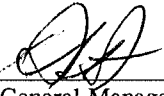




Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by: 
General Manager

Date: 6/14/19

DATE: June 14, 2018
TO: General Manager
FROM: Director of Finance & Administration
SUBJECT: Consider Fee Changes

RECOMMENDATION: That the Board approve increases to Solid Waste and Yardwaste minimum charges, and elimination of \$40.00 per ton Single Stream Recycling Credit and setting rate at \$0.00 per ton for FY 2019/20 effective July 1, 2019.

BACKGROUND AND DISCUSSION

Staff has proposed the following changes to the District's fee structure, effective July 1, 2019:

- Increase the minimum charge for Solid Waste from \$15 to \$20 for a load equal to 460 pounds or less.
- Increase the minimum charge for Yard Waste from \$7 to \$10 for a load equal to 360 pounds or less.
- Eliminate the \$40 per ton credit for Single Stream Recyclable materials and establish a new rate of \$0 per ton.

Last year staff estimated that the District would need to raise disposal fees by 10% each year for three years to maintain long-term financial sustainability. Accordingly, a 10% fee increase was approved and implemented last year. These proposed fee changes are in lieu of a similar 10% increase this year.

Minimum Charge Increases: The current minimum charges for these two materials have been in effect since 2008. Minimum loads for MSW make up approximately 10% of the 135,000 annual MSW transactions. Minimum loads for Yard Waste make up approximately 6% of the 23,000 annual Yard Waste transactions. These loads are brought to the District by individuals and contractors from both inside and outside of the District. These fee changes will not affect collection rates for any customers. The change of minimum fee amounts is estimated to add \$75,000 to the District's FY 2019/20 disposal fee revenue.

Single Stream Recyclable Credit Elimination: The Single Stream Recyclable (SSR) credit applies only to the seven Franchise jurisdictions served by GreenWaste Recovery, Inc. (GWR). The purpose of the credit was to compensate GWR for the loss of sales revenue when processing was transferred to the District after the District's MRF became operational. Elimination of \$40/ton SSR disposal credit (by establishing a SSR tip fee of \$0 per ton) recognizes the decline in SSR market prices due to China's National Sword policy. This fee change represents a cost increase to GWR (and, ultimately, its customers) and a cost reduction to the District. It has no impact on the budgets of the agencies. The impact on Franchise ratepayers is estimated to be an increase of between 2%-3%, roughly equivalent to the impact of the District's 10% increase in disposal fees implemented in July of 2018. 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 GWR's service and potential adjustments to collection rates may result in other impacts on ratepayers in the coming year. The cost savings to the District is estimated to be approximately \$500,000.

FINANCIAL IMPACT

The total financial impact estimated to result from these fee changes in FY 2019/20 is an increase in revenues of \$75,000 and a decrease in expenses of \$500,000.

STRATEGIC PLAN

The proposed fee changes support the District's strategic objective of *developing a sustainable revenue structure that provides funding for the programs and services we provide to the community.*

CONCLUSION

Staff therefore requests that the Board of Directors approve increases to Solid Waste and Yardwaste minimum charges, and elimination of \$40.00 per ton Single Stream Recycling Credit and setting rate at \$0.00 per ton for FY 2019/20 effective July 1, 2019.



Peter Skinner