



**MONTEREY REGIONAL WASTE
MANAGEMENT DISTRICT**

FINAL BUDGET

FISCAL YEAR 2020/2021

*Presented to the Board of Directors
on June 22, 2020*

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Memorandum – Director of Finance & Administration

DATE: June 12, 2020
TO: Board of Directors
FROM: Director of Finance & Administration
SUBJECT: Final Budget for Fiscal Year 2020/2021

RECOMMENDATION: That the Board approve the Final Budget for Fiscal Year 2020/2021.

Enclosed for your review is the Final Budget for Fiscal Year (FY) 2020/2021. Staff is requesting that the Board of Directors approve this budget.

Just prior to the emergence of the COVID-19 pandemic, District staff developed a draft budget anticipating a year of building upon recent progress in several areas. These areas include improvements to the new Materials Recovery Facility operations, development of infrastructure that positions the District to deliver on its mission and meet upcoming industry mandates, and investments in building every employee's sense of purpose at the District.

Then came the coronavirus. After State and County Shelter in Place orders were issued, the District shuttered the Last Chance Mercantile store and implemented extensive procedures designed to keep our employees safe while they perform essential work. In late March disposal tons began to drop and by April revenues dipped to 22% below normal. Then in May volumes showed some recovery, resulting in revenues equal to 15% below averages. For context, May's results represent a deeper drop than the District experienced during the Great Recession. At this time, staff cannot predict the impacts of either the progression of the pandemic or changes to the guidance provided by public health officials.

Instead, staff is presenting now what it views to be a cautious budget to start the year. While we remain hopeful that life, and business, will return to normal quickly, staff believes this budget positions the District to manage a realistic reduction in disposal volumes. Staff plans to monitor District financial conditions closely and will recommend adjustments to this budget throughout the coming year should things change.

As previously discussed with the Board, the difference between the pre-COVID draft budget and this version is a drop in revenue of over \$5.5M. Staff has responded with a proposed reduction in operating costs of over \$4M. These reductions are gained through a combination of the following measures: 1) staff reductions made possible by voluntary retirements and certain operational changes; 2) wage cuts taken by the General Manager and Directors; 3) wage increase deferrals agreed to by all District Managers; 4) aggressive cuts to non-personnel spending; and, 5) targeted layoffs and hiring freezes. Further discussion of the impact of these changes follows in this budget document.

Finally, the proposed increases in the District tip fees and Single Stream Recyclables Processing fee will help to offset the impact of the projected pandemic-related business contraction.

FY 2020/21 FINAL BUDGET

For FY20/21, staff estimates Revenues to be \$32,464,000. This is a decrease of \$4,085,000 (11%) compared to the FY19/20 Budget and is due to the following factors:

- \$1,256,000 decrease (5%) in disposal fees, primarily due to expected reductions in material volumes originating from within Monterey County.
- \$1,622,000 decrease (22%) in MRF revenues, including commodities sales, processing fees and contamination disposal fees, primarily due to lower commodities prices.
- \$800,000 decrease in Last Chance Mercantile revenue, due to the temporary closure as the District explores ways to reopen under conditions that are both safe and financially sustainable.
- \$397,000 decrease in projected power revenue resulting from a recalibration of estimates to align more accurately with recent experiences.

Operating Expenses for FY20/21 are projected to be \$30,649,000. This is a decrease of \$2,934,000 (9%) from the FY19/20 Budget. Personnel expenses decrease by \$1.9M (12%). Please see the accompanying memorandum from the HR Manager for details on personnel changes. Non-personnel expenses are projected to decrease \$1M, or 6% compared to the FY19/20 Budget.

Non-Operating Revenues/Expenses for FY20/21 equals \$1,306,000, which includes interest expense on the 2015 and 2018 Revenue Bonds at \$2,164,000, equipment lease interest expense of \$36,000 for 2017 and 2018 equipment lease arrangements, and income from leases, investments and other charges equal to \$894,000.

Capital Outlay requests equal \$7,686,000, a decrease of over \$6.7M from the FY19/20 Budget and a reduction of \$3.3M (30%) from the pre-COVID draft budget. Mobile Equipment investments for the year include the replacement of a 2007 Cat 386 compactor (\$1.3M), replacement of a 2010 excavator (\$350,000) that was originally budgeted in FY19/20, and replacement of a service truck (\$90,000) used by the Equipment Maintenance shop. Three additional pieces of equipment and one pick-up truck initially identified for replacement in this budget year have been deferred to FY21/22, avoiding \$655,000 of capital spending. Capital Improvement projects include completion of the Biogas Conditioning System project, which will result in a positive \$1M net of CEC grant funds, development work on landfill Module 7 (\$3M) and roadway paving and improvements (\$1.1M) associated with the Scale E addition to the facility. The Capital Improvements Project budget has been reduced by \$2.7M from the pre-COVID budget by downsizing projects and/or deferring them to future years.

Net Income is projected at \$509,000.

Cash provided by operations for FY20/21 is estimated at \$5,079,000 (Net Income less Depreciation and Amortization and Closure/Post Closure Costs). Unrestricted Cash Reserves are projected to total \$24,668,000, which is made up a Cash Operating Expense Reserve of \$5,216,000, \$5,968,000 in remaining of 2018 Revenue Bond funds, and an additional, undesignated balance of \$13,484,000.

The Bond Debt Service Ratio calculated for FY20/21 is 1.36, which is above the Bond Covenant of 1.25.



Peter K. Skinner, Director of Finance & Administration

Memorandum – Human Resources Manager

DATE: June 12, 2020
TO: Board of Directors
FROM: Human Resources Manager
SUBJECT: Final Employee Total Compensation Budget for Fiscal Year 2020/21

RECOMMENDATION: That the Board approve the Final Employee Total Compensation Budget that is part of the Final Budget for Fiscal Year 2020/21

The Employee Total Compensation Budget, that is part of the Final Budget for FY 2020/21, includes wages and benefits expenses for 116 employees, or 115.25 full time equivalents (FTEs) and totals \$14,058,000. In comparison, the current FY Employee Total Compensation Budget included 143.75 FTEs and totaled \$15,971,000 (12% more). This represents a 20% reduction in FTE's on a year to year comparison. The decrease is necessary due to the negative financial impacts of COVID-19 on the District's finances and the resulting projected revenue shortfall for FY 2020/21, as described in the Final Budget for Fiscal Year 2020/21.

2020 Voluntary Early Retirement Incentive Program (VERI)

The implementation of the 2020 Voluntary Early Retirement Incentive (VERI) Program was a key cost-savings measure for personnel cost reductions and resulted in 14 voluntary retirements from various departments as shown here:

Department	2020 Voluntary Early Retirement Incentive (VERI)
ACT	Accounting Technician
ADM	Executive Assistant/Board Clerk
LCM	LCM/HHW Manager
LCM	Sales Associate
LCM	Sales Assistant
LCM	Recycling Attendant
MRF	MRF Manager
MRF	Sorter I
MRF-MT	MRF Maintenance Tech
PUB	Pub Ed & Outreach Coord.
SCL	Scales Supervisor
SCL	Weighmaster
SHP	Maintenance Shop Assistant
SHP	Heavy Equip Tech III

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Several of the vacated positions will be eliminated, resulting in a reduction of 9.5 FTEs from the 2020 VERI Program.

Reductions in Pay, Layoffs and Workforce Restructuring

While the VERI Program helped moderate the impact of the revenue shortfall, the cost-savings achieved are not sufficient to meet budgetary requirements. To contribute additional cost-savings to the budget, the General Manager offered a 10% reduction in his pay and the Directors offered an additional 5% reduction in their pay. The Management unit also agreed to defer a negotiated July wage increase (COLA) for up to one year. Until the first week of June, staff’s budget assumed all employees would agree to this wage deferral, which would have netted the additional cost-savings needed. Regrettably, all three of the Operating Engineers Local 3 (OE3) bargaining units voted against Management’s proposal to freeze the 3.5% payrate increases (COLA) that are due on July 1, 2020, in accordance with the respective MOUs. This decision by the OE3 bargaining groups, forced staff to seek the additional necessary savings in the form of layoffs.

With the elimination of 9.5 FTEs resulting from VERI retirements, there were only a few options for further workforce reductions from District essential services. Current vacancies were eliminated first, before considering non-essential District operations. The Last Chance Mercantile has been closed since mid-March due to the County closure order of non-essential businesses and after initial evaluation of prior years’ financials, the requirements for reopening and the projected revenues after COVID-19, Staff determined that the viability of that operation required further evaluation. It was decided to keep the LCM closed through the end of the year, layoff the staff and use the time to explore options for optimizing that operation.

In all, the staffing budget is reduced by 28.5 FTEs from vacant positions, VERI retirements and layoffs as shown on the attached Organization Chart (Attachment A) and below:

VERI Retirements Remaining Vacant: 9.5 FTEs
 Vacant Positions: 4.0 FTEs
 Layoffs 15.0 FTEs (11 from closure of LCM)

Full Time Equivalent (FTE)				
DEPT	2019/20	2020/21	Headcount	CHANGE
ADMIN	4.00	3.00	3.00	-1.0
COMM/PUB ED	3.00	2.00	2.00	-1.0
ENG	2.00	2.00	2.00	
FIN/ACCT	5.00	5.00	5.00	
HR	3.00	3.00	3.00	
HHW	4.00	4.00	4.00	
LANDFILL	10.00	9.00	9.00	-1.0
LCM	15.00	0.00	0.00	-15.0
LFG	3.00	3.00	3.00	
MAINT SHOP	11.00	10.00	10.00	-1.0
MRF MAINT	9.00	8.00	8.00	-1.0
MRF OPS	56.00	50.00	50.00	-6.0
SAFETY	1.75	1.75	2.00	
SCALES	6.00	4.50	5.00	-1.5
SITE OPS	11.00	10.00	10.00	-1.0
	143.75	115.25	116.00	-28.5

Impact of the Workforce Reduction on Continuing Operations: The overall reductions in workforce is spread over various departments for minimal impact. The following operational changes will be implemented to minimize the impact on the remaining staff.

- ADMIN - After evaluating the administrative support needs of the Administration Department, it was determined that two part-time positions suffice to meet the business need at this time. The Administrative Support Specialist II will continue to perform the duties within her role at half-time and assume the responsibilities of the Board Clerk at half-time (and with out-of-class pay) until the business need changes.
- COMM/PUB ED - Onsite tours, public education at fairs and outreach to the local schools had already been cancelled for the year and the remaining staff will primarily focus on internal and external communications.
- LANDFILL – The position eliminated is one of two supervisors. The Manager and remaining supervisor will assume responsibility for the day-to-day operation. Additionally, a Site & Facilities Supervisor will provide back-up support, if necessary.
- HHW - With the retirement of the LCM/HHW Manager, the Site Operations Manager will assume responsibility for management and supervision of the HHW Department (with four (4) employees). The Site Operations Manager will receive a 5% payrate increase.
- MAINT SHOP – The position vacated by retirement is that of Shop Assistant and primarily had responsibility for cleaning around the shop and grounds. The work that can be deferred will be deferred and any critical work will be shared by the remaining staff.
- MRF OPS – The Assistant MRF Manager will be appointed Interim MRF Manager with the retirement of the MRF Manager. There is a training opportunity for the MRF employees to make better use of the Time & Attendance System to automate a lot of manual work being done currently by the MRF Manager. Also, there is an opportunity for the administrative assistant to provide greater clerical support to the Interim MRF Manager that would enable the Interim MRF Manager to focus on running the day-to-day operation. Additionally, recent operational changes and the pending installation of the MRF equipment upgrade are expected to create additional efficiencies and allow for the decrease of a few more positions.
- MRF MAINT – A Tech I position is being eliminated, as the new MRF Sorting Equipment requires higher-skilled labor at this time. A second Tech II position will be vacated by retirement and that position will be backfilled with a Sr. Tech who will provide greater expertise and technical support to the team.

Employment Taxes and Benefits:

Please refer to the *Operating Expense Accounts, Section 2. Taxes and Benefits*, found on page 16 of this budget document for all other personnel-related expenses, included in the Employee Total Compensation Budget.

STRATEGIC PLAN

The 2020/21 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 team***. It is central to the District’s mission of ***“Turning Waste into Resources in the most***

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cost-effective and environmentally sound manner” 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 District’s budget is estimated to be a \$3.2M reduction in personnel costs compared to the District’s Pre-COVID-19 draft budget.

CONCLUSION

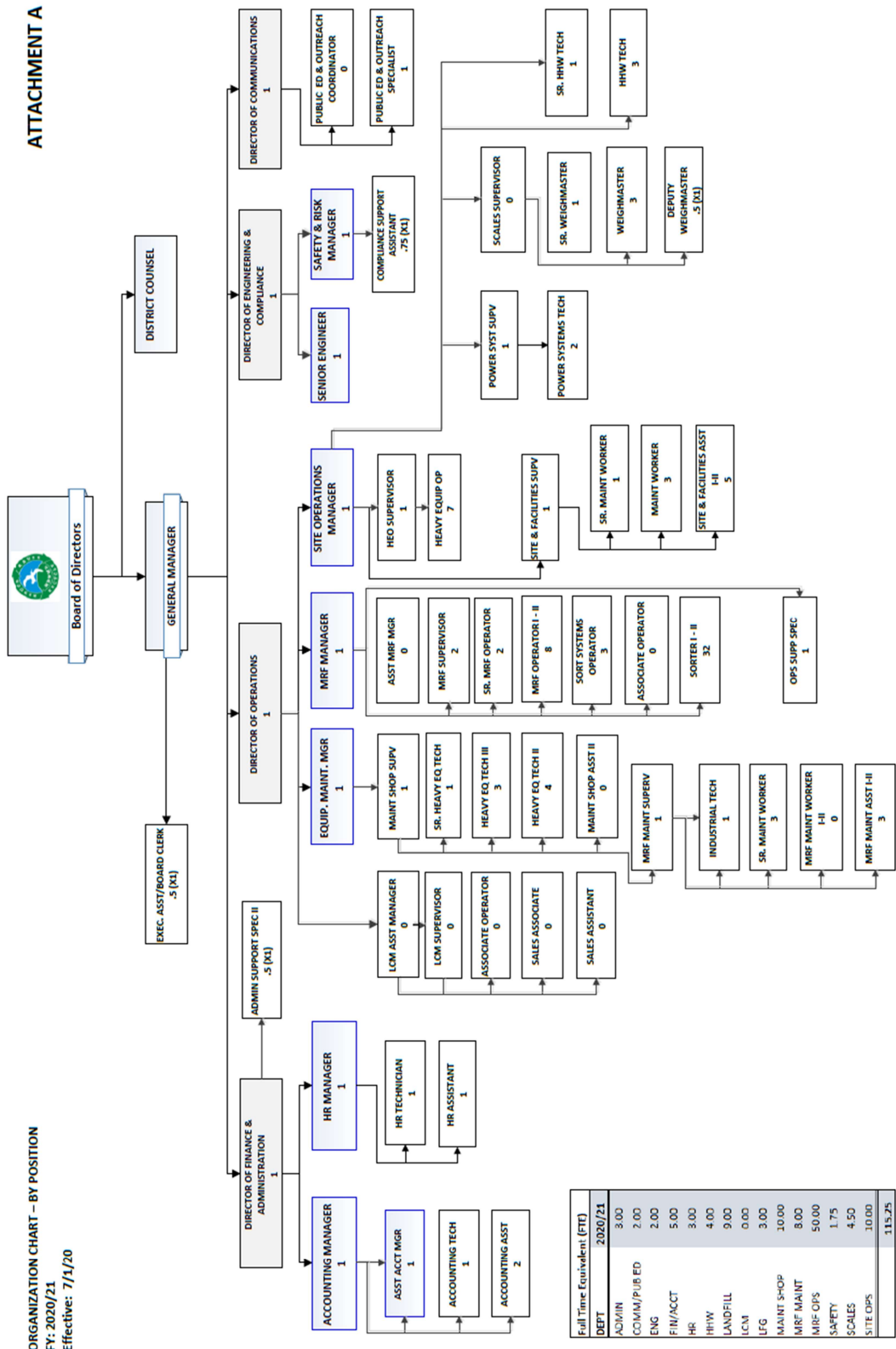
Staff requests your approval of the Employee Compensation & Benefits Budget for FY 2020/21 in the amount of \$14,058,000 to support the District’s mission.

Sincerely,



Berta R. Torres, Human Resources Manager

Organizational Chart



Budget Summary

FY 2020-21 BUDGET				FINAL
(All dollars in thousands)	18/19 Actual	19/20 Budget	19/20 Estimated	20/21 Proposed
INCOME SUMMARY				
Operating Revenues	37,746	36,549	36,809	32,464
Operating Expenses	33,515	33,582	33,819	30,649
Operating Income (Loss)	4,231	2,967	2,990	1,815
Non-Operating Expenses	(487)	(1,838)	(50)	(1,306)
NET INCOME (LOSS)	3,744	1,129	2,940	509
CASH SUMMARY				
Beginning Unrestricted Cash	12,772	31,729	34,535	29,853
Cash from Operations				
Net Income (Loss)	3,744	1,129	2,940	509
Adjustments to Cash	187	4,600	4,460	4,570
Change in Cash from Operations	3,931	5,729	7,400	5,079
Cash from Financing Activities				
Capital Outlay	(6,180)	(14,481)	(9,690)	(7,686)
Deferred Maintenance - Cash Outlay				(80)
Bond and Debt Reduction	(1,522)	(2,405)	(2,392)	(2,498)
2018 Issuance of New Bonds	25,068	25,007	-	-
Change in Cash from Financing Activities	17,832	8,121	(12,082)	(10,264)
Change in Unrestricted Cash	21,763	13,850	(4,682)	(5,185)
Ending Unrestricted Cash	34,535	45,579	29,853	24,668
Designations/Reserves				
Cash Operating Reserve	4,850	5,796	5,872	5,216
2018 Bond Funds	23,344	3,777	13,654	5,968
Undesignated Cash	6,341	10,999	10,327	13,484
Total Designated Cash	34,535	20,572	29,853	24,668
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	39,385	25,422	34,703	29,518
DEBT COVERAGE RATIOS				
Ratio of Net Current Rev. to Debt Service	1.6	1.6	1.6	1.36

Revenue

The COVID-19 pandemic has introduced extreme uncertainty into the District’s budget planning process. Staff is projecting FY20/21 revenues based in part on the few the months that have followed commencement of State and County Shelter in Place orders. The impact on the District’s revenues during this time has been mixed but mostly negative. Declines in April disposal fees of over 20% were followed by a partial rebound in May. These data, combined with reports from haulers and other waste management facilities, and knowledge of factors influencing the District’s various customers, have informed these revenue projections.

Overall District revenues are projected to decrease by 11% compared to the FY19/20 Budget and by about 12% from current fiscal year estimates. Several factors have helped to keep this decline from being larger, including:

- A 5% increase to the District’s standard material disposal rates, contributing \$600,000 in new revenue.
- A \$5 per ton increase to the MRF processing fee for Single Stream Recyclables (SSR), contributing \$720,000 in new revenue. A large portion of this increase is due to the commencement of payment of this fee by the seven GreenWaste Recovery (GWR) Franchise Agreement jurisdictions, as has been planned. The remainder is from increased payments from other SSR haulers.
- Contractual rate increases for existing regional waste customers, including the cities of Capitola, Scotts Valley and Watsonville, and the County of Santa Cruz.
- More aggressive budgeting assumptions regarding the volume of materials delivered by GreenWaste Recovery’s San Jose waste processing sites.

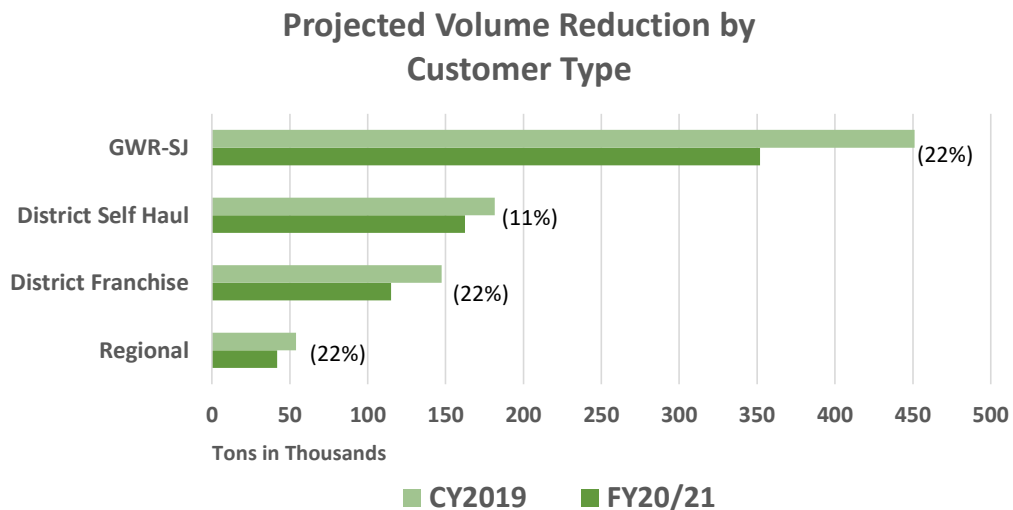
FY 2020-21 BUDGET				FINAL		
All \$\$ in Thousands	18/19 Audited	19/20 Budget	19/20 Estimated	20/21 Proposed	Change from FY 19/20 Budget	
OPERATING REVENUES						
DISPOSAL FEES						
Franchise + Self haul	16,256	15,095	15,848	13,743	(1,352)	-9%
Out of District						
GWR - San Jose	10,710	8,732	9,454	8,912	180	2%
Other Regional	1,781	1,709	2,007	1,625	(84)	-5%
SUBTOTAL	28,747	25,536	27,309	24,280	(1,256)	-5%
MRF OPERATIONS						
MRF Revenue	5,763	7,401	6,400	5,779	(1,622)	-22%
SUBTOTAL	5,763	7,401	6,400	5,779	(1,622)	(0)
OTHER REVENUES						
Power Sales	1,334	1,747	1,300	1,350	(397)	-23%
Last Chance Mercantile + HHW	797	940	600	135	(805)	-86%
Other Sales	1,105	925	1,200	920	(5)	-1%
SUBTOTAL	3,236	3,612	3,100	2,405	(1,207)	-33%
TOTAL OPERATING REVENUES	37,746	36,549	36,809	32,464	(4,085)	-11%

REVENUE ACCOUNTS

1. Disposal Fees

Disposal Fees are projected to decrease by 5%, or \$1.26M compared to the FY19/20 budget. Disposal fees make up about 75% of the District’s total revenues. In projecting disposal revenue, staff has evaluated material types delivered by each of the District’s four the major customer types and developed volume projections based on pre-COVID and post-COVID volumes, input from waste haulers and waste processors, and assumptions about the business activities associated with each material type.

The four customer types are: 1) District-based Franchise customers, consisting of residential and commercial customers, whose waste is delivered by GreenWaste Recovery, Monterey Disposal and Waste Management; 2) District-based (mostly) Self-Haul customers, made up of private individuals and businesses such as construction and landscaping; 3) Regional customers located in the 4 jurisdictions located in Santa Cruz county, whose waste is delivered by various hauling companies; and 4) GreenWaste Recovery’s operations in Santa Clara county, which deliver post-processed waste for landfilling.



Disposal rate changes

Disposal rates for the Regional customers and for GWR’s Santa Clara operations will rise according to per-determined price escalation provisions in each contract. For District customers, revenue projections include a 5% rate increase for five main material types. Rates for all other materials will remain unchanged.

Material Type	Current Rate	New Rate	% Increase	Date of last increase
Solid Waste	\$62.00	\$65.00	4.8%	7/1/2018
Yard Waste	\$40.00	\$42.00	5.0%	7/1/2018
Problem Waste	\$90.00	\$95.00	5.6%	2/1/2008
Biosolids (Sewage Sludge)	\$35.00	\$37.00	5.7%	7/1/2018
Food Waste	\$54.00	\$57.00	5.6%	7/1/2018

Impact of disposal rate increases on District ratepayers

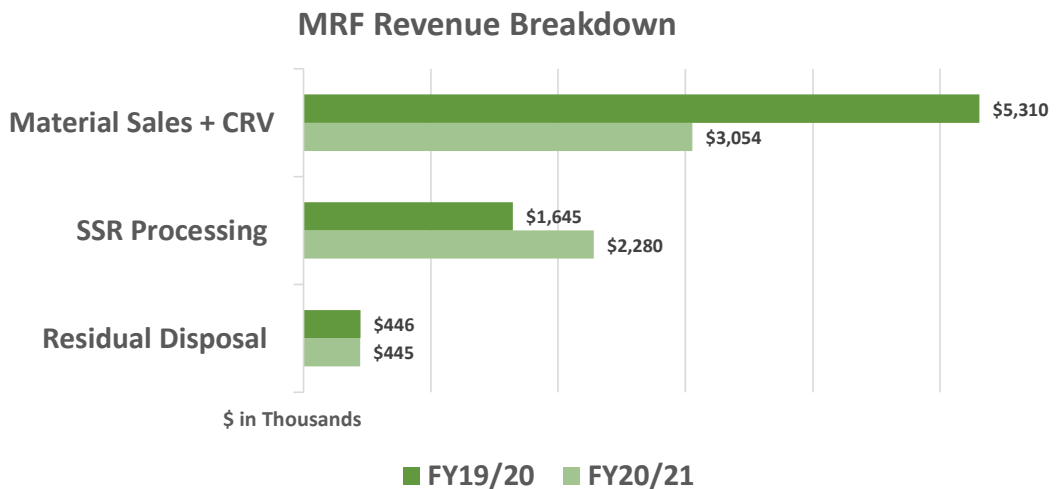
These tip fee increases are estimated to have a less-than 1% impact on collection service costs for District Franchise ratepayers. This is because disposal costs make up about one-fifth of the total cost of service for franchise customers. For a household with a 32-gallon waste, 65-gallon recycling and 65-gallon yard waste service, these rate increases will add an average of \$0.21 per month, or a little over two and a half dollars per year. Due to other changes in the collection costs that are not related to disposal costs, some Franchise customers will experience other increases in their collection service bills.

For self-haul customers who bring materials directly to the District, costs will increase in proportion to rate changes for the material type delivered. Overall, however, even with these proposed increases, the District will remain the lowest cost disposal alternative in the region.

2. Material Recovery Facility (MRF) Revenue

Total MRF revenue is projected to decrease by 22%, or \$1.6M. MRF revenue is derived from commodity sales, processing fees and contamination disposal fees. Out of an abundance of caution, staff is projecting a 5% reduction in Single Stream Recyclables (SSR) volumes compared to FY19/20, though recent post-COVID declines have been slight. The bulk of the revenue drop comes from a steep decline in the market value of commodities captured in the MRF. This downward trend began in 2018 and has continued throughout FY19/20.

Projections for total MRF tons processed are as follows: Franchise Single Stream Recyclables – 12,000 tons; Other Single Stream Recyclables – 45,000 tons; Construction & Demolition processed – 23,000 tons. No MSW will be processed under the current budget assumptions.



Commodity sales are the result of the sale of extracted materials that are baled and sent to markets via third party brokers. Commodity sales prices have declined during the FY19/20 year and remain volatile due to continued market disruption caused by changing quality and quantity demands from both offshore and domestic buyers. Recently, a drop in petroleum prices have exerted additional downward pressure on some commodities. A more stable element of MRF commodity revenues are the California Redemption/Refund Value (CRV) payments assigned to diverted products by CalRecycle. CRV payments

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represent over 70% of total MRF material sales revenue at current projections. Total commodity sales, inclusive of CRV payments, are projected to be \$3.1M.

In FY19/20, the District began charging a **Single Stream Recyclable (SSR) Processing fee** designed to recover the costs of operating recycling services in the MRF. This has become common practice in the industry nationwide. Since almost 80% of the Single Stream Recyclables (SSRs) processed by the District come through open market contracts, the District strives to set this fee in accordance with prevailing market rates. This fee is projected to result in \$2.28M in revenue.

For FY20/21, the District is raising this rate by \$5 per ton, from \$35 to \$40 per ton. The following table shows the customers/haulers subject to this fee. The increase will have a disproportional impact on the seven Franchise jurisdictions served by GWR. This is because the payment of this fee was deferred for this customer until FY20/21 for purposes of rate smoothing. All other customers began paying this processing fee in FY19/20.

Customer/Hauler	Current Rate	Proposed Rate	% Increase	Date of last increase
GreenWaste Recovery Monterey Pen.	\$0.00	\$40.00	N/A	N/A
Republic Services of Salinas	\$35.00	\$40.00	14.3%	7/1/2019
Waste Management	\$35.00	\$40.00	14.3%	7/1/2019
Recology San Benito County	\$35.00	\$40.00	14.3%	7/1/2019
City of Watsonville	\$35.00	\$40.00	14.3%	7/1/2019

The District also charges a **Residual Disposal fee** for SSR contamination rates above 10%. This disposal fee is tied to the District’s MSW disposal rate, \$65 per ton for FY20/21. This fee is projected to result in \$.45M in new revenue.



Impact of SSR Processing rate increases on District ratepayers

The SSR Processing fee increase is estimated to add an average of 3.5% to customers in the 7 GWR Franchise jurisdictions. For a household with a 32-gallon waste, 65-gallon recycling and 65-gallon yard waste service, these rate increases will add an average of \$0.80 per month, or \$9.60 per year. District customers of Waste Management who reside in the County of Monterey are estimated to see an increase

of less than 1% from the \$5 per ton processing fee increase. Residents of the city of Monterey are not impacted by this fee as the District does not process their Single Stream Recyclables. The District’s Self-Haul customer will also not be affected by this rate increase.

Overall Impact of rate changes on District ratepayers

The tables below show the estimated combined average impact of the District’s disposal and processing rate changes on residential and commercial customers of in the 7 GWR Franchise jurisdictions. As discussed above, rate impacts on ratepayers in the City and County of Monterey will be different. The estimates shown are average rate increases for representative service levels across all communities. Rate impacts will vary by city based on the jurisdiction rate setting policies. Rate changes that are subject to contractual rate adjustment processes not disposal-related are not reflected here.

TIP FEE ONLY	RESIDENTIAL	COMMERCIAL	
	30-35 Gallon	MSW 1 Cubic Yd. 1/week	Organics 65 gal
Average % Increase	0.9%	0.9%	0.9%
\$ increase/month	\$0.21	\$1.00	\$0.30

\$40 MRF PROC. FEE ONLY	RESIDENTIAL	COMMERCIAL	
	30-35 Gallon	MSW 1 Cubic Yd. 1/week	Organics 65 gal
Average % Increase	3.5%	3.5%	3.5%
\$ increase/month	\$0.80	\$4.00	\$1.10

COMBINED FEE CHANGES	RESIDENTIAL	COMMERCIAL	
	30-35 Gallon	MSW 1 Cubic Yard 1/week	Organics 65 gal
Average % Increase	4.4%	4.4%	4.4%
\$ increase/month	\$1.01	\$5.00	\$1.40

Over the past two years, the District has conducted a regional rate benchmarking analysis to compare waste system costs and services to those in the greater Tri-County and Bay Area. The analysis has shown that the District’s disposal fees remain the second lowest within a 90-mile radius and the District’s residential and commercial collection rates are on average the lowest in the broader region.

3. Power Sales

The District operates four engines that burn methane gas pulled from the landfill. In total, this facility has a maximum capacity of 5 megawatts of power. All the District’s internal electricity needs – about 1 megawatt - are met by this facility and the surplus power is sold to the grid. Over the past few years, the District has over-estimated revenue generated from the sale of power. Shortfalls have been due to operating downtime due to engine repairs and maintenance. Consequently, staff is lowering the power sales projection for this budget by \$400,000 – from \$1.75M to 1.35M – to reflect experience more accurately. Electricity prices are not expected to change from FY19/20 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 during this budget year.



4. Last Chance Mercantile, Household Hazardous Waste & Other Sales

The Last Chance Mercantile has operated at a significant loss for many years. The store has historically generated about \$800,000 per year in sales of donated and extracted goods. In recent years, the Buy Back Center, operated by LCM staff, has also generated revenue from commodity sales and CRV reimbursements for the recyclables dropped off. However, with annual operating costs of over \$1.7M, the LCM has proven to be an expensive community service in the best of times.

With the advent of the COVID-19 pandemic and the State and County orders designed to control its spread, the District now faces significant obstacles to operating the LCM. Because of this, the store has been closed since late March 2020. In the meantime, staff has explored ways to re-open operations that do not put customers and staff at risk of infection. No good solutions are evident that do not result in much higher costs and lower revenues. For these reasons, staff has determined that the most prudent approach is to temporarily close the LCM until such time that the store can be re-opened under safe and economically sustainable conditions. This budget assumes the store will be shuttered for the entire fiscal year.

Household Hazardous Waste (HHW) revenues have increased in recent years to approximately \$135,000. No change in HHW drop-offs or costs have been experienced since the beginning of the pandemic.

Other Sales are not expected to change from FY19/20. These include the sale of sand, landscaping products, CNG for use in the Truck Yard fueling station and miscellaneous Operational Services - loading fees, push-offs, and certified weights.

Expenses

FY 2020-21 BUDGET				FINAL		
All \$\$ in Thousands	18/19 Actual	19/20 Budget	19/20 Estimated	20/21 Proposed	Change from FY 19/20 Budget	
OPERATING EXPENSES						
SALARY EXPENSES						
Wages	10,421	10,835	12,113	9,008	(1,828)	-17%
Taxes & Benefits						
Healthcare	2,228	2,321	2,350	2,080	(241)	-10%
CalPERS	2,187	1,641	1,454	1,684	44	3%
Workers Compensation	615	732	835	645	(87)	-12%
Taxes	157	161	166	136	(25)	-16%
Other Benefits	232	281	601	505	223	79%
Total Taxes & Benefits	5,419	5,136	5,406	5,050	(86)	-2%
SUBTOTAL	15,840	15,971	17,519	14,058	(1,913)	-12%
NON-SALARY EXPENSES						
Amortization & Depreciation	3,972	4,100	4,100	4,200	100	2%
Closure/Post Closure Costs	366	500	360	370	(130)	-26%
Contractual Services	1,062	1,031	700	389	(642)	-62%
Environmental Services	277	265	250	369	104	39%
Gasoline, Oil & Fuel	1,271	1,260	1,200	1,253	(7)	-1%
Hazardous Waste Disposal	403	310	390	308	(2)	-1%
Insurance	106	430	430	575	145	34%
Office Expense	495	281	280	233	(48)	-17%
Operating Supplies	1,008	1,309	1,030	1,103	(205)	-16%
Professional Services	1,137	1,328	790	1,193	(135)	-10%
Public Awareness	237	165	130	151	(15)	-9%
Recycling Services	2,723	1,877	2,500	1,643	(235)	-12%
Repairs & Maintenance	2,734	2,812	2,170	2,806	(6)	0%
Safety Equip/Supplies/Training	287	166	270	246	80	48%
Taxes & Surcharges	1,314	1,438	1,500	1,437	(1)	0%
Training/Meetings/Education	156	195	80	181	(14)	-7%
Utilities	84	115	100	116	1	0%
Other Expense	43	30	20	20	(10)	-34%
SUBTOTAL	17,675	17,611	16,300	16,591	(1,020)	-6%
TOTAL OPERATING EXPENSES	33,515	33,582	33,819	30,649	(2,934)	-9%
NON-OPERATING REVENUE & EXPENSES						
Interest Income	381	95	675	450	355	374%
Rents & leases	346	325	362	435	110	34%
Finance charges	12	15	8.5	9	(6)	-40%
Other Income	-392	15	0.1	0.1	(15)	-99%
Equipment Purchases - Interest Expens	(59)	(50)	(53)	(36)	14	-28%
Revenue Bonds - Interest Expense	(775)	(2,238)	(975)	(2,164)	74	-3%
TOTAL NON-OPERATING EXPENSES	(487)	(1,838)	(50)	(1,306)	532	-29%
NET INCOME (LOSS)	3,744	1,129	2,940	509	(620)	-55%

OPERATING EXPENSE ACCOUNTS

Faced with the prospect of continued revenue reductions, District Leadership and department Managers examined the pre-COVID budget assumptions for ways to cut costs. In total, over \$4.5M in expense reductions were identified, \$1.3M of which from non-personnel operating expenses. All Operating Expense categories are described below.

1. Wages

Total Wages decrease by 17% compared to the FY19/20 budget, from \$10.8M to \$9M. This reduction is due to staffing reductions achieved through the voluntary early retirement program, salary reductions offered by the General Manager and Leadership Team, and an agreement by members of the Management Unit to defer a previously-negotiated July 1 wage increase (COLA) until the District's financial conditions rebound. Since members of the Operations Unit, Labor and Sales Clerks Unit, and Support Unit all rejected the proposal the follow the lead of the Management Unit, the District has been left with using layoffs to find the remaining cost reductions. Aside from base pay, step increases, and overtime pay, Wage estimates include pay for holiday work, stipends for shift-differential and bilingual skills, 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. Taxes & Benefits

Total taxes and benefits decline by 2%, due mostly to the reduction in staffing, offset by one-time costs associated with layoffs and by increases in the underlying rates for healthcare and CalPERS pension obligations. District employees pay 12% of the total cost of health Insurance premiums, which are projected to increase by 6% on January 1, 2021. The District's healthcare premiums have declined over the past two years. The District's annual CalPERS costs drop 4% to \$1.7M. The employer contribution for the "Normal Cost" is 9.611% of earnings for FY20/21, which represents a rate increase of 5.5%. In addition, the District will pay approximately \$889,000 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 19%. Workers' Compensation costs are projected to decline to \$645,000, a 12% drop due to a reduction in staff, a negotiated 3-year cap on the District's experience modifier (EMOD), and no change to rates. Other Benefits rise in FY19/20 and FY20/21 due to one-time costs of the early retirement program and layoff costs, respectively.

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% increase compared to the FY19/20 budget due to capital investments made in the past 12 months. 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 FY20/21 budget projects a small increase from the previous year.

5. Contractual Services

Contractual services costs decline from \$700,000 to \$389,000, due to a planned reduction in the use of

temporary staffing and the introduction of other operational changes designed to reduce costs. Aside from temporary staffing expenses, other costs under this category include janitorial services, alarm services, bird and other pest control, and portable toilet rental.

6. Environmental Services

Environmental services are professional fees required to monitor and report on the landfill, groundwater, storm water, domestic water system, hazardous materials, air quality and landfill gas migration control and engine exhaust emissions. These expenses total \$369,000 – an increase of \$104,000. Environmental services are utilized by the Engineering & Compliance department and in support of the Landfill Gas to Energy operations. Engineering and Compliance expenditures include semi-annual groundwater testing (\$30,000); surface methane monitoring (\$20,000), Title V permit compliance (\$33,000), criterial pollutants & GHG emissions reporting (\$10,000), surveying & mapping services (\$20,000), and miscellaneous monitoring and analysis (\$27,500). Landfill Gas to Energy compliance expenditures amount to \$178,000 for the year.

7. Fuels & Oils

The Fuels & Oils expense category are set at slightly above current year estimates, \$1.26M. Diesel fuel constitutes the largest of fuel expenses for the District (\$730,000) and are distributed across nearly all departments. The cost of CNG fuel purchased from PG&E and sold to GreenWaste Recovery for use in collection vehicles equals \$525,000. This expense will be eliminated once the District’s landfill gas conversion project is completed and becomes operational.

8. Hazardous Waste Disposal

Hazardous Waste Disposal expenses have increased significantly in recent years. The District pays third parties to dispose of hazardous waste collected at the District (batteries, florescent tubes and compact fluorescent lamps, etc.). Costs for these services have increased by approximately 25%. To control costs this year the District is eliminating 2 off-site HHW collection events held in the community. This will save approximately \$60,000.



9. Insurance

The District is projecting an increase in insurance costs from \$430,000 to \$575,000, or 34%. The District has

been informed by its carrier (SDRMA) that rates for property and liability insurance have increased by nearly 40% world-wide due to an increase in claims against major insurance providers. This increase predated the COVID-19 pandemic and has been caused by major catastrophic events such as fires.

10. Office Expenses

Office Expenses are reduced 17% (\$48,000) year-over-year to \$233,000. Over \$165,000 of this total is for technology: software and related services for Accounting, Scales, MRF and the Maintenance Shop (43,000); website development and maintenance (35,000); support services by third parties, including on-site support (72,000). Other costs for Office Expenses have not changed materially: Memberships, subscriptions and conference costs (\$43,000); Office supplies (\$29,000) that includes miscellaneous office costs and copier supplies and upkeep.

11. Operating Supplies

Operating Supplies have been reduced by 16% (\$205,000) compared to the prior year, from \$1.33M to \$1.16M. The MRF Operating Supplies budget includes \$225,000 for production supplies such as baling wire and the MRF Maintenance budget contains \$75,000 for repair parts, conveyors, screens and tools. The Landfill operations budget contains \$200,000, mostly for landfill site maintenance and the Landfill Gas to Energy facility includes \$150,000 for landfill gas cleanup equipment and filtering media. The Equipment Shop, the Scales and the Site departments make up the remainder of this expense category.

12. Professional Services

Professional Services expenses decline by 10% (\$135,000) compared to last year's budget. Professional Services include expenditures for on-going attorney fees (\$125,000, no change), additional legal and other services related to labor relations (\$20,000, down from \$44,000); financial service fees for auditors, banking and bond compliance (\$49,000, down from \$46,000); human resources spending on hiring and recruiting (\$40,000); credit card processing fees for the Scales Operations (\$100,000); Engineering-related services, such as grant administration, power project analyses, AD feasibility study, MRF & biogas enhancement analyses (\$405,000); MRF waste characterization study (\$100,000, down from \$125,000); LFG costs for power sales scheduling; expenses to help develop a cost-effective, sustainable operating model for the LCM (\$50,000) and other, related professional services (\$90,000).

13. Public Education & Awareness

Public Awareness expenses have been reduced by nearly 10% (\$15,000) from last year's budget and by nearly \$150,000 compared to the District's Pre-COVID-19 budget. With the onset of the pandemic, the District's communications objectives and focus have changed. Public Awareness expenditures include funds for advertising and publications (\$100,000), and other promotion and education activities (\$8,000).

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. Recycling Services related to yard waste, wood waste, food waste are performed by Keith Day & Co. and make up over \$1.4M of the \$1.6M budget. Payments for processing these materials are made on a per-ton basis. Others recycling expenses include MRF-related costs for handling glass, tires and freon (\$227,500). With the advent of COVID-19, the District has ceased operating the CRV Buy Back Center previously located at the LCM. This change will serve to eliminate over

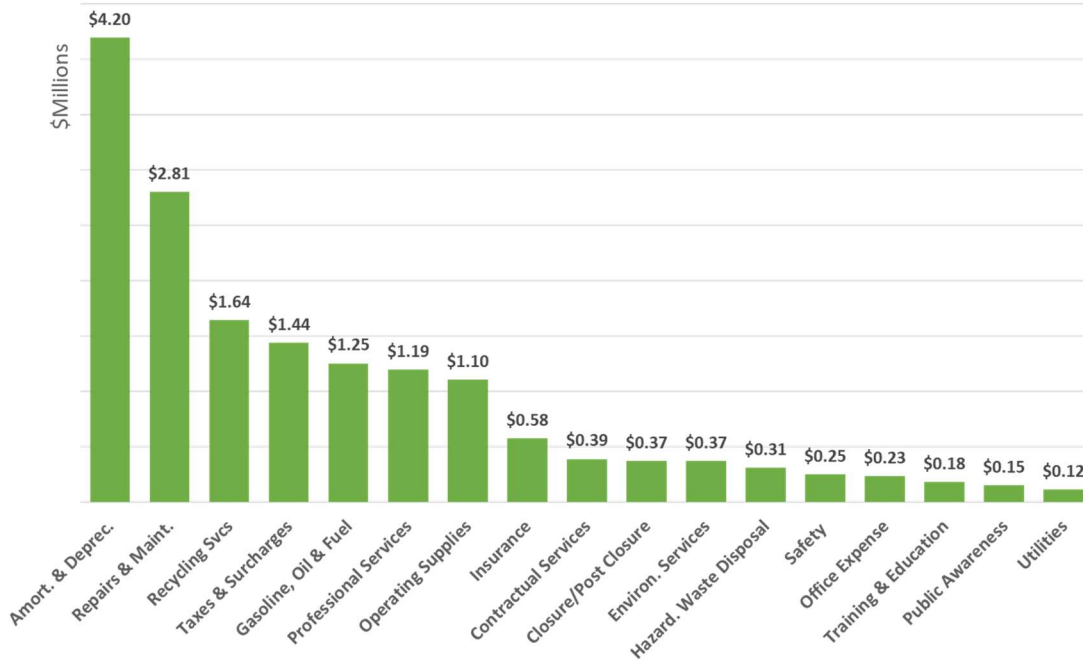
FY 2020/21 FINAL BUDGET

\$300,000 in additional costs.

15. Repairs & Maintenance

Repair & Maintenance expenses are budgeted at \$2.8M, unchanged from \$1.6M in FY19/20. The major areas of spending are in the Equipment Maintenance Shop (\$1.0M), the Landfill Gas to Energy facility (\$916,000), and the MRF Maintenance department (\$243,000).

Non-Salary Operating Expenses



16. Safety Equipment, Supplies & Services

Safety Equipment, Supplies & Service expenses are up from the FY19/20 budget by \$80,000, but lower than actual costs for the year by an estimated \$25,000. The District exceeded budget for this category primarily due to the engagement of a third-party vendor to provide on-site first aid services and site safety visits and reporting. This practice is budgeted to continue and is expected to have a positive impact on long term workers compensation insurance costs. Other safety expenses include costs for safety apparel and supplies used by employees in day to day operations such as gloves, vests, helmets and other apparel.

17. Taxes, Surcharges, Permits

Significant costs include: State Board of Equalization AB 939 Fee (\$1.40/ton landfilled) and the Monterey County Health Department fee. Both of these fees are based on tons landfilled and are estimated at \$1.2M; LAFCO membership (\$50,000); the Monterey Bay Unified Air Pollution Control District fees (\$52,000); Monterey County Water Resources Agency fees (\$50,000); new SWRCB landfill annual permit fee (\$50,000); and contribution to Monterey County illegal dumping initiative (\$25,000, reduced from \$50,000 in FY19/20).

18. Training, Education & Meetings

The Training budget has been reduced from \$195,000 to \$181,000. Training is focused on job certifications and job skills development.

19. Utilities

Utilities expense projections track current year estimates at \$116,000 and are similar to last year’s budget. Utilities include miscellaneous electricity usage throughout the site in areas that cannot be served by District-generate power, and supplemental power purchased from PG&E when District power is off-line (\$75,500). These expenses also include telephone and data services (\$40,000).

20. Other Expenses

Other Expenses have been cut by a third and reflect FY19/20 spending levels.

NON-OPERATING REVENUE & EXPENSES

1. Non-Operating Revenues & Expenses

Non-operating Revenue & Expenses include revenues from the Truck Yard lease and space rental to other entities. Also included is income from returns on cash investments and finance charges levied for late customer payments. Expenses are interest costs for the financing of two pieces of heavy equipment, which will be fully paid off by FY21/22, and all interest expense associated with the District’s 2015 and 2018 Revenue Bonds.



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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 and the purchase of new equipment not previously used in operations. Capital Improvements include investments in improving existing infrastructure and the development of new facilities or assets.

FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN								FINAL
All \$\$ in Thousands	18/19 Actual	19/20 Budget	19/20 Estimate	20/21 Proposed	21/22	22/23	23/24	24/25
CAPITAL OUTLAY PLAN								
Mobile Equipment	1,789	1,990	1,257	1,986	2,790	1,370	2,250	2,120
Capital Improvements	6,093	12,491	8,433	5,700	5,900	5,025	6,750	6,950
TOTAL CAPITAL INVESTMENT	7,882	14,481	9,690	7,686	8,690	6,395	9,000	9,070

FY20/21 Capital Outlay Highlights

Mobile Equipment replacement and new purchases:

- Replace Cat 386 compactor (Landfill) – \$1,300k
- Replace excavator; deferred from FY19/20 (MRF) – \$350k
- Replace Maintenance Shop service truck (SHO) – \$90k
- Defer replacement of D6R Dozer (Landfill) – \$450k
- Defer replacement of Tarpomatic tarp machine (Landfill) – \$90k
- Defer replacement of wheels for Cat 386 compactor (Landfill) – \$85k

Capital Improvement Projects:

- CEC Grant Project: Biogas Conditioning System (LFG) – net positive \$1M due to grant funds
- Module 7 development (Landfill) - \$3M; rescheduled to cause some expenditures to occur in FY21/22
- Roadway paving and improvements (Site) - \$1.1M
- Miscellaneous landfill infrastructure work (Landfill) - \$665K
- Scale and scale house improvements (Scales) - \$550K
- MRF equipment - \$450K
- Deferred \$600k for three scale replacements
- Deferred \$200k for Old Shop Building discretionary improvements
- Deferred \$150k for Module 8 and Leachate Management project development
- Deferred \$75k for landfill and storm water projects development

Capital Outlay – Mobile Equipment

FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN												FINAL
All \$\$ in Thousands												
	18/19	19/20	19/20	19/20	20/21	21/22	22/23	23/24	24/25			
	Actual	Budget	Estimate	Proposed								
	Dept											
MOBILE EQUIPMENT												
Board Room - Furniture and AV Upgrade	ADM	25									25	
Replace 2000 Dodge Van AD06 with Pub Ed tour van	ADM	18										
Replace 2000 Dodge Van AD06 with Rav 4 SUV	ADM	27										
1 Computer Hardware/Software	ADM	25	25	25	25	50	25	50	25	50	25	
2 Replace Copier, Document Management & other office hardware	ADM		10	10	10	10	10	10	10	10	10	
3 Replace Office Furniture	ADM		30	30	30	30	30	30	30	30	30	
AD07 2001 Ford F-150 4x4 Pickup - Replace	ADM		30			30						
Replace Accounting System	ADM											
Replace 2006 Toyota Highlander AD10	ADM											
Miscellaneous Admin. Replacements	ADM					30			30	30	30	
Replace LC14 Forklift	LCM											
Replace 2002 LC09 Forklift	LCM								60			
Used Box Truck for LCM	LCM		50									
Replace 2001 836G Compactor - LF11	LFO	1,225										
Replace 1999 D6R Dozer - LF06	LFO					450						
Replace Tarpomatic 2004 - LF15	LFO					90						
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											
4 Replace 2007 836H Compactor - LF22	LFO				1,300							
Replace 2002 CAT 740 Articulated Haul Truck LF12	LFO					750						
Replace 1997 966 Wheel Loader LF13	LFO		505	496								
Replace 2005 D9T Dozer - LF16 - with D8	LFO									750		
Replace 2001 627G Scraper LF02 with articulating ejector truck	LFO											
Replace 1996 D8R Dozer - LF09	LFO											
(LF) LF26 D8T Dozer 2016 (Replacement FY 25/26 \$1,000,000)	LFO											
(LF) LF27 836K Compactor 2016 (Replacement FY 29/30 \$1,400,000)	LFO		150									
LF27 836K Compactor 2016 - Replace Wheels	LFO								85			
(LF) LF29 D8T Dozer 2017 capitalized maintenance (Replacement FY 27/28)	LFO								150	30		
(LF/Site) MR20 230CLC Excavator 2003 - New Thumb Attachment	LFO		15									
(LF) S152 Genie Light Tower 2004 - Replace	LFO		6									

FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN **FINAL**

		18/19	19/20	19/20	19/20	20/21	20/21	20/21	21/22	22/23	23/24	24/25
		Actual	Budget	Estimate	Proposed	Proposed	Proposed	Proposed				
		Dept										
		All \$\$ in Thousands										
MOBILE EQUIPMENT												
	Engine 1 - 2006 Caterpillar 3520 Major overhaul (every 93,000 hrs.)	LFG	400									
	Kubota RTV for LFG (Gas field work)	LFG		19	19							
	MRF Bin/Box replacement	MRF	48	15	15	25	25	25	25	25	25	25
	MRF new Roll-off Box purchases (10.40yd)	MRF		100	85							
5	MR18 PV500 Pacific Tec 1998 - Liquid vacuum unit - Replace	MRF				65						
	Replace 2009 Volvo Roll-Off Truck MR37	MRF					265					
	Replace 2009 Volvo Roll-Off Truck MR38	MRF					265					
6	MR42 324DL Excavator 2010 - Replace	MRF		300		350						
	Replace 2011 324DL Excavator MR43	MRF						350				
	2005 938G Wheel Loader with 950BR (MR27)	MRF		425	412							
	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) MRS5 938M Wheel Loader 2018 (Replacement 29/30 \$300K)	MRF								85		
	2011 or Newer Used Water Truck for MRF Fire Protection (2,000 to 3,000 gal)	MRF		50								
	2011 or Newer Used Semi Truck for MRF	MRF		80	72							
7	Miscellaneous MRF Equipment purchases/replacements	MRF		20	20	20	20	20	20	20	20	20
8	Replace Sterling Service Truck - SH07	SHO				90						
9	Replace 2007 Ford F-150 ZWD (SHOP) - SH13	SHO				35						
	Outer year equipment purchase/replacement contingency	SHO								2,000	2,000	2,000
10	Replace 2006 Genie Light Tower - S157	SIT				6						
11	Box Scraper - New	SIT				25						
	289D Compact track loader	SIT		100	100							
	Replace 2007 Site Ford-F150 4x4 Pickup S148	SIT		30	29							
	Replace 2007 Ford F-150 2WD Site Pickup S149	SIT	21									
	Replace 1998 Chev 2500 4x4 Site Pickup S153	SIT		30	29							
12	Replace 2002 Ford F-150 4x4 (LF) - S154	SIT				30						
	Replace 2010 Volvo Water Truck S158	SIT					240					
	Replace 2011 Dump Truck S165	SIT						40				
TOTAL MOBILE EQUIPMENT EXPENSES			1,789	1,990	1,257	1,986	2,790	1,370	2,250	2,120	2,120	2,120

Capital Outlay – Capital Improvement Projects

FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN												FINAL
All \$\$ in Thousands												
	Dept.	18/19 Actual	19/20 Budget	19/20 Estimated	20/21 Budget	21/22	22/23	23/24	24/25			
CAPITAL IMPROVEMENT PROJECTS												
Admin Building	ADM		125		75	175						
Truck Yard	ADM					150	350					
HHW Facility	LCM		100		25						150	
LCM Retail Store	LCM		130		150	200						
Public Recycling Drop-off	LCM		25		35					25		
LFGTE Facility	LFG					75	75	75	75		75	
LFG Building roof and gutter repairs	LFG		75		80							
LFG Engine room air flow improvements	LFG		50		60							
Replace Versa-Ruptor switch gear cabinet	LFG		20		20							
LFGTE Plant Flow Meters	LFG		15		25							
LFG Flare - Zone B Flow Control Auto-Valve	LFG		15		15							
LFG Supply Maintenance Control Valves (3)	LFG		25		25							
Grounding Resister -	LFG		20		25							
LFG Blower #3 Supply	LFG		125									
ENG #2 Radiator	LFG		85									
LFG Chiller - (mng w/CEC Project as Change Order if	LFG											
H2S Treatment - (mng w/CEC Project \$1MM)	LFG											
Misc. LFG - CEC Grant	LFG	1,380	2,000	1,188	450							
CEC Grant H2S Treatment System	LFG	250	500		350							
CEC Grant Reimbursements	LFG		(1,500)		(1,800)							
Energy & Organic Waste Proc. Tech. Assess.	LFG		250		250	250	250	250	250		250	

FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN **FINAL**

All \$\$ in Thousands

	Dept.	18/19 Actual	19/20 Budget	19/20 Estimated	20/21 Budget	21/22	22/23	23/24	24/25
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CAPITAL IMPROVEMENT PROJECTS

Compost Site	LFO		2,000						
Module 6 Development	LFO	890	5,110	3,717					
Module 7 Development	LFO	7	75	234	3,000	4,000			
Module 8 Development	LFO				75	75	150	3,000	5,500
Leachate Management	LFO	125	125		100	75	75	75	150
LFG Management	LFO	325	50		350	75	75	325	75
LFG Condensate Management	LFO	55	50		75	75	75	75	75
Misc. Landfill	LFO	149	125		65	75	75	75	75
Storm Water Management - (Design, Permit, C	LFO		50		75	75	3,000		
Materials Recovery Facility 2.0	MRF	2,733							
MRF 2.0 Capital Equipment Replacement	MRF				100			450	
MRF OCC Disc Screen Project	MRF		776	3,212	175				
MRF Fall Protection Equipment	MRF	76	150						
MRF Lock Out-Tag Out Optimization	MRF		100						
MRF 2.5 C&D Concept Design/Evaluation	MRF		125			150	250		
Miscellaneous MRF Investment	MRF			9					
Scales - 4 New Below-Grade Decks (FY20/21)	SCL		90		300	300			
Scales Software Upgrade - Paradigm	SCL	63	40	38					
Scale House Add. (Concept & Final Des.-Function	SCL	15	75	10	250				
Maintenance Shop Building	SHO		145						250
Old Shop Building	SHO		45		50				250
Wash Pad Facility	SHO						100		
Site Entrance Upgrade	SIT	25	50						
Paved Roads	SIT		1,100	7	1,100		150	2,000	
Misc. Site	SIT		88	18	50	50	50	50	50
Misc. Facilities	SIT		63		50	50	50	50	50
TOTAL CAPITAL IMPROVEMENT EXPENSES		6,093	12,491	8,433	5,600	5,850	4,725	6,450	6,950

Mobile Equipment Descriptions

The following items describe proposed Mobile Equipment investments by department for FY20/21 through FY 24/25.

Administration

FY20/21 investment: \$65,000 - Routine replacement of computer hardware and software, office equipment and office furniture. Similar funds are projected for this investment in all outer years.

Investments deferred to FY21/22: \$30,000 – Replacement of 2001 Ford F-150 pick-up truck.

Landfill Operations

FY20/21 investment: \$1.3M - Replacement of 2007 CAT 836H Compactor (LF22).

Investments deferred to FY21/22: \$625,000 – Replacement of 1999 CAT D6R Dozer and 2004 Tarpomatic tarp machine, and replacement of wheels for 2016 Cat 386 compactor.

Total outer year investments: \$2.3M – In addition to deferred investments, outer year purchases will include replacement of a dozer, an articulated dump truck and a scraper.

Materials Recovery Facility

FY20/21 investment: \$435,000 - Replacement of 2010 CAT 324DL Excavator, a 1998 Pacific Tec liquid vacuum unit, and other miscellaneous equipment.

Total outer year investments: \$1.4M – In FY21/22, \$830k for replacement of two Volvo roll-off trucks, two IHC semi trucks capable to utilizing CNG fuel, and miscellaneous equipment. In FY22/23-25, an additional \$525k for replacement of an excavator and other miscellaneous equipment.

Equipment Maintenance Shop

FY20/21 investment: \$125,000 - Replacement of 2000 Sterling Service Truck and a 2007 Ford F-150 pick-up. The service truck has to be replaced with a 2011 model or newer service truck to avoid enforcement action by CARB.

Total outer year investments: \$4M – For FY21/22-25 contingency funds have been set set aside to fund expected, but as-yet unspecified, mobile equipment investments necessary to support all District operations.

Site and Facilities

FY20/21 investment: \$61,000 - Replacement of 2002 Ford F-150 pick-up truck (\$30,000), purchase of a new box scraper (\$25,000), and replacement of a light tower.

Total outer year investments: \$280,000 – Outer year investments include replacement of a 2010 Volvo water truck (\$240,000) and a small dump truck.

Capital Improvement Project Descriptions

The following items describe proposed Capital Improvement Projects by department for FY20/21 through FY 24/25.

Administration

\$75k FY20/21 and \$175k FY21/22

1. Administration Building - \$75k in FY20/21 for investment in a public electric vehicle (EV) Charging Station in the Administration Office parking lot. District's capital funds are in addition to up to \$65k in grant award funds from the CALeVIP program and a Monterey Bay Air Resources District (MBARD) partnership program with ChargePoint. Some associated Americans Disability Act (ADA) improvements will be required to the two existing ADA parking stalls (no EV Charging) and for a new van-accessible parking stall with EV Charging. The grant award includes five years of EV Charging network services by ChargePoint which provides information to EV owners for their access to charging stations. Credit card payments to the automated network services system allow the user to charge a vehicle. The District would supply power to the EV Charging Stations and charge a rate close to local electric market rates.; \$175k in FY 21/22 for roof replacement at an age of ~25 years.
2. Truck Yard – \$150k in FY 21/22 and \$350k in FY22/23 for 5-7 Year Life equipment capital replacement such as HVAC units, fans and motors associated with the Administration, Truck Maintenance, and Truck Wash buildings and truck wash equipment system.

Last Chance Mercantile/HHW/Public Drop Off

\$210k FY20/21; \$200k FY21/22; \$25k FY23/24; \$150k FY24/25

1. HHW Facility – \$25k in FY20/21 for signage, striping, and customer reception improvements. \$150k in FY24/25 for capital building improvements.
2. Last Chance Mercantile – \$150k in FY20/21 and \$200k in FY 21/22 for various interior and exterior facility and yard area improvements to address increases in salvage item volume storage and facility efficiencies, and anticipated improvements for an anticipated re-opening at some point in time during the fiscal year while the COVID-19 pandemic is present.
3. Recycling Drop Off - \$35k in FY20/21 for signage, safety rails, and guidance for unsupervised customer access. \$25k in FY23/24 for budgeting purposes of routine capital replacement expenditures for 5-7 Year Life facility elements.

Landfill Gas Facility

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

1. Landfill Gas to Energy Facility – \$250k in FY20/21 for 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. \$75k in FY 21/22 through 24/25 for various control system improvements and infrastructure associated with distributing power to the various users.
2. Energy & Organic Waste Procurement Technical Assessment \$250k/yr from FY20/21 thru FY24/25.

SB1383 requires by 2025 that Cities and Counties divert 75% of organic wastes from landfill disposal. Similar to the recycling and disposal services that the District currently provides to the community, the District could also develop services to receive and process organic wastes provided that those services would be cost efficient and in the community's best interests. The District has already developed some processing capacity in the form of the lease contract to Gabilan Ag Services (Keith Day Company) for the onsite Compost facility. The District has also developed some organic waste separation capacity as part of the MRF2.0 retrofit project completed in 2018. However, the District does not have sufficient organic waste processing capacity to serve the needs of its municipal customers. These capital investments will be used to complete the necessary audits, technical assessments, conceptual planning studies, and competitive qualifications and business offers proposal process to define the highest and best use, and greatest value to the District and the communities it serves, of the organic waste materials and associated biogas and any recycled beneficial use products resulting from processing organic wastes.

3. CEC Grant ARV-17-036 Biogas Conditioning System and H₂S Treatment System - \$800k in FY20/21. This capital investment consists of i) completing the delivery of the Biogas Conditioning System for the CEC Grant to convert up to 400 scfm of landfill gas (LFG) to a natural gas for use at the onsite CNG Fueling Station owned and operated by Trillium and ii) installing a permanent H₂S Treatment System for pre-treatment of LFG prior to delivery to the LFGTE Plant, enclosed flare, and the Biogas Conditioning System. Construction of these systems is planned to be completed in the fiscal year. It is also anticipated that the \$1.8M grant award payments will be received by the District during the fiscal year.

Compost Site Operations

\$0k FY20/21

1. Compost Site - The 2015 Compost General Order regulation promulgated a 2020 deadline for compliance with the new minimum standards of the regulation. The operator has been making planning progress to comply with the Compost General Order to plan needed site improvements. Capital funds will be needed for treatment of existing composting site to address ground water protection, waste water and storm water compliance 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. Staff anticipates the operator will fund the improvements and seek amendment of the lease agreement to incorporate capital recovery elements. Should there be a need for District capital, Staff will engage the Board in that discussion.

Landfill Operations

FY19/20 & FY 2021 through 2024

1. New Landfill Module 7 Development - \$3,000k FY20/21; \$4,000k FY21/22.

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 \$3,000,000 in FY20/21; and \$4,000,000 in FY21/22 to complete construction. A project total budget estimate of \$7,000,000 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.

2. New Landfill Module 8 Development - \$75k FY20/21; \$70k FY21/22; \$150k FY22/23; \$3,000k FY23/24; \$5,500k in FY24/25

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 planning and design of Module 8 project is \$75,000 in FY20/21; \$75,000 in FY21/22; and \$150,000 in FY22/23; and \$3,000,000 in FY23/24 and \$5,500,000 in FY24/25. A project total budget estimate of \$8,800,000 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.

3. Leachate Management - \$100k FY20/21; \$75k FY21/22; \$75k FY 22/23; \$75k FY23/24; \$150k FY 24/25

These are budgetary allocations relative to routine capital replacement of existing leachate management infrastructure and are for the engineering, design, permitting, and/or construction of capital repair and improvements for managing landfill leachate.

4. LFG Management - \$350k FY20/21; \$75k FY21/22; \$75k FY 22/23; \$325k FY23/24; \$75k FY 24/25

Execution of minor work related to capital repair and improvements to the Gas Collection and Control System (GCCS) in the landfill. The \$75,000 capital investments are budgetary allocations relative to routine capital replacement of existing landfill gas management infrastructure and are for the engineering, design, permitting, and/or construction of capital repair and improvements for managing landfill gas.

5. LFG Condensate Management - \$75k FY20/21; \$75k FY21/22; \$75k FY 22/23; \$75k FY23/24; \$75k FY 24/25

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. These are budgetary allocations relative to routine capital replacement of existing LFG condensate management infrastructure.

6. Misc. Landfill - \$65k FY20/21; \$75k FY21/22; \$75k FY22/23; \$75k FY23/24; \$75k FY24/25

Various smaller scope infrastructure improvement projects. Miscellaneous engineering, planning and execution of landfill related capital repairs and enhancements of ancillary elements of the landfill.

7. Storm Water Management - \$75k FY20/21; \$75k FY21/22; \$3,000k FY22/23

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.

MRF Operations

\$275k FY 20/21; \$150k FY21/22; \$250k FY22/23; and \$450k FY 23/24

Materials Recovery Facility - \$100k budget value for routine capital equipment replacement; \$175k for final payment of the current OCC disc screen improvements approved by the Board for FY19/20. \$150k FY21/22 and \$250k FY22/23 for 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 separate MSW processing line which is reasonably foreseeable as a potential need to accomplish the community's compliance with a State 75% diversion goal. Also \$450k in FY 23/24 budget for motor capital replacements and limited improvements to the sort lines associated with optimizing efficiencies of operations and short-lived capital equipment replacement.

Support Facilities – Scales & Maintenance Shop

FY 2020 through 2023

1. Scale Facility – \$300k in FY20/21 for design and construction of a new unattended, automated scale designated as "Scale E". The new scale will be primarily dedicated to Franchise Contract Waste Collection Haulers under contract with the District. This capital improvement will increase the capacity of registering Inbound customers and will eliminate the use of an Outbound scale ("Scale A") for receiving the Franchise Contract vehicles that are Inbound. \$250k in FY20/21 for modifications to the scale house building to provide adequate work space and ADA access compliance.. \$300k in FY21/22 for capital replacement of three scale decks and load cell weight measurement systems("Scale B", "Scale C", and "Scale D").

FY 2020/21 FINAL BUDGET

2. Maintenance Shop Building - \$250k in FY24/25 for miscellaneous water proofing, lighting improvements, gutter and downspout replacement, various equipment storage system, accessibility, lighting, and signage.
3. Old Shop Building – \$50k in FY20/21 for 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. \$250k in FY 24/25 for capital building improvement elements, lighting, and signage.
4. Vehicle Wash Pad Facility - \$100k in FY 22/23 for capital replacement of wash equipment.

Site & Facilities Operations

FY 20/21 through FY24/25

1. Paved Roads – **\$1,100k in FY20/21 for an** access lane addition/widening project in advance of the 4-way Stop intersection to be delivered in conjunction with the new “Scale E” addition. This will improve vehicle access to the Compost and M1W facilities, and for Inbound Franchise Contract vehicles access to the new “Scale E”. 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 asphalt overlay will be designed in FY22/23 (\$150k) and is planned for construction in FY23/24 (\$2,00k).
2. Miscellaneous Site Improvements - \$50k in FY20/21 through 24/25 for routine capital budgeting of various traffic control elements, accessibility, and signage.
3. Miscellaneous Site Facility Improvements – \$50k in FY20/21 through 24/25 for routine capital budgeting of various minor improvements, accessibility and signage.

Debt

The following Debt Schedule describes the use of debt and the principal and interest payments for servicing debt. The Debt Service Coverage Ratios calculate the District’s annual ability to meet the debt service covenant that is required of both the 2015 and 2018 Revenue Bonds. The minimum required ratio is 1.25.

FY 2020-21 BUDGET								FINAL
All \$\$ in Thousands	18/19 Actual	19/20 Budget	19/20 Estimated	20/21 Proposed	21/22	22/23	23/24	24/25
DEBT SCHEDULE								
DEBT ISSUANCE								
Capital Equipment Financing								
2016/17 Compactor								
2017/18 Dozer & Loader								
Capital Project Financing								
Revenue Bond Financing 2018	25,007							
Total Debt Proceeds	25,007	-	-	-	-	-	-	-
DEBT SERVICE								
2015 Revenue Bonds								
Interest Expenses	1,189	1,130	1,143	1,094	1,037	977	914	854
Principal	1,155	1,205	1,205	1,250	1,310	1,370	1,435	1,490
Total 2015 Bond Debt Svc	2,344	2,335	2,348	2,344	2,347	2,347	2,349	2,344
2018 Revenue Bonds								
Interest Expenses	404.7	1107	1107	1,070	1,031	990	947	902
Principal	367	745	745	780	820	860	905	950
Total 2018 Bond Debt Service	772	1,852	1,852	1,850	1,851	1,850	1,852	1,852
Capital Equipment - Interest								
2016/17 Compactor	23	18	18	12	6			
2017/18 Dozer & Loader	39	32	32	24	16	8		
Capital Equipment - Principal								
2016/17 Compactor	224	224	224	236	242			
2017/18 Dozer & Loader		217	217	232	240	248		
Total Debt Service								
Total Interest	1,656	2,287	2,300	2,200	2,090	1,975	1,861	1,756
Total Principal	1,746	2,392	2,392	2,498	2,612	2,478	2,340	2,440
Total Debt Service	3,402	4,679	4,692	4,698	4,702	4,453	4,201	4,196
TOTAL NET FROM FINANCING	21,605	(4,679)	(4,692)	(4,698)	(4,702)	(4,453)	(4,201)	(4,196)
DEBT SERVICE RATIOS								
Current Revenue	37,746	36,549	36,809	32,464	39,188	40,828	41,730	42,658
Less: Maintenance & Operating Expenses	29,177	28,982	29,359	26,079	27,186	28,405	29,682	31,021
Net Current Revenue	8,569	7,567	7,450	6,385	12,002	12,423	12,048	11,637
Debt Principal & Interest	3,402	4,679	4,692	4,698	4,702	4,453	4,201	4,196
Ratio Net Current Rev. to Debt Service	2.52	1.62	1.59	1.36	2.55	2.79	2.87	2.77

Five-Year Outlook

	19/20 Budget	19/20 Estimated	20/21 Proposed	21/22	22/23	23/24	24/25
FY 2020-21 BUDGET							
(All dollars in thousands)							
FINAL							
INCOME SUMMARY							
Operating Revenues	36,549	36,809	32,464	39,188	40,828	41,730	42,658
Operating Expenses	33,582	33,819	30,649	31,985	33,347	34,773	36,265
Operating Income (Loss)	2,967	2,990	1,815	7,203	7,480	6,957	6,393
Non-Operating Expenses	(1,838)	(50)	(1,306)	(1,655)	(1,540)	(1,426)	(1,321)
NET INCOME (LOSS)	1,129	2,940	509	5,548	5,940	5,531	5,072
CASH SUMMARY							
Beginning Unrestricted Cash	31,729	34,535	29,853	24,668	23,652	25,600	24,817
Cash from Operations							
Net Income (Loss)	1,129	2,940	509	5,548	5,940	5,531	5,072
Adjustments to Cash	4,600	4,460	4,570	4,738	4,880	5,027	5,177
Change in Cash from Operations	5,729	7,400	5,079	10,286	10,821	10,557	10,250
Cash from Financing Activities							
Capital Outlay	(14,481)	(9,690)	(7,686)	(8,690)	(6,395)	(9,000)	(9,070)
Deferred Maintenance - Cash Outlay			(80)				
Bond and Debt Reduction	(2,405)	(2,392)	(2,498)	(2,612)	(2,478)	(2,340)	(2,440)
2018 Issuance of New Bonds	25,007	-	-	-	-	-	-
Change in Cash from Financing Activities	8,121	(12,082)	(10,264)	(11,302)	(8,873)	(11,340)	(11,510)
Change in Unrestricted Cash	13,850	(4,682)	(5,185)	(1,016)	1,948	(783)	(1,260)
Ending Unrestricted Cash	45,579	29,853	24,668	23,652	25,600	24,817	23,557
Designations/Reserves							
Cash Operating Reserve	5,796	5,872	5,216	5,437	5,681	5,936	6,204
2018 Bond Funds	3,777	13,654	5,968				
Undesignated Cash	10,999	10,327	13,484	18,215	19,919	18,881	17,353
Total Designated Cash	20,572	29,853	24,668	23,652	25,600	24,817	23,557
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
Closure/Post Closure Care Costs	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
TOTAL CASH AS OF JUNE 30	25,422	34,703	29,518	28,502	30,450	29,667	28,407
DEBT COVERAGE RATIOS							
Ratio of Net Current Rev. to Debt Service	1.6	1.6	1.36	2.6	2.8	2.9	2.8

FY 2020-21 BUDGET						FINAL		
All \$\$ in Thousands	18/19 Actual	19/20 Budget	19/20 Estimated	20/21 Proposed	21/22	22/23	23/24	24/25
OPERATING REVENUES								
DISPOSAL FEES								
Franchise + Self haul	16,256	15,095	15,848	13,743	17,044	17,556	18,082	18,625
Out of District								
GWR - San Jose	10,710	8,732	9,454	8,912	9,991	10,246	10,507	10,775
Other Regional	1,781	1,709	2,007	1,625	2,454	3,313	3,413	3,515
SUBTOTAL	28,747	25,536	27,309	24,280	29,489	31,115	32,002	32,915
MRF OPERATIONS								
MRF Revenue	5,763	7,401	6,400	5,779	6,152	6,166	6,181	6,197
SUBTOTAL	5,763	7,401	6,400	5,779	6,152	6,166	6,181	6,197
OTHER REVENUES								
Power Sales	1,334	1,747	1,300	1,350	1,491	1,491	1,491	1,491
Last Chance Mercantile + HHW	797	940	600	135	935	935	935	935
Other Sales	1,105	925	1,200	920	1,120	1,120	1,120	1,120
SUBTOTAL	3,236	3,612	3,100	2,405	3,546	3,546	3,546	3,546
TOTAL OPERATING REVENUES	37,746	36,549	36,809	32,464	39,188	40,828	41,730	42,658

NOTES TO FIVE-YEAR PROJECTIONS:

Revenue

- Disposal tonnage projected to return to prev. levels
- 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

- 5% cost escalation for most non-wage Operating Expenses. FY21/22
- 3% cost escalation for most Operating Expenses in remaining years.
- Healthcare inflation (6%)
- PERS as projected by CalPERS
- CNG costs replaced by conversion project FY21/22

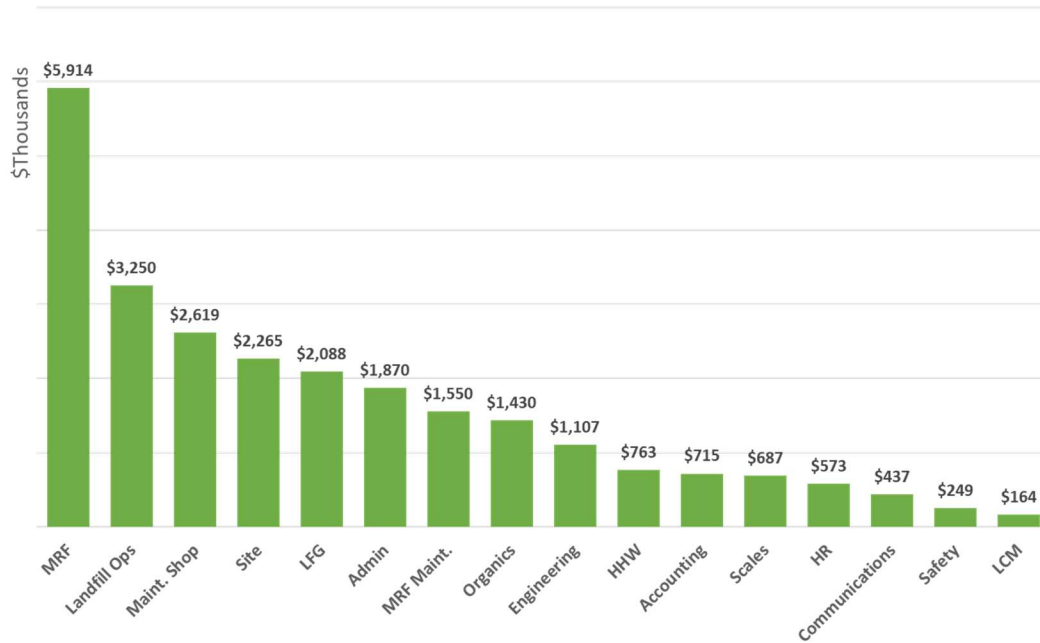
FY 2020/21 FINAL BUDGET

FY 2020-21 BUDGET							FINAL
All \$\$ in Thousands							24/25
	18/19 Actual	19/20 Budget	19/20 Estimated	20/21 Proposed	21/22	22/23	23/24
OPERATING EXPENSES							
SALARY EXPENSES							
Wages	10,421	10,835	12,113	9,008	9,638	10,120	10,626
Taxes & Benefits							
Healthcare	2,228	2,321	2,350	2,080	2,184	2,294	2,408
CalPERS	2,187	1,641	1,454	1,684	2,217	2,429	2,657
Workers Compensation	615	732	835	645	690	724	761
Taxes	157	161	166	136	145	153	160
Other Benefits	232	281	601	505	215	225	237
Total Taxes & Benefits	5,419	5,136	5,406	5,050	5,451	5,825	6,222
SUBTOTAL	15,840	15,971	17,519	14,058	15,089	15,945	16,849
NON-SALARY EXPENSES							
Amortization & Depreciation	3,972	4,100	4,100	4,200	4,410	4,542	4,679
Closure/Post Closure Costs	366	500	360	370	389	400	412
Contractual Services	1,062	1,031	700	389	408	421	433
Environmental Services	277	265	250	369	387	399	410
Gasoline, Oil & Fuel	1,271	1,260	1,200	1,253	791	814	839
Hazardous Waste Disposal	403	310	390	308	323	333	343
Insurance	106	430	430	575	604	622	641
Office Expense	495	281	280	233	244	252	267
Operating Supplies	1,008	1,309	1,103	1,103	1,159	1,193	1,229
Professional Services	1,137	1,328	790	1,193	1,252	1,290	1,329
Public Awareness	237	165	130	151	158	163	168
Recycling Services	2,723	1,877	2,500	1,643	1,725	1,776	1,830
Repairs & Maintenance	2,734	2,812	2,170	2,806	2,946	3,035	3,126
Safety Equip/Supplies/Training	287	166	270	246	258	266	274
Taxes & Surcharges	1,314	1,438	1,500	1,437	1,509	1,554	1,601
Training/Meetings/Education	156	195	80	181	190	196	202
Utilities	84	115	400	116	121	125	129
Other Expense	43	30	20	20	21	21	22
SUBTOTAL	17,675	17,611	16,300	16,591	16,895	17,402	17,924
TOTAL OPERATING EXPENSES	33,515	33,582	33,819	30,649	31,985	33,347	34,773
NON-OPERATING REVENUE & EXPENSES							
Interest Income	381	95	675	450	95	95	95
Rents & leases	346	325	362	435	325	325	325
Finance charges	12	15	8.5	9	15	15	15
Other Income	-392	15	0.1	0.1	0	0	0
Equipment Purchases - Interest Expense	(59)	(50)	(53)	(36)	(22)	(8)	-
Revenue Bonds - Interest Expense	(775)	(2,238)	(975)	(2,164)	(2,068)	(1,967)	(1,861)
TOTAL NON-OPERATING EXPENSES	(487)	(1,838)	(50)	(1,306)	(1,855)	(1,540)	(1,426)
NET INCOME (LOSS)	3,744	1,129	2,940	509	5,548	5,940	5,531

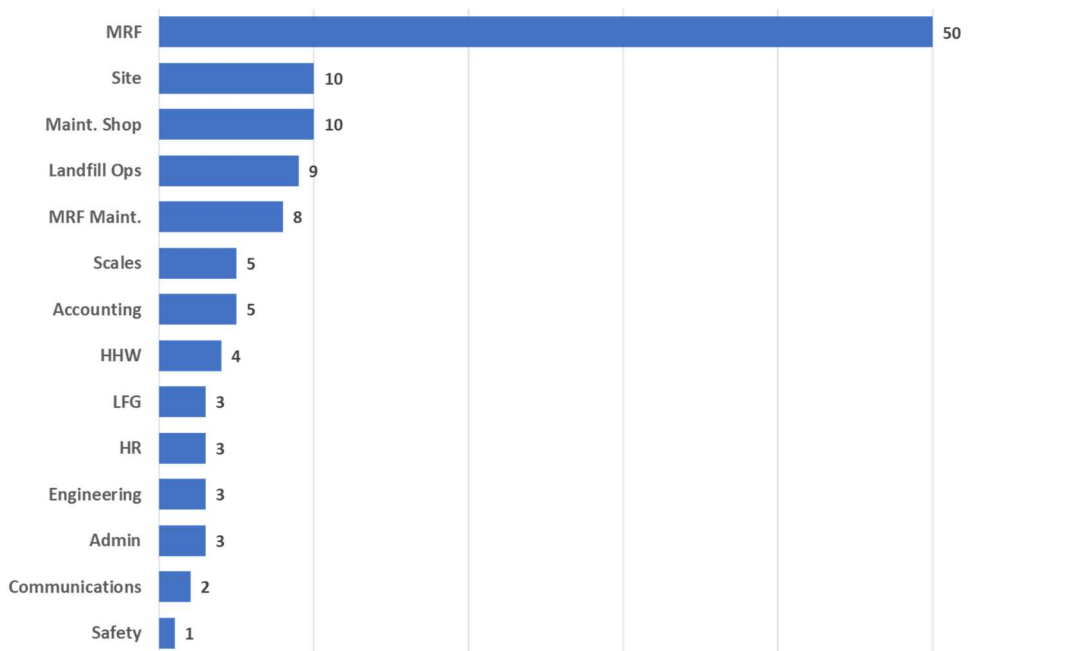
Expenses by Department

The following pages provide a breakdown of spending and staffing in each of the District’s areas of operation. Department expenses make up 85% of total Operating Expenses, the remainder being Amortization & Depreciation and Closure/Post-Closure costs.

Expenses by Department



Staffing by Department



Finance & Administration

ADMINISTRATION	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	782	805	654
Non-personnel Expenses			
Contractual Services	200	150	30
Gasoline, Oil & Fuel	500		6
Insurance	275	430	575
Office Expense	118	116	89
Other Expense	40	30	
Professional Services	140	140	150
Repairs & Maintenance			26
Safety Equip/Supplies/Training	0	4	3
Taxes & Surcharges	1,340	270	227
Training/Meetings/Education	100	90	70
Utilities	40	40	40
Total Non-Personnel Expenses	2,753	1,270	1,216
TOTAL DEPARTMENT EXP.	3,535	2,075	1,870

ACCOUNTING	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	614	631	600
Non-personnel Expenses			
Contractual Services	0	15	0
Office Expense	9	64	12
Operating Supplies			1
Professional Services	53	46	102
Safety Equip/Supplies/Training	0	5	0
Training/Meetings/Education	10	6	1
Total Non-Personnel Expenses	72	136	116
TOTAL DEPARTMENT EXP.	686	767	715

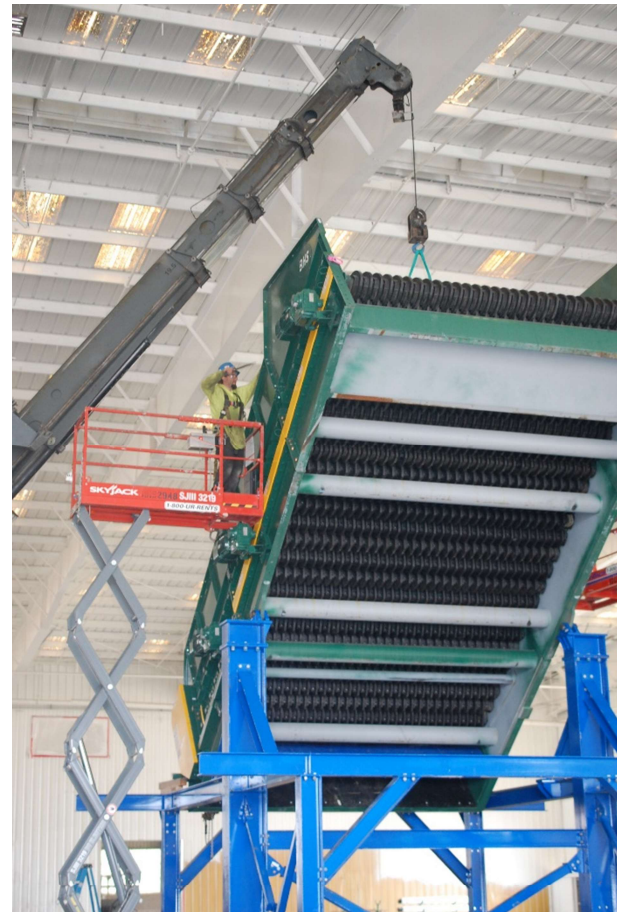
HUMAN RESOURCES	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	346	403	442
Non-personnel Expenses			
Contractual Services	24	24	7
Office Expense	50	34	20
Operating Supplies			1
Other Expense			17
Professional Services	125	174	71
Safety Equip/Supplies/Training	5	13	1
Training/Meetings/Education	5	5	14
Total Non-Personnel Expenses	209	250	131
TOTAL DEPARTMENT EXP.	555	653	573



Engineering & Compliance, Safety

ENGINEERING & COMPLIANCE	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	453	505	496
Non-personnel Expenses			
Contractual Services	30	30	0
Environmental Services	250	265	191
Office Expense			8
Operating Supplies			1
Professional Services	505	455	405
Safety Equip/Supplies/Training	0	3	1
Taxes & Surcharges			3
Training/Meetings/Education	20	20	4
Total Non-Personnel Expenses	805	773	612
TOTAL DEPARTMENT EXP.	1,258	1,278	1,107

SAFETY	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	153	158	165
Non-personnel Expenses			
Contractual Services	20	0	
Office Expense			3
Operating Supplies			1
Professional Services	40	110	75
Safety Equip/Supplies/Training	0	1	1
Training/Meetings/Education	5	5	5
Total Non-Personnel Expenses	65	116	84
TOTAL DEPARTMENT EXP.	218	274	249



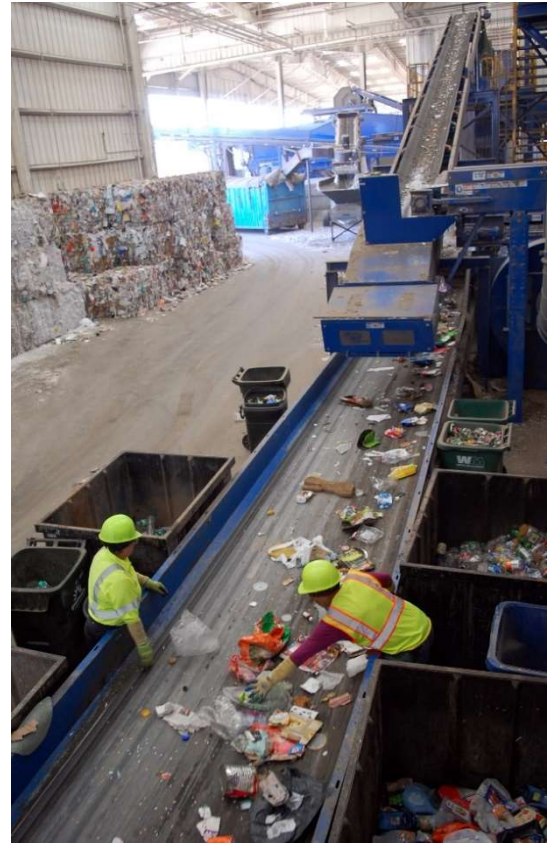
Communications & Public Education

COMMUNICATIONS/PUB ED.	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	441	437	267
Non-personnel Expenses			
Contractual Services	15	15	
Office Expense	5	5	49
Operating Supplies			1
Other Expense			1
Professional Services	58	58	
Public Awareness	165	165	109
Safety Equip/Supplies/Training	0	3	1
Training/Meetings/Education	5	5	10
Total Non-Personnel Expenses	248	251	170
TOTAL DEPARTMENT EXP.	689	688	437



Materials Recovery Facility (MRF)

MRF	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	4,664	5,129	4,660
Non-personnel Expenses			
Contractual Services	1,145	318	100
Gasoline, Oil & Fuel	150	210	215
Hazardous Waste Disposal			58
Office Expense	5	5	17
Operating Supplies	145	202	240
Other Expense			2
Professional Services	200	125	100
Recycling Services	727	249	213
Repairs & Maintenance			159
Safety Equip/Supplies/Training	97	56	123
Training/Meetings/Education	20	20	28
Utilities	75	75	0
Total Non-Personnel Expenses	2,564	1,260	1,253
TOTAL DEPARTMENT EXP.	7,228	6,389	5,914



MRF Maintenance

MRF MAINTENANCE	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	916	980	849
Non-personnel Expenses			
Contractual Services			50
Office Expense	10	4	3
Operating Supplies	277	381	100
Repairs & Maintenance	61	142	514
Safety Equip/Supplies/Training	30	19	23
Training/Meetings/Education	5	10	12
Total Non-Personnel Expenses	383	556	701
TOTAL DEPARTMENT EXP.	1,299	1,536	1,550



Landfill Operations, Site & Facilities, Scales

LANDFILL OPS	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	1,312	1,445	1,385
Non-personnel Expenses			
Contractual Services			6
Gasoline, Oil & Fuel	250	250	250
Office Expense			3
Operating Supplies	0	520	300
Professional Services			50
Public Awareness			42
Recycling Services	385		
Repairs & Maintenance			10
Safety Equip/Supplies/Training	10	10	13
Taxes & Surcharges		1,166	1,190
Training/Meetings/Education	3	3	2
Total Non-Personnel Expenses	648	1,949	1,865
TOTAL DEPARTMENT EXP.	1,960	3,394	3,250

SITE & FACILITIES	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	950	1,020	996
Non-personnel Expenses			
Contractual Services	380	417	195
Gasoline, Oil & Fuel	150	650	775
Office Expense			2
Operating Supplies	300	100	160
Repairs & Maintenance	250	280	50
Safety Equip/Supplies/Training	13	11	26
Training/Meetings/Education	5	3	1
Utilities			60
Total Non-Personnel Expenses	1,098	1,461	1,269
TOTAL DEPARTMENT EXP.	2,048	2,481	2,265

SCALES	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	533	612	502
Non-personnel Expenses			
Contractual Services	8	8	
Office Expense	17	39	12
Operating Supplies	6	6	2
Other Expense			0
Professional Services	140	140	100
Repairs & Maintenance			65
Safety Equip/Supplies/Training	11	7	2
Taxes & Surcharges	0	2	3
Training/Meetings/Education	3	3	2
Total Non-Personnel Expenses	185	205	185
TOTAL DEPARTMENT EXP.	718	817	687



Organics Management

ORGANICS MANAGEMENT	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Non-personnel Expenses			
Recycling Services	1,360	1,328	1,430
Total Non-Personnel Expenses	1,360	1,328	1,430
TOTAL DEPARTMENT EXP.	1,360	1,328	1,430

Landfill Gas to Energy

LANDFILL GAS TO ENERGY	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	434	508	627
Non-personnel Expenses			
Environmental Services			178
Gasoline, Oil & Fuel			6
Hazardous Waste Disposal			1
Office Expense	3	2	1
Operating Supplies	700	38	215
Professional Services	100	45	90
Repairs & Maintenance	632	1,468	916
Safety Equip/Supplies/Training	32	3	10
Taxes & Surcharges			15
Training/Meetings/Education	2	10	15
Utilities			15
Total Non-Personnel Expenses	1,469	1,566	1,461
TOTAL DEPARTMENT EXP.	1,903	2,074	2,088



Household Hazardous Waste

HHW	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	476	493	467
Non-personnel Expenses			
Contractual Services			1
Gasoline, Oil & Fuel			1
Hazardous Waste Disposal	280	310	250
Office Expense			1
Operating Supplies	22	20	6
Repairs & Maintenance	10	10	21
Safety Equip/Supplies/Training	10	10	13
Training/Meetings/Education	5	5	3
Total Non-Personnel Expenses	327	355	296
TOTAL DEPARTMENT EXP.	803	848	763

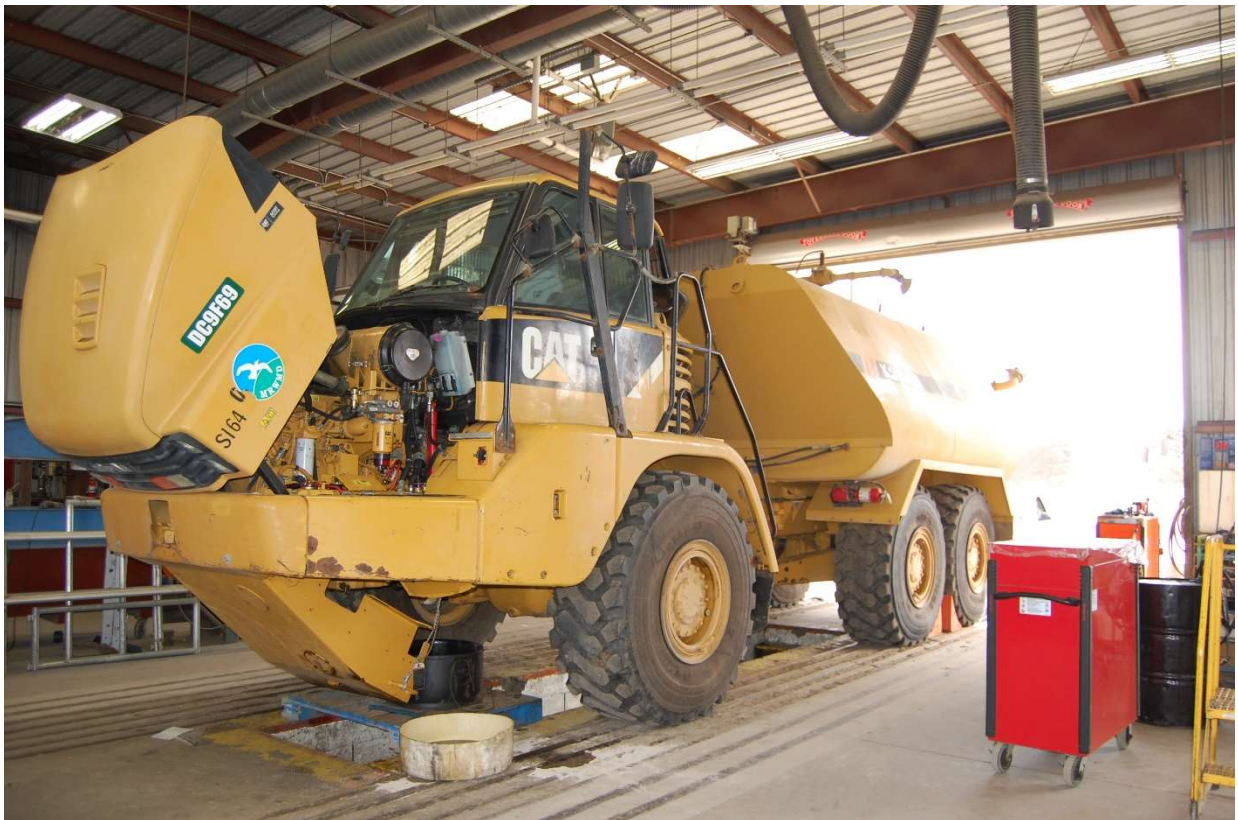
Last Chance Mercantile

LAST CHANCE MERCANTILE	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	1,346	1,340	94
Non-personnel Expenses			
Contractual Services	80	40	
Operating Supplies	10	10	
Professional Services	35	35	50
Recycling Services	270	300	
Repairs & Maintenance			15
Safety Equip/Supplies/Training	10	10	
Training/Meetings/Education			5
Total Non-Personnel Expenses	405	395	70
TOTAL DEPARTMENT EXP.	1,751	1,735	164



Equipment Maintenance

EQUIPMENT MAINTENANCE	FY18/19 Budget	FY19/20 Budget	FY20/21 Budget
Personnel Expenses	1,511	1,440	1,456
Non-personnel Expenses			
Contractual Services	34	29	
Gasoline, Oil & Fuel	150	150	
Office Expense	13	13	15
Operating Supplies	32	32	76
Repairs & Maintenance	661	913	1,030
Safety Equip/Supplies/Training	10	11	30
Training/Meetings/Education	5	10	12
Utilities			0
Total Non-Personnel Expenses	905	1,158	1,163
TOTAL DEPARTMENT EXP.	2,416	2,598	2,619



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