  
22 WE NEED ALSO TO CONSIDER PROVISIONS  
23 FOR CLEANUP, POSSIBLE MONOFILL, TRANSFORMATION,  
24 AND SHREDDING, GRINDING OF THE OVERSIZE TIRES  
25 BECAUSE THERE'S A SIGNIFICANT NUMBER OF OVERSIZE



1 TIRES IN THE PILE THAT CAN'T BE BURNED AT MELP.  
2 THERE'S A SIGNIFICANT COST ASSOCIATED WITH THOSE.  
3 AND THE COSTS THAT - - THERE WAS SUCH A WIDE RANGE  
4 MENTIONED JUST A MINUTE AGO, THOSE COSTS DO NOT  
5 CONSIDER THE COST TO GET RID OF THE OVERSIZE  
6 TIRES, AND THAT WAS A SIGNIFICANT.  
7 SPECIFIC COMPLAINTS REGARDING THE  
8 PROPOSAL, THE COST RECOVERY PROPOSAL, WOULD BE  
9 THAT THE BOARD DRAW ON THE CURRENT TRUST FUND, NOW  
10 AT A HUNDRED FIFTY THOUSAND, OXFORD WILL PAY THE  
11 BOARD 15,000 A MONTH FOR CLOSURE EXPENSES, AND WE  
12 REQUEST AN AGREEMENT WITH MELP FOR THE ABATEMENT  
13 BEYOND SEPTEMBER 30TH OF '97, SO THAT WE ENTER A  
14 CONTRACT OF OUR OWN WITH MELP SO THAT WE COVER ANY  
15 COSTS THAT WE COULD GET INTO TO TRY TO EXTEND  
16 BEYOND THEIR PG&E CLIFF DATE.  
17 OXFORD WOULD ALSO HAVE TO MAINTAIN  
18 CURRENT FINANCIAL ASSURANCE DEMONSTRATIONS BEING  
19 THE CLOSURE INSURANCE POLICY AND SURETY BONDS  
20 UNTIL SUCH TIME THAT WE HAD COMPLETED THE CLOSURE  
21 OF THE SITE AND THAT ANY POSSIBLE BONDING FOR  
22 REPAYMENT HAD BEEN PRESENTED TO US, WHETHER IT BE  
23 A BOND OR SOME OTHER MECHANISM PRESENTED FROM  
24 OXFORD TO THE BOARD, AS THEIR GUARANTEE THAT THEY  
25 WOULD BE PAID UNDER THE COST RECOVERY.



1 THERE - - AND AGAIN, THAT'S GOING TO  
2 BE MY PROPOSAL. THERE MAY BE REMAINING OVERSIZE  
3 TIRES AT THE END OF THE ABATEMENT PROCESS WHICH  
4 OXFORD MAY NOT BE FINANCIALLY ABLE TO DEAL WITH,  
5 AND THAT'S OBVIOUSLY A VERY LIKELY SITUATION.  
6 THERE'S A NUMBER OF TIRES PILING - - BEING  
7 MAINTAINED IN A CERTAIN AREA OF THAT FACILITY.  
8 GENERAL COMMENTS WOULD BE THAT THE  
9 BOARD'S LEGAL OFFICE, AND WE DISCUSSED ALSO, WOULD  
10 NEED TO TAKE AN IN-DEPTH LOOK AT THE PROPOSAL, IF  
11 PURSUED, WE'D NEED TO ASSIST IN EXECUTING THE  
12 NECESSARY AGREEMENTS WITH ALL THE PARTIES, AND  
13 MORE INFORMATION WILL ALSO BE NEEDED FROM MELP  
14 REGARDING THE COST OF THE POWER PRODUCTION,  
15 ELECTRICITY RATES PAID BY PG&E, AND A MINIMUM RATE  
16 NEEDED TO ECONOMICALLY BURN THE TIRES AFTER  
17 SEPTEMBER 30TH OF 1997.  
18 WE WERE ABLE TO PUT TOGETHER SOME  
19 NUMBERS BASED ON HISTORIC COST TO MELP, BUT  
20 THEY'VE BEEN DOING A NUMBER OF - - THEY'VE  
21 IDENTIFIED THAT THEY'RE DOING A NUMBER OF THINGS  
22 AT THE FACILITY TO REDUCE THEIR COST, POSSIBLE  
23 RESTRUCTURING OF THEIR DEBT, SO THAT THEY MAY NOT  
24 NEED AS MUCH MONEY IN ORDER TO REMAIN SOLVENT. SO  
25 THOSE KIND OF AREAS WOULD HAVE TO BE PURSUED ALSO.



1 I CAN GET INTO A LOT MORE DETAIL ON  
2 THE NUMBERS IF YOU WANT. THIS IS A QUICK OVERVIEW  
3 THAT I PUT TOGETHER EARLIER.

4 MR. CHANDLER: SO WHAT'S THE BOTTOM LINE  
5 NUMBERS, RICHARD?

6 MR. CASTLE: THE BOTTOM LINE NUMBER,  
7 REALLY BOTTOM LINE NUMBERS, WE DON'T KNOW EXACTLY  
8 HOW MUCH IT COSTS BECAUSE THE TIME FRAME KEEPS  
9 SLIPPING AWAY ON IT, BUT WE WOULD BASICALLY  
10 FOLLOW - - AT THIS TIME WE ARE BASICALLY IN  
11 AGREEMENT WITH MELP'S PROPOSAL ON THE COST, THAT  
12 SINCE WE DON'T HAVE AN AGREEMENT WITH OXFORD THAT  
13 THEY WOULD PULL THE TIRES OFF FOR FREE. AND WE  
14 DON'T HAVE AN AGREEMENT FROM MELP THAT THEY WOULD  
15 PULL THE TIRES FOR FREE, SO WE NEED TO IDENTIFY  
16 WHAT THEY WOULD CHARGE US IF THEY PULL THE TIRES  
17 FROM THE PILE. WE WOULD NEED TO GET THROUGH  
18 SEPTEMBER 30TH, WE WOULD - - IT WOULD COST US JUST  
19 OVER \$1.8 MILLION, AND WE WOULD STILL HAVE A  
20 SIGNIFICANT NUMBER OF TIRES ON THE PILE.

21 BOARD MEMBER RELIS: OKAY. OXFORD HAS  
22 SAID 1.92; STAFF HAS SAID 1.8. 1.8 WOULD BE  
23 INCLUDING THE 150,000 THAT'S IN THE - -

24 MR. CASTLE: WELL, ACTUALLY IT WAS  
25 INCLUDING A 109,000 IN THE TRUST AT THE TIME.



1 BOARD MEMBER RELIS: SO IT'S REALLY,  
2 WHAT, 1.9. ADD THAT BACK IN.  
3 CHAIRMAN PENNINGTON: ACTUALLY 1.092.  
4 BOARD MEMBER RELIS: 1.092 IS OXFORD, BUT  
5 STAFF'S IS 1.8, AND THEN YOU'RE USING - -  
6 MR. CASTLE: THAT'S ACTUALLY MELP'S  
7 NUMBER. WE DON'T HAVE AN AGREEMENT.  
8 BOARD MEMBER RELIS: WHEREAS, THE 150,000  
9 RIGHT NOW THAT WOULD BE IN THE TRUST FUND.  
10 MR. CASTLE: IN THE TRUST FUND RIGHT NOW.  
11 BOARD MEMBER RELIS: YOU'RE INCLUDING  
12 THAT.  
13 MR. CASTLE: NO. WE CAN TAKE THAT OFF  
14 THE 1.8.  
15 BOARD MEMBER RELIS: SO IT'D COME DOWN TO  
16 1.65.  
17 MR. CASTLE: ACTUALLY 1.85.  
18 BOARD MEMBER RELIS: AND THEN THAT LEAVES  
19 ONE-THIRD OF THE PILE STILL THERE?  
20 MR. CASTLE: NO. LEAVE ABOUT 18,000  
21 TONS. BUT THE PROBLEM WITH THAT REMAINING IS  
22 54,000 TONS THAT - - I'M SORRY -- IT'S A THIRD, BUT  
23 THE MAJORITY, NOT THE MAJORITY, A SIGNIFICANT  
24 PORTION OF THAT REMAINING IS GOING TO BE OVERSIZE  
25 TIRES. AND THE OVERSIZE TIRES ARE VERY EXPENSIVE



1 TO TAKE CARE OF.

2 BOARD MEMBER RELIS: SO IT'S 1.65 TO  
3 CLEAN UP TWO-THIRDS OF THE MASS. WE'LL JUST CALL  
4 IT THAT. AND IT LEAVES A THIRD OF THE MASS WHICH  
5 IS OF AN UNKNOWN COST STILL TO BE CLEANED UP. IS  
6 THAT A FAIR - -

7 MR. CASTLE: THAT WOULD BE FAIR.

8 BOARD MEMBER RELIS: - - SUMMARY OF WHAT  
9 THESE PROPOSALS MEAN?

10 MR. CASTLE: THAT'S - -

11 MR. ADAMS: USING MELP'S NUMBERS.

12 MR. CASTLE: IN THE PROPOSAL THAT STAFF  
13 HAD ACTUALLY USED, THE OXFORD NUMBERS THAT WE'VE  
14 MADE THE PROVISION THAT WE HAVE TO HAVE AN  
15 AGREEMENT ON TAKING CARE OF THOSE TIRES, WE DON'T  
16 HAVE THAT AGREEMENT. EVERYTHING FURTHER MUDDIES  
17 THE WATER, SO TO SPEAK.

18 MR. BYRNE: MR. CHAIRMAN, I KNOW OUR  
19 PROPOSAL WAS QUITE SKETCHY, AND IT DIDN'T HAVE A  
20 LOT OF MEAT TO IT. BUT IT WAS NEVER OUR INTENT TO  
21 INCLUDE THE LARGE TIRES. WE WERE ALWAYS GOING TO  
22 DEAL WITH THOSE. WE KNEW THOSE REQUIRED SPECIAL  
23 HANDLING OUTSIDE OF THE MELP PROCESS. SO WE'VE  
24 EXPENDED A LOT OF ENERGY INTO BRINGING OUT A PLAN  
25 TO DEAL WITH THOSE TIRES, AND WE DO PLAN ON



1 DEALING WITH THEM, SO THAT - - THAT SHOULD NOT BE A  
2 CONCERN.  
3 NOW, ON, YOU KNOW, THE COST OF  
4 GETTING THE TIRES FROM THE PILE TO THE BELT, WE  
5 HAVE DISAGREEMENTS ON WHAT THEY ARE. WE WOULD BE  
6 WILLING TO ENTER INTO AN AGREEMENT WHERE WE ASSUME  
7 THAT ACTIVITY: AND THEN IF WE DON'T PERFORM, THEN  
8 COST RECOVERY IS APPROPRIATE.

9 CHAIRMAN PENNINGTON: OKAY. ANY FURTHER  
10 QUESTIONS OF -

11 BOARD MEMBER FRAZEE: I NEED TO  
12 UNDERSTAND. IN MAKING ANY OF THESE PROPOSALS  
13 WORK, THE - . OUR ACCESS TO THE MILLION DOLLAR  
14 BOND, THAT CAN ONLY OCCUR UPON DEFAULT OF OXFORD.

15 MR. BYRNE: DEFAULT IS PROBABLY THE WRONG  
16 TERM. BANKRUPTCY. OUT OF BUSINESS.

17 BOARD MEMBER FRAZEE: I WAS TRYING TO BE  
18 KIND.

19 MR. CASTLE: THE \$500,000 OF THE CLOSURE  
20 INSURANCE POLICY, WE HAVE TWO SEPARATE MECHANISMS  
21 FOR THAT. \$500,000 BOND, AND THEY ARE BOTH SET UP  
22 SO THAT IF OXFORD FAILS TO CLOSE WHEN WE ORDERED  
23 THEM TO CLOSE, THEN WE COULD STEP IN AND USE THOSE  
24 FINANCIAL ASSURANCE DOLLARS.

25 BOARD MEMBER FRAZEE: HOW DO YOU GET



1. ACCESS TO THAT EARLIER, THAT FAILURE TO CLOSE?

2 MR. CASTLE: GAINING ACCESS TO IT EARLIER

3 IS NOT WHAT THE FINANCIAL DEMONSTRATIONS ARE SET

4 UP FOR. THAT MILLION DOLLARS BETWEEN THOSE TWO

5 MECHANISMS IS SET UP FOR IF OXFORD FAILS TO DO AS

6 ORDERED. THE OPERATOR JUST GOES TO THE LANDFILLS.

7 THEY'RE ALWAYS GIVEN THE OPPORTUNITY TO PERFORM

8 EVEN UNDER AN ORDER BEFORE THE BOARD WOULD GO OUT

9 AND HIRE A THIRD PARTY TO COME IN AND DO IT.

10 BOARD MEMBER FRAZEE: THEN I'M UNCLEAR ON

11 THE CONTINUING VIABILITY OF THE \$16 FIGURE. I

12 THINK WE'RE HEARING SOME DIFFERENT THINGS. JUST

13 SETTING ASIDE FOR A MOMENT THE COST OF MOVING THE

14 TIRES OFF OF THE PILE TO THE BELT, BUT JUST THE

15 TIPPING FEE AT THE PLANT, DOES THAT AGREEMENT LOCK

16 IT IN BEYOND THE DECEMBER '97 CLIFF DATE?

17 MR. BYRNE: AS LONG AS THE AGREEMENT

18 REMAINS INTACT, THAT IS MY BELIEF, THAT UP UNTIL

19 THE CLIFF DATE, THE \$16 A TON IS ACCURATE.

20 HOWEVER, IF MELP WERE TO SIGN THAT THEY WANTED TO

21 TERMINATE THE AGREEMENT, OF COURSE, IT WOULD BE

22 WHATEVER IT IS. THEN THERE WOULD BE NO PAYMENT

23 MECHANISM FOR TIRES THAT ARE BEING USED AFTER THAT

24 TIME. IS THAT PRETTY CLOUDY?

25 MR. ADAMS: MR. FRAZEE, I BELIEVE THAT



1 THE AGREEMENT - - MR. GRECO HAS ADDRESSED THIS AS  
2 WELL - - BETWEEN OXFORD AND MELP HAS A NORMAL  
3 EXPIRATION DATE ASSOCIATED WITH IT ANYWAY, AND I  
4 BELIEVE THAT'S THE END OF 1997. THAT BASICALLY  
5 DISSOLVES ON ITS OWN MERIT. IT'S NOT ONE THAT  
6 CONTINUES THROUGHOUT TIME.

7 BOARD MEMBER FRAZEE: SO IF THIS THING IS  
8 NOT RESOLVED BY THAT DATE, THEN THAT \$16 FIGURE  
9 GOES OUT THE WINDOW. AND I THINK THAT'S WHAT WE  
10 HEARD FROM HELP EARLIER. ANY PROPOSAL TO GO  
11 BEYOND THAT DATE, THE COST OF PUTTING - - THE  
12 TIPPING FEE OF PUTTING THE TIRES ON THE BELT IS  
13 GOING TO BE SIGNIFICANTLY HIGHER FOR MELP'S  
14 OPERATION TO BE VIABLE AT WHATEVER PROJECTED  
15 ENERGY RATES ARE GOING TO BE.

16 MR. GRECO: TWO ISSUES IN REGARD TO THAT.  
17 ONE IS THE CURRENT RATE IN THE HELP PROPOSAL IS  
18 THROUGH SEPTEMBER '97 OR IT BASICALLY SAYS THE  
19 CLIFF DATE. JUST FOR AN UNDERSTANDING, WE ARE  
20 CURRENTLY IN DISPUTE WITH PG&E RIGHT NOW ON WHAT  
21 THAT CLIFF DATE REALLY IS. THAT COULD POTENTIALLY  
22 EXTEND IT SEVERAL MONTHS. IT'S NOT A GREAT DEAL  
23 OF TIME, BUT THE REAL ISSUE IS TIMING NOW.  
24 WE FEEL THAT - . THE ONE THING WE ARE  
25 CONCERNED ABOUT IS PERFORMANCE, AND THE ONE THING



1 THAT WE HAVEN'T SEEN IN THE PAST IN DOING AN  
2 AGREEMENT WITH THIRD-PARTY ENTITIES WHO WOULD BE  
3 REMOVING TIRES FROM THE PILE IS PERFORMANCE. THAT  
4 FUEL IS THE PLANT'S LIFEBLOOD. WE NEED TO HAVE AN  
5 ASSURED GUARANTEE THAT THAT FUEL IS GOING TO BE  
6 THERE.  
7 AND BASED ON WHAT WE'VE SEEN AND  
8 WHAT WE VIEW AS THE ECONOMIC VIABILITY OF OXFORD,  
9 WE HAVE A TOUGH TIME SEEING HOW THEY COULD BRING  
10 THOSE TIRES TO OUR DELIVERY AREA FOR NOTHING AND  
11 STILL REMAIN A VIABLE ENTITY. WHAT THAT'S DOING  
12 IS WHAT CONCERNS MELP IS THAT THAT'S JUST  
13 PROLONGING THE INEVITABLE, AND THAT WHAT THAT'S  
14 GOING TO DO IN THE LONG RUN, IF THE BOARD DOESN'T  
15 STEP IN NOW, IS IT'S GOING TO WIND UP COSTING THE  
16 BOARD SIGNIFICANTLY MORE MONEY BECAUSE, A, EITHER  
17 WE WOULD HAVE GONE OFF THE CLIFF IF WE DON'T WIN  
18 THIS POTENTIAL SUIT WITH PG&E. AND IT'S GOING TO  
19 COST YOU MONEY THERE. AND THEN IF MELP CAN'T  
20 AFFORD TO SURVIVE EVEN WITH THE HIGHER TIPPING  
21 FEES, THEN LOOK AT THE BOARD'S COST OF THE NORMAL  
22 REMEDIATION, WHICH IS TWO TO THREE BUCKS A TON,  
23 THE COSTS HAVE JUST SKYROCKETED.  
24 50 WE'RE LOOKING AT THIS AS TRYING  
25 TO MAKE A THREE-PARTY AGREEMENT, BUT IN A SENSE,



1 WE'RE CONCERNED ABOUT THE THIRD PARTY. AND WE  
2 FEEL THAT THE MOST ADVANTAGEOUS THING TO  
3 CALIFORNIA, THE RATEPAYERS, MELP, AND THE BOARD IS  
4 TO DO IT VIA A TWO-PARTY AGREEMENT TO GET IT DONE  
5 AS QUICK AS WE POSSIBLY CAN, AND TRYING NOT TO  
6 INCLUDE SOMEONE BRINGING TIRES TO OUR FACILITY  
7 WHEN THERE'S NO GUARANTEES THAT THAT ENTITY CAN  
8 REMAIN VIABLE. THANK YOU.

9 CHAIRMAN PENNINGTON: ANY FURTHER  
10 QUESTIONS, DISCUSSIONS ON THIS ISSUE?

11 BOARD MEMBER RELIS: MR. CHAIR, I THINK  
12 THERE ARE A COUPLE OF PARTIES INVOLVED OUTSIDE US  
13 THAT I THINK BEAR ON THIS ISSUE. AND ONE IS THE  
14 CALIFORNIA POLLUTION CONTROL FINANCE AUTHORITY  
15 THAT'S DEEPLY INVESTED IN THIS FACILITY AND  
16 ANOTHER STATE AGENCY THAT I WOULD THINK WE NEED TO  
17 INVOLVE AT SOME LEVEL AND THE CONNECTION THERE ON  
18 PG&E BECAUSE THE KEY TO THE WHOLE ECONOMICS OF  
19 THIS TO THE BOARD, REGARDLESS OF WHO WE'RE DEALING  
20 WITH, IS THE VIABILITY OF ENERGY IN AN ONGOING  
21 OPERATION.

22 CHAIRMAN PENNINGTON: CORRECT.

23 BOARD MEMBER RELIS: AND I'M JUST  
24 WONDERING IF YOU, MR. CHAIR, COULD CALL TOGETHER  
25 OR MEET WITH THOSE ENTITIES, TOGETHER WITH STAFF,



1 THAT WE COULD GET ON A VERY TIGHT TIMETABLE TO GET  
2 THE PLAYERS TOGETHER FROM THE AGENCY AND POWER  
3 PRODUCTION SIDE AND SEE HOW THE INFORMATION  
4 SQUARES WITH WHAT WE'VE HEARD HERE TODAY AND - -

5 CHAIRMAN PENNINGTON: I AGREE WITH THAT,  
6 AND I'VE ASKED MR. CHANDLER TO TRY TO ARRANGE THAT  
7 KIND OF A MEETING SO THAT THE BOARD'S INTEREST CAN  
8 BE EXPLORED AND SEE WHAT OTHER THINGS ARE THERE  
9 THAT - - FROM THE OTHER PLAYERS IN THIS WHOLE GAME.

10 BOARD MEMBER RELIS: BECAUSE IT DOES SEEM  
11 THAT TIME IS OF THE ESSENCE REGARDING THE CLIFF  
12 AND WHEN THAT CLIFF - - YOU KNOW, IS IT THE CLIFF  
13 THAT WE THINK IT IS. AND, FURTHERMORE, I DON'T  
14 KNOW TO WHAT EXTENT WE'VE EXPLORED ANY ACCESS TO  
15 ANY - - TO THE ENERGY COMMISSION ON THIS. MR.  
16 CHANDLER USED TO WORK WITH THE ENERGY COMMISSION.

17 CHAIRMAN PENNINGTON: THAT'S ANOTHER  
18 PLAYER WE CAN TRY TO - -

19 BOARD MEMBER RELIS: MAYBE THERE'S A WAY  
20 THROUGH INTENSIVE DISCUSSION WITH THESE PARTIES TO  
21 FIND BOTH A MONETARY OR AN OPERATIONAL WAY.

22 CHAIRMAN PENNINGTON: ALL RIGHT.

23 MR. CHANDLER: MR. CHAIRMAN, I HAVE  
24 CALLED A CPCFA MEETING SET FOR THE 31ST OF THIS  
25 MONTH TO BEGIN TO UNDERSTAND THEIR THINKING ON ANY



1 BOND RESTRUCTURING OR ANY RESTRUCTURING OF THEIR  
2 ISSUANCE OF SOME OF THE CAPITAL THAT THE STATE PUT  
3 OUT ON THIS PROJECT SEVERAL YEARS AGO. WE COULD  
4 EXPAND THAT MEETING TO INCLUDE SOME  
5 REPRESENTATIVES FROM CPCFA AND OF PG&E, IF  
6 POSSIBLE, JUST TO SEE WHAT ADDITIONAL INSIGHT WE  
7 CAN GET AND TRY TO TAKE A LEADERSHIP ROLL IN  
8 PULLING TOGETHER SOME PRINCIPLES OF AN AGREEMENT  
9 AND BRING IT BACK AND YOU. AND I COULD UPDATE THE  
10 BOARD ON WHAT WE SEE AS SOME POTENTIAL, IF ANY.

11 BOARD MEMBER RELIS: I KNOW AFTER THE  
12 TIRE WORKSHOP, WE HAD A DISCUSSION WITH MR.  
13 SEEGMILLER, AND HE TESTIFIED IN OUR SEPTEMBER 5TH  
14 WORKSHOP AND EXPRESSED VERY DEEP INTEREST IN THE  
15 VIABILITY OF THE CURRENT OPERATION.

16 BOARD MEMBER FRAZEE: LET ME JUST ASK ONE  
17 MORE POINT HERE. THE FINANCIAL ARRANGEMENT THAT  
18 MELP HAS, AND I THINK MR. GRECO AND OTHERS REFER  
19 TO THEIR ROLE AS ONE OF, IN EFFECT, WORKING FOR  
20 THE BANKS IN MANAGING THIS FACILITY BECAUSE OF THE  
21 BANK INVOLVEMENT IN IT. IS THAT INVOLVEMENT BY  
22 THE . - THEIR INVESTMENT IN THE BONDS? IS THAT THE  
23 TOTAL INVOLVEMENT BY LENDING INSTITUTIONS? ALL  
24 THE FINANCING IS IN THE FORM OF POLLUTION CONTROL  
25 FACILITY BONDS?



1 MR. GRECO: BASICALLY THE WAY IT WORKS IS  
2 THAT THE ORIGINAL FINANCING WAS DONE BY QUESA  
3 (PHONETIC) WITH POLLUTION CONTROL BONDS, AND THAT  
4 MONEY IS BACKED BY A LETTER OF CREDIT FROM THE  
5 LENDERS THAT ARE INVOLVED WITH US. SO WHEN WE  
6 REFERENCE THAT WE ARE WORKING FOR THE BANKS, WE  
7 ARE TRYING TO PROTECT AND PRESERVE THEIR INTEREST  
8 IN THE LETTER OF CREDIT WHICH GUARANTEE THE BONDS  
9 BECAUSE THOSE BONDS NEED TO BE GUARANTEED. THAT'S  
10 WHAT WE'RE LOOKING FOR.  
11 ONE OTHER REQUEST I'D LIKE TO  
12 PRESENT NOW, IS IF THAT MEETING DOES OCCUR, SINCE  
13 IT'S DIRECTLY AFFECTING MELP, CAN WE BE PRESENT AT  
14 THAT MEETING? THANK YOU.

15 CHAIRMAN PENNINGTON: THANK YOU. OKAY.  
16 I THINK THAT SETTLES THAT ITEM, WHICH BRINGS US - -  
17 WELL, POOR CHOICE OF WORDS - - CONCLUDES OUR  
18 DISCUSSION THIS MORNING.  
19 BUT THAT BRINGS US TO ITEM NO. 10,  
20 WHICH IS CONSIDERATION OF THE TIRE PROGRAM  
21 PRIORITIES AND FUNDING ALLOCATIONS. AND IN LIGHT  
22 OF THE PENDING MEETINGS BETWEEN US AND OTHER  
23 ENTITIES, ALSO WHILE MR. RELIS DID A HERCULEAN JOB  
24 YESTERDAY TRYING TO WALK US THROUGH AND GET US  
25 SOME FIGURES FOR DISTRIBUTION OF THE FUNDING OF



1 THE TIRE FUND, I FEEL THAT THERE STILL NEEDS TO BE  
2 FURTHER DISCUSSION AMONG THE BOARD MEMBERS IN  
3 UNDERSTANDING.  
4 AND I KNOW THAT ARE THREE OR FOUR  
5 ISSUES THAT MR. CHESBRO AND I HAVE DISCUSSED AND  
6 FEEL WE NEED TO DISCUSS FURTHER AND TRY TO REACH  
7 SOME RESOLVE ON. SO I WOULD ASK THAT AND WILL  
8 MOVE THAT WE POSTPONE UNTIL THE NEXT NOVEMBER  
9 BOARD MEETING, WHICH IS REALLY ONLY ABOUT THREE  
10 WEEKS AWAY, THAT WE POSTPONE THIS ITEM UNTIL THAT  
11 BOARD MEETING SO WE CAN WORK OUT THE DETAILS.

12 BOARD MEMBER RELIS: MR. CHAIR, BEFORE WE  
13 ACT ON THAT, I NEED TO DISCLOSE AN EX PARTE. I  
14 HAVE A COMMUNICATION. I RECEIVED A PHONE MESSAGE  
15 THIS MORNING FROM J. P. ELLMAN, PRESIDENT OF THE  
16 CITY OF L.A. BOARD OF PUBLIC WORKS.  
17 THIS IS - - I JUST GOT THIS FROM THE  
18 OFFICE. SHE HAS URGED THE BOARD TO DELAY THE  
19 DECISION THAT WOULD GRANT FUNDING. THIS IS  
20 REGARDING THE L.A. COUNTY MATTER WE DISCUSSED.  
21 WOULD LIKE THE BOARD TO ALLOW THE CITY OF L.A.  
22 TIME TO DISCUSS WITH US WHAT THEY WOULD BELIEVE  
23 WOULD BE A PROPOSAL. SO I'M JUST DISCLOSING THAT.

24 CHAIRMAN PENNINGTON: ALL REASONS WHY I  
25 THINK WE SHOULD PUT THIS OFF.



1 BOARD MEMBER CHESBRO: MR. CHAIR, I'LL  
2 SECOND IT. AND WE DID HAVE A CONVERSATION. IT'S  
3 MY UNDERSTANDING THAT WE - - AT LEAST THE THREE  
4 AREAS THAT MS. GOTCH AND I BROUGHT UP YESTERDAY BE  
5 GIVEN SERIOUS CONSIDERATION. THAT WAS THE TWO  
6 THAT I HAD MENTIONED, GRANTS TO LOCAL GOVERNMENT  
7 AND THE OTHER WAS BUSINESS LOANS, AND THEN THE  
8 SCHOOLS AND LOCAL PLAYGROUNDS ISSUE MS. GOTCH  
9 RAISED, THAT THE BOARD PUT THOSE INTO THE MIX  
10 GIVE SERIOUS CONSIDERATION TO THOSE ITEMS.

11 BOARD MEMBER RELIS: MR. CHAIR, MY VIEW  
12 OF THIS IS THAT WE HAD, AT THE OUTSET OF THE  
13 MEETING IN COMMITTEE, ADOPTED A POLICY THAT SAID  
14 THAT - - BASICALLY SAID THAT WE'RE TRYING TO ATTACK  
15 TWO PROBLEMS AT ONCE. ONE IS THE LEGACY AND ONE  
16 IS THE CONTINUED SURPLUS OF TIRES WE'RE  
17 GENERATING  
18 AND BASED ON THE SEPTEMBER 5  
19 TESTIMONY AT THE TIRE WORKSHOP, WE HEARD VERY  
20 CLEARLY THAT WE NEED TO MAINTAIN A VERY STRONG  
21 MARKET DEVELOPMENT FOCUS IF WE'RE GOING TO  
22 EFFECTIVELY DEAL WITH BOTH LEGACY AND ONGOING  
23 PROBLEMS. SO IT WOULD BE MY HOPE THAT THE BOARD  
24 WOULD EXPRESS THAT IN THE DOLLARS ALLOCATED SO  
25 THAT WE HAVE AN EQUAL EFFORT PROPOSED.



1 CHAIRMAN PENNINGTON: I WOULD THINK WE  
2 WOULD. WE ADOPTED THAT STATEMENT, AND I DON'T  
3 THINK THAT THERE'S ANY DESIRE TO CHANGE THAT, BUT  
4 THERE ARE CERTAIN ISSUES THAT I THINK WE DO NEED  
5 FURTHER DISCUSSION. AND STAFF WANTED - -

6 MS. RICE: JUST A POINT OF CLARIFICATION.  
7 WE HAD BEEN GIVEN DIRECTION BY THE COMMITTEE  
8 YESTERDAY TO PLACE THREE TITLES ON THE POLICY  
9 COMMITTEE AGENDA. I'M ASSUMING BY YOUR ACTION  
10 TODAY WE WOULD NOT GO FORWARD WITH THOSE TITLES,  
11 BUT RATHER WOULD BRING THE FULL DISCUSSION BACK TO  
12 THE FULL BOARD IN NOVEMBER, OR WHAT IS YOUR  
13 PLEASURE?

14 BOARD MEMBER RELIS: I CAN'T REMEMBER.

15 MS. RICE: LEGISLATIVE ISSUES, A POLICY  
16 ON REIMBURSEMENT TO LANDOWNERS, AND ANY ADDITIONAL  
17 ALLOCATION ISSUES THAT MAY BE WITHHELD FROM THIS  
18 MONTH AND GO TO NEXT MONTH.

19 BOARD MEMBER FRAZEE: FINAL CATEGORY.

20 CHAIRMAN PENNINGTON: THAT'S ALREADY ON  
21 THE AGENDA FOR THE POLICY COMMITTEE, SO I DON'T  
22 THINK WE HAVE TO DECIDE THIS MINUTE. WE CAN KIND  
23 OF WORK IT OUT AMONG OURSELVES AND WITH STAFF.  
24 OKAY.

25 BOARD MEMBER CHESBRO: MR. CHAIRMAN, JUST



1 A GENERAL COMMENT. I'M NOT DISAGREEING WITH YOU.  
2 AS STRANGE AS IT SEEMS FOR ALL OF US TO BE SITTING  
3 IN THE ROOM TODAY AND AGAIN TODAY DISCUSSING IT,  
4 DO THINK A COUPLE OF STEPS LEND ITSELF TO THE  
5 PROCESS. I WOULD AT LEAST URGE SOME CONSIDERATION  
6 THAT - - ONCE AGAIN HAVING A COMMITTEE DISCUSSION  
7 AND THEN BRINGING IT BACK TO THE BOARD. I THINK  
8 WE CAN LEAVE THAT OPEN. I DON'T HAVE ANY  
9 OBJECTION TO THAT. WE CAN RESOLVE IT IN THE NEXT  
10 FEW DAYS.

11 BOARD MEMBER RELIS: YOU MEAN WITH THE  
12 THREE ITEMS?

13 BOARD MEMBER CHESBRO: WELL, WHETHER OR  
14 NOT THE GENERAL SUBJECT MATTER HERE IS BACK BEFORE  
15 THE COMMITTEE OR COMING DIRECTLY BACK TO THE  
16 BOARD.

17 CHAIRMAN PENNINGTON: STAFF, ARE YOU  
18 SUGGESTING THAT WE HAVE TO BRING IT BACK TO THE  
19 BOARD AND CAN'T TAKE IT TO POLICY COMMITTEE?

20 MS. RICE: NO, SIR, NOT AT ALL. WE'RE  
21 SEEKING CLARIFICATION ON WHAT YOU PREFERRED.  
22 THOSE THREE TITLES WERE SO SPECIFIC TO ITEMS FROM  
23 THE COMMITTEE, AND NOW I'M HEARING THAT YOU WANT  
24 THE ENTIRE ITEM BROUGHT BACK FORWARD. SO IT WAS  
25 MORE A QUESTION OF WHETHER THOSE THREE TITLES



1 STILL MEET YOUR NEED.

2 CHAIRMAN PENNINGTON: YEAH, I THINK SO.

3 BOARD MEMBER RELIS: THAT'S UNCHANGED.

4 CHAIRMAN PENNINGTON: LEGISLATION. AND I

5 WAS PARTICULARLY INTERESTED IN EXPLORING THE FULL

6 RAMIFICATIONS OF PRIVATE REIMBURSEMENT, SO, YEAH,

7 I THINK SO.

8 BOARD MEMBER RELIS: NOW, ARE WE ALSO

9 TALKING ABOUT BRINGING ALL ITEMS BACK TO POLICY

10 COMMITTEE, THEN ONCE AGAIN TO THE BOARD, OR BRING

11 IT ALL BACK TO THE BOARD EXCEPT FOR THE THREE?

12 MS. RICE: ONE SUGGESTION, IF IT HELPS,

13 THAT THIRD TITLE WAS LEFT RATHER OPEN. I BELIEVE

14 OUR WORDING WAS CONSIDERATION OF ADDITIONAL

15 ALLOCATION ISSUES. IF YOU WANTED TO DEAL WITH THE

16 ENTIRE ALLOCATION ISSUE IN THAT ITEM, I WOULD

17 THINK YOU MIGHT HAVE THE LATITUDE TO DO THAT SO

18 THAT THIRD ITEM IN POLICY COMMITTEE COULD BE YOUR

19 A CATCHALL IN A SENSE.

20 CHAIRMAN PENNINGTON: RIGHT. RIGHT.

21 THAT'S WHAT MR. CHESBRO WAS SAYING. LET'S RUN IT

22 ALL THROUGH THE COMMITTEE WHILE WE'RE TRYING TO

23 WORK IT. RUN IT THROUGH THE COMMITTEE.

24 BOARD MEMBER RELIS: LOOKING FORWARD TO

25 THAT ONE.



1 BOARD MEMBER FRAZEE: ONE QUESTION OF  
2 STAFF. THERE WERE A FEW ITEMS THAT ARE IN THE  
3 CATEGORY OF GIVENS, I THINK, WHERE THERE IS  
4 GENERAL AGREEMENT, PLUS THERE'S REALLY NO OPTION.  
5 ONE IS THE BOARD OF EQUALIZATION FEE AND THE  
6 HIGHWAY PATROL AND THE DMV GRANTS. BY DELAYING  
7 THIS A MONTH, IS THAT GOING TO CREATE ANY PROBLEM?

8 MS. RICE: I DON'T BELIEVE SO, NO. YOU  
9 ARE ACTING TODAY ON THE BOE FUNDING. THAT WAS  
10 ACTED ON YOUR CONSENT CALENDAR, SO THAT ITEM IS  
11 TAKEN CARE OF. THE ADDITIONAL MATTERS WOULD JUST  
12 BE PUT OFF BY AN ADDITIONAL MONTH.

13 CHAIRMAN PENNINGTON: IT'S BEEN MOVED AND  
14 SECONDED. WILL THE SECRETARY CALL THE ROLL IF  
15 THERE'S NO FURTHER DISCUSSION.

16 THE SECRETARY: I DIDN'T HEAR THE MOTION  
17 ON THAT. WHO MADE THE MOTION?

18 CHAIRMAN PENNINGTON: I MADE THE MOTION  
19 TO POSTPONE THIS ITEM UNTIL THE NEXT BOARD  
20 MEETING, BUT ACTUALLY SHOULD BE POSTPONED TO THE  
21 NEXT POLICY COMMITTEE MEETING, AND THEN TO THE  
22 NOVEMBER BOARD MEETING. AND MR. CHESBRO SECONDED.

23 BOARD SECRETARY: BOARD MEMBER CHESBRO.

24 BOARD MEMBER CHESBRO: AYE.

25 BOARD SECRETARY: FRAZEE.



1 BOARD MEMBER FRAZEE: AYE.  
2 BOARD SECRETARY: GOTCH.  
3 BOARD MEMBER GOTCH: AYE.  
4 BOARD SECRETARY: RELIS.  
5 BOARD MEMBER RELIS: AYE.  
6 BOARD SECRETARY: CHAIRMAN PENNINGTON.  
7 CHAIRMAN PENNINGTON: AYE. MOTION  
8 CARRIES.  
9 WE'RE NOW GOING TO BREAK. LET'S  
10 SEE. THE LUNCH TOUR, THE BUS IS WAITING OUTSIDE  
11 TO THE RIGHT. WE WILL COME BACK AT 1:30 AND WE'LL  
12 FINISH THIS AGENDA.  
13 (RECESS TAKEN.)  
14 CHAIRMAN PENNINGTON: OKAY. THE OCTOBER  
15 MEETING OF THE INTEGRATED WASTE MANAGEMENT BOARD  
16 IS BACK IN SESSION, AND WE HAD A LOVELY LUNCH.  
17 AND WE'LL MOVE ON HERE TO ITEM 18, CONSIDERATION  
18 OF ADOPTION OF NEGATIVE DECLARATION AND THE  
19 PROPOSED REGULATIONS FOR CONSOLIDATION OF THE  
20 ANNUAL REPORT REQUIREMENTS.  
21 THIS WILL TAKE TWO MOTIONS TOO.  
22 JUDY FRIEDMAN WILL GIVE US THE STAFF REPORT.  
23 MS. FRIEDMAN: GOOD AFTERNOON, CHAIRMAN  
24 PENNINGTON AND BOARD MEMBERS. THIS IS THE  
25 CULMINATION OF A YEAR-LONG PROCESS TO STREAMLINE



1 THE ANNUAL REPORT REQUIREMENTS FOR LOCAL  
2 GOVERNMENTS. THIS PROCESS STARTED WITH THE  
3 DEVELOPMENT OF A MODEL ANNUAL REPORT, ADOPTION OF  
4 EMERGENCY REGS FOLLOWED, AND NOW WE'RE AT YOUR  
5 CONSIDERATION OF FINAL REGULATIONS AND THE CEQA  
6 DOCUMENT TO SUPPORT THIS ADOPTION.

7 I WILL NOW TURN THE PRESENTATION  
8 OVER TO PAT SCHIAVO, MANAGER OF THE WASTE  
9 CHARACTERIZATION AND ANALYSIS BRANCH, WHO WILL  
10 PRESENT THE NEGATIVE DECLARATION AND REGULATIONS  
11 FOR YOUR CONSIDERATION.

12 MR. SCHIAVO: GOOD AFTERNOON. THESE  
13 REGULATIONS AND THE NEGATIVE DECLARATION WERE  
14 APPROVED BY THE LOCAL ASSISTANCE AND PLANNING  
15 COMMITTEE LAST WEEK. THESE REGULATIONS ARE  
16 ESSENTIALLY THE SAME AS THE REGULATIONS THAT WERE  
17 APPROVED - - THE EMERGENCY REGULATIONS THAT WERE  
18 APPROVED LAST MAY. AND THESE REGULATIONS TAKE  
19 ESSENTIALLY FIVE ARTICLES AND COMBINE THEM INTO  
20 ONE TO SIMPLIFY THE REPORTING PROCESS FOR LOCAL  
21 JURISDICTIONS.

22 THIS PROCESS WAS MODELED AFTER OUR  
23 MODEL ANNUAL REPORT WHICH WE DEVELOPED AND  
24 SUBMITTED TO LOCAL JURISDICTIONS TO USE FOR  
25 SUBMITTAL OF ANNUAL REPORTS THIS YEAR. AND OF THE



1 300 ANNUAL REPORTS THAT HAVE BEEN SUBMITTED TO US  
2 SO FAR, THE MAJORITY HAVE USED THE MODEL, SO IT  
3 SHOWS THAT IT WILL BE SUCCESSFUL.  
4 THE PROPOSED REGULATIONS WENT OUT  
5 FOR A 45-DAY AND 15-DAY PUBLIC HEARING. WE  
6 RECEIVED A TOTAL OF THREE COMMENTS. ONE COMMENT  
7 WAS THAT THE MODEL ANNUAL REPORT IS GOING TO  
8 REALLY SIMPLIFY THE PROCESS AND REALLY APPRECIATED  
9 OUR EFFORT. THE SECOND COMMENT EXPRESSED THE  
10 DESIRE NOT TO REPORT ANY PROGRAM INFORMATION IN  
11 THE ANNUAL REPORT, WHICH STATUTE LANGUAGE  
12 PROHIBITS THAT, SO THAT WAS ADDRESSED.  
13 AND THEN THE THIRD COMMENT ADDRESSED  
14 THE ADJUSTMENT METHODOLOGY, AND THEY WANTED TO  
15 MAKE A SIGNIFICANT CHANGE TO THE ADJUSTMENT  
16 METHODOLOGY, WHICH INDICATES WHAT THE WASTE  
17 GENERATION AMOUNT WILL BE IN THE FUTURE.  
18 WE HAVE TWO COMMENTS OR TWO CONCERNS  
19 REGARDING THAT. ONE IS PROCEDURAL IN NATURE, AND  
20 THAT IS THAT THESE REGULATIONS ARE THE ANNUAL  
21 REPORT REGULATIONS, NOT THE ADJUSTMENT METHODOLOGY  
22 REGULATIONS.  
23 AND THEN, TWO, TECHNICALLY THAT  
24 WOULDN'T BE A SOUND DECISION FOR US TO ADOPT THE  
25 PROPOSED SUGGESTIONS IN THAT USING ONLY ONE



1 INDICATOR AS POPULATION - - THAT IS WHAT THE  
2 JURISDICTION WANTED TO DO - - WOULD IGNORE THE FACT  
3 THAT THERE ARE ECONOMIC INDICATORS THAT MUST BE  
4 COMBINED WITH THE POPULATION INDICATOR TO HAVE A  
5 TRUE INDICATION OF WHAT IS ACTUALLY GOING ON IN  
6 THE STATE. AND ONLY USING POPULATION AS AN  
7 INDICATOR WOULD ALSO SKEW THE INFORMATION NOT ONLY  
8 TO ASSIST THAT JURISDICTION THIS YEAR, BUT COULD  
9 HAVE DETRIMENTAL EFFECTS TO THEM IN FUTURE YEARS.  
10 WE'VE BEEN WORKING WITH THAT  
11 PARTICULAR JURISDICTION. WE'LL CONTINUE TO DO SO  
12 LIKE WE'VE WORKED WITH ALL THE OTHER JURISDICTIONS  
13 IN THE STATE ON A REQUEST BASIS.  
14 IN ADDITION, THE EXISTING ADJUSTMENT  
15 METHODOLOGY ALSO ALLOWS FOR A LOT OF FLEXIBILITY.  
16 AND WE'RE ALWAYS WILLING TO WORK WITH JURISDIC-  
17 TIONS TO COME UP WITH ALTERNATIVE METHODOLOGIES.  
18 THE EXISTING METHODOLOGY ALSO  
19 UNDERWENT A LOT OF SCRUTINY OVER A TWO-YEAR PERIOD  
20 WITH EXPERTS IN THE FIELD, INCLUDING WASTE  
21 HAULERS, STATISTICIANS, ACADEMICS, ETC., AND WENT  
22 THROUGH A FORMAL REGULATORY PROCESS AS WELL.  
23 SO IN CONCLUSION, WE'RE JUST SEEKING  
24 APPROVAL FOR THE NEGATIVE DECLARATION AS WELL AS  
25 THE FORMAL REGULATIONS, WHICH WE'LL THEN SUBMIT TO



1 OFFICE OF ADMINISTRATIVE LAW FOR FINAL APPROVAL.

2 CHAIRMAN PENNINGTON: MR. CHESBRO.

3 BOARD MEMBER CHESBRO: YES, MR. CHAIRMAN,

4 THE COMMITTEE LISTENED VERY CAREFULLY TO THE ONE

5 PERSON WHO DID COME AND TESTIFY AND UNANIMOUSLY

6 VOTED TO APPROVE THE RECOMMENDED REGS.

7 THE - - I THINK THE FEELING WAS THAT

8 THIS COUNTY HAD THE OPPORTUNITY TO MAKE ITS CASE

9 FOR USING THAT PARTICULAR METHODOLOGY UNDER THE

10 REGS THE WAY THEY'RE WRITTEN AND THAT FOR US TO

11 SPECIFY THEIR METHODOLOGY AS ONE OF THE SPECIFIC

12 OR PREFERRED ALTERNATIVES, WITHOUT HAVING THE SAME

13 LEVEL OF SCRUTINY THAT WENT ON WITH THE MAIN

14 DEFAULT METHODOLOGY WE HAVE IN THE REGS NOW,

15 REALLY WOULDN'T MAKE SENSE. AND SO THEY DO HAVE

16 THE OPPORTUNITY TO MAKE THE CASE THAT THAT'S THE

17 WAY THAT WORKS THE BEST FOR THEM.

18 WE ALSO ASKED QUESTIONS ABOUT MAKING

19 SURE THAT IT WASN'T TOO ONEROUS, THAT THEY

20 WOULDN'T HAVE TO DO A YEAR-LONG STUDY AND SPEND A

21 LOT OF MONEY IN ORDER TO MAKE THE CASE THAT THAT

22 METHODOLOGY WORKS BEST FOR THEM. AND WE GAVE

23 GENERAL DIRECTION TO STAFF, AS A SENSE OF THE

24 COMMITTEE, TO TRY TO MAKE THE PROCESS FOR ASKING

25 FOR AN ALTERNATIVE METHODOLOGY AS SIMPLE AND



1 INEXPENSIVE AS POSSIBLE. SO THAT WAS THE GENERAL  
2 DISCUSSION AT THE COMMITTEE.  
3 IF MY FELLOW COMMITTEE MEMBERS THINK  
4 THAT DOES JUSTICE TO WHAT WE TALKED ABOUT, I'LL GO  
5 AHEAD AND MOVE THE NEGATIVE DECLARATION UNLESS YOU  
6 HAVE ANYBODY WHO REQUESTED TO SPEAK.

7 CHAIRMAN PENNINGTON: NO, I DID NOT.

8 BOARD MEMBER GOTCH: SECOND.

9 CHAIRMAN PENNINGTON: ANY OTHER QUESTIONS  
10 OF STAFF OR COMMENTS? IF NOT, WILL THE SECRETARY  
11 CALL THE ROLL.

12 BOARD SECRETARY: BOARD MEMBER CHESBRO.

13 BOARD MEMBER CHESBRO: AYE.

14 BOARD SECRETARY: FRAZEE.

15 BOARD MEMBER FRAZEE: AYE.

16 BOARD SECRETARY: GOTCH.

17 BOARD MEMBER GOTCH: AYE.

18 BOARD SECRETARY: RELIS.

19 BOARD MEMBER RELIS: AYE.

20 BOARD SECRETARY: CHAIRMAN PENNINGTON.

21 CHAIRMAN PENNINGTON: AYE. MOTION

22 CARRIES.

23 BOARD MEMBER CHESBRO: I'LL MOVE ADOPTION  
24 OF THE PROPOSED REGULATIONS.

25 MEMBER GOTCH: SECOND.



1 CHAIRMAN PENNINGTON: IT'S BEEN MOVED AND  
2 SECONDED. ANY FURTHER DISCUSSION? IF NOT, WILL  
3 THE SECRETARY CALL THE ROLL.

4 BOARD SECRETARY: BOARD MEMBER CHESBRO.

5 BOARD MEMBER CHESBRO: AYE.

6 BOARD SECRETARY: FRAZEE.

7 BOARD MEMBER FRAZEE: AYE.

8 BOARD SECRETARY: GOTCH.

9 BOARD MEMBER GOTCH: AYE.

10 BOARD SECRETARY: RELIS.

11 BOARD MEMBER RELIS: AYE.

12 BOARD SECRETARY: CHAIRMAN PENNINGTON.

13 CHAIRMAN PENNINGTON: AYE. MOTION

14 CARRIES.

15 WE'LL MOVE TO ITEM 28, CONSIDERATION

16 OF THE ESTABLISHMENT OF A HEARING PANEL WHEN THE

17 BOARD IS ACTING AS THE ENFORCEMENT AGENT. STAFF,

18 DOROTHY RICE.

19 MS. RICE: YES. FIRST OF ALL, YOU DO

20 HAVE A REVISED RESOLUTION ON THIS ITEM, AND I

21 BELIEVE IT HAS BEEN PASSED OUT. THIS ITEM

22 CONCERNS THE ESTABLISHMENT OF HEARING PANELS TO

23 HEAR APPEALS OF DECISIONS ON SOLID WASTE FACILITY

24 MATTERS WHEN THE BOARD IS ACTING AS THE

25 ENFORCEMENT AGENCY IN A JURISDICTION. STATE LAW



1 REQUIRES THAT WHEN THE BOARD IS THE ENFORCEMENT  
2 AGENCY, THE HEARING PANEL IS TO BE COMPRISED OF  
3 THREE BOARD MEMBERS SELECTED BY THE CHAIRPERSON OF  
4 THE BOARD. DECISIONS OF THE HEARING PANEL CAN  
5 THEN BE SUBSEQUENTLY APPEALED TO THE FULL BOARD.  
6 THE PURPOSE OF THIS ITEM IS TO SEEK  
7 BOARD DIRECTION ON THE SELECTION PROCESS FOR THE  
8 HEARING PANEL WHEN THE BOARD IS ACTING AS EA. AS  
9 THE REVISED RESOLUTION INDICATES, THE PERMITTING  
10 AND ENFORCEMENT COMMITTEE, ON A THREE TO ZERO  
11 VOTE, DIRECTED THAT HEARING PANELS WOULD BE  
12 ESTABLISHED BY THE BOARD CHAIRPERSON ON AN AD HOC  
13 BASIS WITH EACH PANEL HAVE THE FOLLOWING  
14 REPRESENTATION: ONE LEGISLATIVE APPOINTEE, ONE  
15 GUBERNATORIAL PUBLIC APPOINTEE, AND ONE  
16 GUBERNATORIAL DESIGNATED APPOINTEE, MEANING EITHER  
17 THE SOLID WASTE INDUSTRY OR ENVIRONMENTAL  
18 REPRESENTATIVE.  
19 STAFF REQUESTS YOUR ADOPTION OF  
20 RESOLUTION NO. 96-432 REGARDING THE ESTABLISHMENT  
21 OF HEARING PANELS WHEN THE BOARD IS THE  
22 ENFORCEMENT AGENCY.

23 CHAIRMAN PENNINGTON: THANK YOU. ANY  
24 QUESTIONS OF STAFF? ANY COMMENTS?

25 BOARD MEMBER FRAZEE: JUST BY WAY OF



1 EXPLANATION TO THE TWO MEMBERS WHO WERE NOT PART  
2 OF THE COMMITTEE WHEN WE HEARD THIS - - I BELIEVE  
3 THIS WAS MY SUGGESTION, THAT IT WOULD - - RATHER  
4 THAN BE SO SPECIFIC, WHERE IT MAY CREATE PROBLEMS  
5 FOR INDIVIDUAL MEMBERS, THIS LEFT SOME  
6 FLEXIBILITY, BUT STILL GAVE A BROAD REPRESENTATION  
7 FROM THE BOARD FROM EACH ONE OF THE THREE GROUPS.  
8 50 IT GIVES AN OPPORTUNITY FOR THE CHAIRMAN TO  
9 SELECT ACROSS ALL SIX MEMBERS OF THE BOARD.

10 CHAIRMAN PENNINGTON: THANK YOU, MR.  
11 FRAZEE.

12 BOARD MEMBER FRAZEE: AND I WOULD MOVE  
13 ADOPTION OF 96-432.

14 BOARD MEMBER RELIS: SECOND.

15 CHAIRMAN PENNINGTON: IT'S BEEN MOVED AND  
16 SECONDED. IF THERE'S NO FURTHER DISCUSSION, WILL  
17 THE SECRETARY CALL THE ROLL.

18 THE SECRETARY: WHO SECONDED THAT? I'M  
19 SORRY.

20 CHAIRMAN PENNINGTON: MR. RELIS.

21 BOARD SECRETARY: BOARD MEMBER CHESBRO.

22 BOARD MEMBER CHESBRO: AYE.

23 BOARD SECRETARY: FRAZEE.

24 BOARD MEMBER FRAZEE: AYE.

25 BOARD SECRETARY: GOTCH.



1 BOARD MEMBER GOTCH: AYE.  
2 BOARD SECRETARY: RELIS.  
3 BOARD MEMBER RELIS: AYE.  
4 BOARD SECRETARY: CHAIRMAN PENNINGTON.  
5 CHAIRMAN PENNINGTON: AYE. MOTION  
6 CARRIES.  
7 THAT COMPLETES THIS PART OF OUR  
8 AGENDA. WE WILL NOW MOVE INTO AN EXECUTIVE  
9 SESSION TO DISCUSS SOME PENDING LITIGATION AND  
10 SOME PERSONNEL ITEMS, AND FOLLOWING THAT WE WILL  
11 ADJOURN. THANK YOU.

12

13 (AT 2:10 P.M. THE BOARD RECESSED TO  
14 CLOSED SESSION; AND UPON COMPLETION OF THE CLOSED  
15 SESSION, THE MEETING WAS THEN ADJOURNED.)

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## *Reporter's Certificate*

\* \* \* \* \*

I, Beth C. Drain hereby certify:

that on the 23rd day of  
October, 1997, I did report in  
shorthand the testimony of the foregoing  
proceedings;

that on the conclusion of the above entitled  
matter, I did transcribe my shorthand notes into  
typewriting;

that the foregoing transcript is a true and correct  
record of my shorthand notes thereof.

*Beth C. Drain*

Certified Shorthand Reporter  
Certificate No. 7152

