
Rate Increase Proposal

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Summary

Requesting 2 rate increases:

- 5% disposal fee increase for certain material types
- \$5 per ton increase to MRF Processing Fee charged for processing Single Stream Recyclables (SSR)
 - For purposes of rate smoothing, 7 Franchise Agreement jurisdictions were not charged this fee in first year (current FY)

Purpose of rate increases:

- Catch up with 2 years of inflation costs
- Keep pace with on-going regulatory mandates
- Reflect actual cost of MRF operations
- Help off-set anticipated District revenue shortfall due to COVID-19

Customer impact:

- Combined increases estimated to average:
 - ~4.4% for 7 FA jurisdictions
 - ~1% for Monterey County + City of Monterey
 - ~5% for Self-Haul customers
- Average District customer rates will continue to be lower than most other Northern California communities



Proposed rate changes

Disposal rates:

| Material | Current Rate | Proposed Rate | % Increase | Date of last increase |
|---|--------------|---------------|------------|-----------------------|
| Solid Waste (Refuse, C&D & Bulky 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 |

MRF Processing rates:

| Material | Current Rate | Proposed Rate | % Increase | Date of last increase |
|--------------------------------|--------------|---------------|------------|-----------------------|
| GREEN WASTE MONTEREY PENINSULA | \$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 SOUTH VALLEY | \$35.00 | \$40.00 | 14.3% | 7/1/2019 |
| CITY OF WATSONVILLE | \$35.00 | \$40.00 | 14.3% | 7/1/2019 |

Combined impact:

| | |
|--------------------------------|---------------|
| Average ratepayer increase: | 4.4% |
| Average mo. increase – Resid: | \$1.01 |
| Average mo. increase – Com: | \$1.40-\$5.00 |
| Estimated revenue to District: | \$1.3M |

Market context:

District tip fees are second-lowest in Tri-County area

District residential and commercial collection rates average lowest in Tri-County/Bay Area region



Combined impact of disposal and MRF fee increases

Averages across all customers for representative services

| 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 |

- Impact estimated using rate change formulae in GWR Franchise contracts.
- Rate setting process is different for City and County of Monterey
- City of Monterey not subject to MRF Processing fee
- County of Monterey currently paying \$35 MRF Processing fee



Fee increase impact varies by jurisdiction based on city rate setting policies

Impact by jurisdiction – all increases

| | \$ increase per month of service | | | % increase per month of service | | |
|------------------|----------------------------------|---------------------|-----------------|---------------------------------|---------------------|-----------------|
| | RESIDENTIAL | COMMERCIAL | | RESIDENTIAL | COMMERCIAL | |
| | 30-35 Gallon | 1 Cubic Yard 1/week | Organics 65 gal | 30-35 Gallon | 1 Cubic Yard 1/week | Organics 65 gal |
| Carmel | \$1.59 | \$8.76 | \$2.31 | 3.7% | 3.7% | 3.7% |
| Del Rey Oaks | \$1.16 | \$7.20 | \$1.42 | 4.3% | 4.3% | 4.3% |
| Marina | \$0.69 | \$3.96 | \$1.06 | 4.8% | 4.8% | 4.8% |
| Pacific Grove | \$1.18 | \$4.74 | \$1.70 | 4.1% | 4.1% | 4.1% |
| Pebble Beach CSD | \$0.90 | \$3.27 | \$1.24 | 3.4% | 3.4% | 3.4% |
| Sand City | \$0.65 | \$3.05 | \$0.52 | 6.3% | 6.3% | 6.3% |
| Seaside | \$0.90 | \$3.82 | \$1.45 | 4.4% | 4.4% | 4.4% |
| City of Monterey | \$0.22 | N/A | \$0.50 | 1.0% | N/A | 1.0% |
| Monterey County | \$0.27 | \$1.04 | \$0.26 | 0.9% | 0.9% | 1.0% |

- City of Monterey not subject to MRF Processing fee; SSR processed elsewhere
- County of Monterey currently paying \$35 MRF Processing fee

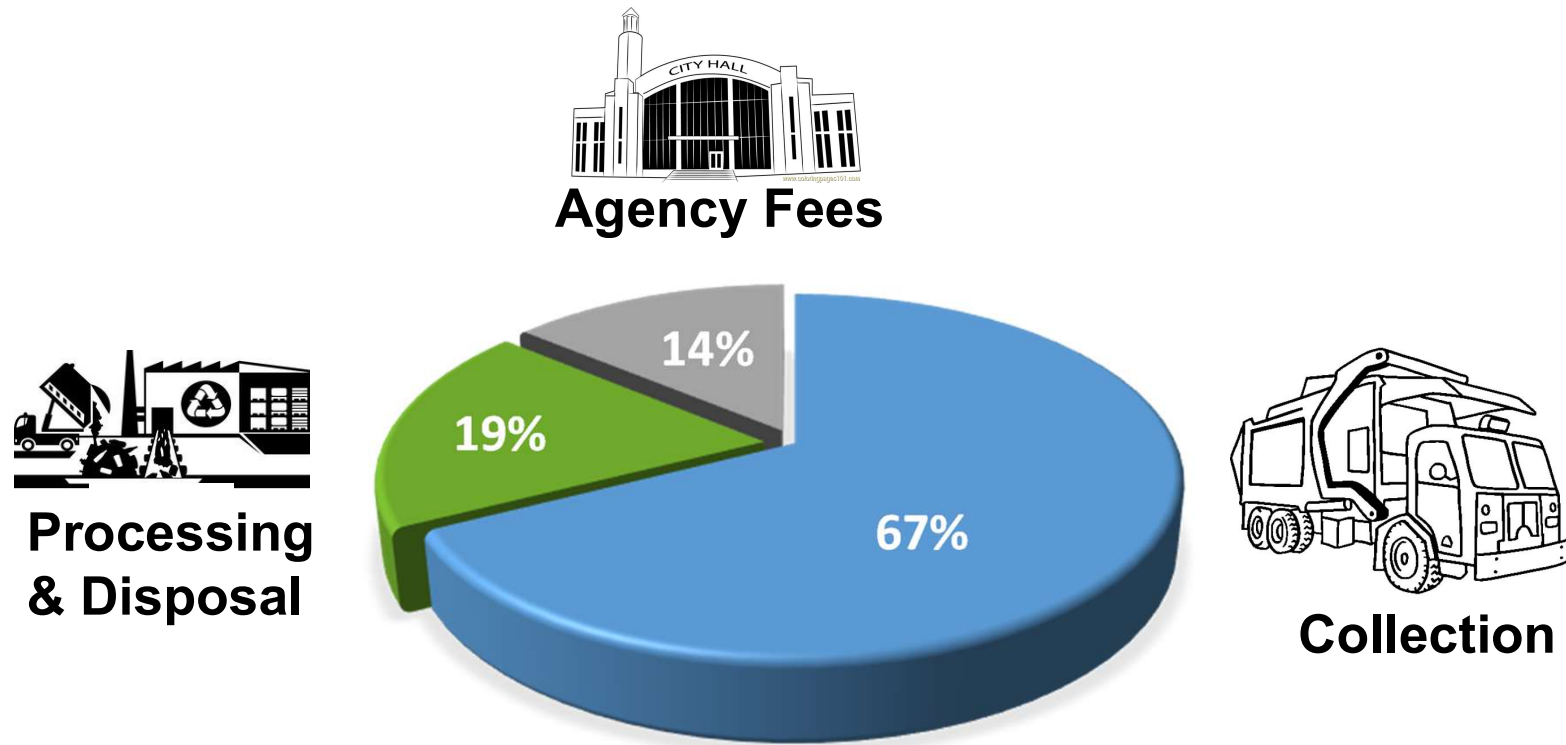


Recent benchmarking shows District rates are favorable to ratepayers

- District's total waste management system costs on a per-ton basis are the lowest among similar systems in Northern California.
- Customer garbage and recycling bills vary widely from city to city. On average, the District's residents and businesses pay the lowest rates for solid waste services.
- MRWMD's disposal rates (tip fees) are the second lowest in the region.



MRWMD represents less than 1/5th of the total solid waste system cost



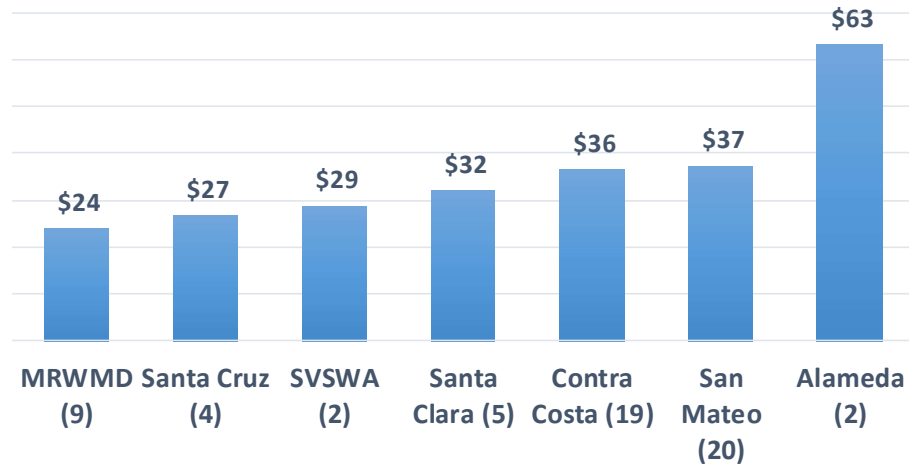
Breakdown of solid waste system costs



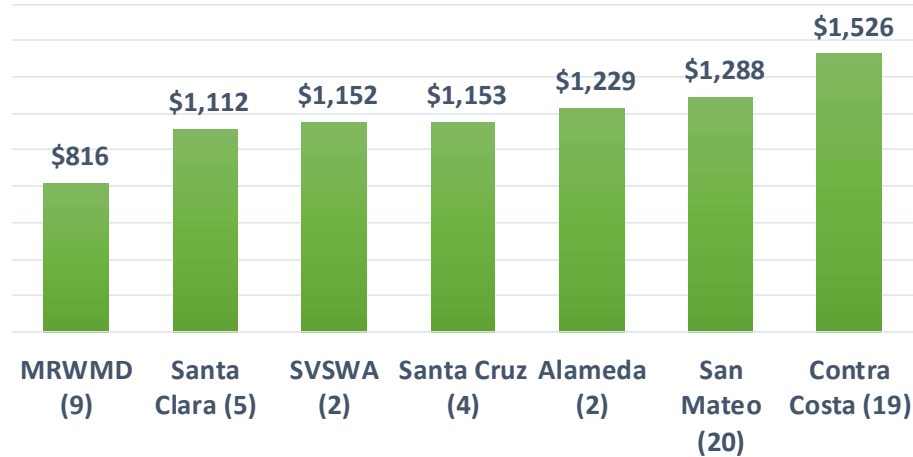
Average customer rates are the lowest in the Northern California region

NOTE: Numbers in parentheses equal study sample size for each jurisdiction

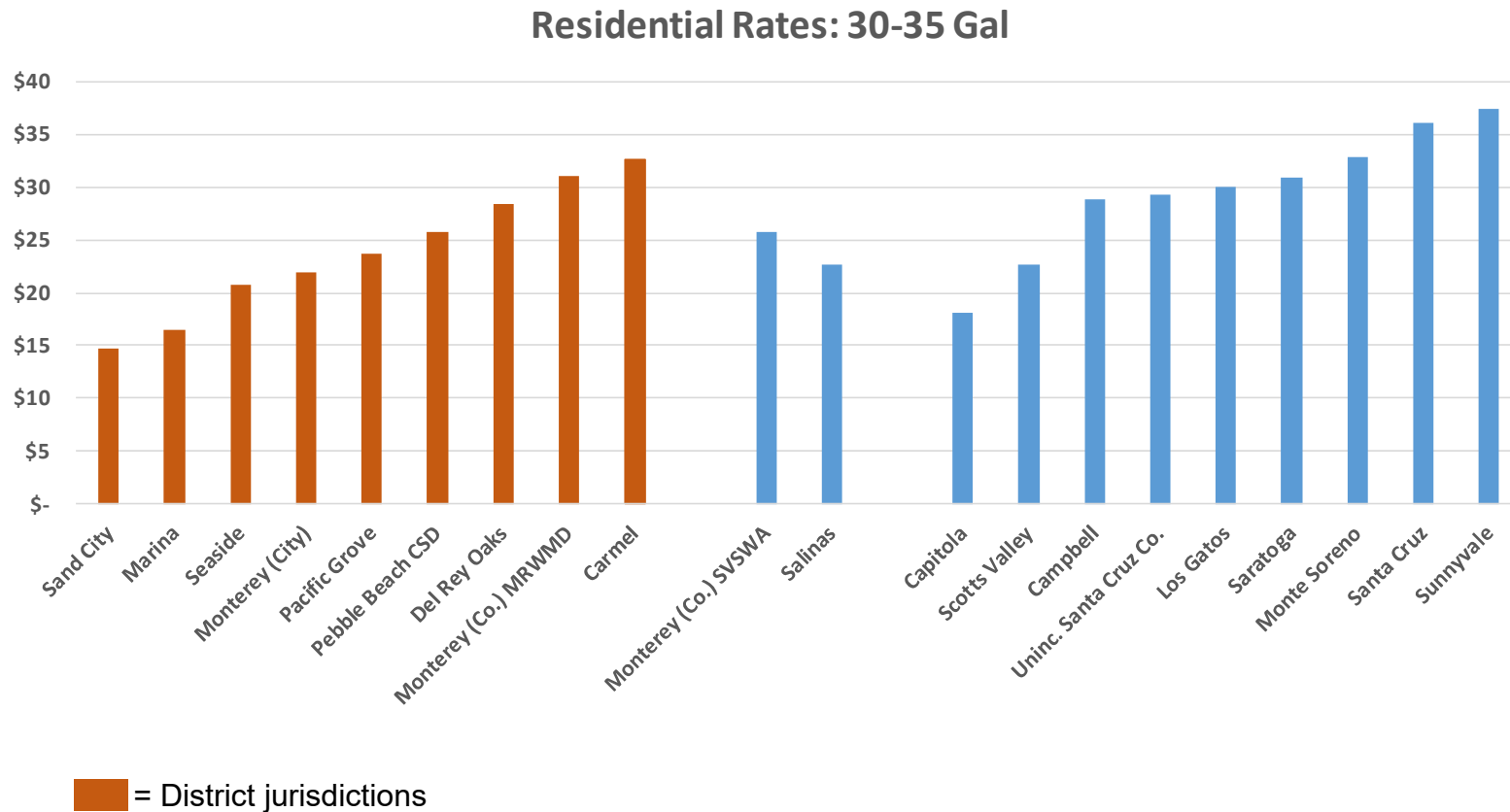
Residential - 30-35 Gal



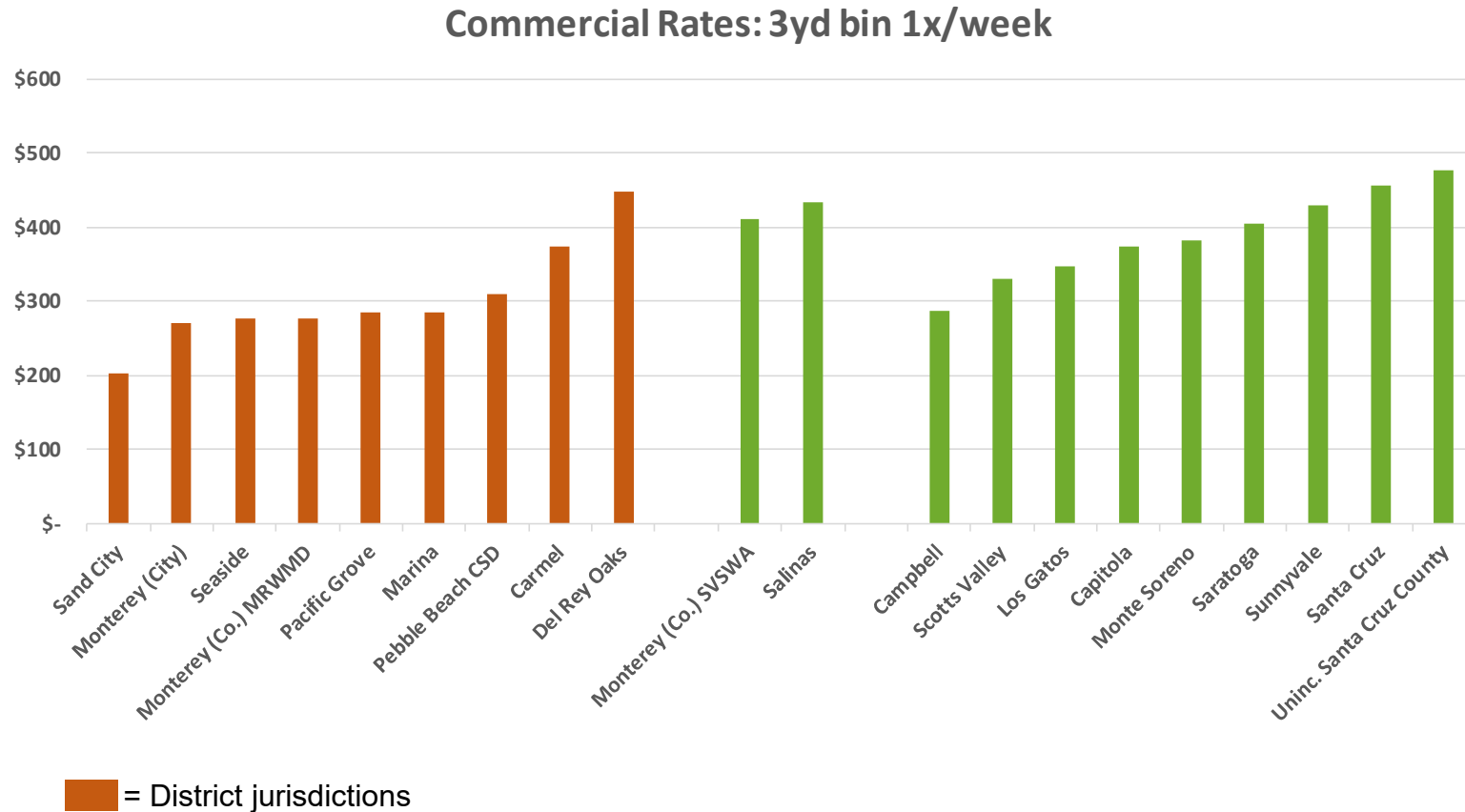
Commercial - 3yd Bin 1x/week



Residential curbside collection rates in Monterey County and other nearby communities



Commercial collection rates in Monterey County and other nearby communities



MRWMD has the 2nd lowest tip fees in the region

