



Monterey Regional Waste Management District

Service, Stewardship, and Sustainability Since 1951

May 19, 2017 Board of Directors Meeting

HIGHLIGHTS

Disposal Fee Increase Effective July 1, 2017. A Public Hearing was held and no comments were received. The Board approved an increase in disposal fees effective July 1, 2017 for the following materials:

| Material Type | Current Rate | Approved 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. | | |

Minimum fees and fees for all other material types will remain unchanged. The increase is required to fund operations for Fiscal Year (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 and are estimated to raise monthly bills for both residential and commercial customers by between 1.3% and 2.6%. For 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.

Preliminary Budget for FY 2017/18. Staff presented the Preliminary Budget for FY 2017/18, which estimated Revenues of \$26,795,000, Operating Expenses at \$25,738,000, with Net Income of \$94,000. Cash from operations showed compliance with debt covenants. Capital Outlay requests equal \$13,467,000 and Bond and Debt payments of \$1,330,000 Unrestricted Cash Reserves are projected to decrease by \$10,283,000 to \$1,645,538, which is \$2,600,062 below the 20% Cash Operating Expense Reserve guideline established by the Board. The Board discussed the shortfall in the Unrestricted Cash Reserves and requested staff revise the Final Budget with the focus on meeting the 20% Board guideline prior to presentation at the June Board meeting.

Phase III - Materials Recovery Facility Construction Contract. At the April meeting, the Board rejected the bid for Phase III - Materials Recovery Facility Administration Improvement due to the bid being over the \$950,000 budget estimate and authorized staff to negotiate a lower cost bid with two or more construction contractors after rescoping of the project. Staff requested bids from two contractors for the revised scope of work and received a bid from Ausonio, Inc., of Castroville, CA in the amount of \$1,118,921.00, which was presented and approved by the Board.

Easements for MRWPCA Pure Water Project. The Board approved colocation and compatible easement with the Monterey County Water Resources Agency and a co-location and non-co-location easement deeds and agreements with the Monterey Regional Water Pollution Control Agency (MRWPCA) needed for the MRWPCA's Pure Water Monterey Project. Negotiation of compensation will ensue during the next 30 days.