

Monterey Regional Waste Management District

PROPOSED DISPOSAL FEE CHANGES

April 14, 2017

Effective July 1, 2017, the Monterey Regional Waste Management District proposes to increase disposal fees for major material types of approximately 8.2%. The Tipping Fee for Solid Waste disposal would increase by \$4.25 per ton, from \$51.75 to \$56.00. Fees for Yard Waste and Food Scraps would increase commensurately. Fees for all other material types would remain unchanged, as would all minimum fees.

BACKGROUND

All fees have been unchanged since January 1, 2014. The increase is required to fund operations for FY 2017/18. Operating expenses have grown, in part, due to three and a half years of business cost escalators, including contractual salary cost of living increases, PERS retirement contributions and general business cost inflation. In addition, the District is planning capital investment that is necessary to keep pace with mandated regulatory compliance obligations and support on-going business operations. The proposed changes are estimated to raise revenue by \$951,500 in FY 2017/18.

The fee increases are estimated to raise monthly bills for both residential and commercial customers by between 1.3% and 1.5%. By way of example, the monthly charge for a residential customer with a 32-gallon weekly service will increase by an average of \$0.33. At \$56.00 per ton, the District's Solid Waste disposal rate will continue to be the lowest in the region.

PROPOSED FEE CHANGES

Material Type	Current Rate	Proposed Rate
Solid Waste	\$51.75/ton	\$56.00/ton
Fee increase: \$4.25/ton. The last Solid Waste fee increase was \$3.50 in January 2014. Revenue impact: based on 200,000 tons estimated in FY 2017/18 - \$850,000 increase.		
Yard Waste	\$30.00/ton	\$32.50/ton
Fee increase: \$2.50/ton. The last Yard Waste fee increase was \$6.50 in January 2014. Revenue impact: based on 35,000 tons estimated in FY 2017/18 - \$87,500 increase.		
Food Scraps	\$42.00/ton	\$45.50/ton
Fee increase: \$3.50/ton. The last Food Scraps fee increase was \$4.00 in January 2014. Revenue impact: based on 4,000 tons estimated in FY 2017/18 - \$14,000 increase.		



Monterey Regional Waste Management District Fee Increase Proposal

4/14/2017

Increase tip fees for FY 2017-18 by 8.2% across three major material types

Objectives:

- Fund operating expenses in FY 17/18
- Fund capital projects in FY 17/18
- Comply with assumptions underlying bond issuance conditions

FY 2017-18 tip fee increase of 8.2% across three major material types

- Fees on all other materials to remain unchanged
- All minimum fees to remain unchanged

Material Type	Current Fee	Proposed Fee	\$ Increase
Solid Waste	\$51.75	\$56.00	\$4.25
Yard Waste	\$30.00	\$32.50*	\$2.50
Food Waste	\$42.00	\$45.50*	\$3.50

* Rounded to nearest \$0.25

- Proposed fees result in 1.3%-1.5% increase in monthly residential and commercial bills*
- On average, a \$1 tip fee increase adds:
 - 7.8 cents to the monthly residential bill (32 Gal/week)
 - 30 cents to the monthly commercial MSW bill (1 CY/week)
 - 33 cents to the monthly commercial Food Waste bill (1 CY/week)

* Estimates reflect impact of disposal fee increases only

Estimated tip fee impact on ratepayers – Residential



Example

RESIDENTIAL RATES MSW- 32 Gal	Current @ \$51.75	2017/18 @ \$56.00	Monthly \$ Increase	Monthly % Increase
Carmel	\$30.29	\$30.63	\$0.34	1.1%
Del Rey Oaks	\$21.51	\$21.90	\$0.39	1.8%
Marina	\$14.86	\$15.13	\$0.27	1.8%
Monterey	\$18.07	\$18.40	\$0.33	1.8%
Monterey Co.**	\$27.98	\$28.31	\$0.33	1.2%
Pacific Grove	\$21.05	\$21.36	\$0.31	1.5%
Pebble Beach	\$23.13	\$23.46	\$0.33	1.4%
Sand City*	\$15.20	\$16.07	\$0.87	5.8%
Seaside	\$18.42	\$18.78	\$0.36	2.0%
Averages***	\$21.91	\$22.25	\$0.33	1.5%

*Sand City shows rate impacts for default 64 gallon container

**Impact estimates based on average of other cities

Estimated tip fee impact on ratepayers – Commercial



Example

COMMERCIAL RATES MSW - 1CY/week	Current @ \$51.75	2017/18 @ \$56.00	Monthly \$ Increase	Monthly % Increase
Carmel	\$171.03	\$172.00	\$0.97	0.6%
Del Rey Oaks	\$133.55	\$134.38	\$0.83	0.6%
Marina	\$87.83	\$89.40	\$1.57	1.8%
Monterey	N/A	N/A	N/A	N/A
Monterey Co.	N/A	N/A	N/A	N/A
Pacific Grove	\$85.67	\$86.95	\$1.28	1.5%
Pebble Beach	\$84.14	\$84.77	\$0.63	0.8%
Sand City	\$70.97	\$72.92	\$1.95	2.7%
Seaside	\$80.59	\$82.29	\$1.70	2.1%
Averages	\$101.97	\$103.25	\$1.28	1.3%

Estimated tip fee impact on ratepayers – Commercial



Example

COMMERCIAL RATES	Current	2017/18	Monthly	Monthly
Foodwaste - 1CY/week	@ \$42.00	@ \$45.50	\$ Increase	% Increase
Carmel	\$128.27	\$128.96	\$0.69	0.5%
Del Rey Oaks	\$100.16	\$102.66	\$2.50	2.5%
Marina	\$65.87	\$65.90	\$0.03	0.0%
Monterey	N/A	N/A	N/A	N/A
Monterey Co.	N/A	N/A	N/A	N/A
Pacific Grove	\$63.25	\$63.59	\$0.34	0.5%
Pebble Beach	\$99.11	\$103.39	\$4.28	4.3%
Sand City	\$53.23	\$53.55	\$0.32	0.6%
Seaside	\$60.44	\$60.48	\$0.04	0.1%
Averages	\$81.48	\$82.65	\$1.17	1.4%

Draft Budget – Cash Flow Scenarios	EoY Cash (\$000)
Cash Operating Expense Reserve - 20% Target	4,275
Base Case Draft Budget	1,600
Base Case with No Fee Increase	700
Base Case with Fee Increase + 2016 Contract Waste Vol.	4,000

Estimated capital outlay projections



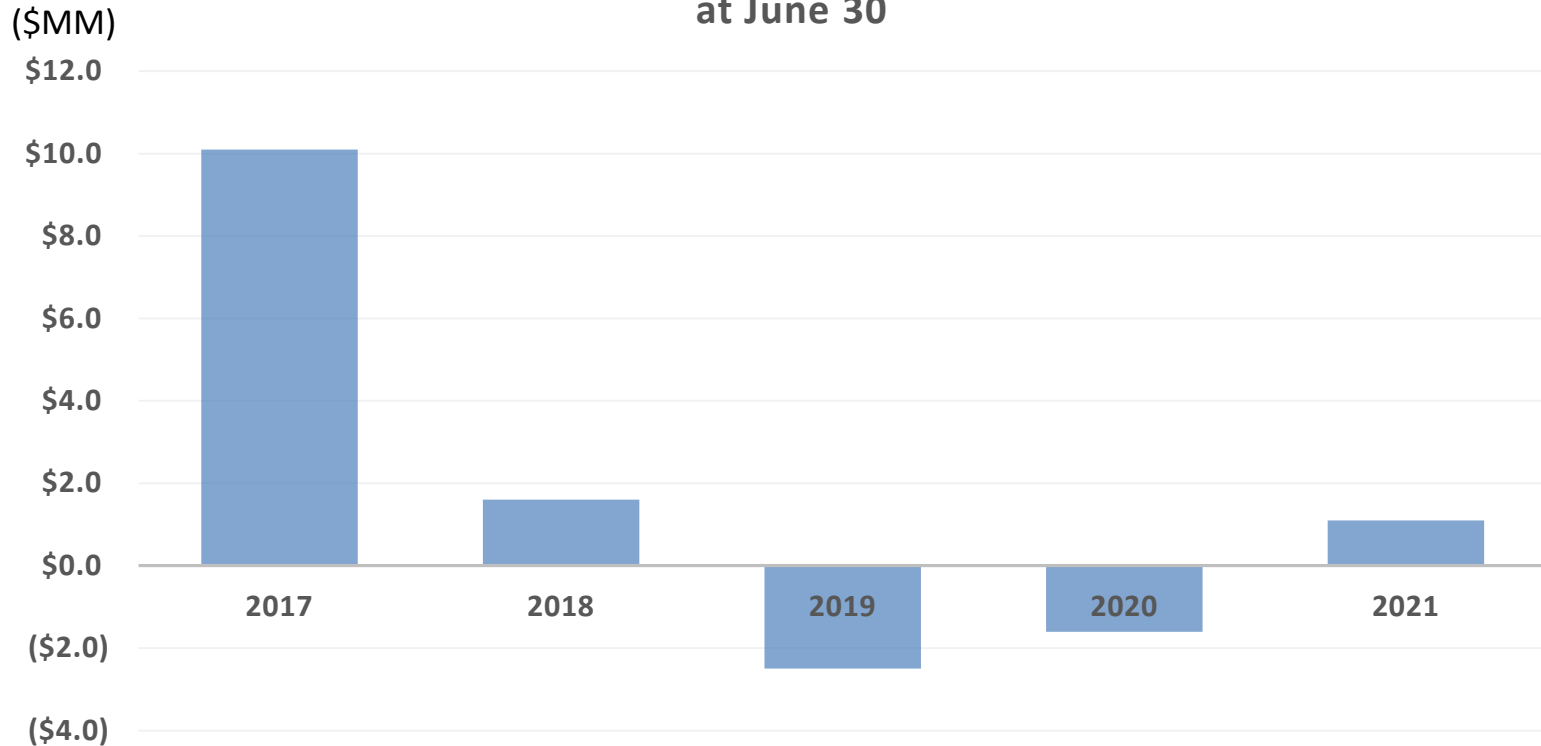
Project Category (\$MM)	16/17 Est.	17/18	Five Year Proj. 17/18- 21/22
Equipment	\$1.69	\$3.11	\$9.5
Landfill Devel. & Compliance	\$0.38	\$1.57	\$8.0
MRF	\$7.40	\$5.95	\$6.5
LFG Energy	\$0.83	\$0.10	\$3.5
Other Site Development	\$2.89	\$0.80	\$2.0
TOTAL	\$13.16	\$11.53	\$29.5

Projections do not include new organics processing capacity

Draft budget – preliminary analysis



Projected Cash Reserves at June 30



Background: Historical operating cost pressures



Since last fee change (CY 2014-2016)*:

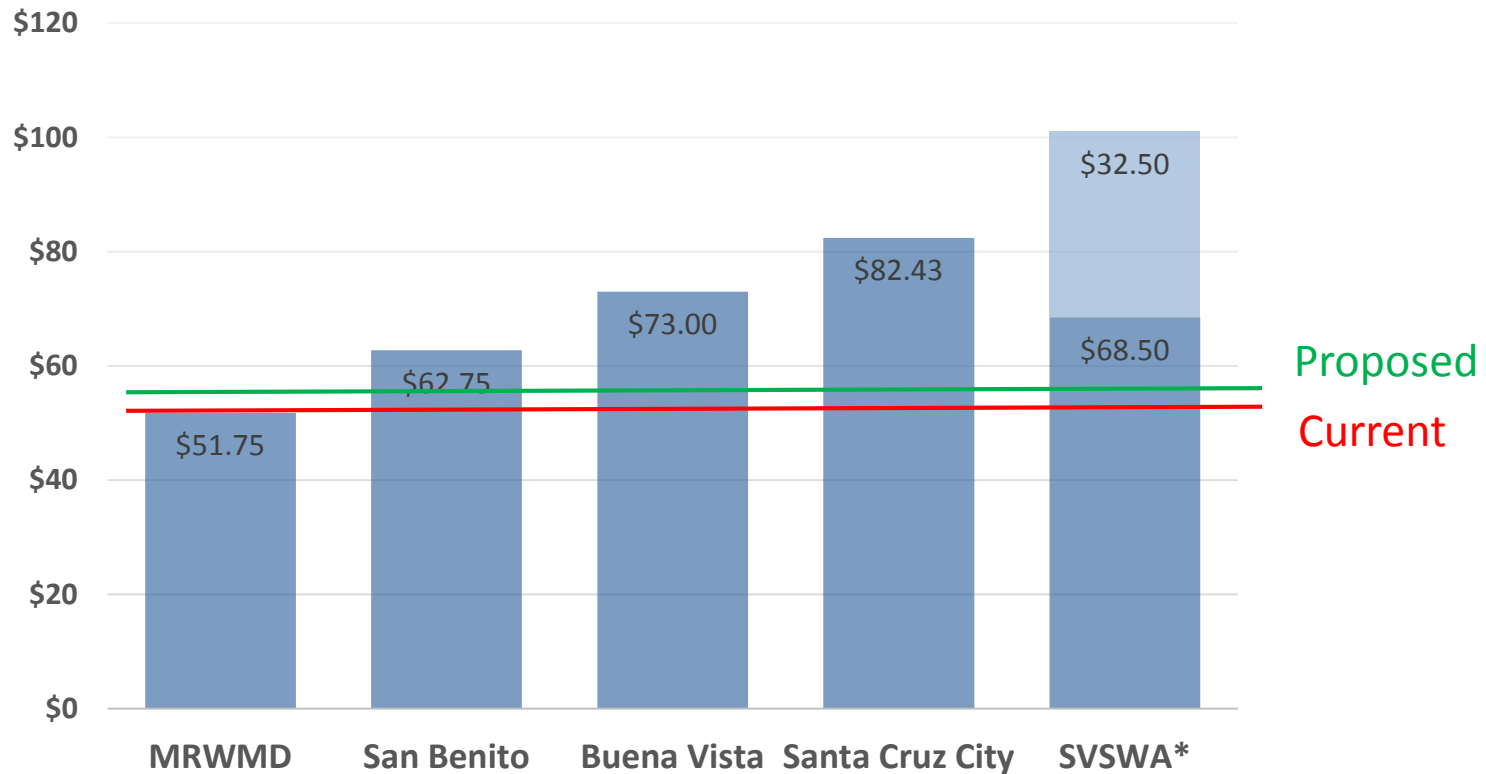
- Tonnage up by over 40%
- Salary cost escalators up over 10%
 - COLA: 9.0%
 - PERS: 18.9%
- Other operating expense inflation (CPI) up 9.4%

* 3 year period only. Not inclusive of Jan-Jun 2017.

Background: Regional landfill tip fees



REFUSE TIP FEES - 2016



* SVSWA total includes tip fee plus added AB 939 and transportation fees.