

**Monterey Regional Waste Management District
Technical Advisory Committee (TAC)
Minutes of May 26, 2020 Meeting**

Attendees included:

Cities: Mike Niccum (PBCSD), Charles Pooler (Sand City), Suha Kilic (PBCSD), Anges Martelet, Lesley Milton (City of Seaside), Daniel Gho, Brian McMinn (Marina), Ted Terrasas (Monterey), Karina Alcala (County of Monterey)

District: Becky Aguilar, Tim Brownell, Timothy Flanagan, Angela Goebel, Andrew Jarvis, Zoe Shoats, Peter Skinner

Consultants: Cliff Feldman, Dave Hilton (HF&H), Rob Hilton (HF&H)

District Budget and Effect on Rate Payers

Staff presented the FY 20/21 Budget prepared as a worst-case scenario budget. Voluntary retirement program were offered and 14 employees accepted it; 6 positions will be replaced. There will be service level impacts. Staff is projecting a 20% reduction in revenue and the District will be forced to make a combination of revenue increases and reductions in personnel and non-personnel operating costs. Staff also reviewed the rate increase proposal and its impact on ratepayers.

The District is requesting two rate increases: 5% disposal fee increase for certain material types and \$5 per ton increase to MRF Processing Fee charges for processing Single Stream Recyclables (SSR). The latter would not apply to the City of Monterey because they do their own SSR processing. The impact of the tip fee is a .9% for customers, and the impact on jurisdictions that have a SSR fee is 3.5%. Based on a survey, the District continues to have some of the lowest average customer rates in Northern California, and the 2nd lowest tip fees in the region.

There will be a rate increase hearing at the June 19, 2020 Board Meeting to consider approval of these increases.

HF&H Review of Rate Adjustments

Dave Hilton spoke about the rate adjustments that are projected with cities that have GreenWaste Recovery (GWR) as a hauler. The GWR rate included cost rate adjustment, reflecting tonnage delivered at the District (which had to be corrected from initial estimates projected in the contracts), as well as an index adjustment, which included CPI (fuel cost remained the same due to the District). On average, this will be a 4.6% increase to ratepayers, although it varies city to city. HF&H provided a PowerPoint with details.

Contract Management: Review of Quarter 1 GWR Reports

Packets were distributed containing the Q1 GWR reports. There were lower call rates as well as a dip in tonnage variance over time, but things have been relatively steady under Covid-19. Diversion rates do not seem to be affected. In Q2, it is expected that there will be a drop-off in multi-family and commercial recycling rates. It was noted that the TAC will need a month-to-month review of recycling rates to track these changes. Residential tonnage (which is lower-revenue tonnage) has increased under Covid-19, but because higher-revenue tonnage from the commercial sector is down, GWR and the District are losing the ability to subsidize residential tonnage.

Update on GWR Public Education and Outreach Plan (PEOP)

The TAC emphasized an overrun of what was budgeted in 2019. Part of the problem is with how some tasks were coded as Public Ed and some were not. Key discussion points were what type of timeframe is needed in order to work with GWR and the need for a workplan to establish what needs to be done moving forward. Tim Flanagan noted that one of the tasks is making a prioritization of what it is we want to affect, and what the most effective way to do it is, especially in the context of Covid-19. It was noted that this will require at least a year of prep work.

Representatives from GWR joined the meeting at 2:00 pm for the PEOP follow up. District staff provided an overview of changes in District budget for next fiscal year and the changes that will be undertaken as a result of the rate review for the benefit of GWR staff. The TAC has sent out draft memos regarding the rate review to all jurisdictions. GWR noted that there has been an overall reduction in Carmel and that the commercial sector has been a disaster, residential sector waste is increasing, and that there has been more than a doubling of yard waste in south Santa Clara county during the first few weeks of Covid-19. The experience in Monterey County appears to parallel other Northern California counties.

There is a need to clarify whether it's a gross receipts contract or billables. A lengthy discussion with Carmel was had regarding full-time employees (FTEs); GWR needs cost recovery and does not want to cut off services. The same goes for Pacific Grove; there is a need to address business-specific impact, and a need for an option to not have termination of services. GWR gave an overview of the cuts that have been made and how these relate to pick-up services. Drivers have been working 8 hours, but this might have to be reduced, which will have an impact on service provision.

The District emphasized that on a per-unit basis, rates are very competitive compared to other member jurisdictions. It's important to make this clear to District jurisdictions so rate adjustments do not come across as a money grab. Seaside had concerns about the feasibility of these rate adjustments, and wondered what would happen if the City Council rejected the rate increase. GWR noted that, from a public policy standpoint, deferral is not in the jurisdiction's best interest. In addition, there is a need to fulfill requirements of the contract. HF&H has drafted an amendment to the franchise agreement to address this and noted that there is a need to revise the definition of recyclable and organic materials. This will help address the issue at the residue level.

The TAC meeting closed with a discussion of the potential need for policy at the District level, and whether responsibility should be placed back on the District.

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Minutes by Angela Goebel and Andrew Jarvis.