



# Memorandum

## MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: June 14, 2021

TO: Board of Directors

FROM: Director of Communications, Zoë Shoats

SUBJECT: Approval of MOU between MRWMD and Member Jurisdictions for SB 1383 Implementation Shared Costs & Allocation of \$140,000 FY 20/21 Recycling Revenues towards total shared costs for FY 21/22

**RECOMMENDATION:** 1) Approve MOU between MRWMD and Member Jurisdictions for SB 1383 Shared Costs subject to final approval by Legal Counsel; and 2) Allocate \$140,000 of FY 20/21 recycling revenues towards FY 21/22 SB 1383 Shared Costs.

### BACKGROUND

The District's Technical Advisory Committee (TAC) comprised of staff from each member jurisdiction, the three haulers in the District's service area, Salinas Valley Recycles (SVR) and MRWMD have been working collaboratively for approximately one year planning for SB 1383, California's Short-Lived Climate Pollutants regulation. The regulation will have significant impact on each member jurisdiction with the goal of reducing organic material from being landfilled by 75% by 2025 (2014 basis year). The regulation also requires 20% recovery of edible food by 2025 to direct it to a beneficial use and thus, prevent it from entering the waste stream. Regulations take effect and local program implementation will occur January 1, 2022.

1. While the regulation places the program implementation responsibility on the member jurisdictions, the TAC has been collectively analyzing who best should implement each element of the regulation between the member jurisdictions/hauler or District. As many of the required activities are shared amongst the nine member jurisdictions, the District has offered to incur these shared costs on behalf of the nine member agencies for accounting purposes. MRWMD will then bill the proportionate shares accordingly as agreed upon in the attached Memorandum of Understanding (MOU). This MOU is subject to council review and acceptance, and final review by legal counsel.

Shared costs for FY 21/22 are estimated to total \$304,500 for all nine member jurisdictions. Some of the shared costs will be one-time costs, while others will be annual. Other elements of SB 1383 that are specific to each member jurisdiction are not included and will be implemented by the jurisdictions themselves.

2. As the District saw recycling revenues increase in FY 20/21, District staff recommends allocation of \$140,000 to be applied to the FY 21/22 total shared costs for SB 1383 implementation. This will decrease the member jurisdiction shared costs from \$304,500 to \$164,500. This allocation is in lieu of the District lowering MRF processing fees to more closely reflect our costs.

Rate setting for the franchise agreements along with the MOU for SB 1383 shared costs will come to councils for approval in the month of June ahead of July 1 rate increases. Amendments to the franchise agreements are expected to follow shortly thereafter.

### **FINANCIAL IMPACT**

Allocation of \$140,000 in recycling revenues towards SB 1383 implementation.

### **CONCLUSION**

Staff recommends Board approval of the MOU between MRWMD and Member Jurisdictions for SB 1383 Shared Costs subject to final approval by Legal Counsel and allocation of \$140,000 of FY 20/21 recycling revenues towards FY 21/22 SB 1383 shared costs.

MEMORANDUM OF UNDERSTANDING

BETWEEN THE MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT AND ITS  
MEMBER AGENCIES REGARDING ASSISTANCE WITH COMPLIANCE WITH  
CALIFORNIA SENATE BILL 1383

This Memorandum of Understanding (“MOU”) is made and entered into as of the date of the signatures set forth below by and between the MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT (“District”, “MRWMD”), a California Garbage and Refuse Disposal District, and its member agencies including the cities of CARMEL-BY-THE-SEA, DEL REY OAKS, MARINA, MONTEREY, PACIFIC GROVE, SAND CITY, and SEASIDE; THE PEBBLE BEACH COMMUNITY SERVICES DISTRICT; and THE COUNTY OF MONTEREY (“Member Agencies”). Collectively these entities shall be known herein as “Parties” or individually as a “Party.”

Recitals

- A. The State of California has passed legislation, known as Senate Bill 1383, California’s Short-Lived Climate Pollutants regulation. The regulation will have significant impact on each Member Agency, with the goal of reducing organic material being landfilled by 75% by 2025, compared to a 2014 basis. The legislation mandates that Member Agencies undertake certain activities around the handling of organic waste materials collected within their jurisdictions. The regulation also requires 20% recovery of edible food by 2025 to direct it to a beneficial use and thus prevent it from entering the waste stream. Regulations take effect, and local program implementation will begin, on January 1, 2022.
- B. The Member Agencies have determined that it is in their best interest to coordinate their activities related to this legislation. This coordination is being facilitated by the District’s Technical Advisory Committee (TAC) comprised of staff from each Member Agency, the three Haulers in the District service area (Haulers), Salinas Valley Recycles (SVR) and MRWMD.
- C. The Member Agencies have further determined that the District has the expertise and resources necessary to implement some of these activities on the Member Agencies’ behalf and have now requested that the District incur costs to provide these activities.
- D. The Member Agencies have agreed to reimburse the District for proportionate shares of certain designated annual costs incurred by the District for these activities.
- E. The form and content of this MOU have been presented to the TAC, and the TAC has recommended it for approval by the Parties

NOW THEREFORE, in consideration of the mutual benefits to be derived by the District and the Member Agencies, and of the promises contained in this MOU, the Parties agree as follows:

Section 1. Recitals: The recitals set forth above are incorporated into this MOU.

Section 2. Purpose: The purpose of this MOU is to provide a structure for the Member Agencies to reimburse the District for SB 1383 related activities it performs on behalf of the Member Agencies.

Section 3. Voluntary: This MOU is voluntarily entered into by the Parties for the purpose of facilitating the implementation of SB 1383.

Section 4. Term: This MOU shall become effective on the last day of its execution by a Party and shall remain in effect until terminated by the Parties.

Section 5. Scope of Work, Costs & Cost Sharing: The scope of work, and associated costs, are set out in Exhibit A, entitled Detailed Activities and Costs, attached hereto and incorporated herein. Allocation of such costs to the Member Agencies is set out in Exhibit B, entitled Member Agencies' Annual Proportionate Shares and Costs, attached hereto and incorporated herein.

No later than March 1 of each year, and at such other times as directed by the Parties, the TAC shall meet to consider and, if deemed necessary, modify Exhibits A and B, subject to direction from the governing bodies of each Member Agency to its TAC representative.

Section 6. The District Agrees:

(a) District staff will manage activities as identified in Exhibit A, which activities include contracting with third party vendors when reasonably necessary and paying those vendors for contracted costs.

(b) Two times per year, on dates to be determined by the TAC, District will invoice Member Agencies for each Member Agency's proportionate share of costs as shown in Exhibit B with each invoice to be fifty percent (50%) of the Member Agency's share of costs.

(c) District will maintain an accounting of activities and expenses and provide reconciliation of payments annually. Material differences between estimated costs and actual incurred costs will result in either: 1) an adjustment made to the final annual payment for each Member Agency, or 2) such cost difference shall be incorporated into the subsequent year cost allocation.

(d) In year one only, in recognition of expected continuation of improved recycling revenues for the District from recyclable material sales, the District will off-set \$140,000 of the costs identified in Exhibit A. This off-set is reflected in the cost allocations set out in Exhibit B for FY 2021-22.

Section 7. The Member Agencies Agree:

(a) To reimburse the District for all expenses incurred by the District under this MOU in accordance with each Member Agency's proportionate share as shown on Exhibit B.

(b) To make a full-faith effort to cooperate with one another and with the District to achieve the purposes of this MOU by providing information, reviewing information in a timely manner, and informing their respective administration and governing bodies.

Section 8. Termination. Any Party may terminate its participation in this MOU upon giving written notice to the District no later than April 1 of any calendar year during the term of this MOU. Within ten days following a Party's termination date, such party shall pay District all charges then due and payable and shall pay when determined any additional charges that shall later come due under the MOU, subject to the limits set out in Exhibits A and B.

Section 9. General Provisions.

(a) This MOU is binding and for the benefit of the respective successors, heirs, and assigns of each Party and the District; provided however, no Party may assign its respective rights or obligations under this MOU without the prior written consent of the District.

(b) This MOU is governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

(c) If any provision of this MOU is determined by any court to be invalid, illegal, or unenforceable to any extent, then the remainder of this MOU will not be affected, and this MOU will be construed as if the invalid, illegal, or unenforceable provision had never been contained in this MOU.

(d) Waiver by the District or any Party to this MOU of any term, condition, or covenant of this MOU will not constitute a waiver of any other term, condition or covenant. Waiver by the District or any Party of any breach of the provisions of this MOU will not constitute a waiver of any other provision, nor a waiver of any subsequent breach or violation of any provision of this MOU.

(e) This MOU may be executed in any number of counterparts, each of which is an original but all of which taken together will constitute one and the same instrument, provided, however, that such counterparts have been delivered to all parties to this MOU.

(f) All parties acknowledge they have been represented, or have had the opportunity to be represented, by counsel in the preparation and negotiation of this MOU. Accordingly, this MOU will be construed according to its fair language. Any ambiguities will be resolved in a collaborative manner by the District and the Parties and must be rectified by amending this MOU.

IN WITNESS WHEREOF, the District and the Parties have caused this MOU to be executed by their duly authorized representatives as of the date of their respective signatures.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

By: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

CITY OF CARMEL-BY-THE-SEA

By: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

DRAFT

CITY OF DEL REY OAKS

By: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_



CITY OF MARINA

By: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

DRAFT

CITY OF MONTEREY

By: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

CITY OF PACIFIC GROVE

By: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

DRAFT

SAND CITY

By: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

CITY OF SEASIDE

By: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

DRAFT

PEBBLE BEACH COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

COUNTY OF MONTEREY

By: \_\_\_\_\_

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

DRAFT

## EXHIBIT A

### DETAILED ACTIVITIES & COSTS FY 2021-2022

#### Scope of Work

The activities related to the implementation of SB 1383 may include contracting and policy development; public education; materials purchasing and distribution; reporting; contamination monitoring; edible food waste recovery; enforcement; procurement; organics processing; rate setting; cost monitoring; and any other related activities the Parties choose to address.

The District will take the lead producing public education campaigns in concert with the already-provided Hauler and/or Member Agency resources. The Member Agencies will be responsible for production and mailing fees associated with outreach. The District will also contract with a vendor to administer contamination monitoring in the form of curbside lid flipping within each Member Agency, except for in Carmel-by-the-Sea, where the City of Carmel-by-the-Sea will decide how to proceed. The District will also provide CalRecycle reporting services to the Member Agencies. In addition, funds will be allocated to food recovery organizations for procurement of refrigerated holding facilities or transport vehicles to support edible food recovery efforts.

#### Costs

SB 1383 Fee Category	Detail	FY 21/22 Cost	Notes
Contracting/Policy (HF&H)	Franchise amendment/ordinance development	122,815	
Public Education		\$ 50,000	Covers creation of materials, but not production or distribution
Kitchen Pails w/ sticker & postcard	SFD & MFD upon request	\$ 50,000	
Reporting	Recyclist	\$ 11,610	Note: Omits City of Monterey & County from shared cost
	MRWMD staff time	\$ 20,000	
Contamination Monitoring (Lid Flipping)	Blue Strike / Greenwaste Recovery for Carmel	MA Specific	See attachment for cost breakdown
Edible Food Recovery	Donations to local food recovery organizations	\$ 50,000	
Organics Processing	District fees	\$ -	
		\$ 304,425	
Reduction from MRWMD for recycling revenues FY 21/22		\$ (140,000)	
		\$ 164,425	
HFH Franchise Management & Rate Setting		\$ 55,000	Note: Omits City of Monterey & County from shared cost
Monitoring Costs		11,047	
<b>Total</b>		<b>\$ 230,472</b>	



## EXHIBIT B

### MEMBER AGENCIES' ANNUAL PROPORTIONATE SHARES & COSTS\* FY 2021-2022

SB 1383 Costs Distributed by Contract (Includes Recyclist for GWR Agencies)			
	Population #	Per Agency Cost/Year	With \$2,500 Minimum
Carmel	3,830	\$ 3,096	\$ 2,927
DRO	1,525	\$ 1,233	\$ 2,500
Marina	21,981	\$ 17,766	\$ 16,798
PG	15,522	\$ 12,546	\$ 11,862
PBCSD	4,531	\$ 3,662	\$ 3,463
Sand City	310	\$ 251	\$ 2,500
Seaside	33,956	\$ 27,445	\$ 25,949
<b>TOTAL</b>	<b>81,655</b>	<b>\$ 65,997</b>	<b>\$ 65,997</b>
Monterey City	28,352	\$ 34,214	\$ 34,214
County	50,128	\$ 34,214	\$ 34,214
<b>TOTAL</b>	<b>160,135</b>	<b>\$ 134,425</b>	<b>\$ 134,425</b>

Remainder of Shared Costs				
	Population #	%	Per Agency Cost/Year	With \$2,500 Minimum
Carmel	3,830	2.4%	\$ 718	\$ 2,500
DRO	1,525	1.0%	\$ 286	\$ 2,500
Marina	21,981	13.7%	\$ 4,118	\$ 2,862
PG	15,522	9.7%	\$ 2,908	\$ 2,500
PBCSD	4,531	2.8%	\$ 849	\$ 2,500
Sand City	310	0.2%	\$ 58	\$ 2,500
Seaside	33,956	21.2%	\$ 6,361	\$ 4,421
Monterey City	28,352	17.7%	\$ 5,312	\$ 3,691
County	50,128	31.3%	\$ 9,391	\$ 6,526
<b>TOTAL</b>	<b>160,135</b>		<b>\$ 30,000</b>	<b>\$ 30,000</b>

Contract Management				
	Population #	%	Per Agency Cost/Year	With \$2,500 Minimum
Carmel	3,830	4.7%	\$ 2,580	\$ 2,500
DRO	1,525	1.9%	\$ 1,027	\$ 2,500
Marina	21,981	26.9%	\$ 14,806	\$ 13,740
PG	15,522	19.0%	\$ 10,455	\$ 9,703
PBCSD	4,531	5.5%	\$ 3,052	\$ 2,832
Sand City	310	0.4%	\$ 209	\$ 2,500
Seaside	33,956	41.6%	\$ 22,872	\$ 21,225
<b>TOTAL</b>	<b>81,655</b>		<b>\$ 55,000</b>	<b>\$ 55,000</b>

**EXHIBIT B  
(Continued)**

**MEMBER AGENCIES' ANNUAL PROPORTIONATE SHARES & COSTS\*  
FY 2021-2022**

<b>Monitoring Costs</b>				
<b>Carmel</b>	<b>Population #</b>	<b>Per Agency Cost/Year</b>	<b>Admin Cost</b>	<b>Total</b>
Carmel	3,830	\$ 584	\$ 175	\$ 759
DRO	1,525	\$ 693	\$ 208	\$ 900
Marina	21,981	\$ 1,633	\$ 490	\$ 2,122
PG	15,522	\$ 1,021	\$ 306	\$ 1,328
PBCSD	4,531	\$ 672	\$ 202	\$ 874
Sand City	310	\$ 937	\$ 281	\$ 1,218
Seaside	33,956	\$ 1,720	\$ 516	\$ 2,237
Monterey City	28,352	\$ 1,238	\$ 371	\$ 1,609
County	50,128			
<b>TOTAL</b>	<b>110,007</b>	<b>\$ 8,498</b>	<b>\$ 2,549</b>	<b>\$ 11,047</b>

<b>Total Costs</b>			
	<b>Population #</b>	<b>Per Agency Cost/Year</b>	<b>With Minimums</b>
Carmel	3,830	\$ 7,152	\$ 8,686
DRO	1,525	\$ 3,446	\$ 8,400
Marina	21,981	\$ 38,812	\$ 35,522
PG	15,522	\$ 27,236	\$ 25,392
PBCSD	4,531	\$ 8,436	\$ 9,668
Sand City	310	\$ 1,735	\$ 8,718
Seaside	33,956	\$ 58,914	\$ 53,831
Monterey City	28,352	\$ 41,134	\$ 39,514
County	50,128	\$ 43,605	\$ 40,740
<b>TOTAL</b>	<b>160,135</b>	<b>\$ 230,472</b>	<b>\$ 230,472</b>

\*Member Agencies' proportionate costs subject to adjustment annually in accordance with any change in scope and total costs.