
Rate Increase Proposal

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General Manager/Felipe Melchor
Director of Finance/Helen Rodriguez
Accounting Manager/Garth Gregson



Summary

Requesting rate increase guidance to prepare Preliminary Budget:

- Estimate 7% disposal fee increase (all gate rates) for FY 2022/23 Budget
- Seek Board's guidance for the rate increase for the purpose of building the Preliminary Budget for FY 2022/2023 for later review by the Board
- \$5 per ton increase to MRF Processing Fee charged for processing Single Stream Recyclables (SSR) Recology (San Benito) and Republic (Salinas) to \$35/ton. GWR/WM-Monterey County/City of Watsonville held at \$40/ton
- SSR price increase offset by removing the disposal fee charge for residual contamination for these customers

Influencing Factors for Rate Increases:

- No PI last two years 2020- 1.1%; 2021 3.8% CPI; 2022 >5% (>10% overall)
- Keep pace with costs of on-going regulatory mandates; SB 1383, etc.
- Continue path to create reserves (CalPERS Liability, Capital, Capping)
- Supply chain and Labor costs increase for last 2 years & next fiscal year



Summary (cont.)

Customer impact (estimated):

- Combined increases estimated to average:
 - ~1.5% to 2% for the seven member agencies franchise contract
 - ~1.5% to 2% for Monterey County & City of Monterey customers
 - ~7% for Self-Haul customers

Increasing Operating Cost factors:

- Labor negotiations
- Volatile Recycle Materials Markets
- FY 2022/2023 ongoing and higher inflation rates
- Bond loans outstanding/minimal bond opportunity
- Fuel price increases
- Shipping expenses increases
- Cost of construction increases (capital expenditures)
- Build reserves with limited term Gilroy-Morgan Hill tonnage



Proposed rate changes

Disposal

Material	Current Rate	Proposed Rate	Date of last increase
Solid Waste (Refuse, C&D & Bulky waste)	\$65.00	\$70.00	7/1/2019
Yard Waste	\$42.00	\$45.00	7/1/2019
Problem Waste	\$95.00	\$100.00	2/1/2019
Biosolids (Sewage Sludge)	\$37.00	\$40.00	7/1/2019
Food Waste	\$57.00	\$61.00	7/1/2019

MRF Processing

Material	Current Rate	Proposed Rate	Date of last increase
GREEN WASTE MONTEREY PENINSULA	\$40.00	\$40.00	N/A
REPUBLIC SERVICES OF SALINAS	\$30.00	\$35.00	7/1/2019
WASTE MANAGEMENT	\$40.00	\$40.00	7/1/2019
RECOLOGY SOUTH VALLEY	\$30.00	\$35.00	7/1/2019
CITY OF WATSONVILLE	\$40.00	\$40.00	7/1/2019

Ratepayer Impact:

Average ratepayer increase: 2%
 Range mo. increase – Resid: \$0.29 - \$0.98
 Range mo. increase – Com: \$1.37 - \$5.41
 Estimated revenue to District: \$2.2M

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



Fee increase impact - varies by jurisdiction based on City rate setting policies

Impact by Jurisdiction – all increases

\$ increase per month of service = Disposal component is 1.5% to 2%

	RESIDENTIAL	COMMERCIAL	
	30-35 Gallon	1 Cubic Yard 1/wk MSW	Organics 65 gal
Carmel	\$0.98	\$5.41	\$1.43
Del Rey Oaks	\$0.63	\$3.93	\$0.78
Marina	\$0.33	\$1.91	\$0.51
Pacific Grove	\$0.67	\$2.69	\$0.96
Pebble Beach CSD	\$0.57	\$2.07	\$0.79
Sand City	\$0.29	\$1.37	\$0.23
Seaside	\$0.49	\$2.08	\$0.79
City of Monterey	\$0.51	N/A	\$0.96
Monterey County	\$0.79	\$3.04	\$1.29



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

Impact by Jurisdiction – for SSR processing

- City of Monterey not subject to MRF Processing fee as they provide SSR processing services to City of Monterey.
- Seven GWR member agencies will not see any SSR price increase. \$40/ton rate will remain & will lose residual fee (~\$6 - \$8/ton).
- County of Monterey will not see any SSR price increase . \$40/ton rate will remain & will lose residual fee (~\$6 - \$8/ton).



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 in the area.
- MRWMD's disposal rates (tip fees) are the second lowest in the region (FY 2021/22). John Smith Road Landfill has the lowest disposal fee rate at \$57/ton. That rate may change as the San Benito County JPA recently had to temporarily suspend receiving out-of-county wastes until new landfill capacity has been permitted.



MRWMD has the 2nd lowest tip fee in the region

