



MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

FINAL BUDGET

FISCAL YEAR 2019/2020

*Presented to the Board of Directors
on August 7, 2019*

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Memorandum – Director of Finance & Administration

DATE: August 2, 2019
TO: Board of Directors
FROM: Director of Finance & Administration
SUBJECT: Final Budget for Fiscal Year 2019/20

RECOMMENDATION: That the Board approve the Final Budget for Fiscal Year 2019/2020.

Enclosed for your review is the Final Budget for Fiscal Year (FY) 2019/20. Staff is requesting that the Board of Directors approve this budget.

Changes to the budget from the Preliminary Budget presented to the Board at the May Board meeting have resulted in a more favorable budget for the District. The following items represent the material differences between the Preliminary and Final Budgets:

- Revenue: An increase of \$235,000 due to an \$5 per ton increase in the net MRF processing fee for Single Stream Recyclables.
- Personnel Expense: A reduction of \$393,000 in total personnel-related expenses, due primarily to a reduction in health care costs of \$173,000 (eliminated a projected rate increase) and a negotiated reduction in workers compensation costs of \$218,000.
- Non-Salary Operating Expenses: An increase of \$75,000, due primarily to increased insurance costs.
- Capital Expenses: An increase in total Capital Expenses of \$716,000. This is due primarily to the shifting of Module 6 project costs previously expected to be recognized in FY18/19. Other changes to the FY19/20 Capital Plan include replacing the purchase of a liquid vacuum tank unit with a compact track loader (an increase of \$35,000) and cost adjustments to three Capital Improvement Projects (net decrease of \$45,000).

Over the past 12 months, District staff has focused its attention on the following areas:

- Securing \$25M in bond funding to support long-term infrastructure investments necessary to keep District facilities and operations up to date and compliant with regulations;
- Optimizing operations in the new MRF, especially with respect to staffing levels, maintenance requirements, safety and commodities production and selling;
- Working with our stakeholder communities to help them understand and address the extreme, and very visible, changes roiling world recycling markets;
- Improving other District operating efficiencies; and,
- Continuing to secure material flow to the District to make best use of our assets and personnel.

This budget represents a continuation of current operations. Proposed staffing adjustments are minimal and operating expenses are in line with our FY18/19 experience. The budget includes no changes to disposal fees, with the exception of increases to the minimum charge for the two most commonly received

materials (Refuse and Yardwaste). It does include the introduction of MRF-related fees for processing of Single Stream Recyclables (SSR) and disposal of contamination that arrives with that material. In addition, the budget includes the elimination of the \$40/ton credit for SSR delivered to the District by the seven Franchise jurisdictions served by GreenWaste Recovery. These fee changes were approved by the Board of Directors in June and became effective July 1, 2019.

For FY19/20, staff estimates Revenues to be \$36,549,000. The increase of \$1,915,000 (6%) compared to the FY18/19 Budget is due to the following factors:

- \$1,382,000 increase from Contract & Regional solid waste tonnage increases (25,000 and 4,000, respectively) along with contractual rate increases tied to CPI.
- \$1,090,000 increase in MRF revenues, including commodities sales, processing fees and contamination disposal fees.
- \$75,000 increase in disposal fees from an increase in the minimum charges for Refuse and Yardwaste.
- \$632,000 decrease of other revenues (LCM, Power, other materials) to more accurately match FY18/20 experiences and expectations.

Operating Expenses for FY19/20 are projected to be \$33,582,000. This is an increase of \$1,665,000 (5%) from the FY18/19 Budget. Personnel expenses increase by \$1,039,000, or 7%. Please see the accompanying memorandum from the HR Manager for details on personnel changes. Overall, non-salary expenses are projected to increase \$626,000, or 4%. In general, Non-Salary Operating Expenses are expected to track very closely to estimated current year spending.

Non-Operating Revenues/Expenses for FY19/20 equals \$1,838,000, which includes interest expense on the 2015 and 2018 Revenue Bonds at \$2,238,000 - an increase of \$1,049,000; equipment lease interest expense of \$50,000 for 2017 and 2018 equipment lease arrangements; and rental income from the Truck Yard at approximately \$285,000.

Capital Outlay requests equal \$14,481,000, a decrease of \$1,802,000 from the FY18/19 Budget. The two largest capital projects are the development of Module 6 in the Landfill (\$5,110,000, a continuation from FY18/19 for a total project cost of \$6,000,000) and the upgrading of the Composting area (\$2,000,000, deferred from FY18/20 and rescoped from the original \$5,000,000 estimate). The other large project is the initiation of the Biogas Conditioning System (\$1,000,000, net of CEC grant funds). Mobile Equipment investments include the replacement of two Wheel Loaders and one Excavator (total \$1,230,000).

Net Income is projected at \$1,129,000.

Cash provided by operations for FY19/20 is estimated at \$5,729,000 (Net Income less Depreciation and Amortization and Closure/Post Closure Costs). Unrestricted Cash Reserves are projected to total \$20,572,000, which is made up a Cash Operating Expense Reserve of \$5,796,000, \$3,777,000 in remaining 2018 Revenue Bond funds, and an additional, undesignated balance of \$10,999,000.

The Bond Debt Service Ratio calculated for FY19/20 is 1.71, which is above the Bond Covenant of 1.25.



Peter K. Skinner, Director of Finance & Administration

Memorandum – Human Resources Manager

DATE: July 31, 2019
TO: General Manager
FROM: Human Resources Manager
SUBJECT: Final Employee Compensation & Benefits Budget for Fiscal Year 2019/20

RECOMMENDATION: That the Board approve the Employee Compensation & Benefits Budget that is part of the Final Budget for Fiscal Year 2019/2020

BACKGROUND AND DISCUSSION

The FY 2019/20 Employee Compensation & Benefit Budget process began in February with individual discussions with each department head and included review of service and operations requirements, workloads, department effectiveness, and headcount. This process continued for several months and preliminary staffing projections were included in the preliminary budget presented to the Board of Directors in May, which specified a decrease in headcount from 146 positions to 145 positions for FY 2019/20. This final headcount is confirmed at 145 positions.

Based on operational needs for 2019-20, District Management is recommending the following changes to the following department staffing plans:

Scales – Convert one (1) Part-Time Position to Full-Time: Last year, we anticipated that the Scales Department, being at the frontline of all District services, would be impacted by the new activities and services of MRF 2.0 and an additional Deputy Weighmaster was added. Deputy Weighmasters function essentially the same as Weighmasters, except that the Deputy works a flexible, part-time schedule because they serve as a back-up for Weighmasters on leave or provides additional coverage as needed. Since September 2018, one of the Deputy Weighmasters has been working full-time to support the demands of the department. At this time, we anticipate an ongoing need for four (4) full time Weighmasters and two (2) part-time Deputy Weighmasters to effectively meet operational needs.

MRF – Reclassify three (3) Positions; Restructure Operator Roles and Eliminate two (2) Positions: Last year, we added a new position (Sort Line Lead) to MRF Operations to support a new activity for MRF 2.0. The Sort Line Lead's primary responsibilities include safe coordination of the Sorter's activities and material flow on the sort line. After one year in operation, the position's responsibilities have expanded, requiring a higher skill set than originally estimated. This is especially true in the areas of safety management associated with the operation of the new equipment and frontline coordination of work for a large workgroup. For this reason, the Sort Line Lead position is being reclassified to Sort Systems Operator and aligned with the salary range of the MRF Operator I for internal equity purposes. The three incumbents are well qualified for the higher classification and will be promoted.

Similarly, the role and function of the MRF Operators are being restructured to provide more operational flexibility. With this change in place, the plan is to promote the existing Associate Operators to the MRF Operator I classification, assuming they successfully complete all training requirements. Three (3) Associate Operator positions will remain unbudgeted and unfilled once existing incumbents qualify for promotion to the MRF Operator I classification.

The restructuring will result in three (3) positions being reclassified (Sort Line Leads); three (3) potential promotions (from Associate Operator to MRF Operator I); and two positions being eliminated: one (1) Sorter II and one (1) Associate Operator (both currently vacant).

Landfill – Add one (1) Position: The tonnage of materials being landfilled has increased in the last couple years, due in part to contract waste from GreenWaste Recovery's San Jose operation, and we have managed the increase in workload with temporary out-of-class assignments. In the last year, there has been an average of 140 hours of out-of-class work being performed by the Site Crew to support Landfill operations. During this period, Landfill operations personnel have also logged significant overtime hours. These metrics demonstrate a need for an additional Heavy Equipment Operator (HEO). Additionally, several of the HEOs are among the most senior District employees and have reached the highest accrual rate for vacation, with an average of four weeks off per year/per person. The addition of one HEO, will ensure continuity in operations, provide back-up for vacations and lower department overtime costs.

Human Resources – Convert one (1) PT Position to FT and Change one (1) Title: The Human Resources department currently includes two full-time employees (HR Manager and HR Coordinator) and one part-time employee (HR Assistant – 0.7 FTE) who share responsibility for Recruitment and Workforce Planning, Employee Relations, Benefits Administration, Leaves Management, and Performance Management, among other daily HR functions. The HR Manager serves as a member of the Sr. Leadership Team and is the lead point person for all Labor Relations matters. The part-time Human Resources Assistant was added to the organization structure in September 2015 to provide clerical support and back-up support for the HR Coordinator. In the last two years, employee headcount increased from 108 to 146. To effectively support the District's human resources needs and to ensure continuity of day-to-day HR services, the part-time position will become full-time.

Additionally, the recent Compensation Study, highlighted the need for a title change of the HR Coordinator to HR Technician to more accurately align with the market comparisons for this position.

Engineering, Compliance & Safety – Eliminate one (1) Non-Budgeted Position and Add one (1) Position: The Associate Engineer was added to the organization structure in 2015 as a part of a succession plan pending retirement of the Sr. Engineer. The Engineering Department is currently staffed with two engineers and the Associate Engineer is being eliminated.

During most of 2018, the District utilized a temporary staffing firm to provide part-time clerical support to the Safety & Risk Manager as needed. Based on the ongoing need for clerical support for both the safety and compliance programs, a part-time Compliance Support Assistant is being added to provide clerical support on a continuous basis to the Engineering & Compliance Department. This is funded on a part-time basis (75%) in the budget.

These changes would result in a net decrease of 1 position for a total headcount of 145 for FY 2019-20, as shown below and on the attached Organization Chart ([Attachment A](#)):

DEPARTMENT	HEADCOUNT	DEPARTMENT	HEADCOUNT
ADMIN	4	LFG	3
COMM/PUB ED	3	MAINT SHOP	11
ENG	2	MRF MAINT	9
FIN/ACCT	5	MRF OPS	56
HR	3	SAFETY	2
HHW	4	SCALES	7
LANDFILL	10	SITE OPS	11
LCM	15	2019/2020	145

COMPENSATION, BENEFITS AND OTHER EMPLOYMENT EXPENSES

The four (4) labor agreements expired on June 30, 2019. Tentative agreements have been reached with all bargaining units for new contracts, effective July 1, 2019. Wage and benefits costs for FY 2019/20 include the following:

- **Employee Wages: \$10,835,000.** This represents 12% increase from last FY and includes COLA and market-based adjustments, overtime and the staffing changes described above. Step increases have been included for employees who are scheduled to receive annual increase conditioned on earning satisfactory performance reviews. Funds are also included to pay for holiday pay, shift-differential, bilingual pay, and longevity pay.
- **Health Insurance: \$2,321,000.** In accordance with the current labor contracts, the District's contribution is 88% of the total premium for medical, dental, vision and prescription coverage. There was a reduction in premium in 2019 and premiums are expected to remain flat in 2020, resulting in an 11% overall **decrease** in health insurance costs.
- **Public Employees Retirement System (CalPERS): \$1,641,000.** The employer contribution is 9.114% of earnings for FY 2019/20, which represents a rate increase of 0.64%. In addition, the District will pay \$750,000 toward CalPERS unfunded liabilities in FY 2019/20. The result is a combined pension cost of 16.8% of total wages. In total, this represents a 6% increase in CalPERS costs over last FY due, primarily, to wage increases.
- **Workers Compensation: \$732,000.** Workers' compensation costs are projected to remain flat, due to a negotiated 3-year cap on the District's experience modifier (EMOD).
- **457B Deferred Compensation: \$147,000.** District encourages employees to save for retirement by matching employee contributions of up to 4% of regular wages for employees hired prior to July 1, 2011. The employer-match will now be available to all other employees on a scale of 2% - 7% based on years of service, in accordance with the recent Tentative Agreements. This new benefit, replacing the current longevity pay structure, are projected to increase deferred compensation costs by 37%.
- **Life, Short-Term Disability & Long-Term Disability Insurance: \$127,000.** In accordance with the labor agreements, employees receive life Life, Short-Term and Long-Term Disability insurance.
- **Payroll Taxes: \$161,000.** This includes the District's costs for FICA and Medicare and result in an increase of 19% over the last FY. The disproportionately large increase in taxes relative to wages is due to a change in the way taxes are calculated in this year's Budget.

STRATEGIC PLAN

The 2019/20 Staffing Plan described above supports the District's strategic objectives of ***utilizing an intentional and mindful process in the recruitment, development and growth of our people*** and ***building a high-performance, safety-oriented culture***. It is central to the District's mission of ***"Turning Waste into Resources in the most cost-effective and environmentally sound manner to benefit the community"*** and necessary to assist the District's member agencies in accomplishing the state's Public Policy recycling and waste diversion goals.

FINANCIAL IMPACT

The financial impact to the budget is currently estimated to be a 7% increase in the District's staffing budget (compensation and benefits) for FY 2019/20.

CONCLUSION

Staff requests your approval of the Employee Compensation & Benefits Budget for FY 2019/20 in support of achieving the District's mission and strategic objectives, described above.

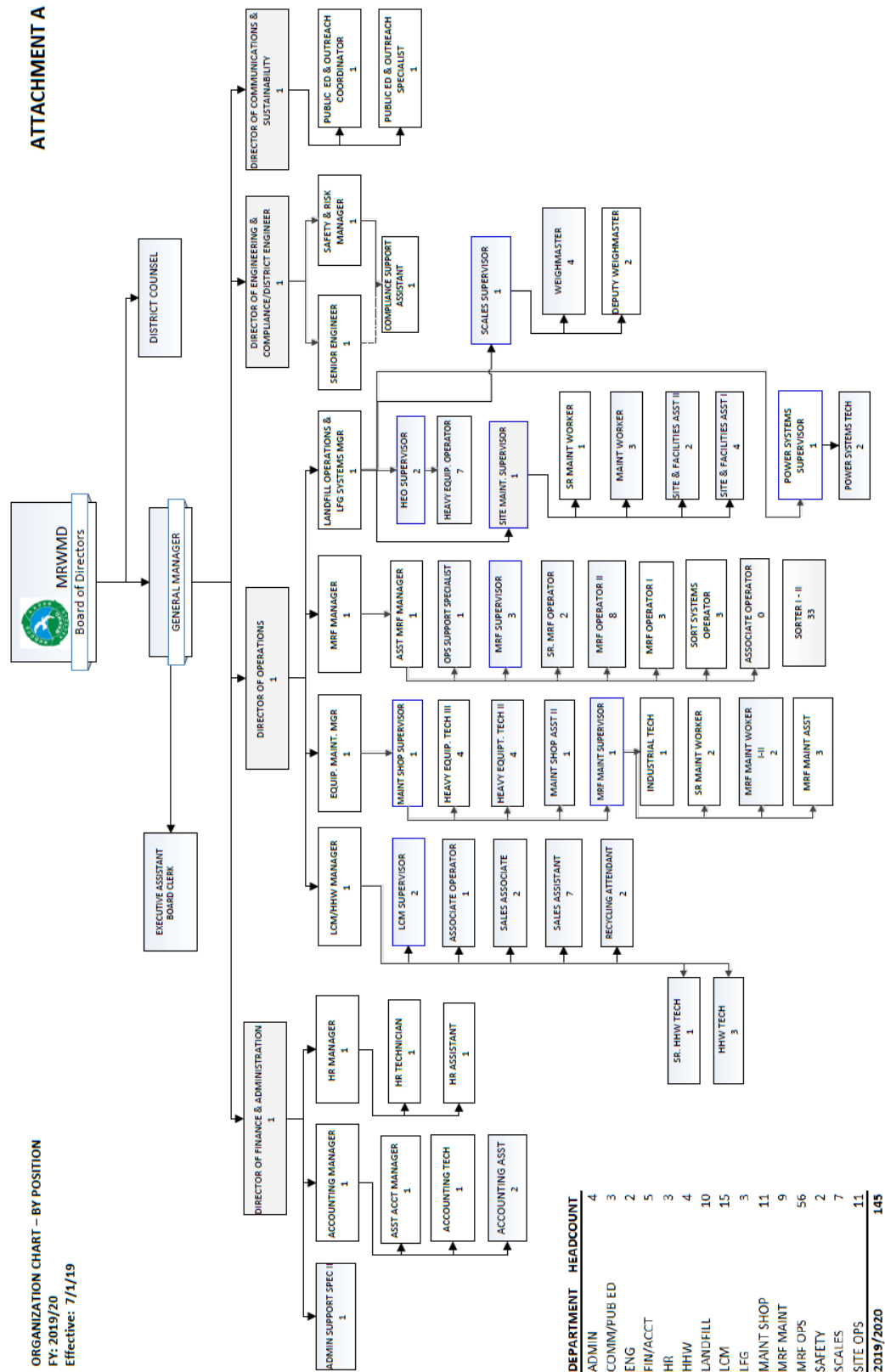
Sincerely,

A handwritten signature in blue ink that reads "Berta R. Torres". The signature is written in a cursive, flowing style. Below the signature is a solid horizontal line.

Berta R. Torres
Human Resources Manager

Organizational Chart

ATTACHMENT A



Budget Summary

FY 2019-20 BUDGET				FINAL
(All dollars in thousands)	17/18 Audited	18/19 Budget	18/19 Estimated	19/20 Proposed
INCOME SUMMARY				
Operating Revenues	29,446	34,635	37,851	36,549
Operating Expenses	29,044	31,917	33,314	33,582
Operating Income (Loss)	402	2,718	4,537	2,967
Non-Operating Expenses	55	(801)	(793)	(1,838)
NET INCOME (LOSS)	457	1,917	3,744	1,129
CASH SUMMARY				
Beginning Unrestricted Cash	12,772	7,238	6,327	31,729
Cash from Operations				
Net Income (Loss)	457	1,917	3,744	1,129
Adjustments to Cash	4,455	4,803	6,395	4,600
Change in Cash from Operations	4,912	6,720	10,139	5,729
Cash from Financing Activities				
Capital Outlay	(10,412)	(16,283)	(7,882)	(14,481)
Bond and Debt Reduction	(1,412)	(1,597)	(1,862)	(2,405)
2018 Issuance of New Bonds		10,000	25,007	
Decrease (Increase) Restricted Reserves	466			
Change in Cash from Financing Activities	(11,358)	(7,879)	15,263	(16,886)
Change in Unrestricted Cash	(6,445)	(1,160)	25,402	(11,157)
Ending Unrestricted Cash	6,327	6,078	31,729	20,572
Designations/Reserves				
Cash Operating Reserve	5,158	5,423	5,423	5,796
2018 Bond Funds		655	17,268	3,777
Undesignated Cash	1,168		9,038	10,999
Total Designated Cash	6,327	6,078	31,729	20,572
Restricted cash as of June 30				
2015 Bond Rate Stabilization Fund/in Trust	2,350	2,350	2,350	2,350
Closure/Post Closure Care Costs	1,500	1,500	1,500	1,500
Environmental Impairment Fund	1,000	1,000	1,000	1,000
TOTAL CASH AS OF JUNE 30	11,177	10,928	36,579	25,422
DEBT COVERAGE RATIOS				
Ratio of Net Current Rev. to Debt Service	1.6	2.8	2.7	1.7

Revenue

Overall District revenues are projected to increase by 6% compared to the FY18/19 Budget. This increase comes from: 1) higher budgeted volumes and contractual price increases for out-of-District waste; 2) the introduction of MRF Single Stream Recyclables (SSR) processing and contamination/residual disposal fees; and 3) an increase in the minimum charge for two materials. Staff is proposing no other changes to Disposal Rates (Tip Fees) for the budget year.

FY 2019-20 BUDGET					FINAL	
All \$\$ in Thousands	17/18 Audited	18/19 Budget	18/19 Estimated	19/20 Proposed	Change from FY 18/19 Budget	
OPERATING REVENUES						
DISPOSAL FEES						
Franchise + Self haul	14,286	15,020	16,233	15,095	75	0%
Out of District						
GWR - San Jose	10,159	7,852	10,783	8,732	880	11%
Other Regional	1,015	1,207	1,774	1,709	502	42%
SUBTOTAL	25,459	24,079	28,790	25,536	1,457	6%
MATERIAL SALES						
MRF Revenue	1,034	6,312	5,778	7,401	1,090	17%
Last Chance Mercantile + HHW	963	1,310	941	940	(370)	-28%
Other Material Sales	936	1,040	932	905	(135)	-13%
SUBTOTAL	2,933	8,662	7,651	9,246	585	7%
OTHER REVENUES						
Power Sales	1,039	1,874	1,410	1,747	(127)	-7%
Miscellaneous	15	20	-	20	-	0%
SUBTOTAL	1,054	1,894	1,410	1,767	(127)	-7%
TOTAL OPERATING REVENUES	29,446	34,635	37,851	36,549	1,915	6%

Sources of Revenue Growth

(Millions)	18/19 Budget	18/19 Estimated	19/20 Proposed	\$ Change from FY 18/19 Bud.	% Change from FY 18/19 Bud.
Contract/Regional Disposal Fees	\$9.1	\$12.6	\$10.44	\$1.38	15%
MRF Revenue	\$6.3	\$5.8	\$7.40	\$1.09	17%
Minimum Disposal Fee Increases	N/A	N/A	\$0.08	\$0.08	N/A
Rev. Decreases - Other Categories	\$4.2	\$3.3	\$3.59	-\$0.63	-15%

REVENUE ACCOUNTS

1. Disposal Fees

Disposal Fees are projected to increase by 6%, or \$1.46M. This increase is due to three factors: 1) An increase in tonnage projected for Contract Waste (GWR – San Jose) from 300,000 to 325,000, combined with contractually-determined CPI-based rate adjustments, yielding \$0.88M in additional revenue; 2) Contractually-determined CPI-based rate adjustments to Regional Waste deliveries (Capitola, Watsonville, Scotts Valley and Santa Cruz County), yielding \$0.5M in additional revenue; and 3) an increase in the minimum charge for loads of refuse and yard waste, yielding \$.075M in additional revenue.

Changes to Minimum Fees for Disposal

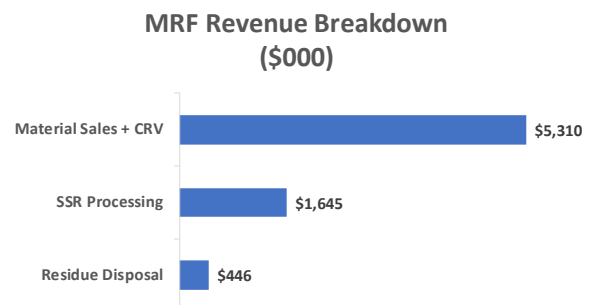
Prior to these changes, rates for minimum charges had not been raised since 2008. These changes will enable Scales staff to process cash transactions more quickly and speed customer throughput during busy periods, especially on Saturdays.

MATERIAL	CURRENT	PROPOSED	COMMENTS
REFUSE	\$15.00	\$20.00	Minimum MSW charges apply to weights up to 460 lbs. Minimum loads for MSW make up approximately 10% of the total 135,000 annual MSW transactions.
YARD WASTE	\$7.00	\$10.00	Minimum Yard Waste charges apply to weights up to 360 lbs. Minimum loads for Yard Waste make up approximately 6% of the total 23,000 annual Yard Waste transactions.

2. Material Sales - MRF

Total MRF revenue is projected to increase by 17%, or \$1,090K. MRF revenue is derived from the sale of extracted materials, baled and sent to markets via third party brokers. Commodity prices remain volatile, due to continued market disruption caused by changing quality and quantity demands from both off-shore and domestic buyers. A more stable element of MRF material revenue are California Redemption/Refund Value (CRV) payments assigned to diverted products by CalRecycle. CRV payments represent over 50% of total MRF material sales revenue at current projections. Total commodity sales, inclusive of CRV payments, is projected to be \$5.3M.

In FY19/20, MRF revenue is also projected to be derived from the introduction of two new fees: 1) A Single Stream Recyclable (SSR) processing fee, calculated at a net rate of \$35/ton of received SSR, yielding \$1.645M in new revenue; and 2) A residual disposal fee for SSR contamination rates above 10%. This disposal fee is set at the District's MSW rate of \$62/ton. This new fee is projected to result in \$.45M in new revenue.



This budget assumes that the SSR processing fee is not imposed upon SSR tons from the seven Franchise jurisdictions until July 1, 2020. It also assumes that the \$40/ton disposal credit currently granted to Greenwaste Recovery for District SSR delivered to the District is discontinued. Please see the discussion of the **Impact of Changes on District Ratepayers** on page 12.

FY19/20 projections for total MRF tons processed are as follows: Franchise Single Stream Recyclables – 13,000 tons; Other Single Stream Recyclables – 47,000 tons; Construction & Demolition processed – 47,000 tons. No MSW will be processed under the current budget assumptions.

3. Material Sales - Last Chance Mercantile, Household Hazardous Waste & Other Sales

Revenue from Material Sales decrease from \$2.35M to \$1.85M, a total of \$505,000. This change is due to: 1) a decrease in LCM revenue of \$200,000 to match historical levels and current year expectations; 2) an increase of \$30,000 in HHW sales, to match current year activity levels; 3) elimination of Buy Back Center revenues (\$200,000), which are now accounted for under MRF sales; 4) a decrease in Landscape Products sales of \$85,000 to more closely match current year expectations; and 5) a reduction of \$50,000 in CNG fuel sold through the Truck Yard fueling facility, also to match current year activity levels.

4. Power Sales

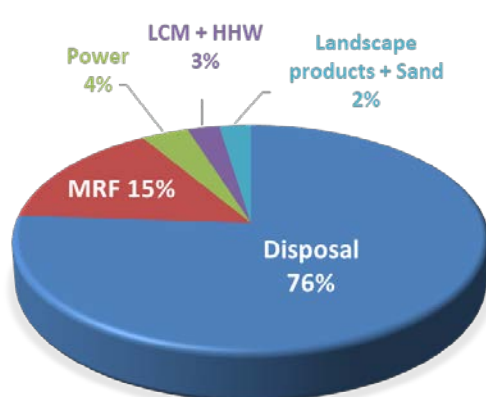
Power sales are projected to decrease by \$127,000 – from \$1.87M to 1.75M – due to a lowering of up-time assumptions from 90% to 80%. Electricity prices are not expected to change from FY18/19 and it is assumed that Monterey One Water will not have the electrical connection from their Advance Water Purification Facility to the District's power plant completed in the next fiscal year.

5. Miscellaneous Revenues

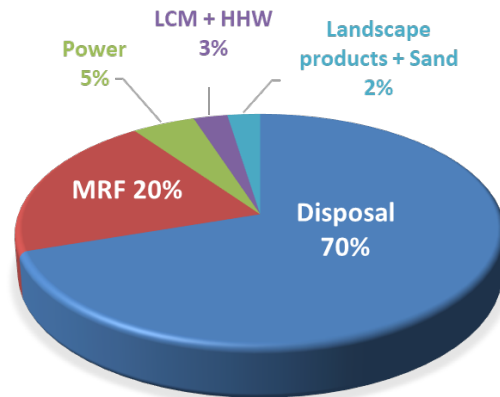
Operational Services (loading fees, push-offs, and certified weights) are not expected to change from FY18/19.

Overall District Revenue Mix

The District has a goal to reduce dependence on disposal revenue in order to better weather economic downturns and to address a future of expected reductions in solid waste as our community adopts Zero Waste strategies. The District's target is disposal revenues equal to 50% or less of total District revenue. In FY16/17, disposal fees made up 88% of total revenue. FY18/19 is estimated to be approximately 75%. The proposed FY19/20 budget brings that percentage to 70%.



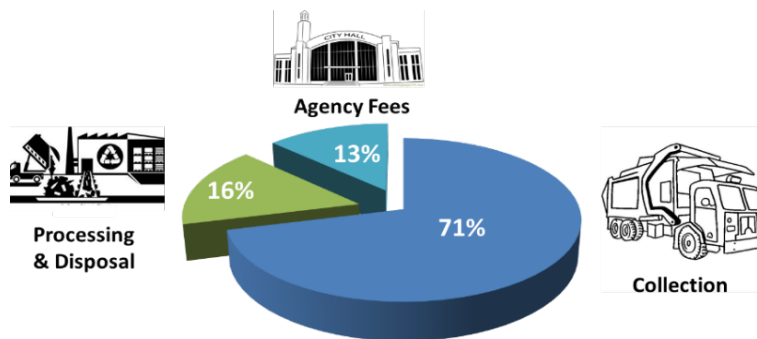
Revenue Mix
FY18/19 Estimated



Revenue Mix
FY19/20 Proposed

Impact of Changes on District Ratepayers

The total cost of waste management services for residential and commercial customers is made up of the costs of collection, the costs of processing and disposal of the waste, and franchise or agency fees paid to the jurisdictions. Within the District, over 70% of a ratepayer's expense is made up of collection costs, Waste processing and disposal costs paid to the District make up approximately 16% of the total cost of service, while franchise or agency fees make up the remainder.* Consequently, when the District's rates increase, collection service ratepayers see a proportionally smaller increase on their bills.



* Based on 2018 analysis of 7 Franchise

The changes proposed in this budget will have the following estimated impact on District ratepayers:

- Disposal fee increases on out-of-District contracted waste – No impact on District customers. Fees collected for handling out-of-District waste serve to keep rates lower for all District customers.
- Minimum charge increases – No impact on District collection ratepayers. Proportional cost impact on self-haul customers from both inside and outside of the District for minimum quantity loads.
- Elimination of \$40/ton SSR disposal credit for 7 Franchise jurisdictions – This cost reduction to the District represents a cost increase to the hauler. The estimated impact on Franchise ratepayers is estimated to be between 2%-3%, roughly equivalent to the impact of the District's 10% increase in disposal fees made in FY18/19. Based on current rates, this represents a monthly increase for basic residential service customers of between \$0.44 to \$0.98, and between \$4.65 to \$10.25 per month for the lowest cost commercial service. Jurisdictions are currently engaged in a cost-based analysis of GreenWaste Recovery's service and potential adjustments to collection rates may result in other impacts on ratepayers in the coming year.
- MRF processing and disposal fees – Minimal (less than 1%) impact on Franchise rate payers in FY19/20, depending upon jurisdiction-specific contamination rates. The impact on non-Franchise rate payers will depend upon contract-specific rate-setting practices.

The District's disposal fees remain the lowest in the region and District staff believes SSR processing fees will also be competitive with other regional MRF operators. Furthermore, District-wide residential and commercial collection service rates remain among the lowest in the greater Bay Area region.

Expenses

FY 2019-20 BUDGET				FINAL		
All \$\$ in Thousands	17/18 Audited	18/19 Budget	18/19 Estimated	19/20 Proposed	Change from FY 18/19 Budget	
OPERATING EXPENSES						
SALARY EXPENSES						
Wages	9,175	9,689	10,400	10,835	1,146	12%
Taxes, Benefits & Workers Comp						
Healthcare	2,263	2,598	2,420	2,321	(277)	-11%
CalPERS	2,662	1,555	1,664	1,641	86	6%
Workers Compensation	500	734	730	732	(2)	0%
Taxes	134	135	165	161	26	19%
Other	324	221	230	281	60	27%
Total Taxes, Benefits & Workers Comp	5,883	5,243	5,209	5,136	(107)	-2%
SUBTOTAL	15,058	14,932	15,609	15,971	1,039	7%
NON-SALARY EXPENSES						
Amortization & Depreciation	2,865	4,303	3,970	4,100	(203)	-5%
Closure/Postclosure Costs	388	500	370	500	-	0%
Contract Services	875	1,936	1,070	1,031	(905)	-47%
Environmental Services	88	250	260	265	15	6%
Fuels & Oil	1,076	1,200	1,280	1,260	60	5%
Hazardous Waste Disposal	151	280	390	310	30	11%
Insurance	255	275	350	430	155	56%
Office Expenses	162	229	270	281	52	22%
Operating Supplies	635	1,492	1,010	1,309	(183)	-12%
Professional Services	1,301	1,446	1,070	1,328	(118)	-8%
Public Education & Awareness	166	165	225	165	-	0%
Recycling Services	1,892	1,382	2,720	1,877	495	36%
Repairs & Maintenance	2,162	1,613	2,880	2,812	1,199	74%
Safety Equip., Supplies, Uniforms, Svcs.	158	227	275	166	(61)	-27%
Taxes, Surcharges, Services	1,538	1,340	1,300	1,438	99	7%
Training, Education & Meetings	155	193	155	195	2	1%
Utilities	80	115	90	115	-	0%
Other Expenses	39	39	20	30	(9)	-23%
SUBTOTAL	13,986	16,985	17,705	17,611	626	4%
TOTAL OPERATING EXPENSES	29,044	31,917	33,314	33,582	1,665	5%
NON-OPERATING REVENUE & EXPENSES						
Interest Income	188	95	95	95	-	0%
Rents & leases	315	325	325	325	-	0%
Finance charges	0	15	15	15	-	0%
Other Income	17	15	15	15	-	0%
Equipment Purchases - Interest Expense		(62)	(54)	(50)	12	-20%
Revenue Bonds - Interest Expense	(490)	(1,189)	(1,189)	(2,238)	(1,049)	88%
TOTAL NON-OPERATING EXPENSES	55	(801)	(793)	(1,838)	(1,037)	129%
NET INCOME (LOSS)	457	1,917	3,744	1,129	(787)	-41%

OPERATING EXPENSE ACCOUNTS

1. Wages

Total Wages increase by 12% over the FY 2018/19 budget, from \$9.7M to \$10.8M, caused by wage increases negotiated with employees through the collective bargaining process, as well as step increases, changes in overtime assumptions, and staffing changes. Aside from base pay, step increases and overtime assumptions, Wages also include pay for holiday pay, shift-differential, bilingual pay, and longevity pay. Please refer to the HR Manager's *Final Employee Compensation & Benefits Budget for FY 2019/20* found on page 3 of this budget document for further information.

2. Benefits

Benefits for FY19/20 have been adjusted for items that are included in the negotiated employment agreements (MOUs). Health Insurance costs are projected to decrease by 11%, due to a decrease in premiums effective January 1, 2019. No increase in premiums is expected to occur in January 2020. Total CalPERS costs increase 6% to \$1,641,000. The employer contribution for the "Normal Cost" is 9.114% of earnings for FY19/20, which represents a rate increase of 0.64%. In addition, the District will pay approximately \$750,000 in other PERS contributions, an amount designed by CalPERS to capture unfunded accrued liabilities. The total pension cost as a percentage of total wages is assumed to equal 16.8%. Workers' Compensation costs are projected to remain flat, at \$732,000, due to a negotiated 3-year cap on the District's experience modifier (EMOD).

3. Amortization & Depreciation

This large expense is a direct reflection of the District's capital investment in equipment and facilities. Staff is projecting a 2% decrease compared to the FY 2018/19 budget to reflect a delayed completion of capital projects. This is a non-cash expense.

4. Closure/Post-Closure Costs

The Monterey Peninsula Landfill (MPL) Preliminary Closure/Post Closure (C/PC) Plan was approved in October 2011. The current estimate reflects the impact of the MPL C/PC Plan and tonnages of materials being landfilled in recent years. The FY 2019/20 budget projects no change from the previous year.

5. Contract Services

Contractual services costs decline by 44% from the past budget, from \$1.9M to \$1.03M. This reduction is primarily due to re-assigning the handling of Yard Waste (currently under contract to Keith Day & Co.) to the expense category of Recycling Services. In FY18/19, this amount was \$875,000. Expense items remaining in the Contract Service category include \$408,000 in Temporary Contract Labor used to support Operations across the site (\$288,000 in the MRF; \$80,000 in the Site & Facilities department; \$40,000 in the Last Chance Mercantile). This amount is roughly equal to the \$410,000 spent in FY18/19. Other costs include landscaping and road maintenance (\$175,000); janitorial service (\$92,000); water/coffee, postage, alarm services (\$35,000); bird control (\$125,000); Information Technology/Services contract (\$90,000), and the use of a contract grant writer to secure grants (\$15,000). These expense items are mostly unchanged from the previous budget.

6. Environmental Services

Environmental services are professional fees required to monitor and report on the landfill, biosolids composting, groundwater, storm water, domestic water system, hazardous materials, air quality and landfill gas migration control and engine exhaust emissions. These expenses total \$265,000 – an increase of \$15,000 – and reside in the Engineering & Compliance department budget. Expenditures include semi-annual groundwater testing (\$25,000); surface methane monitoring (\$30,000), Title V permit compliance (\$20,000), criterial pollutants & GHG emissions reporting (\$10,000), monthly LFG well field data reviews (\$25,000), surveying & mapping services (\$15,000), and miscellaneous monitoring and analysis (\$35,000, up from \$20,000). The budget includes an engineering consulting services contingency of \$100,000.

7. Fuels & Oils

The Fuels & Oils expense category increases 5% (\$60,000) to \$1.26M. Diesel fuel constitutes the largest of fuel expenses for the District. Costs for fuel use are budgeted as follows: Landfill - \$250,000; Site Operations - \$650,000, including \$500,000 for CNG fuel; MRF - \$210,000; Equipment Maintenance - \$150,000. The cost of the CNG fuel sold to GreenWaste Recovery for use in the collection vehicles is contracted under a long-term agreement.

8. Hazardous Waste Disposal

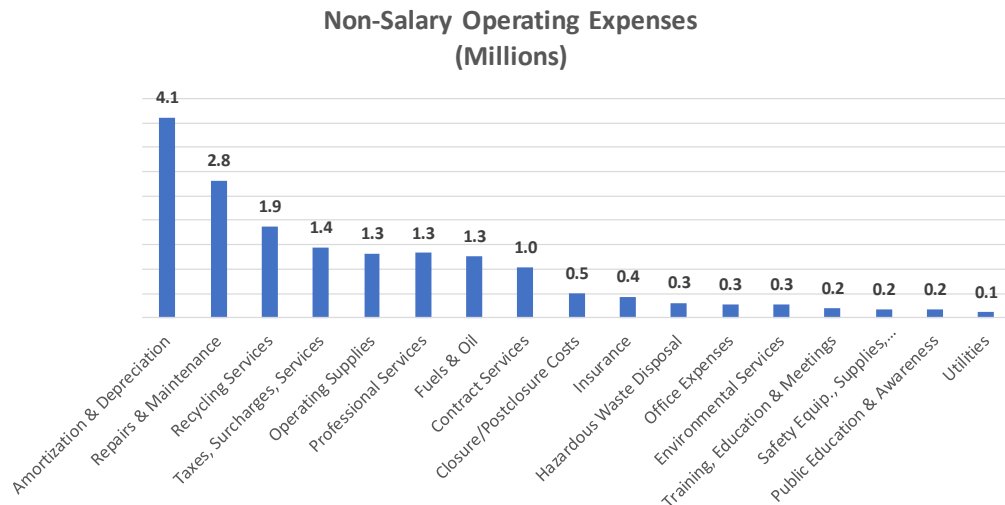
Hazardous Waste Disposal expenses include the collection and disposal of dangerous material at the District's facilities and the management of off-site HHW collection events within the community. The District pays costs to dispose of hazardous waste (batteries, florescent tubes and compact fluorescent lamps, etc.), which are anticipated to increase from \$190,000 to \$220,000 as the public continues to become more educated on proper disposal practices. District staff is also budgeting \$90,000 to hold two HHW community collection events, one in Monterey and a smaller event elsewhere in the County. Costs for off-site events are unchanged from FY18/19.

9. Insurance

The District is projecting an increase in insurance costs from \$275,000 to \$430,000. The District has been informed by its carrier (SDRMA) that rates for property insurance will increase by 11% and rates for liability insurance will increase by 5%. Premiums are further expected to increase due to the addition of new assets added to the District's insured property and equipment list. SDRMA will provide actual costs prior to the completion of the final Budget.

10. Office Expenses

Office Expenses grow 21% (\$48,000) year-over-year to \$277,000. Approximately \$120,000 of this total is for software and services for Accounting, Scales, and the Maintenance Shop. The costs of software & services for both Accounting and Scales have increased compared to last year. Other costs for Office Expenses have not changed materially: Memberships and subscriptions (\$32,000); Office supplies (\$41,000); Copier supplies and upkeep (\$10,000). Employee engagement and recognition spending is projected to increase from \$25,000 to \$30,000.



11. Operating Supplies

Operating Supplies are projected to decline by 12% (\$183,000) compared to the prior year, from \$1.49M to \$1.31M. The MRF Operating Supplies budget includes \$202,000 for production supplies such as baling wire. The MRF Maintenance budget contains \$380,000 for repair parts, conveyors, screens, rental equipment and tools, an increase of approximately \$100,000. The other major contributor to this expense category is \$520,000 to cover landfill gas cleanup equipment and filtering media. Elimination of \$250,000 in emergency power rental generator equipment for the Truck yard contributed to the reduction in overall spending.

12. Professional Services

Professional Services expenses decline by 8% (\$118,000) compared to last year's budget. \$50,000 of this reduction is due to a reclassification of Scales-related expense from Professional Services to Repairs & Maintenance. Other Professional Services include expenditures for on-going attorney fees (\$125,000, no change), additional legal and other services related to labor relations (\$44,000, down from \$50,000); financial service fees for auditors, banking and bond compliance (\$46,000, down from \$53,000); human resources spending on hiring and recruiting and organizational development (an increase from \$75,000 to \$130,000); website design and administration & branding development work (\$58,000 - unchanged); credit card processing fees for the Scales Operations and LCM (\$140,000 - unchanged); Engineering-related services, such as grant administration, power project analyses, AD feasibility study, MRF & biogas enhancement analyses (\$455,000, down from \$505,000); LCM credit card fees and retail system support (\$35,000 - unchanged); MRF waste characterization study (\$125,000, down from \$200,000 for all MRF-related Professional Services); LFG power sales scheduling (\$45,000, down from \$100,000 for all LFG-related Professional Services).

13. Public Education & Awareness

Public Awareness expenses are unchanged from last year's budget. Public Awareness expenditures include funds for advertising and publications (\$50,000), and other promotion and education activities (\$15,000). For the second year in a row, the District has budgeted \$100,000 to continue the "What Goes Where" campaign designed to educate our communities on how to recycle. The benefit to the District is to eliminate blue bin contaminants that reduce our MRF productivity and revenue.

14. Recycling Services

The Recycling Services category includes costs for processing various materials not currently handled by District staff as well as those handled at the MRF and the LCM. Recycling Services expenses related to yard waste, wood waste, food waste (\$1.3M) now reside in a new Organics Management department. Others include MRF-related Recycling Services for glass, tires and freon (\$249,000) and reimbursements to customers of the District's CRV Buy Back Center (\$280,000) handled at the LCM. Eliminated from the Recycling Services category this year are the Single Stream Recyclables monies credited to the jurisdictions (calculated at \$40 per SSR ton) as well as costs paid to ZeroWaste Energy for operation of the Anaerobic Digester. The total category shows a 37% increase over FY18/19 costs. However, the re-classification of yard waste and wood waste expenses from Contract Services materially skews a year-over-year comparison. Cost for these services grow from \$875,000 to just over \$1M and are volume-related services for which the District receives a disposal fee.

15. Repairs & Maintenance

Repair & Maintenance expenses are budgeted to be \$2.8M, up from \$1.6M in FY18/19. The major areas of spending are in the Landfill Gas to Energy facility (\$1.5M, up from \$632,000), the Equipment Maintenance Shop (\$758,000, up approximately \$100,000), the Site & Facilities department (\$280,000, up \$30,000) and the MRF Maintenance department (\$141,000, up \$80,000).

16. Safety Equipment, Supplies & Services

Safety Equipment, Supplies & Services primarily include safety apparel and supplies used by employees in day to day operations. This includes gloves, vests, helmets and other apparel. The reduction in spending in this category (\$61,000 or 27%) reflects the stabilization of employee growth experienced last year for the MRF re-start. The category also includes minor fall protection expenditures and a Healthy Living Initiative targeting employee health (\$10,000). Costs for the development and delivery of safety programs and training reside in other spending categories, such as Professional Services.

17. Taxes, Surcharges, Permits

Significant costs include: State Board of Equalization AB 939 Fee (\$1.40/ton landfilled) estimated at \$816,000 (up from FY18/19 budget of \$700,000) based on the increase in tons landfilled; the District's portion of the Monterey County Health Department fee (\$350,000); LAFCO membership (\$46,000); the Monterey Bay Unified Air Pollution Control District fees (\$50,000); Monterey County Water Resources Agency fees (\$50,000); new SWRCB landfill annual permit fee (\$50,000), Report of Facility Information (RFI) amendments (\$10,000); and contribution to Monterey County illegal dumping initiative (\$50,000, further supplemented by the District's community HHW collection events).

18. Training, Education & Meetings

The Training budget of \$195,000 is roughly equal to FY18/19. Training is focused on job certifications and job skills development.

19. Utilities

Utilities estimates track current year projections and are unchanged from last year's budget. They include electricity usage expected in the MRF (\$75,000); Telephone service (\$30,000); and Internet connectivity (\$10,000).

20. Other Expenses

Other Expenses are 23% lower, in part due to the treatment of Director Fees as part of District Wages instead of as Other Expense.

NON-OPERATING REVENUE & EXPENSES

1. Non-Operating Revenues & Expenses

The loss associated with Non-operating Revenue & Expenses increases by approximately \$1.05M, due substantially to the added interest expense for the 2018 Revenue Bonds. Other items, including interest income and lease revenue from the Truck Yard facility, are projected to track closely with the FY18/20 budget and current year projected estimates.

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Capital Outlay

District capital expenditures are divided into two categories: Mobile Equipment and Capital Improvements. Mobile Equipment includes dozers, compactors, all vehicles and trailers used on and off the site, and miscellaneous equipment such as computers, software and furniture. Mobile Equipment spending is for the replacement of existing equipment, the purchase of new equipment not previously used in operations, or capitalized investment in repairs and maintenance. Capital Improvements include investments in improving existing infrastructure and the development of new facilities or assets.

FY 2019-20 BUDGET - CAPITAL OUTLAY PLAN							FINAL
All \$\$ in Thousands	18/19 Budget	18/19 Est.	19/20 Proposed	20/21	21/22	22/23	23/24
CAPITAL OUTLAY PLAN							
Mobile Equipment	2,755	1,789	1,990	2,221	1,385	2,670	1,250
Capital Improvements	13,528	6,093	12,491	9,354	7,803	8,150	1,985
TOTAL CAPITAL INVESTMENT	16,283	7,882	14,481	11,575	9,188	10,820	3,235

FY19/20 Capital Outlay Highlights

Mobile Equipment replacement and new purchases:

- 966 Cat Wheel Loader replacement (Landfill) – \$505k
- 950M Cat Wheel Loader replacement (MRF) – \$425k
- EC250E Volvo Excavator (MRF) – \$300k
- 10 new 40-yard roll-off boxes (MRF) - \$100k



950M Wheel Loader



EC250E Excavator

Capital Improvement Projects:

- Module 6 development (Landfill) - \$4.25M
- Compost site storm water compliance (Landfill) - \$2.0M
- CEC Grant Project: Biogas Conditioning System - \$1.2M (net of grant funds)
- Roadway paving and improvements (Site) - \$1.1M

FY 2019-20 BUDGET - CAPITAL OUTLAY PLAN										FINAL			
All \$\$ in Thousands													
		Dept	18/19 Budget	18/19 Est.	19/20 Prop.	20/21	21/22	22/23	23/24				
MOBILE EQUIPMENT													
	Board Room - Furniture and AV Upgrade	ADM	25	25									
	Replace 2000 Dodge Van AD06 with Pub Ed tour van	ADM	50	18									
	Replace 2000 Dodge Van AD06 with Rav 4 SUV	ADM		27									
1	Computer Hardware/Software	ADM	25	25	25	25	50	25	50				
2	Replace Copier, Document Management & other office hardware	ADM			10	10	10	10	10				
3	Replace AD07 2001 Ford F-150 4x4 Pickup	ADM			30								
4	Replace Office Furniture	ADM			30	30	30	30	30				
	Replace Accounting System	ADM				50							
	Replace 2006 Toyota Highlander AD10	ADM											
	Miscellaneous Admin. Repair and Maintenance	ADM					30	30	30				
	Replace LC14 Forklift	LCM											
	Replace 2002 LC09 Forklift	LCM							60				
5	Used Box Truck for LCM	LCM			50								
	Replace 2001 836G Compactor - LF11	LFO	1,300	1,225									
	Replace 1999 D6R Dozer - LF06	LFO	440			450							
	Landfill Tarp Machine	LFO											
	Replace 2006 John Deere 6415 Ag Tractor LF18	LFO											
	Replace Box Scraper - LF19	LFO											
	Replace S131 Allmand Light Tower 2000	LFO											
	Replace 1999 D9R Dozer - LF10 with D8 Dozer	LFO											
	Replace 2007 836H Compactor - LF22	LFO							1,300				
6	Replace 1997 966 Wheel Loader LF13	LFO			505								
	Replace 2005 D9T Dozer - LF16 - with D8	LFO				940							
	Replace 2001 627G Scraper LF02 with articulating ejector truck	LFO							750				
	Replace 1996 D8R Dozer - LF09	LFO											
	(LF) LF26 D8T Dozer 2016 (Replacement FY 25/26 \$1,000,000)	LFO											
7	(LF) LF27 836K Compactor 2016 (Replacement FY 29/30 \$1,400,000)	LFO			150								
	(LF) LF29 D8T Dozer 2017 capitalized maintenance (Replacement FY 27/28)	LFO					150		30				
8	(LF/Site) MR20 230CLC Excavator 2003 - New Thumb Attachment	LFO			15								
9	(LF) S152 Genie Light Tower 2004 - Replace	LFO			6								
	Engine 1 - 2006 Caterpillar 3520 Major overhaul (every 93,000 hrs.)	LFG	400	400									
10	Kubota RTV for LFG (Gas field work)	LFG			19								

FY 2019-20 BUDGET - CAPITAL OUTLAY PLAN

FINAL

All \$\$ in Thousands

MOBILE EQUIPMENT

	Dept	18/19 Budget	18/19 Est.	19/20 Prop.	20/21	21/22	22/23	23/24
MR39 2009 938H Wheel Loader	MRF	300						
908h Wheel Loader (small wheel loader)	MRF	115			150			
11 MRF Bin/Box replacement	MRF	45	48	15	25	25	25	25
12 MRF new Roll-off Box purchases (10 40yd)	MRF			100				
2009 Volvo Roll-Off Truck MR37	MRF					265		
2009 Volvo Roll-Off Truck MR38	MRF					265		
13 Replace 2010 324DL Excavator with Volvo Waste Handler MR42	MRF			300				
Replace 2011 324DL Excavator MR43	MRF						350	
14 2005 938G Wheel Loader with 950BR (MR27)	MRF			425				
Replace 2012 966K Wheel Loader MR46 (hand down for LF26)	MRF				450			
Replace MR44 2008 IHC Semi Truck (MRF) w/new CNG unit	MRF					150		
Replace MR45 2008 IHC Semi Truck (MRF) w/new CNG unit	MRF					150		
(MRF) MR55 938M Wheel Loader 2018 (Replacement 29/30 \$300K)	MRF							85
15 2011 or Newer Used Water Truck for MRF Fire Protection (2,000 to 3,000 gal)	MRF			50				
16 2011 or Newer Used Semi Truck for MRF	MRF			80				
17 Miscellaneous MRF Equipment	MRF			20	20	20	20	20

Customer Messaging & Direction Board	SCL	15						
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R&M Contingency	SHO							500
Capital Equipment Repair	SHO							500
SH13 2007 Ford F-150 2WD (SHOP) - Replace	SHO				35			

SI57 Genie Light Tower 2006 - Replacement	SIT				6			
18 289D Compact track loader	SIT			100				
19 Replace 2007 Site Ford-F150 4x4 Pick up SI48	SIT	20		30				
Replace 2007 Ford F-150 2WD Site Pick up SI49	SIT	20	21					
Replace 1998 Chev 2500 4x4 Site Pick up SI53	SIT				30			
20 Replace 2002 Ford F-150 4x4 Site Pick up SI54	SIT			30				
Replace 2010 Volvo Water Truck SI58	SIT					240		
Replace 2011 Dump Truck SI65	SIT						40	

TOTAL MOBILE EQUIPMENT EXPENSES		2,755	1,789	1,990	2,221	1,385	2,670	1,250
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FINAL

FY 2019-20 BUDGET - CAPITAL OUTLAY PLAN

All \$\$ in Thousands

Dept. Budget Est. 18/19 19/20 Proposed

20/21 21/22 22/23 23/24

CAPITAL IMPROVEMENT PROJECTS

EXISTING FACILITY IMPROVEMENTS

1	Admin Building	ADM				125		150				
2	Truck Yard	ADM					450					
1	HHW Facility	LCM			100							
2	LCM Retail Store	LCM			130		150	150				
3	Public Recycling Drop-off	LCM			25							25
1	Compost Site	LFO	5,425		2,000							
1	LFGTE Facility	LFG					250	140	75			25
2	LFG Building roof and gutter repairs	LFG	50		75							
3	LFG Engine room air flow improvements	LFG	50		50							
4	Replace Versa-Ruptor switch gear cabinet	LFG	50		20							
5	LFGTE Plant Flow Meter	LFG			15							
6	LFG Flare - Zone B Flow Control Auto-Valve	LFG			15							
7	LFG Supply Maintenance Control Valves (3)	LFG			25							
8	Grounding Resister -	LFG			20							
9	LFG Blower #3 Supply	LFG			125							
10	ENG #2 Radiator	LFG			85							
11	LFG Chiller - (mng w/CEC Project as Change Order if confirmed)	LFG										
12	H2S Treatment - (mng w/CEC Project \$1MM)	LFG										
1	Materials Recovery Facility 2.0	MRF		2,733			450					450
2	MRF OCC Disc Screen	MRF			776							
3	MRF Fall Protection Equipment	MRF		76	150							
4	MRF Lock Out-Tag Out Optimization	MRF			100							
5	MRF 2.5 C&D Concept Design/Evaluation	MRF			125							
1	Scales - 4 New Below-Grade Decks (FY20/21)	SCL			90		900					
2	Scales Software Upgrade - Paradigm	SCL	90	63	40							
3	Scale House Add. Concept & Final Design-Function & ADA	SCL		15	75							
4	Above ground scale at MRF	SCL	175									
1	Maintenance Shop Building	SHO			145				150			
2	Old Shop Building	SHO			45		250		150			
3	Wash Pad Facility	SHO						88				
1	Site Entrance Upgrade	SIT	50	25	50							
2	Paved Roads	SIT			1,100							1,100
3	Misc. Site	SIT			88		30	30	30			30
4	Misc. Facilities	SIT			63		30	30	30			30

FY 2019-20 BUDGET - CAPITAL OUTLAY PLAN										FINAL
All \$\$ in Thousands										
CAPITAL IMPROVEMENT PROJECTS										
		18/19	18/19	19/20	20/21	21/22	22/23	23/24		
	Dept.	Budget	Est.	Proposed						
LANDFILL DEVELOPMENT										
1	Misc. LFG - CEC Grant	LFG	500	1,380	2,000	320				
	CEC Grant H2S Treatment System	LFG	0	250	500	250				
	CEC Grant Reimbursements	LFG			-1,500	-316				
2	Energy & Organic Waste Proc. Tech. Assess.	LFG			250					
3	Module 6 Development	LFO	6,500	890	5,110					
4	Module 7 Development	LFO		7	75	6,500				
5	Module 8 Development	LFO				125	7,500	0		
6	Leachate Management	LFO	125	125	125	200	3,500			
7	LFG Management	LFO	325	325	50	0	325	0	325	
8	LFG Condensate Management	LFO	75	55	50		75			
9	Misc. Landfill	LFO	113	149	125	65	65			
10	Storm Water Management - (Design, Permit, Construct)	LFO			50	150	0	0		
ANNUAL TOTALS										
EXISTING INFRASTRUCTURE										
	Subtotal		5,890	2,912	5,656	2,060	1,038	585	1,660	
LANDFILL DEVELOPMENT										
	Subtotal		7,638	3,181	6,835	7,294	6,765	7,565	325	
ALL PROJECTS										
TOTAL CAPITAL IMPROVEMENT EXPENSES			13,528	6,093	12,491	9,354	7,803	8,150	1,985	

Capital Outlay – Mobile Equipment

The following items describe proposed Mobile Equipment investments by department for FY19/20 through FY 23/24. The 5-year projected spending for Mobile Equipment is \$9.35M.

Administration

1. Computer Hardware/Software - \$25,000

Routine replacement of IT infrastructure that is obsolete, no longer supported or no longer covered by warranty.

2. Replace Copier, Document Management & other office hardware - \$10,000

Routine replacement of office equipment that is obsolete, no longer supported or no longer covered by warranty.

3. Replace 2001 Ford F-150 4x4 Pickup – AD07 - \$30,000

Replacing aging pickup truck with new or used truck.

4. Replace Office Furniture - \$30,000

Routine replacement of office furniture that is obsolete, no longer functional.

FY 2021 through 2024

- Routine replacement and upgrading of office IT infrastructure and office furniture
- Office furniture - Routine replacement of worn furniture.
- Replacement of Great Plains accounting software with new software technology.

Last Chance Mercantile/Household Hazardous Waste

5. Used Box Truck - \$50,000

Purchase of used box truck for transporting materials to community HHW events, donation collections and other material handling needs.

FY 2021 through 2024

- Replacement of 2002 forklift.

Landfill Operations

6. Replace 1997 966 Wheel Loader - \$505,000

Replace aging Wheel Loader used on Landfill (LF13).

7. 836k Compactor capital maintenance - \$150,000

Major capitalized maintenance on existing Landfill Compactor slated for replacement in 2030 (LF27).

8. 2003 330CLC Excavator equipment upgrade - \$15,000

New Thumb Attachment for existing Excavator (MR43).

9. Genie Light Tower Replacement - \$6,000

Replace aging light tower used on landfill for after-dark operations.

FY 2021 through 2024

- Replacement of 2007 836 Compactor (LF22).
- Replacement of 2005 D9T Dozer with D8 model (LF16).
- Replacement of 2001 627G Scraper with articulating ejector truck (LF02).
- Major capitalized maintenance on existing Landfill D8T Dozer (LF29).

Landfill Gas Facility

10. Kubota RTV - \$19,000

Purchase of Kubota rough terrain vehicle for use in gas field maintenance.

MRF

11. MRF Bin/Box replacement - \$15,000

Routine replacement of bins and debris boxes for MRF operations.

12. New Roll-off Boxes - \$100,000

Purchase of 10 40-yard roll-off boxes for expanded MRF operations.

13. Replace 2010 324DL Excavator - \$300,000

Replace existing 2010 Excavator for MRF operations (MR42) with Volvo Waste Handler EC250E.

14. Replace 2005 938G Wheel Loader - \$425,000

Replace existing 2005 MRF Wheel Loader with larger 950M model (MR27).

15. 2011 or Newer Used Water Truck - \$50,000

Purchase of 2,000–3,000 gallon water truck to aid in prompt suppression of MRF fires.

16. 2011 or Newer Used Semi Truck - \$80,000

Addition of one Semi Truck used for the transport of residue from the MRF to the landfill. Purchased to provide back up in the event of failure by one of two existing, fully-utilized trucks.

17. Miscellaneous MRF Equipment - \$20,000

Replacement or addition of equipment to meet unanticipated operational needs.

FY 2021 through 2024

- Purchase of new 908H Wheel Loader. Smaller equipment for use in confined MRF quarters.
- Routine bin/box replacement.
- Replacement of two 2009 Volvo roll-off trucks (MR37 and MR38).
- Replacement of 2011 324DL Cat Excavator (MR43).
- Replacement of 2012 966K Cat Wheel Loader (MR46). Repurpose equipment in Landfill operations.
- Replacement of two 2008 IHC Semi Truck with new CNG unit (MR44 and MR45).
- Major capitalized maintenance on existing 938M Wheel Loader (MR55).
- Purchase of miscellaneous MRF equipment.

Maintenance Shop

FY 2021 through 2024

- Repairs & Maintenance and Capital Equipment contingency – Contingency to cover unforeseen, but expected, expenses in outer plan years.
- Replace 2007 Ford F-150 2WD Pick up (SH13).

Site & Facilities Operations

18. Purchase new 289D Compact Track Loader - \$100,000

Purchase Caterpillar 289D Compact Track Loader equipped with a “4 in 1 bucket” and brush hog mower attachments. This new piece of equipment will allow for continuous vegetation management and elimination of the use of rental equipment. Over time, the addition of various attachments such as a sweeper and post hole digger will be considered to aid with recurring site projects. The addition of this track loader is in lieu of the Pacific-Tec Vac unit identified in the Preliminary Budget.

19. Replace 2007 Site Ford-F150 4x4 Pick up - \$30,000

Replace aging Site Operations pick up with a newer, used model (SI48).

20. Replace 2002 Ford F-150 4x4 Site Pick up - \$30,000

Replace aging Site Operations pick up with a newer, used model (SI54).

FY 2021 through 2024

- Replace 2006 Genie Light Tower (SI57).
- Replace 2007 Ford F-150 2WD Pick up (SI13).
- Replace 1998 Chevy 2500 4x4 Site pick-up (SI53).
- Replace 2010 Volvo Water Truck (SI58).
- Replacement of 2001 Dump Truck (SI65).

Capital Outlay – Capital Improvements

The five-year projection of Capital Improvement Projects reflects expected investments required to continue existing operations, meet known regulatory obligations, develop one new infrastructure project (Biogas Conditioning System), and make modest improvements to the MRF system. The plan addresses both 1) deferred capital spending on capital maintenance/replacement of aging infrastructure in the 2005 – 2015 time period following Tip Fee increase deferrals and a significant economic recession, and 2) the increase in business activity represented by disposal volumes doubling over that time period and increasing the rate and frequency of capital improvement to the landfill and its environmental control systems.

The following items describe proposed investments for FY19/20 through FY22/23, as indicated.

Existing Facility Improvements

Administration

\$125k FY19/20 and \$600k FY21/22

1. Administration Building - \$125k in FY19/20 for gutter and downspout replacement, minor painting and interior improvements, and conceptual planning activities of Administration Building expansion; \$150k in FY 21/22 for roof replacement at an age of ~25 years.
2. Truck Yard – \$450k in FY 21/22 for 5-Year Life equipment capital replacement such as fans and motors associated with the Administration, Truck Maintenance, and Truck Wash buildings and truck wash equipment system.

Last Chance Mercantile/HHW

\$255k FY19/20; \$150k FY20/21; \$150k FY21/22; \$150k FY22/23

1. HHW Facility – \$100k in FY19/20 for gutter and downspout replacement, and roof cleaning and sealing.
2. Last Chance Mercantile – \$130k in FY19/20 for gutter and downspout replacement, translucent panel replacement, and roof cleaning and sealing. \$450k in FY 20/21 through 22/23 for various interior and exterior facility improvements to address increases in salvage item volume storage and facility efficiencies.
3. Recycling Drop Off - \$25k in FY19/20 for planned capital maintenance of safety rails.

Compost Operations Site

\$2,000k FY19/20

1. Compost Site - Preliminary studies have been completed that indicate that site conditions satisfy regulatory requirements and result in a reduction of capital costs of \$3,425k. The 2015 regulation promulgated a 2020 deadline for compliance with the new minimum standards of the regulation. The

proposed capital funds would be for treatment of existing composting site to address ground water protection, waste water and storm water compliance regulations. Compliance obligations are anticipated to begin in 2019 in order to meet the 2020 deadline that currently exist in regulations. Project elements include: creating separate Active Phase and Curing/Storage Phase areas; creating separate Grading Plans & SW/Leachate Control Systems; creating separate SW Basins and a Class II Lined Impoundment for Active Phase Area; Vadose Zone & groundwater Monitoring network; Active Phase Area Liner System. Assumes Static Pile Composting. Work phases are: 1) Site Design & Permitting - \$250k - \$300k; and 2) Construction - \$1.70M - \$1.75M.

Landfill Gas Facility

\$430k FY19/20; \$250k FY 20/21; \$140k FY21/22; \$75 FY22/23; \$25 FY23/24

1. Landfill Gas to Energy Facility – \$410k in FY19/20 for gutter and downspout replacement, and roof cleaning and sealing; engine room ventilation improvements; Switch gear cabinet; Plant's gas supply flow meter; LFG Flare Zone B flow control auto-valve; several LFG Maintenance control valves; capital replacement of a grounding resister; installation of a third LFG Blower package for gas supply; and a radiator for Engine #2 to allow it to operate at 100% rated capacity. \$2.5M in FY 20/21 through 22/23 for various control system improvements and infrastructure associated with distributing power to the various users.

MRF Operations

FY19/20, FY 20/21 and FY 23/24

Materials Recovery Facility - \$1,151k for OCC disc screen improvement (\$776k), Maintenance Fall Protection improvements (\$150k), Maintenance Safety System Improvement for Equipment Lock Out-Tag Out (\$100k), and retention of a technical consulting team for conceptual technical and financial evaluation of a separate C&D MRF line outside of the MRF and conversion of the internal C&D sort line to a MSW processing line (\$125k). Also \$450k in FY 20/21 and FY 23/24 for motor capital replacements and limited improvements to the sort lines associated with optimizing efficiencies of operations and short-lived capital equipment replacement.

Landfill/MRF Support Facilities – Scales & Maintenance Shop

FY 2020 through 2023

1. Scale Facility – \$75k for design of a future addition to provide adequate work space dimensions and ADA access compliance. Develop a detailed project cost estimate for the future addition to be scheduled at a later date. \$90k for various relatively minor interior and exterior improvements, painting, and signage. \$900k for capital replacement of four scale decks and load cell weight measurement systems.
2. Maintenance Shop Building - \$145k in FY19/20 for miscellaneous water proofing, lighting improvements, gutter and downspout replacement. \$150k in FY 22/23 for various equipment storage system, accessibility, lighting, and signage.
3. Old Shop Building – \$45k in FY19/20 and \$250k in FY20/21 for design, permitting, and construction of capital improvements to the 35+ year-old structure and related equipment and materials storage

elements. Full capital replacement of the structure is being deferred until future uses and business case can justify such a project. \$150k in FY 22/23 for equipment and material storage elements, lighting, and signage.

4. Vehicle Wash Pad Facility - \$88k in FY 21/22 for capital replacement of wash equipment.

Site & Facilities Operations

\$50,000 FY19/20

1. Site Entrance Upgrade - Staff proposes upgrading the aesthetics of the District's site entrance. The District expects the total project expense proposed to be matched by M1W as they have expressed their interests in and funding commitment of improvements at the front gate entrance area.

FY 2021 through 2024

2. Paved Roads – An access lane addition/widening project in advance of the 4-way Stop intersection and an asphalt concrete pavement overlay is planned for the Charlie Benson Road from the entrance gate to the 4-way Stop intersection. A pavement overlay is a common capital maintenance activity that is designed to be performed on a 11 to 20-year interval for roads. The lane widening is planned for FY19/20 (\$1.1M) given the higher vehicle traffic being experienced and the asphalt overlay is planned for FY23/24 (\$1.1M).
3. Miscellaneous Site Improvements - \$88k in FY19/20 and \$120k in FY20/21 through 23/24 for various traffic control elements, accessibility, and signage.
4. Miscellaneous Site Facility Improvements – \$63k in FY19/20 and \$120k in FY20/21 through 23/24 for various minor improvements, accessibility and signage.

Landfill Development

Landfill Operations

FY19/20 & FY 2021 through 2024

1. CEC Grant Project – Biogas Conditioning System - \$2,500k (-\$1,500k Grant Funds)

In FY19/20, it is planned that the CEC Grant project will accomplish the purchasing of the biogas conditioning system equipment; significant expansion of the landfill's Gas Collection and Control System (GCCS) system; and design of the civil-electrical site improvement package. At the March 22, 2019 meeting, the Board of Directors approved a \$2.9 million contract to Unison Solutions, Inc. The contract included the addition to the project of a hydrogen sulfide (H₂S) treatment system of the landfill gas (LFG) at a cost of \$1.45 million. Permitting and construction is planned for FY20/21 - \$840,000 (-\$316,000 Grant Funds).

2. Energy and Organic Waste Processing Planning Technical Assessment - \$250k

The District will retain technical consultants to evaluate both the technical and financial aspects of energy generation options and organic waste processing system alternatives. Life Cycle cost estimates, Benefit/Cost assessments, and sustainable operation cycles will be investigated to help inform decisions of future energy generation and organic waste processing.

3. New Landfill Module 6 Development - \$5,110k

The Module 6 project was budgeted at \$6,500,000 in FY18/19. The project is now estimated at a total of \$6,000,000. Of this, approximately \$890,000 was completed in FY18/19, with the remaining \$5,110,000 projected for FY19/20. The construction contract for this work with Wood Brothers, Inc. was approved by the Board of Directors at the March 22, 2019 meeting. Module 6 is estimated to have an Interim Service Life of 2 years at current waste disposal fill rates. Included in this budget amount is \$395k in funds to address slope failure on the north slope of Modules 1 and 2. This work will be performed under a modification to the Module 6 development contract by the contracted vendor.

4. New Landfill Module 7 Development - \$75k FY19/20; \$6,500k FY20/21

Given the 2-year interim service life estimated for Module 6, the evaluation and design of Module 7 is currently underway (approved by the Board of Directors at the February 22, 2019 meeting). The proposed budget for both the design and construction of Module 7 project is \$75,000 in FY18/19; \$75,000 in FY19/20; and \$6,500,000 in FY20/21. A project total budget estimate of \$6,650,000 for the various planning, design, permitting, and regulatory plan document activities associated with the periodic development of landfill modules. Module 7 is estimated to have an Interim Service Life of 2 years at current waste disposal fill rates.

5. New Landfill Module 8 Development - \$125k FY20/21; \$50k FY21/22; \$7,500k FY22/23

Given the 2-year interim service life estimated for Module 7, the evaluation and design of Module 8 is currently planned to begin in FY20/21. Module 8 is projected to be a more costly project than prior modules as it is desired to eliminate the internal sump in Module 5 and replace it with a perimeter sump at an elevation at or below the ground water level along the eastern landfill boundary. To comply with the regulatory ground water separation requirements, an Engineered Alternate Design (EAD) will be required. It is anticipated that a double liner system will need to be provided to separate ground water from the prescriptive single-composite liner system of the landfill. The elimination of the internal sump will address long-term financial liabilities associated with that type of sump and capture some waste capacity that the internal sump would prevent from occurring. The proposed budget for both the design and construction of Module 8 project is \$125,000 in FY20/21; \$50,000 in FY21/22; and \$7,500,000 in FY22/23. A project total budget estimate of \$7,675,000 for the various planning, design, permitting, and regulatory plan document activities associated with the periodic development of landfill modules. Module 8 is estimated to have an Interim Service Life of 2 years at current waste disposal fill rates.

6. Leachate Management - \$125k

Engineering, design and execution of work related to capital repair and improvements for managing landfill leachate of the existing infrastructure present.

7. LFG Management - \$50k

Execution of minor work related to capital repair and improvements to the Gas Collection and Control System (GCCS) in the landfill. More significant expansion of the GCCS is included in the CEC Grant Project and is being managed as an element of that project.

8. LFG Condensate Management - \$50k

Engineering, design and execution of work related to collection and control of condensate and reducing condensate levels in landfill gas system. This project will improve the performance of the LFG engines, reduce maintenance and enhance engine life.

9. Misc. Landfill - \$125k FY19/20; \$65k FY20/21; \$65k FY21/22; \$65k FY22/23

Various smaller scope infrastructure improvement projects. \$125,000 proposed in FY19/20 and \$65,000 per year for FY2020 thru FY2022. Miscellaneous engineering, planning and execution of landfill related capital repairs and enhancements of ancillary elements of the landfill.

10. Storm Water Management - \$50k FY19/20; \$150k FY20/21; \$2,750k FY21/22

Storm Water Management element is the design, permitting, and construction of an external (outside of the permitted waste 'footprint') storm water basin(s) required as the construction of new landfill modules will result in the need to abandon the internal storm water basins.

Debt

The following Debt Schedule describes the use of debt and the principal and interest payments for servicing past and anticipated debt. The Debt Service Ratios calculate the District's annual ability to meet the debt service covenant that is required of both the 2015 and 2018 Revenue Bonds, which equals 1.25.

FY 2019-20 BUDGET								FINAL
All \$\$ in Thousands	17/18 Audited	18/19 Budget	18/19 Estimated	19/20 Proposed	20/21	21/22	22/23	23/24
DEBT SCHEDULE								
DEBT ISSUANCE								
Capital Equipment Financing								
2017/18 Dozer & Loader	1,190							
Capital Project Financing								
Revenue Bond Financing 2018		10,000	25,007					
Total Debt Proceeds	1,190	10,000	25,007	-	-	-	-	-
DEBT SERVICE								
2015 Revenue Bonds								
Interest Expenses	1,233	1,189	1,189	1,130	1,094	1,037	977	977
Principal	1,110	1,155	1,155	1,205	1,250	1,310	1,370	1,370
Total 2015 Bond Debt Svc	2,343	2,344	2,344	2,335	2,344	2,347	2,347	2,347
2018 Revenue Bonds								
Interest Expenses			404.7	1,107	1,070	1,031	990	947
Principal			265	745	780	820	860	905
Total 2018 Bond Debt Service	-	-	670	1,852	1,850	1,851	1,850	1,852
Capital Equipment - Interest								
2016/17 Compactor	29	23	23	18	12	6		
2017/18 Dozer & Loader		39	39	32	24	16	8	
Capital Equipment - Principal								
2016/17 Compactor	220	224	224	230	236	242		
2017/18 Dozer & Loader		217	217	225	232	240	248	
Total Debt Service								
Total Interest	1,262	1,251	1,656	2,288	2,200	2,090	1,975	1,924
Total Principal	1,330	1,597	1,862	2,405	2,498	2,612	2,478	2,275
Total Debt Service	2,592	2,848	3,518	4,693	4,698	4,702	4,453	4,199
TOTAL NET FROM FINANCING	(1,402)	7,152	21,489	(4,693)	(4,698)	(4,702)	(4,453)	(4,199)
DEBT SERVICE RATIOS								
Current Revenue	29,991	35,085	38,301	36,999	39,495	40,257	42,110	42,955
Less: Maintenance & Operating Expenses	25,791	27,114	28,974	28,982	30,136	31,354	32,544	33,722
Net Current Revenue	4,200	7,971	9,327	8,017	9,359	8,903	9,566	9,233
Debt Principal & Interest	2,592	2,848	3,518	4,693	4,698	4,702	4,453	4,199
Ratio Net Current Rev. to Debt Service	1.62	2.80	2.65	1.71	1.99	1.89	2.15	2.20

Five-Year Outlook

FY 2019-20 BUDGET							FINAL	
(All dollars in thousands)							22/23	23/24
17/18 Audited	18/19 Budget	18/19 Estimated	19/20 Proposed	20/21	21/22	22/23	23/24	
INCOME SUMMARY								
Operating Revenues	29,446	34,635	37,851	36,549	39,036	39,787	41,630	42,465
Operating Expenses	29,044	31,917	33,314	33,582	34,874	36,234	37,570	38,900
Operating Income (Loss)	402	2,718	4,537	2,967	4,161	3,553	4,060	3,565
Non-Operating Expenses	55	(801)	(793)	(1,838)	(1,740)	(1,620)	(1,495)	(1,433)
NET INCOME (LOSS)	457	1,917	3,744	1,129	2,421	1,933	2,565	2,132
CASH SUMMARY								
Beginning Unrestricted Cash	12,772	7,238	6,327	31,729	20,572	13,658	8,671	2,965
Cash from Operations								
Net Income (Loss)	457	1,917	3,744	1,129	2,421	1,933	2,565	2,132
Adjustments to Cash	4,455	4,803	6,395	4,600	4,738	4,880	5,027	5,177
Change in Cash from Operations	4,912	6,720	10,139	5,729	7,159	6,813	7,591	7,309
Cash from Financing Activities								
Capital Outlay	(10,412)	(16,283)	(7,882)	(14,481)	(11,575)	(9,188)	(10,820)	(3,235)
Bond and Debt Reduction	(1,412)	(1,597)	(1,862)	(2,405)	(2,498)	(2,612)	(2,478)	(2,275)
2018 Issuance of New Bonds		10,000	25,007		-	-	-	-
Decrease (Increase) Restricted Reserves	466							
Change in Cash from Financing Activities	(11,358)	(7,879)	15,263	(16,886)	(14,073)	(11,800)	(13,298)	(5,510)
Change in Unrestricted Cash	(6,445)	(1,160)	25,402	(11,157)	(6,914)	(4,986)	(5,707)	1,799
Ending Unrestricted Cash	6,327	6,078	31,729	20,572	13,658	8,671	2,965	4,764
Designations/Reserves								
Cash Operating Reserve	5,158	5,423	5,423	5,796	6,027	6,271	6,509	6,744
2018 Bond Funds	1,168	655	17,268	3,777				
Undesignated Cash			9,038	10,999	7,630	2,400	(3,544)	(1,981)
Total Designated Cash	6,327	6,078	31,729	20,572	13,658	8,671	2,965	4,764
Restricted cash as of June 30								
2015 Bond Rate Stabilization Fund/in Trust	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350
Closure/Post Closure Care Costs	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Environmental Impairment Fund	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL CASH AS OF JUNE 30	11,177	10,928	36,579	25,422	18,508	13,521	7,815	9,614
DEBT COVERAGE RATIOS								
Ratio of Net Current Rev. to Debt Service	1.6	2.8	2.7	1.7	2.0	1.9	2.1	2.2

FY 2019-20 BUDGET											FINAL
All \$\$ in Thousands			18/19 Budget	18/19 Estimated	19/20 Proposed	20/21	21/22	22/23	23/24		
OPERATING REVENUES											
DISPOSAL FEES											
Franchise + Self haul	15,020	16,233	15,095	15,546	16,010	16,488	16,980				
Out of District											
GWR - San Jose	7,852	10,783	8,732	8,954	9,182	9,417	9,657				
Other Regional	1,207	1,774	1,709	1,754	1,799	2,915	3,003				
SUBTOTAL	24,079	28,790	25,536	26,253	26,991	28,820	29,640				
MATERIAL SALES											
MRF Revenue	6,312	5,778	7,401	7,870	7,884	7,898	7,912				
Last Chance Mercantile + HHW	1,310	941	940	940	940	940	940				
Other Material Sales	1,040	932	905	905	905	905	905				
SUBTOTAL	8,662	7,651	9,246	9,715	9,729	9,743	9,757				
OTHER REVENUES											
Power Sales	1,874	1,410	1,747	3,048	3,048	3,048	3,048				
Miscellaneous	20	-	20	20	20	20	20				
SUBTOTAL	1,894	1,410	1,767	3,068	3,068	3,068	3,068				
TOTAL OPERATING REVENUES											
	34,635	37,851	36,549	39,036	39,787	41,630	42,465				

NOTES TO FIVE-YEAR PROJECTIONS:

Revenue

- Disposal tonnage is projected to remain unchanged over period
- Disposal rate increases of 3% per year in outer years

Capital Investment

- This 5-year plan does not include material changes to business operations, such as adding organics processing capacity, developing electrical grid independence from PG&E, or expanding MRF processing capacity to meet rising demand.

Expenses

- 3.5% cost escalation for most Operating Exp. FY20/21
- 3% cost escalation for most Operating Exp. Remaining years.
- Healthcare inflation (6%)
- PERS as projected by CalPERS
- CNG costs replaced by conversion project.

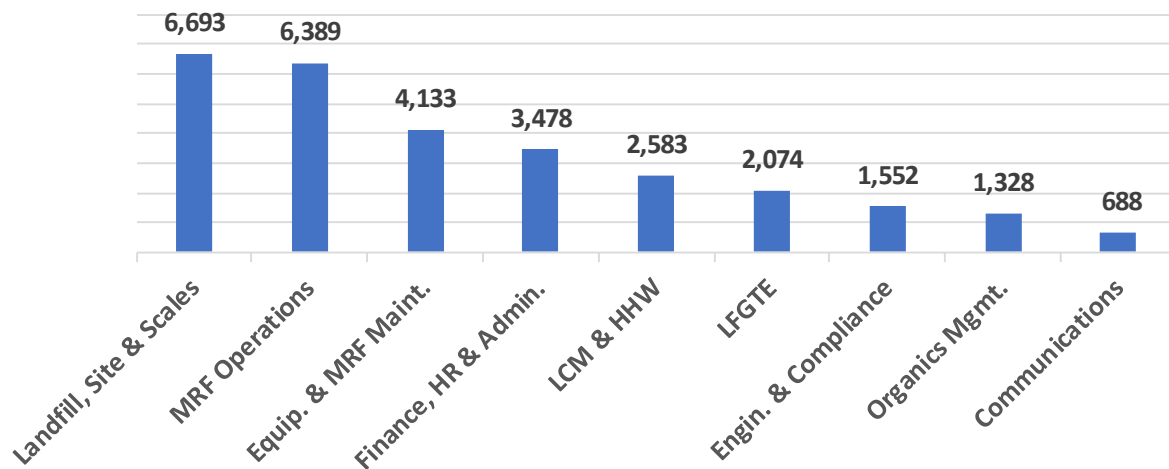
FY 2019-20 BUDGET							FINAL	
All \$\$ in Thousands							22/23	23/24
	18/19 Budget	18/19 Estimated	19/20 Proposed	20/21	21/22	22/23	22/23	23/24
OPERATING EXPENSES								
SALARY EXPENSES								
Wages	9,689	10,400	10,835	11,215	11,551	11,898	11,898	12,255
Taxes, Benefits & Workers Comp								
Healthcare	2,598	2,420	2,321	2,460	2,608	2,764	2,764	2,930
CalPERS	1,555	1,664	1,641	2,135	2,461	2,728	2,728	2,951
Workers Compensation	734	730	732	732	732	732	732	732
Taxes	135	165	161	167	172	177	177	182
Other	221	230	281	291	300	309	309	318
Total Taxes, Benefits & Workers Comp	5,243	5,209	5,136	5,785	6,272	6,710	6,710	7,113
SUBTOTAL	14,932	15,609	15,971	17,000	17,824	18,607	18,607	19,368
NON-SALARY EXPENSES								
Amortization & Depreciation	4,303	3,970	4,100	4,223	4,350	4,480	4,480	4,615
Closure/Postclosure Costs	500	370	500	515	530	546	546	563
Contract Services	1,936	1,070	1,031	1,062	1,094	1,127	1,127	1,160
Environmental Services	250	260	265	273	281	290	290	298
Fuels & Oil	1,200	1,280	1,260	783	806	830	830	855
Hazardous Waste Disposal	280	390	310	319	329	339	339	349
Insurance	275	350	430	443	456	470	470	484
Office Expenses	229	270	281	289	298	307	307	316
Operating Supplies	1,492	1,010	1,309	1,598	1,646	1,695	1,695	1,746
Professional Services	1,446	1,070	1,328	1,368	1,409	1,451	1,451	1,494
Public Education & Awareness	165	225	165	170	175	180	180	186
Recycling Services	1,382	2,720	1,877	1,933	1,991	2,051	2,051	2,113
Repairs & Maintenance	1,613	2,880	2,812	2,896	2,983	3,073	3,073	3,165
Safety Equip., Supplies, Uniforms, Svcs.	227	275	166	171	176	181	181	187
Taxes, Surcharges, Services	1,340	1,300	1,438	1,482	1,526	1,572	1,572	1,619
Training, Education & Meetings	193	155	195	201	207	213	213	219
Utilities	115	90	115	118	122	126	126	129
Other Expenses	39	20	30	31	32	33	33	34
SUBTOTAL	16,985	17,705	17,611	17,874	18,411	18,963	18,963	19,532
TOTAL OPERATING EXPENSES	31,917	33,314	33,582	34,874	36,234	37,570	37,570	38,900
NON-OPERATING REVENUE & EXPENSES								
Interest Income	95	95	95	95	95	95	95	95
Rents & leases	325	325	325	335	345	355	355	366
Finance charges	15	15	15	15	15	15	15	15
Other Income	15	15	15	15	15	15	15	15
Equipment Purchases - Interest Expense	(62)	(54)	(50)	(36)	(22)	(8)	(8)	-
Revenue Bonds - Interest Expense	(1,189)	(1,189)	(2,238)	(2,164)	(2,068)	(1,967)	(1,967)	(1,924)
TOTAL NON-OPERATING EXPENSES	(801)	(793)	(1,838)	(1,740)	(1,620)	(1,495)	(1,495)	(1,433)
NET INCOME (LOSS)	1,917	3,744	1,129	2,421	1,933	2,565	2,565	2,132

Expenses by Department

The following pages provide a breakdown of spending and staffing in each of the District's areas of operation. Department expenses make up 86% of total Operating Expenses, the remainder being Amortization & Depreciation and Closure/Post-Closure costs.

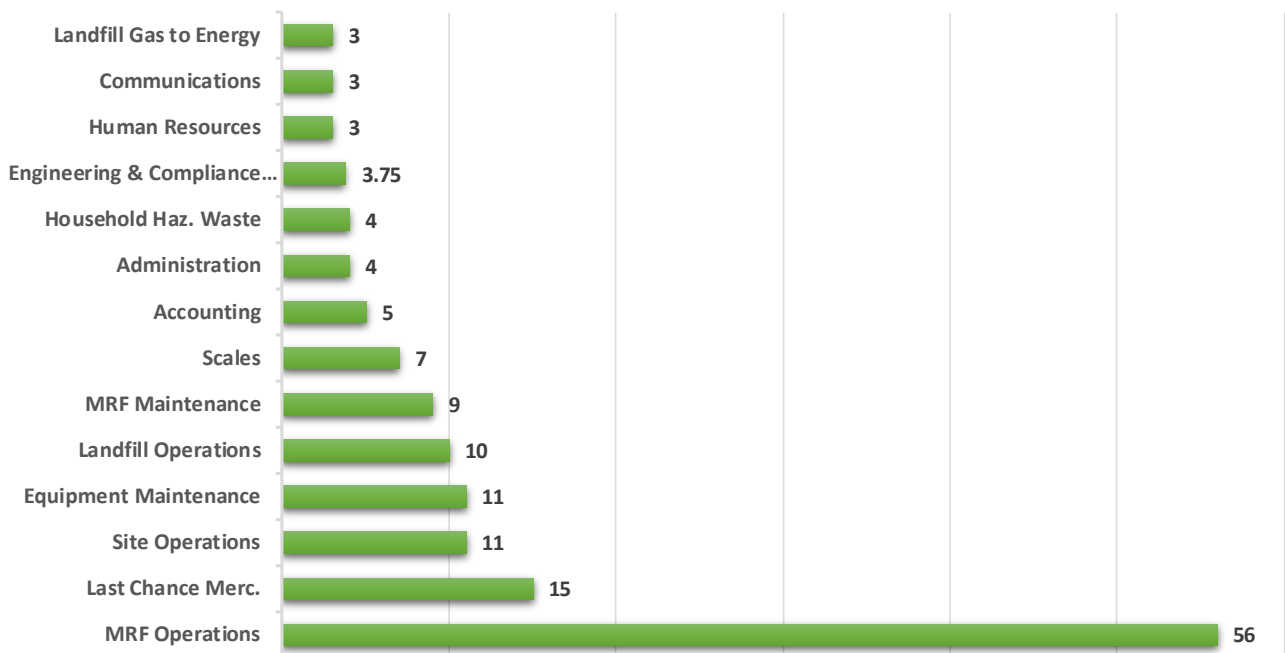
Department Budgets

(\$000)



Department Staffing

(FTE)



Finance & Administration

BUDGET HIGHLIGHTS

- HR staffing: increase 1 position funding to full-time from part-time
- Estimated property and liability insurance cost increases up to 20%
- Landfill-related taxes moved to Landfill Operations budget
- Accounting service costs increased due to outsourcing of payroll
- HR professional services costs increased due to increasing costs of recruiting

PERSONNEL	18/19 Budget	19/20 Budget	NON-SALARY EXPENSES	18/19 Budget	19/20 Budget
AUTHORIZED POSITIONS			ADMINISTRATION		
ADMINISTRATION			Contract Services	200	150
General Manager	1	1	Fuels & Oil	500	0
Director Of Finance & Administration	1	1	Insurance	275	430
Executive Assistant/Clerk Of The Board	1	1	Office Expenses	118	116
Administrative Support Specialist II	1	1	Professional Services	140	140
Total	4	4	Safety Equipment, Supplies, Services	0	4
ACCOUNTING			Taxes, Surcharges, Permits	1,340	270
Accounting Manager	1	1	Training, Education & Meetings	100	90
Asst. Accounting Manager	1	1	Utilities	40	40
Accounting Technician	1	1	Other Expenses	40	30
Accounting Assistant II	2	2	SUBTOTAL - Administration	2,752	1,270
Total	5	5			
HUMAN RESOURCES			ACCOUNTING		
Human Resources Manager	1	1	Contract Services	0	15
Hr Coordinator	1	1	Office Expenses	9	64
Hr Assistant	0.75	1	Professional Services	53	46
Total	2.75	3	Safety Equipment, Supplies, Services	0	5
TOTAL AUTHORIZED POSITIONS	11.75	12	Training, Education & Meetings	10	6
TOTAL PERSONNEL COSTS	1,743	1,839	SUBTOTAL - Accounting	72	121
			HUMAN RESOURCES		
			Contract Services	24	24
			Office Expenses	50	34
			Professional Services	125	174
			Safety Equipment, Supplies, Services	5	13
			Training, Education & Meetings	5	5
			SUBTOTAL - Human Resources	209	249
			TOTAL NON-SALARY EXPENSES	3,033	1,640
			TOTAL DEPARTMENTAL EXPENSES	4,776	3,478



Engineering & Compliance

BUGDGET HIGHLIGHTS

- Safety staffing: conversion of temporary part-time position to permanent part-time.
- Major planning activities: compost facility, future landfill development; energy and waste processing
- Project management activities: Module 6, Biogas conditioning system, capital repairs to buildings, landfill gas and leachate management/compliance, and roadway improvements

PERSONNEL	18/19 Budget	19/20 Budget
AUTHORIZED POSITIONS		
ENGINEERING & COMPLIANCE		
Director of Engineering & Compliance	1	1
Senior Engineer	1	1
Engineering & Safety resource		0.75
Total	2	2.75
SAFETY		
Safety & Risk Manager	1	1
Total Positions	1	1
TOTAL AUTHORIZED POSITIONS	3	3.8
TOTAL PERSONNEL COSTS	606	663

NON-SALARY EXPENSES	18/19 Budget	19/20 Budget
ENGINEERING & COMPLIANCE		
Contract Services	30	30
Environmental Services	250	265
Professional Services	505	455
Safety Equipment, Supplies, Services	0	3
Training, Education & Meetings	20	20
SUBTOTAL - Engin. & Compliance	805	773
SAFETY		
Contract Services	20	0
Professional Services	40	110
Safety Equip., Supplies, Uniforms, Svcs	0	1
Training, Education & Meetings	5	5
SUBTOTAL - Safety	65	116
TOTAL NON-SALARY EXPENSES	870	889
TOTAL DEPARTMENTAL EXPENSES	1,476	1,552



Communications & Sustainability

BUDGET HIGHLIGHTS

- No changes to staffing levels or operating expenses
- Continued focus on recycling awareness education and promotion of “What Goes Where” app
- Continued outreach to jurisdiction leaders and other community stakeholders, including managing Technical Advisory Committee process

PERSONNEL	18/19 Budget	19/20 Budget	NON-SALARY EXPENSES	18/19 Budget	19/20 Budget
AUTHORIZED POSITIONS					
COMMUNICATIONS			Contract Services	15	15
Director Of Commun. & Sustainability	1	1	Office Expenses	5	5
Public Education Outreach Coordinator	1	1	Professional Services	58	58
Public Education Outreach Specialist	1	1	Public Education & Awareness	165	165
Total	3	3	Safety Equipment, Supplies, Services	0	3
			Training, Education & Meetings	5	5
TOTAL AUTHORIZED POSITIONS	3	3	TOTAL NON-SALARY EXPENSES	248	251
TOTAL PERSONNEL COSTS	441	437	TOTAL DEPARTMENTAL EXPENSES	689	688



Materials Recovery Facility

BUDGET HIGHLIGHTS

- Staffing: Elimination of 2 vacant positions; funding of 3rd Sortline Lead/Sort Systems Operator; Allocation of Director of Operations funding 100% to MRF Operations (for budget tracking purposes only)
- Yardwaste processing costs previously in Contract Services moved to Organics Management budget
- Fuels & Oils and Operating Supplies increased to reflect FY18/20 expense levels
- Recycling Services costs lower due to elimination of SSR credit to 7 Franchise jurisdictions

PERSONNEL	18/19 Budget	19/20 Budget	NON-SALARY EXPENSES	18/19 Budget	19/20 Budget
AUTHORIZED POSITIONS					
Director Of Operations	0.25	1	Contract Services	1,145	318
MRF OPERATIONS			Fuels & Oil	150	210
Manager MRF	1	1	Office Expenses	5	5
Assistant Manager MRF	1	1	Operating Supplies	145	202
Supervisor MRF	3	3	Professional Services	200	125
Sr. Operator MRF	2	2	Recycling Services	727	249
MRF Operator II	8	8	Safety Equipment, Supplies, Services	97	56
Associate Operator/MRF Operator I	4	3	Training, Education & Meetings	20	20
Operations Support Specialist	1	1	Utilities	75	75
Sort Line Lead/Sort Systems Oper.	3	3	TOTAL NON-SALARY EXPENSES	2,564	1,260
Sorter II	13	12	TOTAL DEPARTMENTAL EXPENSES	7,228	6,389
Sorter I	21	21			
Total	57.25	56			
TOTAL AUTHORIZED POSITIONS	57.25	56			
TOTAL PERSONNEL COSTS	4,664	5,129			



Organics Management

BUDGET HIGHLIGHTS

- Includes costs associated with outsourced management of Foodwaste processing, Yardwaste composting; Woodwaste grinding
- Also includes costs to purchase items for resale, such as topsoil, compost material and woodchips

NON-SALARY EXPENSES	18/19 Budget	19/20 Budget
Recycling Services	1,360	1,328
TOTAL NON-SALARY EXPENSES	1,360	1,328
TOTAL DEPARTMENTAL EXPENSES	1,360	1,328



Landfill Operations, Site & Facilities, Scales

BUDGET HIGHLIGHTS

- Landfill Operations staffing: addition of one Heavy Equipment Operator FTE
- LFO Operating Supplies cover H2S treatment costs, previously in LFGTE budget
- AD operating costs moved from LFO Recycling Services to Organics Management budget
- LFO Taxes per ton of Refuse landfilled moved from Finance & Administration budget
- Truck Yard CNG costs (\$500k) in Site Fuels & Oils, moved from Finance & Administration budget
- Site Office Expenses increase due to Scales software costs

PERSONNEL	18/19 Budget	19/20 Budget
AUTHORIZED POSITIONS		
Director Of Operations	0.25	
LANDFILL OPERATIONS		
Site & Facilities Manager	1	1
Heavy Equipment Supervisor	2	2
Heavy Equipment Operator	6	7
Total	9	10
SITE OPERATIONS		
Supervisor Site Maintenance	1	1
Sr. Maintenance Worker Site	1	1
Maintenance Worker II Site	2	2
Maintenance Worker I Site	1	1
Resource Associate Site Ops	2	2
Resource Assistant Site Ops	4	4
Total	11	11
SCALES		
Scale Supervisor	1	1
Weighmaster	3	4
Deputy Weighmaster (PT)	3	2
Total	7	7
TOTAL AUTHORIZED POSITIONS	27.25	28
TOTAL PERSONNEL COSTS	2,795	3,078

NON-SALARY EXPENSES	18/19 Budget	19/20 Budget
LANDFILL		
Fuels & Oil	250	250
Operating Supplies	-	520
Recycling Services	385	-
Safety Equipment, Supplies, Services	10	10
Taxes, Surcharges, Permits	-	1,166
Training, Education & Meetings	3	3
SUBTOTAL	648	1,949
SITE & FACILITIES		
Contract Services	380	417
Fuels & Oil	150	650
Operating Supplies	300	100
Repairs & Maintenance	250	280
Safety Equipment, Supplies, Services	13	11
Training, Education & Meetings	5	3
SUBTOTAL	1,098	1,461
SCALES		
Contract Services	8	8
Office Expenses	17	39
Operating Supplies	6	6
Professional Services	140	140
Safety Equipment, Supplies, Services	11	7
Taxes, Surcharges, Permits	-	2
Training, Education & Meetings	3	3
SUBTOTAL	185	205
TOTAL NON-SALARY EXPENSES	1,931	3,615
TOTAL DEPARTMENTAL EXPENSES	4,726	6,693



Landfill Gas to Energy

BUGDGET HIGHLIGHTS

- Reduction in Operating Supplies due to moving H2S treatment costs to Landfill Operations budget
- Repairs & Maintenance cost increase based on scheduled maintenance schedule for engines

PERSONNEL	18/19 Budget	19/20 Budget	NON-SALARY EXPENSES	18/19 Budget	19/20 Budget
AUTHORIZED POSITIONS					
LANDFILL GAS TO ENERGY			Contract Services	0	0
Power Systems Supervisor	1	1	Professional Services	100	45
Power Systems Senior Technician	2	2	Office Equipment	3	2
Total	3	3	Operating Supplies	700	38
			Repairs & Maintenance	632	1,468
			Safety Equipment, Supplies, Services	32	3
			Training, Education & Meetings	2	10
TOTAL AUTHORIZED POSITIONS	3	3	TOTAL NON-SALARY EXPENSES	1,469	1,566
TOTAL PERSONNEL COSTS	434	508	TOTAL DEPARTMENTAL EXPENSES	1,903	2,074



Last Chance Mercantile & Household Hazardous Waste

BUDGET HIGHLIGHTS

- No major changes to staffing or operating expenses
- LCM Recycling Services cost increase based on FY18/20 estimates
- HHW Disposal up 15% due to increase in volumes and service costs
- Two community HHW collection events scheduled

PERSONNEL	18/19 Budget	19/20 Budget
AUTHORIZED POSITIONS		
Director Of Operations	0.25	
LAST CHANCE MERCANTILE		
Manager LCM & HHW	1	1
Assistant Manager LCM	1	1
Supervisor LCM	1	1
Recycling Attendant	2	2
Associate Operator	1	1
Sales Associate	2	2
Sales Assistant	7	7
Total	15	15
HOUSEHOLD HAZARDOUS WASTE		
Senior Technician HHW	1	1
Hazardous Material Technician	3	3
Total	4	4
TOTAL AUTHORIZED POSITIONS	19.25	19
TOTAL PERSONNEL COSTS	1,822	1,833

NON-SALARY EXPENSES	18/19 Budget	19/20 Budget
LAST CHANCE MERCANTILE		
Contract Services	80	40
Fuels & Oil	0	0
Professional Services	35	35
Operating Supplies	10	10
Recycling Services	270	300
Repairs & Maintenance	0	0
Safety Equip., Supplies, Uniforms, Svcs	10	10
SUBTOTAL	405	395
HOUSEHOLD HAZARDOUS WASTE		
Operating Supplies	22	20
Hazardous Waste Disposal	280	310
Repairs & Maintenance	10	10
Safety Equip., Supplies, Uniforms, Svcs	10	10
Training, Education & Meetings	5	5
SUBTOTAL	327	355
TOTAL NON-SALARY EXPENSES	732	750
TOTAL DEPARTMENTAL EXPENSES	2,554	2,583



Equipment & MRF Maintenance

BUGDGET HIGHLIGHTS

- No change to staffing levels
- Equipment Repairs & Maintenance cost based on FY18/20 estimates
- MRF Maintenance Operating Supplies and Repairs & Maintenance based on FY18/20 estimates

PERSONNEL	18/19 Budget	19/20 Budget	NON-SALARY EXPENSES	18/19 Budget	19/20 Budget
AUTHORIZED POSITIONS			EQUIPMENT MAINTENANCE		
Director Of Operations	0.25		Contract Services	34	29
EQUIPMENT MAINTENANCE			Fuels & Oil	150	150
Equipment Maintenance Manager	1	1	Office Expenses	13	13
Operations Support Specialist	0	0	Operating Supplies	32	32
Maintenance Shop Supervisor	1	1	Repairs & Maintenance	661	913
Heavy Equipment Technician	8	8	Safety Equipment, Supplies, Uniforms, Svcs	10	11
Maintenance Shop Assistant	1	1	Training, Education & Meetings	5	10
Total	11	11	SUBTOTAL	904	1,157
MRF MAINTENANCE			MRF MAINTENANCE		
Maintenance Supervisor MRF	1	1	Office Expenses	10	4
Senior Maintenance Worker MRF	2	2	Operating Supplies	277	381
Industrial Technician	1	1	Repairs & Maintenance	61	142
Maintenance Worker II MRF	1	1	Safety Equip., Supplies, Uniforms, Svcs	30	19
Maintenance Worker I MRF	1	1	Training, Education & Meetings	5	10
Resource Associate MRF Maint.	2	3	SUBTOTAL	383	556
Resource Assistant Shop	1	0	TOTAL NON-SALARY EXPENSES	1,287	1,713
Total	9	9	TOTAL DEPARTMENTAL EXPENSES	3,714	4,133
TOTAL AUTHORIZED POSITIONS	20.25	20.00			
TOTAL PERSONNEL COSTS	2,427	2,421			





Glossary

ADC – Alternative daily cover means cover material other than earthen material placed on the surface of the active face of a landfill at the end of each operating day to control vectors, fires, odors, blowing litter, and scavenging.

C&D – Construction and demolition debris typically processed in the MRF.

CIP - Capital improvement projects that are Infrastructure investment projects designed to improve existing District facilities or add material processing and handling capacity.

Cash Operating Reserve – Board policy that establishes a ‘rainy day’ cash reserve target 20% of cash-related operating reserves, calculated as Net Income (Change in Net Position), minus non-cash expenses such as depreciation, amortization and landfill closure and post-closure costs.

Contract Waste – Waste delivered to the District by contract. Generally, this term refers to material that is MRF residue from waste processed in San Jose and alternative daily cover and is delivered under contract with GreenWaste Recovery and Zanker Road Resource Management.

CRV – California Redemption/Refund Value. This refers to California's Beverage Container Recycling Program run by CalRecycle, which provides a cash incentive to recover and recycle beverage containers.

FTE – Full time equivalent. FTE is a way to reflect the budget impact equal to a fully-employed and funded position.

HHW – Household hazardous waste refers to leftover household products that can catch fire, react, or explode under certain circumstances, or that are corrosive or toxic. Products, such as paints, cleaners, oils, batteries, and pesticides can contain hazardous ingredients and require special care when disposed of. These materials are handled by the District's HHW department.

LCM – Last Change Mercantile is the District's reuse store that is stocked by donations from the public or items recovered by District staff determined to have additional useful life.

LFGTE – Landfill gas to energy facility. This is the District's collection of engines used to burn recovered landfill gas for the purposes of generating electricity.

Mobile Equipment – The District's Mobile Equipment includes both the heavy equipment used throughout operations for waste handling (often referred to by staff as the ‘Yellow Iron’) and the truck, cars and other vehicles used throughout the site.

MRF – Materials Recovery Facility used to sort and recover recyclable materials from the waste stream.

MSW – Municipal solid waste. Also known as refuse, garbage or household trash.

Organics – Biodegradable material that comes from either a plant or an animal. Organic materials currently specially managed by the District include food waste, yard waste and other wood waste.

Regional Waste - Waste delivered to the District by contract from communities in the Monterey Bay area. Generally, this term refers to waste delivered from Santa Cruz, Capitola, Watsonville