GUIDING PRINCIPLES

Revised September 19, 2025

At the September 19, 2025 meeting, the Board of Directors agreed on the following Guiding Principles that were revised with input from members of the Finance and Personnel Committees at their March and July 2025 meetings and the Board at their March and September 2025 meetings. This version replaces the previous version of the Guiding Principles adopted in October 2004 and the Guiding Principles for Acceptance of Regional Waste adopted in September 2005 and revised in November 2007.

- **Governance Structure**
  Maintain existing governance structure. Do not expand current district boundaries or increase the size of the current nine-member Board of Directors.

- **Labor Policy**
  Continue to deliver primary services, including landfilling, and recycling with ReGen Monterey staff. Evaluate the use of outside contractors to provide other services, where it benefits ReGen's operation.

- **Reserve Policy and Debt Service Ratios**
  Endeavor to maintain the following reserve policies:
  - Operating Expense Reserve
  - Capital Infrastructure Reserve
  - Capital Equipment Reserve
  - Landfill Closure Reserve
  - Landfill Post-Closure Reserve
  - Maintain debt service ratios as required in bond covenant

  The ReGen Board of Directors may consider additional reserve policies as they deem appropriate.

- **Range of Waste Management Services and Recycling/Diversion Rates**
  Continue to provide existing landfill, recycling and composting services, while maintaining diversion rates in accordance with California state laws for member agencies. Service levels could be increased if additional revenue becomes available and additional programs are mandated or desired.

- **Landfill Capacity and Service Area**
  To ensure long-term landfill disposal capacity for ReGen Monterey member agencies, a minimum landfill life of at least 50 years shall remain for their exclusive use. Beyond this threshold, landfill capacity that exceeds 50 years may be considered excess capacity. Non-member agency contracts will be prioritized based on alignment with regional waste planning, sustainability and financial goals. A tiered approach will be taken as follows:

Tier 1 (Greater than 75 years of capacity): Excess landfill capacity may be made available to external parties for municipal solid waste disposal.

Tier 2 (75 to 50 years of capacity): Limit landfill disposal services to Monterey, Santa Cruz, San Benito, and San Luis Obispo County customers. At this stage, ReGen shall actively pursue options for future landfill capacity, including potential onsite landfill expansions or new disposal site identification.

Tier 3 (50 years of capacity or less): Landfill capacity shall be reserved exclusively for ReGen member agency waste. At this stage, the ReGen shall pursue landfill site entitlements, permitting, or agreements for future landfill capacity.

- Regional waste brought to ReGen will have been subject to recycling and diversion programs acceptable to meet the State-mandated diversion goals.
- Regional contracts will be specific to individual services/material streams. Agreements for a particular service will not automatically grant use of other ReGen services or support.
- The negotiated landfill disposal fee will include an escalation clause to compensate ReGen for future annual increases in costs.
- Regional waste will be transported to the Monterey Peninsula Landfill in a way that minimizes the impact on public roads and maximizes the efficiency of transportation and landfill operations.

- **Rate Policies**

  ReGen will aspire to have at least 80% of operating costs (net of other revenue sources) funded by member agency tip fees, with non-member waste revenue funding the remainder. This approach helps to stabilize member agency tip fees while also preventing an over-reliance on external waste sources, ensuring that core operations remain sustainable even if outside tonnage fluctuates. Periodic financial reviews will assess rate structures to maintain stability while maximizing beneficial outside waste agreements.

  The Board should consider an annual rate adjustment by referencing the Consumer Price Index (CPI) increase and applying it to the following material streams: landfill, organics, and construction and demolition. In addition to the CPI, the Board should consider annually the revenue goal percentage to mitigate large contract expirations in the future. Due to commodity instability, single-stream recycling should be considered for annual increases to keep up with market costs.

  Efforts shall be made to negotiate out-of-district contract rates to be comparable to member agency rates.