

BOARD OF DIRECTORS

CARRIE THEIS
Chair

JASON CAMPBELL
Vice Chair

GARY BALES

LEO LASKA

JANE PARKER

BRUCE DELGADO

DENNIS ALLION

JERRY BLACKWELDER

DAN ALBERT



TIMOTHY S. FLANAGAN
General Manager

GUY PETRABORG, P.E., G.E.
Director of Engineering & Compliance

PETER SKINNER
Director of Finance & Administration

TIM BROWNELL
Director of Operations

ZOË SHOATS
Director of Communications

ROBERT WELLINGTON
Legal Counsel

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Home of the Last Chance Mercantile

PERSONNEL COMMITTEE MEETING

AGENDA

Wednesday, June 3, 2020
10:30 a.m.

Bales Boardroom
14201 Del Monte Blvd., Monterey County, CA

Please Note: Meeting will be held virtually via zoom compliant with Governor Newsom's executive Order N-29-20 which allows local legislative bodies to hold public meetings via teleconference and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and address the local legislative body to avoid public gatherings, and which suspended all contrary provisions of the Brown Act.

To join the zoom webinar, click on this link: <https://us02web.zoom.us/j/89950073259>, copy/paste the link into your browser, or type the link into your browser. If your computer does not have audio, you will also need to join the meeting via phone. To participate via phone, please call: 1-669-900-9128; Meeting ID: 899 500 73259.

Public Comments: if you are unable to participate via telephone or virtually, you may also submit your comments by e-mailing them to baguilar@mrmwd.org with one of the following subject lines "Public Comment Item #" (insert the item number relevant to your comment) or "Public Comment - Non Agenda Item". Comments must be received by 4:00 p.m. on Tuesday, June 2, 2020. All submitted comments will be provided to the Committee and may be read into the record or compiled as part of the record. Public comment will also be accepted during the meeting.

CALL TO ORDER

ROLL CALL AND ESTABLISHMENT OF QUORUM

PUBLIC COMMUNICATIONS

Anyone wishing to address the Committee on matters *not* appearing on the Agenda may do so now. *Please limit comments to a maximum of three (3) minutes.* The public may comment on any other matter listed on the agenda at the time the matter is being considered by the Board.

ITEMS FOR COMMITTEE CONSIDERATION, DISCUSSION AND ACTION

1. Update on COVID-19 Planning, Procedures, & Impacts.
2. Presentation of Draft Final Budget for Fiscal Year 2020/21.
3. General Manager Communications.

CLOSED SESSION

As permitted by Government Code Section 54956 et seq., the Board may adjourn to a Closed Session to consider specific matters dealing with litigation, certain personnel matters, property negotiations or to confer with the District's Meyers-Milias-Brown Act representative.

1. Conference with Labor Negotiators:

District Negotiators: Tim Flanagan, Peter Skinner, Timothy Brownell, and Berta Torres

Employee Organizations: Operating Engineers and Management Employees

RETURN TO OPEN SESSION WITH ANY REQUIRED ANNOUNCEMENTS FROM CLOSED SESSION

Please note: A report out and announcement concerning the closed session will be provided to anyone requesting same by emailing baguilar@mrwmd.org.

ADJOURNMENT

NEXT MEETING DATE: Wednesday, July 1, 2020 at 10:30 a.m.



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

DATE: May 29, 2020
TO: Personnel Committee
FROM: General Manager
SUBJECT: Personnel Committee Meeting of June 3, 2020

1. **Update on COVID-19 Planning, Procedures, & Impacts.** Staff will provide a brief verbal update at the Committee meeting.

Recommendation: Informational Only

2. **Presentation of Draft Final Budget for Fiscal Year 2020/21.**

Please refer to the enclosed Draft Final Budget from Director of Finance and Administration Peter Skinner. The FY 2020/21 Budget reflects a considerable change from the original Budget that was conceptualized in March. Peter, the Finance Department staff, Leadership staff, and managers all contributed to the development of this budget. This is the most challenging budget we have had to present. Our hope is that we will, over the course of this fiscal year, bring a more positive representation of our financial situation. Staff will present quarterly updates to the Board during this fiscal year.

Recommendation: Support Staff Recommendation Relative to Staff Budget for Fiscal Year 20/21.

3. **General Manager Comments.** None at the time of this writing.

CLOSED SESSION

As permitted by Government Code Section 54956 et seq., the Board may adjourn to a Closed Session to consider specific matters dealing with litigation, certain personnel matters, property negotiations or to confer with the District's Meyers-Milias-Brown Act representative.

1. Conference with Labor Negotiators:

District Negotiators: Tim Flanagan, Peter Skinner, Timothy Brownell, and Berta Torres

Employee Organizations: Operating Engineers and Management Employees

RETURN TO OPEN SESSION WITH ANY REQUIRED ANNOUNCEMENTS FROM CLOSED SESSION

Please note: A report out and announcement concerning the closed session will be provided to anyone requesting same by emailing baguilar@mrwmd.org.

ADJOURNMENT

NEXT MEETING DATE: Wednesday, July 1, 2020 at 10:30 a.m.

Respectfully submitted,

Timothy S. Flanagan



**MONTEREY REGIONAL WASTE
MANAGEMENT DISTRICT**

FINAL BUDGET

FISCAL YEAR 2020/2021

*Presented to the Finance Committee
on June 3, 2020*

Table of Contents

| | |
|---|----|
| Memorandum – Director of Finance & Administration..... | 1 |
| Memorandum – Human Resources Manager..... | 3 |
| Organizational Chart | 7 |
| Budget Summary..... | 8 |
| Revenue | 9 |
| Expenses | 14 |
| Capital Outlay..... | 19 |
| Capital Outlay – Mobile Equipment..... | 20 |
| Capital Outlay – Capital Improvements | 22 |
| Debt..... | 24 |
| Five-Year Outlook..... | 25 |
| Expenses by Department | 28 |
| Finance & Administration | 29 |
| Engineering & Compliance..... | 31 |
| Communications & Public Education | 32 |
| Materials Recovery Facility | 33 |
| Landfill Operations, Site & Facilities, Scales..... | 34 |
| Organics Management..... | 35 |
| Landfill Gas to Energy..... | 36 |
| Last Chance Mercantile & Household Hazardous Waste..... | 37 |
| Equipment & MRF Maintenance..... | 38 |
| Glossary..... | 39 |

Memorandum – Director of Finance & Administration

DATE: May 29, 2020
TO: Board of Directors
FROM: Director of Finance & Administration
SUBJECT: Final Budget for Fiscal Year 2020/21

RECOMMENDATION: That the Board approve the Final Budget for Fiscal Year 2020/2021.

Enclosed for your review is the Final Budget for Fiscal Year (FY) 2020/2021. Staff is requesting that the Board of Directors approve this budget.

Just prior to the emergence of the COVID-19 pandemic, District staff developed a draft budget anticipating a year of building upon recent progress in several areas. These areas include improvements to the new Materials Recovery Facility operations, development of infrastructure that positions the District to deliver on its mission and meet upcoming industry mandates, and investments in building every employee's sense of purpose at the District.

Then came the coronavirus. After State and County Shelter in Place orders were issued, the District shuttered the Last Chance Mercantile store and implemented extensive procedures designed to keep our employees safe while they perform essential work. In late March disposal tons began to drop and by April volumes dipped to nearly 25% below normal. Then in May volumes began to show some recovery. At this time, staff cannot predict the impacts of either the progression of the pandemic or changes to the guidance provided by public health officials.

Instead, staff is presenting now what it views to be a cautious budget to start the year. While we remain hopeful that life, and business, will return to normal quickly, staff believes this budget positions the District to manage a realistic reduction in disposal volumes and the possibility of limited opportunities to ramp back up operations at the Last Chance Mercantile store. Staff plans to monitor District financial conditions closely and will recommend adjustments to this budget throughout the coming year should things change.

As previously discussed with the Board, the difference between the pre-COVID draft budget and this version is a drop in revenue of nearly \$5.3M. Staff has responded with a proposed reduction in operating costs of nearly \$4M. These reductions are gained through a combination of the following measures: 1) staff reductions made possible from voluntary retirement and operational changes, netting 10.5 positions and saving over \$2M; 2) wage concessions by all employees saving over \$420,000; and 3) aggressive cuts to non-personnel spending that total over \$1.3M. The proposed increases in the District tip fees and Single Stream Recyclables Processing fee will help to offset the impact of the projected pandemic-related business contraction.

For FY20/21, staff estimates Revenues to be \$33,064,000. This is a decrease of \$3,485,000 (10%) compared to the FY19/20 Budget and is due to the following factors:

- \$1,256,000 decrease (10%) in disposal fees, primarily due to expected reductions in material volumes originating from within Monterey County.
- \$1,622,000 decrease (22%) in MRF revenues, including commodities sales, processing fees and contamination disposal fees, primarily due to lower commodities prices.
- \$200,000 decrease (25%) in Last Chance Mercantile revenue, due to the current closure and an expected slow re-opening of the store.
- \$400,000 decrease in projected power revenue resulting from a recalibration of estimates to align more accurately with recent experiences.

Operating Expenses for FY20/21 are projected to be \$31,412,000. This is a decrease of \$2,170,000 (6%) from the FY19/20 Budget. Personnel expenses decrease by \$1.2M (7%). Please see the accompanying memorandum from the HR Manager for details on personnel changes. Non-personnel expenses are projected to decrease nearly \$1M, or 6% compared to the FY19/20 Budget.

Non-Operating Revenues/Expenses for FY20/21 equals \$1,306,000, which includes interest expense on the 2015 and 2018 Revenue Bonds at \$2,164,000, equipment lease interest expense of \$36,000 for 2017 and 2018 equipment lease arrangements, and income from leases, investments and other charges equal to \$894,000.

Capital Outlay requests equal \$7,716,000, a decrease of over \$6.7M from the FY19/20 Budget and a reduction of \$3.3M (30%) from the pre-COVID draft budget. Mobile Equipment investments for the year include the replacement of a 2007 Cat 386 compactor (\$1.3M), replacement of a 2010 excavator (\$350,000) that was originally budgeted in FY19/20, and replacement of a service truck (\$90,000) used by the Equipment Maintenance shop. Three additional pieces of equipment initially identified for replacement in this budget year have been deferred to FY21/22, avoiding \$625,000 of capital spending. Capital Improvement projects include completion of the Biogas Conditioning System project, which will result in a positive \$1M net of CEC grant funds, development work on landfill Module 7 (\$3M) and roadway paving and improvements (\$1.1M) associated with the Scale E addition to the facility. The Capital Improvements Project budget has been reduced by \$2.7M from the pre-COVID budget by downsizing projects and/or deferring them to future years.

Net Income is projected at \$346,000.

Cash provided by operations for FY20/21 is estimated at \$4,916,000 (Net Income less Depreciation and Amortization and Closure/Post Closure Costs). Unrestricted Cash Reserves are projected to total \$24,165,000, which is made up a Cash Operating Expense Reserve of \$5,368,000, \$17,031,000 in remaining 2018 Revenue Bond funds, and an additional, undesignated balance of \$1,765,000.

The Bond Debt Service Ratio calculated for FY20/21 is 1.32, which is above the Bond Covenant of 1.25.



Peter K. Skinner
Director of Finance & Administration

Memorandum – Human Resources Manager

DATE: May 29, 2020
 TO: Board of Directors
 FROM: Human Resources Manager
 SUBJECT: Final Employee Compensation & Benefits Budget for Fiscal Year 2020/21

RECOMMENDATION: That the Board approve the Final Employee Compensation & Benefits Budget that is part of the Final Budget for Fiscal Year 2020/21

The Employee Compensation & Benefits Budget, that is part of the Final Budget for FY 2020/21, includes wages and benefits expenses for 134 employees, or 132.25 full time equivalents (FTEs) and totals \$14,798,000. In comparison, the current FY Employee Compensation & Benefits Budget included 143.75 FTEs and totaled \$15,971,000 (7% higher). The decrease is necessary due to the negative financial impacts of COVID-19 on the District’s finances and the resulting projected revenue shortfall for FY 2020/21, as described in the Final Budget for Fiscal Year 2020/21.

2020 Voluntary Early Retirement Incentive Program (VERI)

The implementation of the 2020 Voluntary Early Retirement Incentive (VERI) Program was a key cost-savings measure for personnel cost reductions and resulted in 14 voluntary retirements/separations from various departments as shown here:

| Department | 2020 Voluntary Early Retirement Incentive (VERI) |
|------------|--|
| ACT | VERI: Accounting Technician |
| ADM | VERI: Executive Assistant/Board Clerk |
| LCM | VERI: LCM/HHW Manager |
| LCM | VERI: Sales Associate |
| LCM | VERI: Sales Assistant |
| LCM | VERI: Recycling Attendant |
| MRF | VERI: MRF Manager |
| MRF | VERI: Sorter I |
| MRF-MT | VERI: MRF Maintenance Tech |
| PUB | VERI: Pub Ed & Outreach Coord. |
| SCL | VERI: Scales Supervisor |
| SCL | VERI: Weighmaster |
| SHP | VERI: Maintenance Shop Assistant |
| SHP | VERI: Heavy Equip Tech III |

Several of the vacated positions will be eliminated, resulting in a reduction of 7.5 FTEs from the 2020 VERI Program.

Pay Reductions & Cost-of-Living Adjustment (COLA) Freeze

While the VERI Program helped moderate the impact of the revenue shortfall, the cost-savings achieved are not sufficient to meet budgetary requirements. For this reason, the Leadership Team will take pay cuts for FY 2020/21 – General Manager: 10% and Others: 5% – as well as freeze any COLA payrate increases.

Additionally, the District Labor Negotiations Team reached agreement with all four bargaining units to freeze the COLA payrate increases that would have been due on July 1, 2020, in accordance with the respective MOUs. All Operating Engineers union members would have been eligible for a 3.5% payrate increase (COLA) and Management unit members would have been eligible for a 1.5% payrate increase.

The agreement allows for unfreezing of the payrate increases at mid-year, based on meeting certain financial performance metrics, as well as, making employees whole at year-end, if annual net operating margin equals 8% or better.

Operational Restructuring

Additional operational restructuring (made possible by the VERI Program), will provide developmental and growth opportunities for several employees, and supports further reductions in headcount. Minimal impact on operations and the remaining staff are anticipated, as described below:

Administration – FTE Decrease: With the retirement of the Executive Assistant/Board Clerk, staff has been evaluating the workload of the remaining Administration support staff and determined that two part-time positions may suffice to meet the business need, at least for the near future. The Administrative Support Specialist II will continue to perform her responsibilities at half-time and assume the responsibilities of the Board Clerk at half-time (and with out-of-class pay) until business needs change. This restructuring results in the elimination of 1 FTE.

Last Chance Mercantile/Household Hazardous Waste (LCM/HHW) – FTE Decrease: There are four (4) employees retiring from the LCM as shown on page 1. The LCM/HHW Manager position is being eliminated, allowing for the Assistant LCM Manager and LCM Supervisor to assume more responsibility for the day-to-day direction of the department and supervision of the nine (9) staff members. The Department Director will provide strategic management during the FY or until the need to backfill the Manager position becomes evident.

Management and supervision of the HHW Department (with four (4) employees) will transfer to the Site Operations Manager, who will receive a 5% payrate increase.

Additionally, the closure of the Buy-Back Service Center and a change of operations at the Z-wall (from assisted-service to self-service) further supports a decrease of 4 FTEs in the department.

MRF – FTE Decrease: The retirement of the MRF Manager and a Sorter I will result in the elimination of two (2) FTEs.

Additionally, recent operational changes and the pending installation of the MRF equipment upgrade, are expected to create additional efficiencies and will allow for a decrease in two more positions, for a total decrease of 4 FTEs.

Scales – FTE Decrease: The Scales Supervisor and one (1) full-time Weighmaster will also be retiring as of June 2020. The Supervisor position will be backfilled, possibly by internal promotion, and a part-time Deputy Weighmaster will be converted to full-time, resulting in a total decrease of 1.5 FTEs.

The above changes result in a decrease of 10.5 FTEs from the organization structure and a total of 132.25 FTEs for FY 2020/21, as shown below and on the attached Organization Chart (Attachment A):

| Full Time Equivalent (FTE) | | | |
|-----------------------------------|----------------|----------------|---------------|
| DEPT | 2019/20 | 2020/21 | CHANGE |
| ADMIN | 4.00 | 3.00 | -1.0 |
| COMM/PUB ED | 3.00 | 3.00 | |
| ENG | 2.00 | 2.00 | |
| FIN/ACCT | 5.00 | 5.00 | |
| HR | 3.00 | 3.00 | |
| HHW | 4.00 | 4.00 | |
| LANDFILL | 10.00 | 10.00 | |
| LCM | 15.00 | 11.00 | -4.0 |
| LFG | 3.00 | 3.00 | |
| MAINT SHOP | 11.00 | 10.00 | |
| MRF MAINT | 9.00 | 9.00 | |
| MRF OPS | 56.00 | 52.00 | -4.0 |
| SAFETY | 1.75 | 1.75 | |
| SCALES | 6.00 | 4.50 | -1.5 |
| SITE OPS | 11.00 | 11.00 | |
| | 143.75 | 132.25 | -10.5 |

Employment Taxes and Benefits:

Please refer to the *Operating Expense Accounts, Section 2. Taxes and Benefits*, of the Budget for Fiscal Year 2020/21, found on page 15 of this budget document for all other personnel-related expenses, included in this Employee Total Compensation Budget.

STRATEGIC PLAN

The 2020/21 Staffing Plan described above supports the District’s strategic objectives of *utilizing an intentional and mindful process in the recruitment, development and growth of our people* and *building a high-performance team*. It is central to the District’s mission of *“Turning Waste into Resources in the most cost-effective and environmentally sound manner”* and necessary to assist the District’s member agencies in accomplishing the state’s Public Policy recycling and waste diversion goals.

FINANCIAL IMPACT

The financial impact to the District’s budget is estimated to be a \$1.9M reduction in personnel costs compared to the District’s Pre-COVID-19 draft budget.

CONCLUSION

Staff requests your approval of the Employee Compensation & Benefits Budget for FY 2020/21 in the amount of \$14,798,000 to support the District’s mission.

Sincerely,

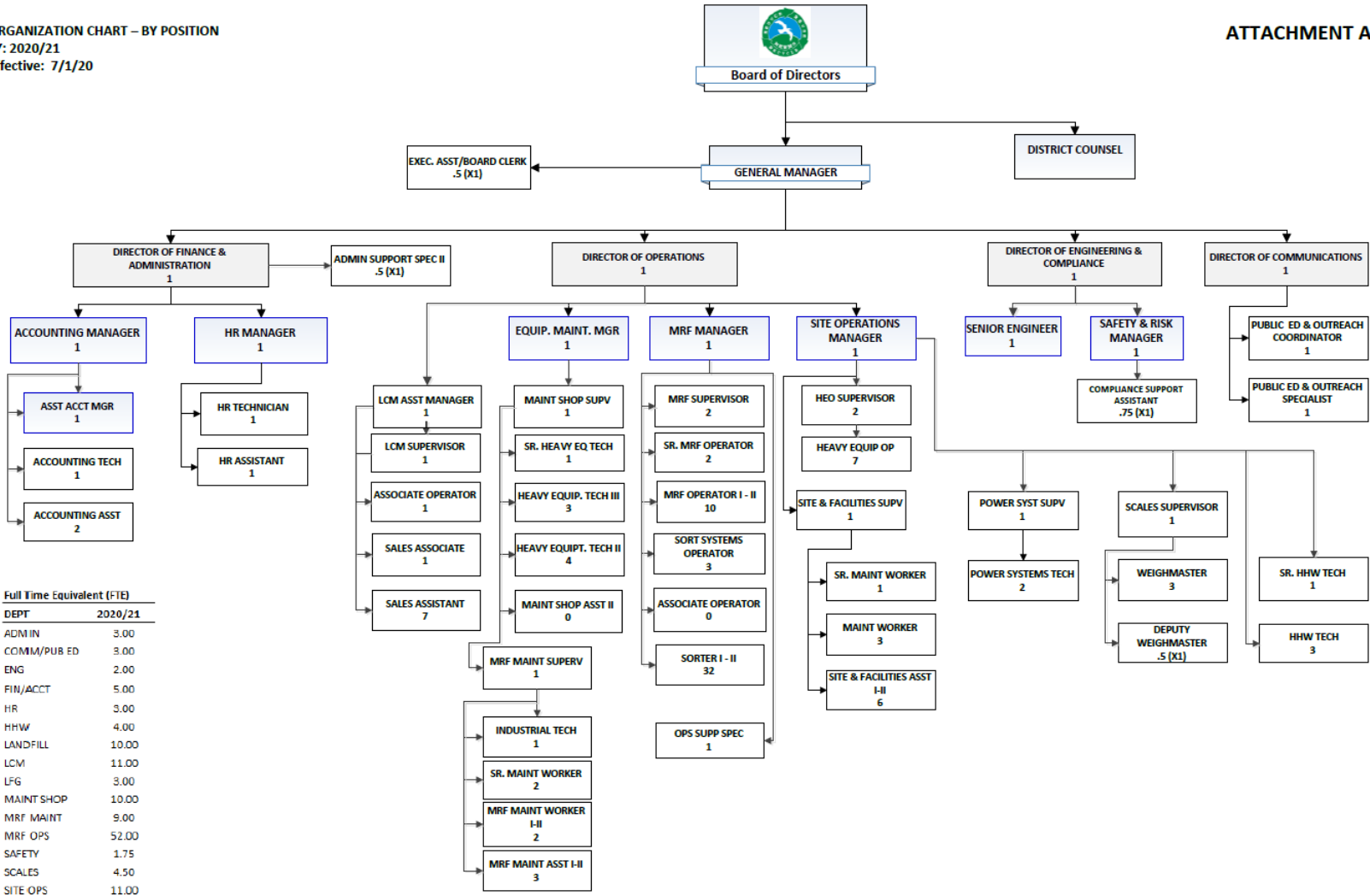
A handwritten signature in blue ink that reads "Berta R. Torres". The signature is written in a cursive style and is positioned above the printed name.

Berta R. Torres, Human Resources Manager

Organizational Chart

ATTACHMENT A

ORGANIZATION CHART – BY POSITION
 FY: 2020/21
 Effective: 7/1/20



| Full Time Equivalent (FTE) | |
|----------------------------|---------------|
| DEPT | 2020/21 |
| ADMIN | 3.00 |
| COMM/PUB ED | 3.00 |
| ENG | 2.00 |
| FIN/ACCT | 5.00 |
| HR | 3.00 |
| HHW | 4.00 |
| LANDFILL | 10.00 |
| LCM | 11.00 |
| LFG | 3.00 |
| MAINT SHOP | 10.00 |
| MRF MAINT | 9.00 |
| MRF OPS | 52.00 |
| SAFETY | 1.75 |
| SCALES | 4.50 |
| SITE OPS | 11.00 |
| FY 2020/21 | 132.25 |

Budget Summary

| FY 2020-21 BUDGET | | FINAL | | |
|--|----------------------|---------------------|------------------------|-----------------------|
| <i>(All dollars in thousands)</i> | 18/19 Audited | 19/20 Budget | 19/20 Estimated | 20/21 Proposed |
| INCOME SUMMARY | | | | |
| Operating Revenues | 37,746 | 36,549 | 36,809 | 33,064 |
| Operating Expenses | 33,515 | 33,582 | 33,819 | 31,412 |
| Operating Income (Loss) | 4,231 | 2,967 | 2,990 | 1,652 |
| Non-Operating Expenses | (487) | (1,838) | (50) | (1,306) |
| NET INCOME (LOSS) | 3,744 | 1,129 | 2,940 | 346 |
| CASH SUMMARY | | | | |
| Beginning Unrestricted Cash | 12,772 | 31,729 | 34,535 | 29,543 |
| Cash from Operations | | | | |
| Net Income (Loss) | 3,744 | 1,129 | 2,940 | 346 |
| Adjustments to Cash | 187 | 4,600 | 4,460 | 4,570 |
| Change in Cash from Operations | 3,931 | 5,729 | 7,400 | 4,916 |
| Cash from Financing Activities | | | | |
| Capital Outlay | (6,180) | (14,481) | (10,000) | (7,716) |
| Deferred Maintenance - Cash Outlay | | | | (80) |
| Bond and Debt Reduction | (1,522) | (2,405) | (2,392) | (2,498) |
| 2018 Issuance of New Bonds | 25,068 | 25,007 | - | - |
| Change in Cash from Financing Activities | 17,832 | 8,121 | (12,392) | (10,294) |
| Change in Unrestricted Cash | 21,763 | 13,850 | (4,992) | (5,378) |
| Ending Unrestricted Cash | 34,535 | 45,579 | 29,543 | 24,165 |
| Designations/Reserves | | | | |
| Cash Operating Reserve | 4,850 | 5,796 | 5,872 | 5,368 |
| 2018 Bond Funds | | 3,777 | 20,994 | 17,031 |
| Undesignated Cash | 29,685 | 10,999 | 2,677 | 1,765 |
| Total Designated Cash | 34,535 | 20,572 | 29,543 | 24,165 |
| Restricted cash as of June 30 | | | | |
| 2015 Bond Rate Stabilization Fund/in Trust | 2,350 | 2,350 | 2,350 | 2,350 |
| Closure/Post Closure Care Costs | 1,500 | 1,500 | 1,500 | 1,500 |
| Environmental Impairment Fund | 1,000 | 1,000 | 1,000 | 1,000 |
| TOTAL CASH AS OF JUNE 30 | 39,385 | 25,422 | 34,393 | 29,015 |
| DEBT COVERAGE RATIOS | | | | |
| Ratio of Net Current Rev. to Debt Service | 1.6 | 1.6 | 1.6 | 1.32 |

Revenue

The COVID-19 pandemic has introduced extreme uncertainty into the District’s budget planning process. Staff is projecting FY20/21 revenues based in part on the few the months that have followed commencement of State and County Shelter in Place orders. The impact on the District’s revenues during this time has been mixed but mostly negative. Declines in April disposal fees of over 20% have been followed by a partial rebound in May. These data, combined with reports from haulers and other waste management facilities, and knowledge of factors influencing the District’s various customers, have informed these revenue projections.

Overall District revenues are projected to decrease by 10% compared to the FY19/20 Budget and by about 11% from current fiscal year estimates. Several factors have helped to keep this decline from being larger, including:

- A 5% increase to the District’s standard material disposal rates, contributing \$600,000 in new revenue.
- A \$5 per ton increase to the MRF processing fee for Single Stream Recyclables (SSR), contributing \$720,000 in new revenue. A large portion of this increase is due to the commencement of payment of this fee by the seven GreenWaste Recovery (GWR) Franchise Agreement jurisdictions, as has been planned. The remainder is from increased payments from other SSR haulers.
- Contractual rate increases for existing regional waste customers, including the cities of Capitola, Scotts Valley and Watsonville, and the County of Santa Cruz.
- More aggressive budgeting assumptions regarding the volume of materials delivered by GreenWaste Recovery’s San Jose waste processing sites.

| FY 2020-21 BUDGET | | | | | FINAL | | |
|---------------------------------|---------------|---------------|-----------------|----------------|-----------------------------|-------------|--|
| All \$\$ in Thousands | 18/19 Audited | 19/20 Budget | 19/20 Estimated | 20/21 Proposed | Change from FY 19/20 Budget | | |
| OPERATING REVENUES | | | | | | | |
| DISPOSAL FEES | | | | | | | |
| Franchise + Self haul | 16,256 | 15,095 | 15,848 | 13,743 | (1,352) | -9% | |
| Out of District | | | | | | | |
| GWR - San Jose | 10,710 | 8,732 | 9,454 | 8,912 | 180 | 2% | |
| Other Regional | 1,781 | 1,709 | 2,007 | 1,625 | (84) | -5% | |
| SUBTOTAL | 28,747 | 25,536 | 27,309 | 24,280 | (1,256) | -5% | |
| MRF OPERATIONS | | | | | | | |
| MRF Revenue | 5,763 | 7,401 | 6,400 | 5,779 | (1,622) | -22% | |
| SUBTOTAL | 5,763 | 7,401 | 6,400 | 5,779 | (1,622) | (0) | |
| OTHER REVENUES | | | | | | | |
| Power Sales | 1,334 | 1,747 | 1,300 | 1,350 | (397) | -23% | |
| Last Chance Mercantile + HHW | 797 | 940 | 600 | 735 | (205) | -22% | |
| Other Sales | 1,105 | 925 | 1,200 | 920 | (5) | -1% | |
| SUBTOTAL | 3,236 | 3,612 | 3,100 | 3,005 | (607) | -17% | |
| TOTAL OPERATING REVENUES | 37,746 | 36,549 | 36,809 | 33,064 | (3,485) | -10% | |

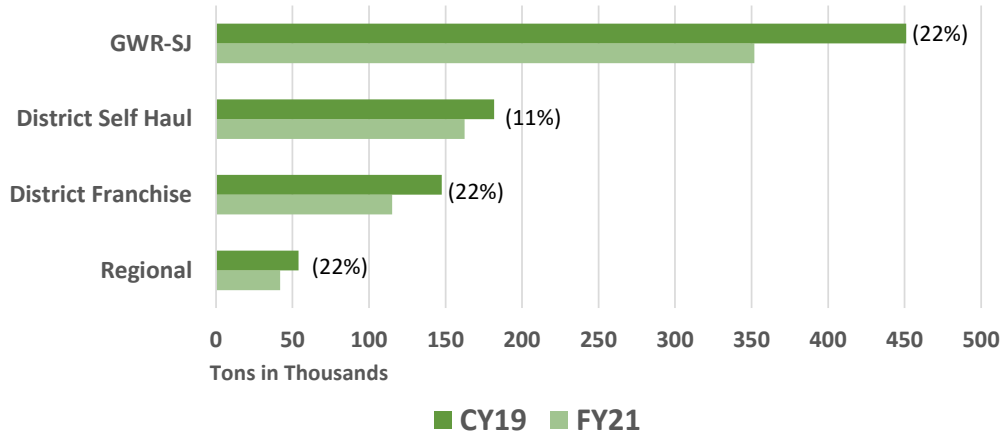
REVENUE ACCOUNTS

1. Disposal Fees

Disposal Fees are projected to decrease by 5%, or \$1.26M compared to the FY19/20 budget. Disposal fees make up about 75% of the District’s total revenues. In projecting disposal revenue, staff has evaluated material types delivered by each of the District’s four the major customer types and developed volume projections based on pre-COVID and post-COVID volumes, input from waste haulers and waste processors, and assumptions about the business activities associated with each material type.

The four customer types are: 1) District-based Franchise customers, consisting of residential and commercial customers, whose waste is delivered by GreenWaste Recovery, Monterey Disposal and Waste Management; 2) District-based (mostly) Self-Haul customers, made up of private individuals and businesses such as construction and landscaping; 3) Regional customers located in the 4 jurisdictions located in Santa Cruz county, whose waste is delivered by various hauling companies; and 4) GreenWaste Recovery’s operations in Santa Clara county, which deliver post-processed waste for landfilling.

Projected Volume Reduction by Customer Type



Disposal rate changes

Disposal rates for the Regional customers and for GWR’s Santa Clara operations will rise according to per-determined price escalation provisions in each contract. For District customers, revenue projections include a 5% rate increase for five main material types. Rates for all other materials will remain unchanged.

| Material Type | Current Rate | New Rate | % Increase | Date of last increase |
|---------------------------|--------------|----------|------------|-----------------------|
| Solid 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 |

Impact of disposal rate increases on District ratepayers

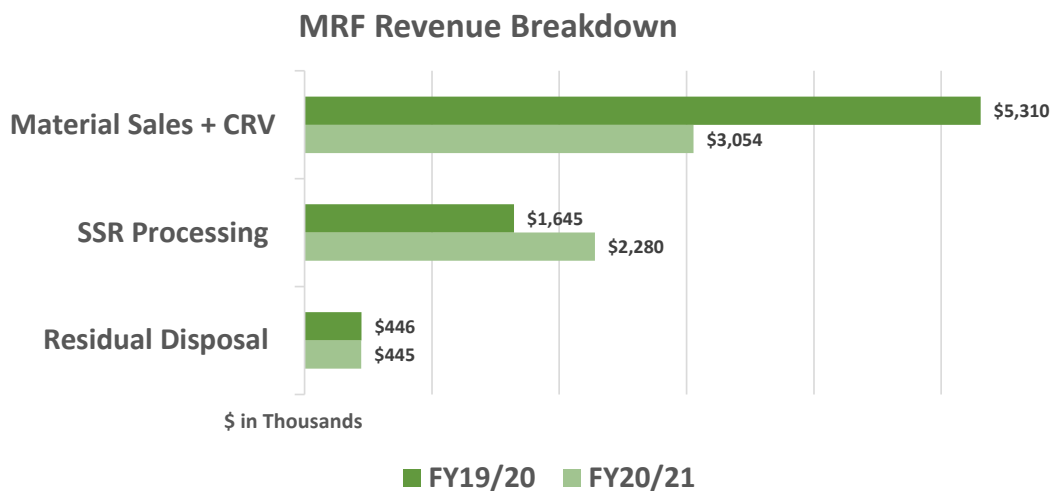
These tip fee increases are estimated to have a less-than 1% impact on collection service costs for District Franchise ratepayers. This is because disposal costs make up about one-fifth of the total cost of service for franchise customers. For a household with a 32-gallon waste, 65-gallon recycling and 65-gallon yard waste service, these rate increases will add an average of \$0.21 per month, or a little over two and a half dollars per year. Due to other changes in the collection costs that are not related to disposal costs, some Franchise customers will experience other increases in their collection service bills.

For self-haul customers who bring materials directly to the District, costs will increase in proportion to rate changes for the material type delivered. Overall, however, even with these proposed increases, the District will remain the lowest cost disposal alternative in the region.

2. Material Recovery Facility (MRF) Revenue

Total MRF revenue is projected to decrease by 22%, or \$1.6M. MRF revenue is derived from commodity sales, processing fees and contamination disposal fees. Out of an abundance of caution, staff is projecting a 5% reduction in Single Stream Recyclables (SSR) volumes compared to FY19/20, though recent post-COVID declines have been slight. The bulk of the revenue drop comes from a steep decline in the market value of commodities captured in the MRF. This downward trend began in 2018 and has continued throughout FY19/20.

Projections for total MRF tons processed are as follows: Franchise Single Stream Recyclables – 12,000 tons; Other Single Stream Recyclables – 45,000 tons; Construction & Demolition processed – 23,000 tons. No MSW will be processed under the current budget assumptions.



Commodity sales are the result of the sale of extracted materials that are baled and sent to markets via third party brokers. Commodity sales prices have declined during the FY19/20 year and remain volatile due to continued market disruption caused by changing quality and quantity demands from both offshore and domestic buyers. Recently, a drop in petroleum prices have exerted additional downward pressure on some commodities. A more stable element of MRF commodity revenues are the California Redemption/Refund Value (CRV) payments assigned to diverted products by CalRecycle. CRV payments

represent over 70% of total MRF material sales revenue at current projections. Total commodity sales, inclusive of CRV payments, are projected to be \$3.1M.

In FY19/20, the District began charging a **Single Stream Recyclable (SSR) Processing fee** designed to recover the costs of operating recycling services in the MRF. This has become common practice in the industry nationwide. Since almost 80% of the Single Stream Recyclables (SSRs) processed by the District come through open market contracts, the District strives to set this fee in accordance with prevailing market rates. This fee is projected to result in \$2.28M in revenue.

For FY20/21, the District is raising this rate by \$5 per ton, from \$35 to \$40 per ton. The following table shows the customers/haulers subject to this fee. The increase will have a disproportional impact on the seven Franchise jurisdictions served by GWR. This is because the payment of this fee was deferred for this customer until FY20/21 for purposes of rate smoothing. All other customers began paying this processing fee in FY19/20.

| Customer/Hauler | Current Rate | Proposed Rate | % Increase | Date of last increase |
|-----------------------------------|--------------|---------------|------------|-----------------------|
| GreenWaste Recovery Monterey Pen. | \$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 San Benito County | \$35.00 | \$40.00 | 14.3% | 7/1/2019 |
| City of Watsonville | \$35.00 | \$40.00 | 14.3% | 7/1/2019 |

The District also charges a **Residual Disposal fee** for SSR contamination rates above 10%. This disposal fee is tied to the District’s MSW disposal rate, \$65 per ton for FY20/21. This fee is projected to result in \$.45M in new revenue.

Impact of SSR Processing rate increases on District ratepayers

The SSR Processing fee increase is estimated to add an average of 3.5% to customers in the 7 GWR Franchise jurisdictions. For a household with a 32-gallon waste, 65-gallon recycling and 65-gallon yard waste service, these rate increases will add an average of \$0.80 per month, or \$9.60 per year. District customers of Waste Management who reside in the County of Monterey are estimated to see an increase of less than 1% from the \$5 per ton processing fee increase. Residents of the city of Monterey are not impacted by this fee as the District does not process their Single Stream Recyclables. The District’s Self-Haul customer will also not be affected by this rate increase.

Overall Impact of rate changes on District ratepayers

The tables below show the estimated combined average impact of the District’s disposal and processing rate changes on residential and commercial customers of in the 7 GWR Franchise jurisdictions. As discussed above, rate impacts on ratepayers in the City and County of Monterey will be different. The estimates shown are average rate increases for representative service levels across all communities. Rate impacts will vary by city based on the jurisdiction rate setting policies. Rate changes that are subject to contractual rate adjustment processes not disposal-related are not reflected here.

| 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 |

Over the past two years, the District has conducted a regional rate benchmarking analysis to compare waste system costs and services to those in the greater Tri-County and Bay Area. The analysis has shown that the District’s disposal fees remain the second lowest within a 90-mile radius and the District’s residential and commercial collection rates are on average the lowest in the broader region.

3. Power Sales

The District operates four engines that burn methane gas pulled from the landfill. In total, this facility has a maximum capacity of 5 megawatts of power. All the District’s internal electricity needs – about 1 megawatt - are met by this facility and the surplus power is sold to the grid. Over the past few years, the District has over-estimated revenue generated from the sale of power. Shortfalls have been due to operating downtime due to engine repairs and maintenance. Consequently, staff is lowering the power sales projection for this budget by \$400,000 – from \$1.75M to 1.35M – to reflect experience more accurately. Electricity prices are not expected to change from FY19/20 and it is assumed that Monterey One Water will not have the electrical connection from their Advance Water Purification Facility to the District’s power plant completed during this budget year.

4. Last Chance Mercantile, Household Hazardous Waste & Other Sales

The response to the COVID-19 pandemic has created significant restrictions for operations of the Last Chance Mercantile (LCM). The store has been closed since late March 2020 and will remain closed until restrictions on retail operations are changed or lifted entirely. LCM has historically generated about \$800,000 of sales per year. Staff is currently projecting a 25% cut to this revenue for the coming year, to \$600,000.

Household Hazardous Waste (HHW) revenues have increased in recent years to approximately \$135,000. No change in HHW drop-offs or costs have been experienced since the beginning of the pandemic.

Other Sales are not expected to change from FY19/20. These include the sale of sand, landscaping products, CNG for use in the Truck Yard fueling station and miscellaneous Operational Services - loading fees, push-offs, and certified weights.

Expenses

| FY 2020-21 BUDGET | | | | FINAL | | |
|---|---------------|----------------|-----------------|----------------|-----------------------------|-------------|
| All \$\$ in Thousands | 18/19 Audited | 19/20 Budget | 19/20 Estimated | 20/21 Proposed | Change from FY 19/20 Budget | |
| OPERATING EXPENSES | | | | | | |
| SALARY EXPENSES | | | | | | |
| Wages | 10,421 | 10,835 | 12,113 | 9,703 | (1,133) | -10% |
| Taxes & Benefits | | | | | | |
| Healthcare | 2,228 | 2,321 | 2,350 | 2,345 | 24 | 1% |
| CalPERS | 2,187 | 1,641 | 1,454 | 1,638 | (3) | 0% |
| Workers Compensation | 615 | 732 | 835 | 711 | (20) | -3% |
| Taxes | 157 | 161 | 166 | 146 | (15) | -9% |
| Other Benefits | 232 | 281 | 601 | 255 | (26) | -9% |
| Total Taxes & Benefits | 5,419 | 5,136 | 5,406 | 5,095 | (41) | -1% |
| SUBTOTAL | 15,840 | 15,971 | 17,519 | 14,798 | (1,173) | -7% |
| NON-SALARY EXPENSES | | | | | | |
| Amortization & Depreciation | 3,972 | 4,100 | 4,100 | 4,200 | 100 | 2% |
| Closure/Post Closure Costs | 366 | 500 | 360 | 370 | (130) | -26% |
| Contractual Services | 1,062 | 1,031 | 700 | 389 | (642) | -62% |
| Environmental Services | 277 | 265 | 250 | 369 | 104 | 39% |
| Gasoline, Oil & Fuel | 1,271 | 1,260 | 1,200 | 1,255 | (5) | 0% |
| Hazardous Waste Disposal | 403 | 310 | 390 | 308 | (2) | -1% |
| Insurance | 106 | 430 | 430 | 575 | 145 | 34% |
| Office Expense | 495 | 281 | 280 | 238 | (42) | -15% |
| Operating Supplies | 1,008 | 1,309 | 1,030 | 1,118 | (190) | -15% |
| Professional Services | 1,137 | 1,328 | 790 | 1,155 | (173) | -13% |
| Public Awareness | 237 | 165 | 130 | 151 | (15) | -9% |
| Recycling Services | 2,723 | 1,877 | 2,500 | 1,658 | (220) | -12% |
| Repairs & Maintenance | 2,734 | 2,812 | 2,170 | 2,821 | 9 | 0% |
| Safety Equip/Supplies/Training | 287 | 166 | 270 | 255 | 90 | 54% |
| Taxes & Surcharges | 1,314 | 1,438 | 1,500 | 1,437 | (1) | 0% |
| Training/Meetings/Education | 156 | 195 | 80 | 180 | (15) | -8% |
| Utilities | 84 | 115 | 100 | 116 | 1 | 0% |
| Other Expense | 43 | 30 | 20 | 21 | (9) | -31% |
| SUBTOTAL | 17,675 | 17,611 | 16,300 | 16,614 | (997) | -6% |
| TOTAL OPERATING EXPENSES | 33,515 | 33,582 | 33,819 | 31,412 | (2,170) | -6% |
| NON-OPERATING REVENUE & EXPENSES | | | | | | |
| Interest Income | 381 | 95 | 675 | 450 | 355 | 374% |
| Rents & leases | 346 | 325 | 362 | 435 | 110 | 34% |
| Finance charges | 12 | 15 | 8.5 | 9 | (6) | -40% |
| Other Income | -392 | 15 | 0.1 | 0.1 | (15) | -99% |
| Equipment Purchases - Interest Expense | (59) | (50) | (53) | (36) | 14 | -28% |
| Revenue Bonds - Interest Expense | (775) | (2,238) | (975) | (2,164) | 74 | -3% |
| TOTAL NON-OPERATING EXPENSES | (487) | (1,838) | (50) | (1,306) | 532 | -29% |
| NET INCOME (LOSS) | 3,744 | 1,129 | 2,940 | 346 | (783) | -69% |

OPERATING EXPENSE ACCOUNTS

Faced with the prospect of continued revenue reductions, District Leadership and department Managers examined the pre-COVID budget assumptions for ways to cut costs. In total, over \$1.3M in expense reductions were identified. Some of these cuts are described below.

1. Wages

Total Wages decrease by 10% compared to the FY19/20 budget, from \$10.8M to \$9.7M. This reduction is due to staffing reductions achieved through the voluntary early retirement program and other operational changes, wage reductions by the General Manager and Leadership Team, and wage concessions by all employees that freeze previously-negotiated annual wage increases (COLAs) until the District's financial conditions rebound. Aside from base pay, step increases, and overtime pay, Wage estimates include pay for holiday work, stipends for shift-differential and bilingual skills, and longevity pay. Please refer to the HR Manager's *Final Employee Compensation & Benefits Budget for FY 2019/20* found on page 3 of this budget document for further information.

2. Taxes & Benefits

Total taxes and benefits also decline, due mostly to the reduction in staffing. Decreases in taxes and some benefit costs are offset by increases in the underlying rates for healthcare and CalPERS pension obligations. District employees pay 12% of the total cost of health Insurance premiums, which are projected to increase by 6% on January 1, 2021. The District's healthcare premiums have declined over the past two years. The District's annual CalPERS costs drop 1% to \$1,638,000. The employer contribution for the "Normal Cost" is 9.611% of earnings for FY20/21, which represents a rate increase of 5.5%. In addition, the District will pay approximately \$889,000 in other PERS contributions, an amount designed by CalPERS to capture unfunded accrued liabilities. The total pension cost as a percentage of total wages is assumed to equal 18%. Workers' Compensation costs are projected to decline to \$711,000, a 3% drop due to a reduction in staff, a negotiated 3-year cap on the District's experience modifier (EMOD), and no change to rates.

3. Amortization & Depreciation

This large expense is a direct reflection of the District's capital investment in equipment and facilities. Staff is projecting a 2% increase compared to the FY19/20 budget due to capital investments made in the past 12 months. This is a non-cash expense.

4. Closure/Post-Closure Costs

The Monterey Peninsula Landfill (MPL) Preliminary Closure/Post Closure (C/PC) Plan was approved in October 2011. The current estimate reflects the impact of the MPL C/PC Plan and tonnages of materials being landfilled in recent years. The FY20/21 budget projects a small increase from the previous year.

5. Contractual Services

Contractual services costs decline from \$700,000 to \$389,000, due to a planned reduction in the use of temporary staffing and the introduction of other operational changes designed to reduce costs. Aside from temporary staffing expenses, other costs under this category include janitorial services, alarm services, bird and other pest control, and portable toilet rental.

6. Environmental Services

Environmental services are professional fees required to monitor and report on the landfill, groundwater, storm water, domestic water system, hazardous materials, air quality and landfill gas migration control and engine exhaust emissions. These expenses total \$369,000 – an increase of \$104,000. Environmental services are utilized by the Engineering & Compliance department and in support of the Landfill Gas to Energy operations. Engineering and Compliance expenditures include semi-annual groundwater testing (\$30,000); surface methane monitoring (\$20,000), Title V permit compliance (\$33,000), criterial pollutants & GHG emissions reporting (\$10,000), surveying & mapping services (\$20,000), and miscellaneous monitoring and analysis (\$27,500). Landfill Gas to Energy compliance expenditures amount to \$178,000 for the year.

7. Fuels & Oils

The Fuels & Oils expense category are set at slightly above current year estimates, \$1.26M. Diesel fuel constitutes the largest of fuel expenses for the District (\$730,000) and are distributed across nearly all departments. The cost of CNG fuel purchased from PG&E and sold to GreenWaste Recovery for use in collection vehicles equals \$525,000. This expense will be eliminated once the District's landfill gas conversion project is completed and becomes operational.

8. Hazardous Waste Disposal

Hazardous Waste Disposal expenses have increased significantly in recent years. The District pays third parties to dispose of hazardous waste collected at the District (batteries, florescent tubes and compact florescent lamps, etc.). Costs for these services have increased by approximately 25%. To control costs this year the District is eliminating 2 off-site HHW collection events held in the community. This will save approximately \$60,000.

9. Insurance

The District is projecting an increase in insurance costs from \$430,000 to \$575,000, or 34%. The District has been informed by its carrier (SDRMA) that rates for property and liability insurance have increased by nearly 40% world-wide due to an increase in claims against major insurance providers. This increase predated the COVID-19 pandemic and has been caused by major catastrophic events such as fires.

10. Office Expenses

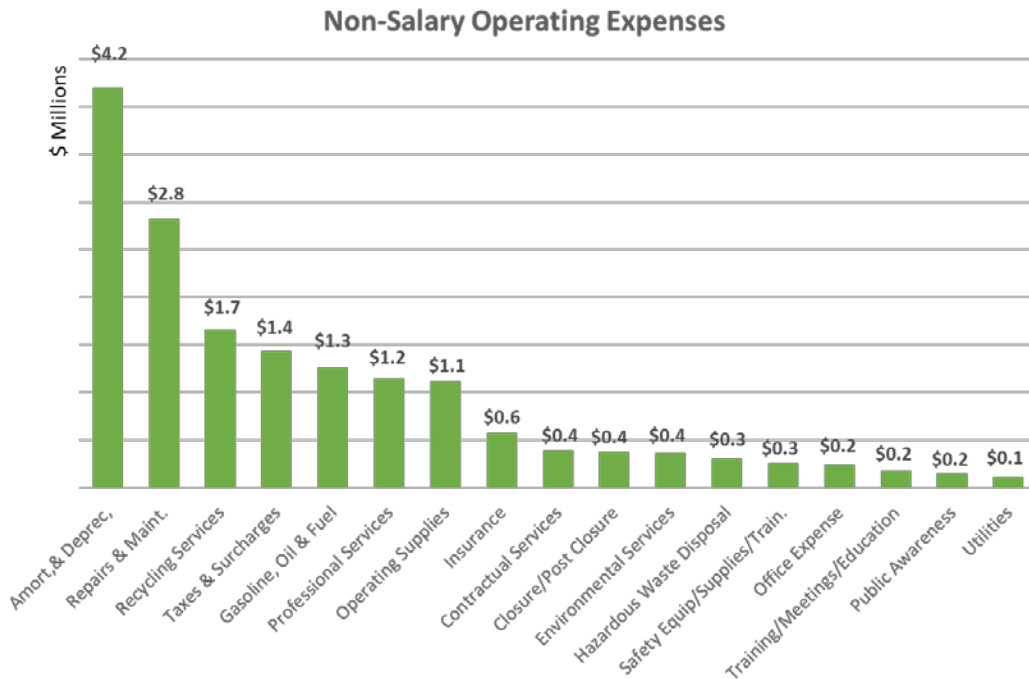
Office Expenses are reduced 15% (\$42,000) year-over-year to \$238,000. Over \$165,000 of this total is for technology: software and related services for Accounting, Scales, MRF and the Maintenance Shop (43,000); website development and maintenance (35,000); support services by third parties, including on-site support (72,000). Other costs for Office Expenses have not changed materially: Memberships, subscriptions and conference costs (\$43,000); Office supplies (\$29,000) that includes miscellaneous office costs and copier supplies and upkeep.

11. Operating Supplies

Operating Supplies have been reduced by 15% (\$190,000) compared to the prior year, from \$1.33M to \$1.16M. The MRF Operating Supplies budget includes \$225,000 for production supplies such as baling wire and the MRF Maintenance budget contains \$75,000 for repair parts, conveyors, screens and tools. The Landfill operations budget contains \$200,000, mostly for landfill site maintenance and the Landfill Gas to Energy facility includes \$150,000 for landfill gas cleanup equipment and filtering media. The Equipment Shop, the Scales and the Site departments make up the remainder of this expense category.

12. Professional Services

Professional Services expenses decline by 13% (\$173,000) compared to last year’s budget. Professional Services include expenditures for on-going attorney fees (\$125,000, no change), additional legal and other services related to labor relations (\$20,000, down from \$44,000); financial service fees for auditors, banking and bond compliance (\$49,000, down from \$46,000); human resources spending on hiring and recruiting (\$40,000); credit card processing fees for the Scales Operations and LCM (\$112,000); Engineering-related services, such as grant administration, power project analyses, AD feasibility study, MRF & biogas enhancement analyses (\$405,000); MRF waste characterization study (\$100,000, down from \$125,000); LFG costs for power sales scheduling and other, related professional services (\$90,000).



13. Public Education & Awareness

Public Awareness expenses have been reduced by nearly 10% (\$15,000) from last year’s budget and by nearly \$150,000 compared to the District’s Pre-COVID-19 budget. With the onset of the pandemic, the District’s communications objectives and focus have changed. Public Awareness expenditures include funds for advertising and publications (\$100,000), and other promotion and education activities (\$8,000).

14. Recycling Services

The Recycling Services category includes costs for processing various materials not currently handled by District staff as well as those handled at the MRF. Recycling Services related to yard waste, wood waste, food waste are performed by Keith Day & Co. and make up over \$1.4M of the \$1.6M budget. Payments for processing these materials are made on a per-ton basis. Others recycling expenses include MRF-related costs for handling glass, tires and freon (\$227,500). With the advent of COVID-19, the District has ceased operating the CRV Buy Back Center previously located at the LCM. This change will serve to eliminate over \$300,000 in additional costs.

15. Repairs & Maintenance

Repair & Maintenance expenses are budgeted at \$2.8M, unchanged from \$1.6M in FY19/20. The major areas of spending are in the Equipment Maintenance Shop (\$1.0M), the Landfill Gas to Energy facility (\$916,000), and the MRF Maintenance department (\$243,000).

16. Safety Equipment, Supplies & Services

Safety Equipment, Supplies & Service expenses are up from the FY19/20 budget by \$90,000, but lower than actual costs for the year by an estimated \$15,000. The District exceeded budget for this category primarily due to the engagement of a third-party vendor to provide on-site first aid services and site safety visits and reporting. This practice is budgeted to continue and is expected to have a positive impact on long term workers compensation insurance costs. Other safety expenses include costs for safety apparel and supplies used by employees in day to day operations such as gloves, vests, helmets and other apparel.

17. Taxes, Surcharges, Permits

Significant costs include: State Board of Equalization AB 939 Fee (\$1.40/ton landfilled) and the Monterey County Health Department fee. Both of these fees are based on tons landfilled and are estimated at \$1.2M; LAFCO membership (\$50,000); the Monterey Bay Unified Air Pollution Control District fees (\$52,000); Monterey County Water Resources Agency fees (\$50,000); new SWRCB landfill annual permit fee (\$50,000); and contribution to Monterey County illegal dumping initiative (\$25,000, reduced from \$50,000 in FY19/20).

18. Training, Education & Meetings

The Training budget has been reduced from \$195,000 to \$180,000. Training is focused on job certifications and job skills development.

19. Utilities

Utilities expense projections track current year estimates at \$116,000 and are similar to last year's budget. Utilities include miscellaneous electricity usage throughout the site in areas that cannot be served by District-generate power, and supplemental power purchased from PG&E when District power is off-line (\$75,500). These expenses also include telephone and data services (\$40,000).

20. Other Expenses

Other Expenses have been cut by a third and reflect FY19/20 spending levels.

NON-OPERATING REVENUE & EXPENSES

1. Non-Operating Revenues & Expenses

Non-operating Revenue & Expenses include revenues from the Truck Yard lease and space rental to other entities. Also included is income from returns on cash investments and finance charges levied for late customer payments. Expenses are interest costs for the financing of two pieces of heavy equipment, which will be fully paid off by FY21/22, and all interest expense associated with the District's 2015 and 2018 Revenue Bonds.

Capital Outlay

District capital expenditures are divided into two categories: Mobile Equipment and Capital Improvements. Mobile Equipment includes dozers, compactors, all vehicles, and trailers used on and off the site, and miscellaneous equipment such as computers, software and furniture. Mobile Equipment spending is for the replacement of existing equipment, the purchase of new equipment not previously used in operations, or capitalized investment in repairs and maintenance. Capital Improvements include investments in improving existing infrastructure and the development of new facilities or assets.

| FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN | | | | | | | | FINAL |
|---|-----------------|-----------------|-------------------|-------------------|--------------|--------------|--------------|--------------|
| All \$\$ in Thousands | 18/19 Actual | 19/20 Budget | 19/20 Estimate | 20/21 Proposed | 21/22 | 22/23 | 23/24 | 24/25 |
| CAPITAL OUTLAY PLAN | | | | | | | | |
| Mobile Equipment | 1,789 | 1,990 | - | 2,016 | 2,010 | 1,370 | 1,250 | 1,120 |
| Capital Improvements | 6,093 | 12,491 | - | 5,700 | 5,900 | 5,025 | 6,750 | 6,950 |
| TOTAL CAPITAL INVESTMENT | 7,882 | 14,481 | - | 7,716 | 7,910 | 6,395 | 8,000 | 8,070 |

FY20/21 Capital Outlay Highlights

Mobile Equipment replacement and new purchases:

- Replace Cat 386 compactor (Landfill) – \$1,300k
- Replace excavator; deferred from FY19/20 (MRF) – \$350k
- Replace Maintenance Shop service truck (SHO) – \$90k
- Defer replacement of D6R Dozer (Landfill) – \$450k
- Defer replacement of Tarpomatic tarp machine (Landfill) – \$90k
- Defer replacement of wheels for Cat 386 compactor (Landfill) – \$85k

Capital Improvement Projects:

- CEC Grant Project: Biogas Conditioning System (LFG) – net positive \$1M due to grant funds
- Module 7 development (Landfill) - \$3M; rescheduled to cause some expenditures to occur in FY21/22
- Roadway paving and improvements (Site) - \$1.1M
- Miscellaneous landfill infrastructure work (Landfill) - \$665K
- Scale and scale house improvements (Scales) - \$550K
- MRF equipment - \$450K
- Deferred \$600k for three scale replacements
- Deferred \$200k for Old Shop Building discretionary improvements
- Deferred \$150k for Module 8 and Leachate Management project development
- Deferred \$75k for landfill and storm water projects development

FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN **FINAL**

| All \$\$ in Thousands | | | | 17/18 | 18/19 | 18/19 | 19/20 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 |
|--|------------|--------------|-----------|--------|--------|--------|----------|----------|-------|-------|-------|-------|-------|
| Dept | Life | 17/18 Budget | Actual | Budget | Actual | Budget | Estimate | Proposed | | | | | |
| MOBILE EQUIPMENT | | | | | | | | | | | | | |
| Board Room - Furniture and AV Upgrade | ADM | 7 | - | | 25 | 25 | | | | | | | 25 |
| Replace 2000 Dodge Van AD06 with Pub Ed tour van | ADM | 10 | - | | 50 | 18 | | | | | | | |
| Replace 2000 Dodge Van AD06 with Rav 4 SUV | ADM | | | | | 27 | | | | | | | |
| 1 Computer Hardware/Software | ADM | 1 | 25 | 25 | 25 | 25 | | 25 | 50 | 25 | 50 | 50 | 25 |
| 2 Replace Copier, Document Management & other office hardware | ADM | 5 | - | | | | | 10 | 10 | 10 | 10 | 10 | 10 |
| 3 AD07 2001 Ford F-150 4x4 Pickup - Replace | ADM | 10 | - | | | | | 30 | 30 | | | | |
| 4 Replace Office Furniture | ADM | 10 | - | | | | | 30 | 30 | 30 | 30 | 30 | 30 |
| Replace Accounting System | ADM | 6 | | | | | | | | | | | |
| Replace 2006 Toyota Highlander AD10 | ADM | 10 | 50 | - | | | | | | | | | |
| Miscellaneous Admin. Replacements | ADM | | | | | | | | 30 | 30 | 30 | 30 | 30 |
| Replace LC14 Forklift | LCM | 10 | - | - | | | | | | | | | |
| Replace 2002 LC09 Forklift | LCM | 10 | - | - | | | | | | 60 | | | |
| Used Box Truck for LCM | LCM | 10 | | | | | 50 | | | | | | |
| Replace 2001 836G Compactor - LF11 | LFO | 15 | - | | 1,300 | 1,225 | | | | | | | |
| LF06 1999 D6R Dozer - Replace | LFO | 15 | - | | 440 | | | | 450 | | | | |
| LF15 Tarpomatic 2004 - Replace | LFO | 10 | - | | | | | | 90 | | | | |
| Replace 2006 John Deere 6415 Ag Tractor LF18 | LFO | 15 | - | - | | | | | | | | | |
| Replace Box Scraper - LF19 | LFO | 10 | - | - | | | | | | | | | |
| Replace SI31 Allmand Light Tower 2000 | LFO | 5 | - | - | | | | | | | | | |
| Replace 1999 D9R Dozer - LF10 with D8 Dozer | LFO | 15 | - | - | | | | | | | | | |
| 5 LF22 2007 836H Compactor - Replace | LFO | 15 | - | | | | | 1,300 | | | | | |
| Replace 1997 966 Wheel Loader LF13 | LFO | 15 | - | - | | | 505 | | | | | | |
| Replace 2005 D9T Dozer - LF16 - with D8 | LFO | 15 | - | - | | | | | | | | | |
| Replace 2001 627G Scraper LF02 with articulating ejector truck | LFO | 15 | - | - | | | | | | 750 | | | |
| Replace 1996 D8R Dozer - LF09 | LFO | 15 | 915 | 915 | | | | | | | | | |
| (LF) LF26 D8T Dozer 2016 (Replacement FY 25/26 \$1,000,000) | LFO | | | | | | | | | | | | |
| (LF) LF27 836K Compactor 2016 (Replacement FY 29/30 \$1,400,000) | LFO | | | | | | 150 | | | | | | |
| LF27 836K Compactor 2016 - Replace Wheels | LFO | | | | | | | | 85 | | | | |
| (LF) LF29 D8T Dozer 2017 capitalized maintenance (Replacement FY 27/28) | LFO | | | | | | | | 150 | 30 | | | |
| (LF/Site) MR20 230CLC Excavator 2003 - New Thumb Attachment | LFO | | | | | | 15 | | | | | | |
| (LF) SI52 Genie Light Tower 2004 - Replace | LFO | | | | | | 6 | | | | | | |
| Engine 1 - 2006 Caterpillar 3520 Major overhaul (every 93,000 hrs.) | LFG | 10 | | | 400 | 400 | | | | | | | |
| Kubota RTV for LFG (Gas field work) | LFG | | | | | | 19 | | | | | | |

FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN **FINAL**

| All \$\$ in Thousands | | Dept | Life | 17/18 Budget | 17/18 Actual | 18/19 Budget | 18/19 Actual | 19/20 Budget | 19/20 Estimate | 20/21 Proposed | 21/22 | 22/23 | 23/24 | 24/25 |
|--|---|------------|-----------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|--------------|--------------|--------------|--------------|
| MOBILE EQUIPMENT | | | | | | | | | | | | | | |
| | MRF Bin/Box replacement | MRF | 7 | | | 45 | 48 | 15 | | | 25 | 25 | 25 | |
| | MRF new Roll-off Box purchases (10 40yd) | MRF | | | | | | 100 | | | | | | |
| 6 | MR18 PV500 Pacific Tec 1998 - Liquid vacuum unit - Replace | MRF | | | | | | | | 65 | | | | |
| | 2009 Volvo Roll-Off Truck MR37 | MRF | 15 | - | - | | | | | | 265 | | | |
| | 2009 Volvo Roll-Off Truck MR38 | MRF | 15 | | | | | | | | 265 | | | |
| 7 | MR42 324DL Excavator 2010 - Replace | MRF | 15 | | | | | 300 | | 350 | | | | |
| | Replace 2011 324DL Excavator MR43 | MRF | 15 | | | | | | | | | 350 | | |
| | 2005 938G Wheel Loader with 950BR (MR27) | MRF | 15 | - | - | | | 425 | | | | | | |
| | Replace MR44 2008 IHC Semi Truck (MRF) w/new CNG unit | MRF | 15 | | | | | | | | 150 | | | |
| | Replace MR45 2008 IHC Semi Truck (MRF) w/new CNG unit | MRF | 15 | | | | | | | | 150 | | | |
| | (MRF) MR55 938M Wheel Loader 2018 (Replacement 29/30 \$300K) | MRF | | | | | | | | | | | 85 | |
| | 2011 or Newer Used Water Truck for MRF Fire Protection (2,000 to 3,000 gal) | MRF | | | | | | 50 | | | | | | |
| | 2011 or Newer Used Semi Truck for MRF | MRF | | | | | | 80 | | | | | | |
| 8 | Miscellaneous MRF Equipment | MRF | 1 | 30 | 30 | | | 20 | | 20 | 20 | 20 | 20 | |
| 9 | SH07 Shop Sterling Service Truck - Replace | SHO | | | | | | | | 90 | | | | |
| 10 | SH13 2007 Ford F-150 2WD (SHOP) - Replace | SHO | | | | | | | | 35 | | | | |
| | Outer Year Contingency | SHO | | | | | | | | | | | 2,000 | 2,000 |
| 11 | SI57 Genie Light Tower 2006 - Replace | SIT | | | | | | | | 6 | | | | |
| 12 | Box Scraper - New | SIT | | | | | | | | 25 | | | | |
| | 289D Compact track loader | SIT | | | | | | 100 | | | | | | |
| | Replace 2007 Site Ford-F150 4x4 Pick up SI48 | SIT | 10 | - | - | 20 | | 30 | | | | | | |
| | Replace 2007 Ford F-150 2WD Site Pick up SI49 | SIT | 10 | 20 | 20 | 20 | 21 | | | | | | | |
| | Replace 1998 Chev 2500 4x4 Site Pick up SI53 | SIT | 10 | - | - | | | | | | | | | |
| 13 | SI54 2002 Ford F-150 4x4 (LF) - Replace | SIT | 10 | | | | | 30 | | 30 | | | | |
| | Replace 2010 Volvo Water Truck SI58 | SIT | 10 | | | | | | | | 240 | | | |
| | Replace 2011 Dump Truck SI65 | SIT | 15 | | | | | | | | | 40 | | |
| TOTAL MOBILE EQUIPMENT EXPENSES | | | | 2,097 | 1,647 | 2,755 | 1,789 | 1,990 | - | 2,016 | 2,010 | 1,370 | 2,250 | 2,120 |

FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN **FINAL**

| <i>All \$\$ in Thousands</i> | | 17/18 | 18/19 | 19/20 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 |
|--|------------|--------|--------|--------|-----------|--------|-----------|-----------|-----------|-----------|
| | Dept. | Actual | Actual | Budget | Estimated | Budget | | | | |
| CAPITAL IMPROVEMENT PROJECTS | | | | | | | | | | |
| Admin Building | ADM | 150 | | 125 | | | 225 | | | |
| Truck Yard | ADM | | | | | | 150 | 350 | | |
| HHW Facility | LCM | | | 100 | | 25 | | | | 150 |
| LCM Retail Store | LCM | | | 130 | | 150 | 200 | | | |
| Public Recycling Drop-off | LCM | | | 25 | | 35 | | | 25 | |
| LFGTE Facility | LFG | | | | | | 75 | 75 | 75 | 75 |
| LFG Building roof and gutter repairs | LFG | | | 75 | | 80 | | | | |
| LFG Engine room air flow improvements | LFG | | | 50 | | 60 | | | | |
| Replace Versa-Ruptor switch gear cabinet | LFG | | | 20 | | 20 | | | | |
| LFGTE Plant Flow Meters | LFG | 425 | | 15 | | 25 | | | | |
| LFG Flare - Zone B Flow Control Auto-Valve | LFG | 425 | | 15 | | 15 | | | | |
| LFG Supply Maintenance Control Valves (3) | LFG | 425 | | 25 | | 25 | | | | |
| Grounding Resister - | LFG | | | 20 | | 25 | | | | |
| LFG Blower #3 Supply | LFG | 425 | | 125 | | | | | | |
| ENG #2 Radiator | LFG | 425 | | 85 | | | | | | |
| LFG Chiller - (mng w/CEC Project as Change Order if confirmed) | LFG | 425 | | | | | | | | |
| H2S Treatment - (mng w/CEC Project \$1MM) | LFG | 425 | | | | | | | | |
| Misc. LFG - CEC Grant | LFG | 425 | 1,380 | 2,000 | | 450 | | | | |
| CEC Grant H2S Treatment System | LFG | 425 | 250 | 500 | | 350 | | | | |
| CEC Grant Reimbursements | LFG | 425 | | -1,500 | | -1,800 | | | | |
| Energy & Organic Waste Proc. Tech. Assess. | LFG | 425 | | 250 | | 250 | 250 | 250 | 250 | 250 |

FY 2020-21 BUDGET - CAPITAL OUTLAY PLAN **FINAL**

| All \$\$ in Thousands | Dept. | 17/18 Actual | 18/19 Actual | 19/20 Budget | 19/20 Estimated | 20/21 Budget | 21/22 | 22/23 | 23/24 | 24/25 |
|---|------------|-----------------|-----------------|-----------------|--------------------|-----------------|--------------|--------------|--------------|--------------|
| CAPITAL IMPROVEMENT PROJECTS | | | | | | | | | | |
| Compost Site | LFO | 175 | | 2,000 | | | | | | |
| Module 6 Development | LFO | 250 | 890 | 5,110 | | | | | | |
| Module 7 Development | LFO | 250 | 7 | 75 | | 3,000 | 4,000 | | | |
| Module 8 Development | LFO | 250 | | | | 75 | 75 | 150 | 3,000 | 5,500 |
| Leachate Management | LFO | | 125 | 125 | | 100 | 75 | 75 | 75 | 150 |
| LFG Management | LFO | | 325 | 50 | | 350 | 75 | 75 | 325 | 75 |
| LFG Condensate Management | LFO | | 55 | 50 | | 75 | 75 | 75 | 75 | 75 |
| Misc. Landfill | LFO | 775 | 149 | 125 | | 65 | 75 | 75 | 75 | 75 |
| Storm Water Management - (Design, Permit, Construct) | LFO | 75 | | 50 | | 75 | 75 | 3,000 | | |
| Materials Recovery Facility 2.0 | MRF | 8,150 | 2,733 | | | 450 | | | 450 | |
| MRF OCC Disc Screen | MRF | | | 776 | | | | | | |
| MRF Fall Protection Equipment | MRF | | 76 | 150 | | | | | | |
| MRF Lock Out-Tag Out Optimization | MRF | | | 100 | | | | | | |
| MRF 2.5 C&D Concept Design/Evaluation | MRF | | | 125 | | | 150 | 250 | | |
| Scales - 4 New Below-Grade Decks (FY20/21) | SCL | 50 | | 90 | | 300 | 300 | 300 | 300 | |
| Scales Software Upgrade - Paradigm | SCL | 50 | 63 | 40 | | | | | | |
| Scale House Add. (Concept & Final Designs-Function & ADA) | SCL | 50 | 15 | 75 | | 250 | | | | |
| Maintenance Shop Building | SHO | | | 145 | | | | | | 250 |
| Old Shop Building | SHO | | | 45 | | 50 | | | | 250 |
| Wash Pad Facility | SHO | | | | | | | 100 | | |
| Site Entrance Upgrade | SIT | | 25 | 50 | | | | | | |
| Paved Roads | SIT | | | 1,100 | | 1,100 | | 150 | 2,000 | |
| Misc. Site | SIT | 305 | | 88 | | 50 | 50 | 50 | 50 | 50 |
| Misc. Facilities | SIT | 70 | | 63 | | 50 | 50 | 50 | 50 | 50 |
| TOTAL CAPITAL IMPROVEMENT EXPENSES | | 15,275 | 6,093 | 12,491 | 0 | 5,700 | 5,900 | 5,025 | 6,750 | 6,950 |

Debt

The following Debt Schedule describes the use of debt and the principal and interest payments for servicing debt. The Debt Service Coverage Ratios calculate the District’s annual ability to meet the debt service covenant that is required of both the 2015 and 2018 Revenue Bonds. The minimum required ratio is 1.25.

| FY 2020-21 BUDGET | | | | | | | | FINAL |
|---|------------------|-----------------|--------------------|-------------------|----------------|----------------|----------------|----------------|
| All \$\$ in Thousands | 18/19 Audited | 19/20 Budget | 19/20 Estimated | 20/21 Proposed | 21/22 | 22/23 | 23/24 | 24/25 |
| DEBT SCHEDULE | | | | | | | | |
| DEBT ISSUANCE | | | | | | | | |
| Capital Equipment Financing | | | | | | | | |
| 2016/17 Compactor | | | | | | | | |
| 2017/18 Dozer & Loader | | | | | | | | |
| Capital Project Financing | | | | | | | | |
| Revenue Bond Financing 2018 | 25,007 | | | | | | | |
| Total Debt Proceeds | 25,007 | - | - | - | - | - | - | - |
| DEBT SERVICE | | | | | | | | |
| 2015 Revenue Bonds | | | | | | | | |
| Interest Expenses | 1,189 | 1,130 | 1,143 | 1,094 | 1,037 | 977 | 914 | 854 |
| Principal | 1,155 | 1,205 | 1,205 | 1,250 | 1,310 | 1,370 | 1,435 | 1,490 |
| Total 2015 Bond Debt Svc | 2,344 | 2,335 | 2,348 | 2,344 | 2,347 | 2,347 | 2,349 | 2,344 |
| 2018 Revenue Bonds | | | | | | | | |
| Interest Expenses | 404.7 | 1107 | 1107 | 1,070 | 1,031 | 990 | 947 | 902 |
| Principal | 367 | 745 | 745 | 780 | 820 | 860 | 905 | 950 |
| Total 2018 Bond Debt Service | 772 | 1,852 | 1,852 | 1,850 | 1,851 | 1,850 | 1,852 | 1,852 |
| Capital Equipment - Interest | | | | | | | | |
| 2016/17 Compactor | 23 | 18 | 18 | 12 | 6 | | | |
| 2017/18 Dozer & Loader | 39 | 32 | 32 | 24 | 16 | 8 | | |
| Capital Equipment - Principal | | | | | | | | |
| 2016/17 Compactor | 224 | 224 | 224 | 236 | 242 | | | |
| 2017/18 Dozer & Loader | | 217 | 217 | 232 | 240 | 248 | | |
| Total Debt Service | | | | | | | | |
| Total Interest | 1,656 | 2,287 | 2,300 | 2,200 | 2,090 | 1,975 | 1,861 | 1,756 |
| Total Principal | 1,746 | 2,392 | 2,392 | 2,498 | 2,612 | 2,478 | 2,340 | 2,440 |
| Total Debt Service | 3,402 | 4,679 | 4,692 | 4,698 | 4,702 | 4,453 | 4,201 | 4,196 |
| TOTAL NET FROM FINANCING | 21,605 | (4,679) | (4,692) | (4,698) | (4,702) | (4,453) | (4,201) | (4,196) |
| DEBT SERVICE RATIOS | | | | | | | | |
| Current Revenue | 37,746 | 36,549 | 36,809 | 33,064 | 40,609 | 42,248 | 43,150 | 44,077 |
| Less: Maintenance & Operating Expense | 29,177 | 28,982 | 29,359 | 26,842 | 27,853 | 28,904 | 29,945 | 30,999 |
| Net Current Revenue | 8,569 | 7,567 | 7,450 | 6,222 | 12,757 | 13,344 | 13,205 | 13,079 |
| Debt Principal & Interest | 3,402 | 4,679 | 4,692 | 4,698 | 4,702 | 4,453 | 4,201 | 4,196 |
| Ratio Net Current Rev. to Debt Service | 2.52 | 1.62 | 1.59 | 1.32 | 2.71 | 3.00 | 3.14 | 3.12 |

Five-Year Outlook

| FY 2020-21 BUDGET | | | | | | | FINAL |
|--|---------------|-----------------|----------------|---------------|---------------|---------------|---------------|
| (All dollars in thousands) | 19/20 Budget | 19/20 Estimated | 20/21 Proposed | 21/22 | 22/23 | 23/24 | 24/25 |
| INCOME SUMMARY | | | | | | | |
| Operating Revenues | 36,549 | 36,809 | 33,064 | 40,609 | 42,248 | 43,150 | 44,077 |
| Operating Expenses | 33,582 | 33,819 | 31,412 | 32,567 | 33,760 | 34,947 | 36,150 |
| Operating Income (Loss) | 2,967 | 2,990 | 1,652 | 8,042 | 8,488 | 8,203 | 7,927 |
| Non-Operating Expenses | (1,838) | (50) | (1,306) | (1,655) | (1,540) | (1,426) | (1,321) |
| NET INCOME (LOSS) | 1,129 | 2,940 | 346 | 6,387 | 6,948 | 6,777 | 6,606 |
| CASH SUMMARY | | | | | | | |
| Beginning Unrestricted Cash | 31,729 | 34,535 | 29,543 | 24,165 | 24,768 | 27,724 | 28,187 |
| Cash from Operations | | | | | | | |
| Net Income (Loss) | 1,129 | 2,940 | 346 | 6,387 | 6,948 | 6,777 | 6,606 |
| Adjustments to Cash | 4,600 | 4,460 | 4,570 | 4,738 | 4,880 | 5,027 | 5,177 |
| Change in Cash from Operations | 5,729 | 7,400 | 4,916 | 11,125 | 11,829 | 11,804 | 11,784 |
| Cash from Financing Activities | | | | | | | |
| Capital Outlay | (14,481) | (10,000) | (7,716) | (7,910) | (6,395) | (9,000) | (9,070) |
| Deferred Maintenance - Cash Outlay | | | (80) | | | | |
| Bond and Debt Reduction | (2,405) | (2,392) | (2,498) | (2,612) | (2,478) | (2,340) | (2,440) |
| 2018 Issuance of New Bonds | 25,007 | - | - | - | - | - | - |
| Change in Cash from Financing Activities | 8,121 | (12,392) | (10,294) | (10,522) | (8,873) | (11,340) | (11,510) |
| Change in Unrestricted Cash | 13,850 | (4,992) | (5,378) | 603 | 2,956 | 464 | 274 |
| Ending Unrestricted Cash | 45,579 | 29,543 | 24,165 | 24,768 | 27,724 | 28,187 | 28,461 |
| Designations/Reserves | | | | | | | |
| Cash Operating Reserve | 5,796 | 5,872 | 5,368 | 5,571 | 5,781 | 5,989 | 6,200 |
| 2018 Bond Funds | 3,777 | 20,994 | 17,031 | | | | |
| Undesignated Cash | 10,999 | 2,677 | 1,765 | 19,198 | 21,943 | 22,198 | 22,261 |
| Total Designated Cash | 20,572 | 29,543 | 24,165 | 24,768 | 27,724 | 28,187 | 28,461 |
| Restricted cash as of June 30 | | | | | | | |
| 2015 Bond Rate Stabilization Fund/in Trust | 2,350 | 2,350 | 2,350 | 2,350 | 2,350 | 2,350 | 2,350 |
| Closure/Post Closure Care Costs | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Environmental Impairment Fund | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| TOTAL CASH AS OF JUNE 30 | 25,422 | 34,393 | 29,015 | 29,618 | 32,574 | 33,037 | 33,311 |
| DEBT COVERAGE RATIOS | | | | | | | |
| Ratio of Net Current Rev. to Debt Service | 1.6 | 1.6 | 1.32 | 2.7 | 3.0 | 3.1 | 3.1 |

| FY 2020-21 BUDGET | | | | | | | | FINAL |
|---------------------------------|---------------|---------------|-----------------|----------------|---------------|---------------|---------------|---------------|
| All \$\$ in Thousands | 18/19 Audited | 19/20 Budget | 19/20 Estimated | 20/21 Proposed | 21/22 | 22/23 | 23/24 | 24/25 |
| OPERATING REVENUES | | | | | | | | |
| DISPOSAL FEES | | | | | | | | |
| Franchise + Self haul | 16,256 | 15,095 | 15,848 | 13,743 | 17,044 | 17,556 | 18,082 | 18,625 |
| Out of District | | | | | | | | |
| GWR - San Jose | 10,710 | 8,732 | 9,454 | 8,912 | 9,991 | 10,246 | 10,507 | 10,775 |
| Other Regional | 1,781 | 1,709 | 2,007 | 1,625 | 2,454 | 3,313 | 3,413 | 3,515 |
| SUBTOTAL | 28,747 | 25,536 | 27,309 | 24,280 | 29,489 | 31,115 | 32,002 | 32,915 |
| MRF OPERATIONS | | | | | | | | |
| MRF Revenue | 5,763 | 7,401 | 6,400 | 5,779 | 5,792 | 5,806 | 5,820 | 5,834 |
| SUBTOTAL | 5,763 | 7,401 | 6,400 | 5,779 | 5,792 | 5,806 | 5,820 | 5,834 |
| OTHER REVENUES | | | | | | | | |
| Power Sales | 1,334 | 1,747 | 1,300 | 1,350 | 3,273 | 3,273 | 3,273 | 3,273 |
| Last Chance Mercantile + HHW | 797 | 940 | 600 | 735 | 935 | 935 | 935 | 935 |
| Other Sales | 1,105 | 925 | 1,200 | 920 | 1,120 | 1,120 | 1,120 | 1,120 |
| SUBTOTAL | 3,236 | 3,612 | 3,100 | 3,005 | 5,328 | 5,328 | 5,328 | 5,328 |
| TOTAL OPERATING REVENUES | 37,746 | 36,549 | 36,809 | 33,064 | 40,609 | 42,248 | 43,150 | 44,077 |

NOTES TO FIVE-YEAR PROJECTIONS:

Revenue

- Disposal tonnage projected to return to prev. levels
- Disposal rate increases of 3% per year in outer years

Capital Investment

- This 5-year plan does not include material changes to business operations, such as adding organics processing capacity, developing electrical grid independence from PG&E, or expanding MRF processing capacity to meet rising demand.

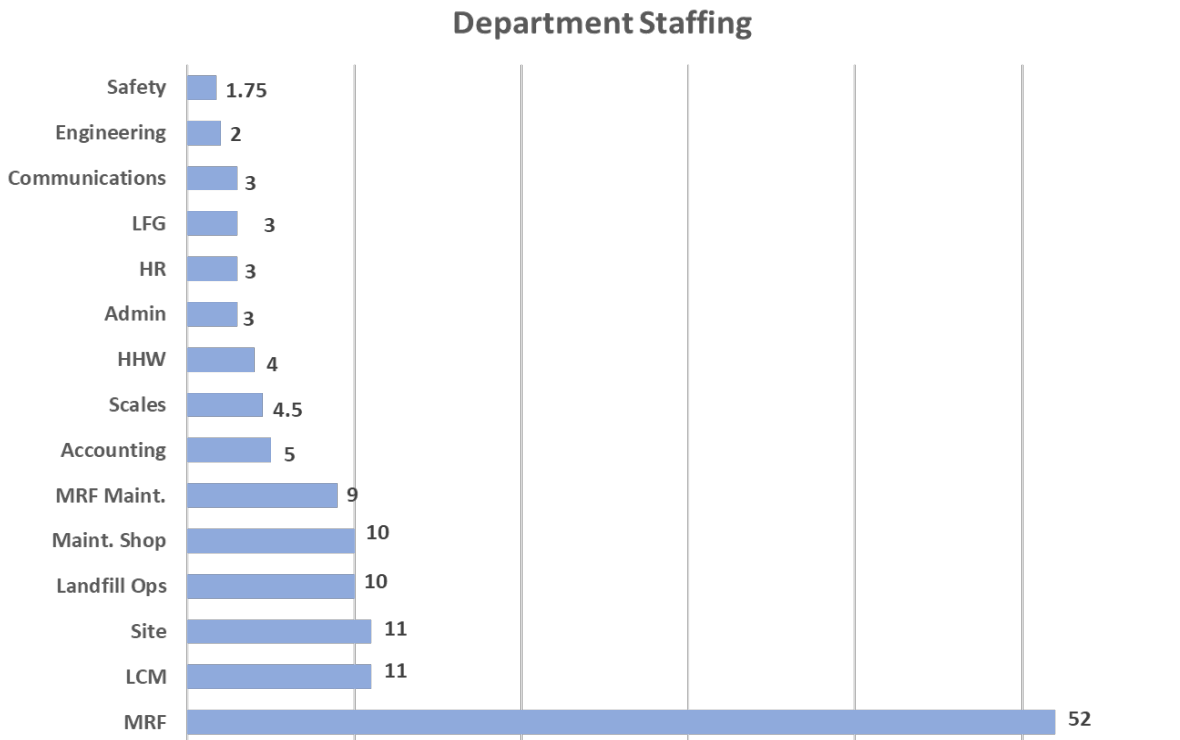
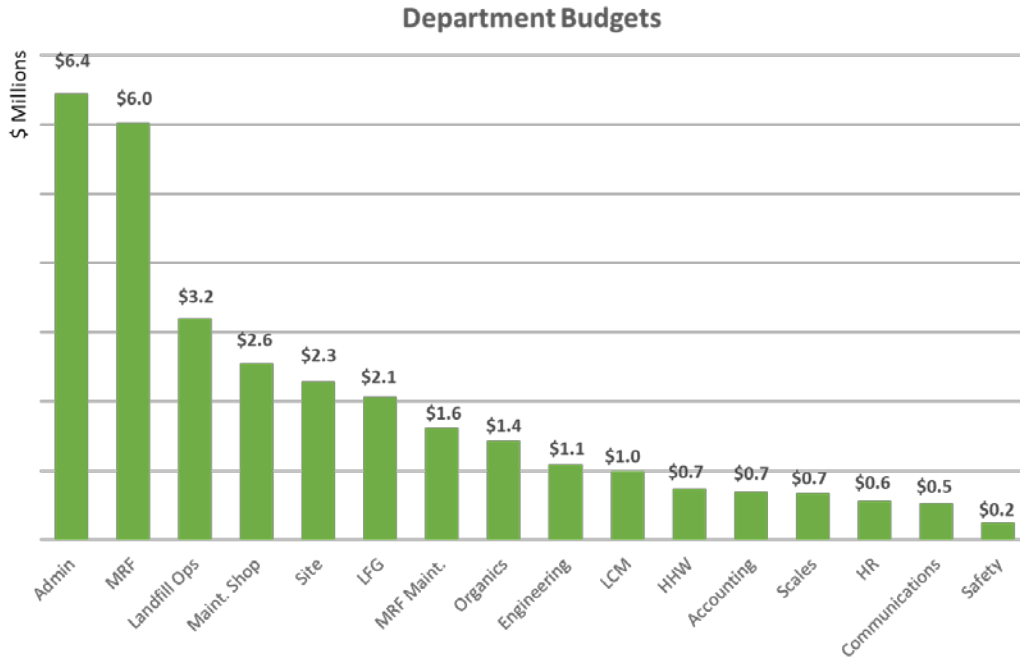
Expenses

- 5% cost escalation for most non-wage Operating Expenses. FY21/22
- 3% cost escalation for most Operating Exp. Remaining years.
- Healthcare inflation (6%)
- PERS as projected by CalPERS
- CNG costs replaced by conversion project FY21/22

| FY 2020-21 BUDGET | | | | | | | | FINAL |
|---|---------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| All \$\$ in Thousands | 18/19 Audited | 19/20 Budget | 19/20 Estimated | 20/21 Proposed | 21/22 | 22/23 | 23/24 | 24/25 |
| OPERATING EXPENSES | | | | | | | | |
| SALARY EXPENSES | | | | | | | | |
| Wages | 10,421 | 10,835 | 12,113 | 9,703 | 9,994 | 10,294 | 10,602 | 10,920 |
| Taxes & Benefits | | | | | | | | |
| Healthcare | 2,228 | 2,321 | 2,350 | 2,345 | 2,462 | 2,586 | 2,715 | 2,851 |
| CalPERS | 2,187 | 1,641 | 1,454 | 1,638 | 2,129 | 2,360 | 2,553 | 2,730 |
| Workers Compensation | 615 | 732 | 835 | 711 | 733 | 755 | 777 | 801 |
| Taxes | 157 | 161 | 166 | 146 | 150 | 155 | 159 | 164 |
| Other Benefits | 232 | 281 | 601 | 255 | 263 | 271 | 279 | 287 |
| Total Taxes & Benefits | 5,419 | 5,136 | 5,406 | 5,095 | 5,737 | 6,126 | 6,483 | 6,833 |
| SUBTOTAL | 15,840 | 15,971 | 17,519 | 14,798 | 15,731 | 16,419 | 17,086 | 17,753 |
| NON-SALARY EXPENSES | | | | | | | | |
| Amortization & Depreciation | 3,972 | 4,100 | 4,100 | 4,200 | 4,326 | 4,456 | 4,589 | 4,727 |
| Closure/Post Closure Costs | 366 | 500 | 360 | 370 | 389 | 400 | 412 | 425 |
| Contractual Services | 1,062 | 1,031 | 700 | 389 | 408 | 421 | 433 | 446 |
| Environmental Services | 277 | 265 | 250 | 369 | 387 | 399 | 410 | 423 |
| Gasoline, Oil & Fuel | 1,271 | 1,260 | 1,200 | 1,255 | 793 | 817 | 841 | 866 |
| Hazardous Waste Disposal | 403 | 310 | 390 | 308 | 323 | 333 | 343 | 353 |
| Insurance | 106 | 430 | 430 | 575 | 604 | 622 | 641 | 660 |
| Office Expense | 495 | 281 | 280 | 238 | 250 | 257 | 265 | 273 |
| Operating Supplies | 1,008 | 1,309 | 1,030 | 1,118 | 1,174 | 1,210 | 1,246 | 1,283 |
| Professional Services | 1,137 | 1,328 | 790 | 1,155 | 1,212 | 1,249 | 1,286 | 1,325 |
| Public Awareness | 237 | 165 | 130 | 151 | 158 | 163 | 168 | 173 |
| Recycling Services | 2,723 | 1,877 | 2,500 | 1,658 | 1,740 | 1,793 | 1,846 | 1,902 |
| Repairs & Maintenance | 2,734 | 2,812 | 2,170 | 2,821 | 2,962 | 3,051 | 3,142 | 3,237 |
| Safety Equip/Supplies/Training | 287 | 166 | 270 | 255 | 268 | 276 | 285 | 293 |
| Taxes & Surcharges | 1,314 | 1,438 | 1,500 | 1,437 | 1,509 | 1,554 | 1,601 | 1,649 |
| Training/Meetings/Education | 156 | 195 | 80 | 180 | 189 | 194 | 200 | 206 |
| Utilities | 84 | 115 | 100 | 116 | 121 | 125 | 129 | 133 |
| Other Expense | 43 | 30 | 20 | 21 | 22 | 22 | 23 | 24 |
| SUBTOTAL | 17,675 | 17,611 | 16,300 | 16,614 | 16,836 | 17,341 | 17,861 | 18,397 |
| TOTAL OPERATING EXPENSES | 33,515 | 33,582 | 33,819 | 31,412 | 32,567 | 33,760 | 34,947 | 36,150 |
| NON-OPERATING REVENUE & EXPENSES | | | | | | | | |
| Interest Income | 381 | 95 | 675 | 450 | 95 | 95 | 95 | 95 |
| Rents & leases | 346 | 325 | 362 | 435 | 325 | 325 | 325 | 325 |
| Finance charges | 12 | 15 | 8.5 | 9 | 15 | 15 | 15 | 15 |
| Other Income | -392 | 15 | 0.1 | 0.1 | 0 | 0 | 0 | 0 |
| Equipment Purchases - Interest Expense | (59) | (50) | (53) | (36) | (22) | (8) | - | - |
| Revenue Bonds - Interest Expense | (775) | (2,238) | (975) | (2,164) | (2,068) | (1,967) | (1,861) | (1,756) |
| TOTAL NON-OPERATING EXPENSES | (487) | (1,838) | (50) | (1,306) | (1,655) | (1,540) | (1,426) | (1,321) |
| NET INCOME (LOSS) | 3,744 | 1,129 | 2,940 | 346 | 6,387 | 6,948 | 6,777 | 6,606 |

Expenses by Department

The following pages provide a breakdown of spending and staffing in each of the District’s areas of operation. Department expenses make up 86% of total Operating Expenses, the remainder being Amortization & Depreciation and Closure/Post-Closure costs.



Finance & Administration

| ADMINISTRATION | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| Personnel Expenses | 782 | 805 | 641 |
| Non-personnel Expenses | | | |
| Amortization & Depreciation | 4,303 | 4,100 | 4,200 |
| Closure/Post Closure Costs | 500 | 500 | 370 |
| Contractual Services | 200 | 150 | 30 |
| Gasoline, Oil & Fuel | 500 | | 6 |
| Insurance | 275 | 430 | 575 |
| Office Expense | 118 | 116 | 89 |
| Other Expense | 40 | 30 | |
| Professional Services | 140 | 140 | 150 |
| Repairs & Maintenance | | | 26 |
| Safety Equip/Supplies/Training | 0 | 4 | 3 |
| Taxes & Surcharges | 1,340 | 270 | 227 |
| Training/Meetings/Education | 100 | 90 | 70 |
| Utilities | 40 | 40 | 40 |
| Total Non-Personnel Expenses | 7,556 | 5,870 | 5,786 |
| TOTAL DEPARTMENT EXP. | 8,338 | 6,675 | 6,428 |

| HUMAN RESOURCES | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| Personnel Expenses | 346 | 403 | 430 |
| Non-personnel Expenses | | | |
| Contractual Services | 24 | 24 | 7 |
| Office Expense | 50 | 34 | 20 |
| Operating Supplies | | | 1 |
| Other Expense | | | 17 |
| Professional Services | 125 | 174 | 71 |
| Safety Equip/Supplies/Training | 5 | 13 | 1 |
| Training/Meetings/Education | 5 | 5 | 14 |
| Total Non-Personnel Expenses | 209 | 250 | 131 |
| TOTAL DEPARTMENT EXP. | 555 | 653 | 561 |

| ACCOUNTING | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| Personnel Expenses | 614 | 631 | 583 |
| Non-personnel Expenses | | | |
| Contractual Services | 0 | 15 | 0 |
| Office Expense | 9 | 64 | 12 |
| Operating Supplies | | | 1 |
| Professional Services | 53 | 46 | 102 |
| Safety Equip/Supplies/Training | 0 | 5 | 0 |
| Training/Meetings/Education | 10 | 6 | 1 |
| Total Non-Personnel Expenses | 72 | 136 | 116 |
| TOTAL DEPARTMENT EXP. | 686 | 767 | 699 |

Engineering & Compliance

| ENGINEERING & COMPLIANCE | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|-------------------------------------|---------------------------|---------------------------|---------------------------|
| Personnel Expenses | 453 | 505 | 487 |
| Non-personnel Expenses | | | |
| Contractual Services | 30 | 30 | 0 |
| Environmental Services | 250 | 265 | 191 |
| Office Expense | | | 8 |
| Operating Supplies | | | 1 |
| Professional Services | 505 | 455 | 405 |
| Safety Equip/Supplies/Training | 0 | 3 | 1 |
| Taxes & Surcharges | | | 3 |
| Training/Meetings/Education | 20 | 20 | 4 |
| Total Non-Personnel Expenses | 805 | 773 | 612 |
| TOTAL DEPARTMENT EXP. | 1,258 | 1,278 | 1,099 |

| SAFETY | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| Personnel Expenses | 153 | 158 | 162 |
| Non-personnel Expenses | | | |
| Contractual Services | 20 | 0 | |
| Office Expense | | | 3 |
| Operating Supplies | | | 1 |
| Professional Services | 40 | 110 | 75 |
| Safety Equip/Supplies/Training | 0 | 1 | 1 |
| Training/Meetings/Education | 5 | 5 | 5 |
| Total Non-Personnel Expenses | 65 | 116 | 84 |
| TOTAL DEPARTMENT EXP. | 218 | 274 | 246 |

Communications & Public Education

| COMMUNICATIONS/PUB ED. | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| Personnel Expenses | 441 | 437 | 357 |
| Non-personnel Expenses | | | |
| Contractual Services | 15 | 15 | |
| Office Expense | 5 | 5 | 49 |
| Operating Supplies | | | 1 |
| Other Expense | | | 1 |
| Professional Services | 58 | 58 | |
| Public Awareness | 165 | 165 | 109 |
| Safety Equip/Supplies/Training | 0 | 3 | 1 |
| Training/Meetings/Education | 5 | 5 | 10 |
| Total Non-Personnel Expenses | 248 | 251 | 170 |
| TOTAL DEPARTMENT EXP. | 689 | 688 | 527 |

Materials Recovery Facility

| MRF | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|-------------------|-------------------|-------------------|
| Personnel Expenses | 4,664 | 5,129 | 4,769 |
| Non-personnel Expenses | | | |
| Contractual Services | 1,145 | 318 | 100 |
| Gasoline, Oil & Fuel | 150 | 210 | 215 |
| Hazardous Waste Disposal | | | 58 |
| Office Expense | 5 | 5 | 17 |
| Operating Supplies | 145 | 202 | 240 |
| Other Expense | | | 2 |
| Professional Services | 200 | 125 | 100 |
| Recycling Services | 727 | 249 | 213 |
| Repairs & Maintenance | | | 159 |
| Safety Equip/Supplies/Training | 97 | 56 | 123 |
| Training/Meetings/Education | 20 | 20 | 28 |
| Utilities | 75 | 75 | 0 |
| Total Non-Personnel Expenses | 2,564 | 1,260 | 1,253 |
| TOTAL DEPARTMENT EXP. | 7,228 | 6,389 | 6,022 |

Landfill Operations, Site & Facilities, Scales

| LANDFILL OPS | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|-------------------|-------------------|-------------------|
| Personnel Expenses | 1,312 | 1,445 | 1,463 |
| Non-personnel Expenses | | | |
| Contractual Services | | | 6 |
| Gasoline, Oil & Fuel | 250 | 250 | 250 |
| Office Expense | | | 3 |
| Operating Supplies | 0 | 520 | 300 |
| Professional Services | | | 50 |
| Public Awareness | | | 42 |
| Recycling Services | 385 | | |
| Repairs & Maintenance | | | 10 |
| Safety Equip/Supplies/Training | 10 | 10 | 13 |
| Taxes & Surcharges | | 1,166 | 1,190 |
| Training/Meetings/Education | 3 | 3 | 2 |
| Total Non-Personnel Expenses | 648 | 1,949 | 1,865 |
| TOTAL DEPARTMENT EXP. | 1,960 | 3,394 | 3,328 |

| SITE & FACILITIES | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|-------------------|-------------------|-------------------|
| Personnel Expenses | 950 | 1,020 | 1,016 |
| Non-personnel Expenses | | | |
| Contractual Services | 380 | 417 | 195 |
| Gasoline, Oil & Fuel | 150 | 650 | 775 |
| Office Expense | | | 2 |
| Operating Supplies | 300 | 100 | 160 |
| Repairs & Maintenance | 250 | 280 | 50 |
| Safety Equip/Supplies/Training | 13 | 11 | 26 |
| Training/Meetings/Education | 5 | 3 | 1 |
| Utilities | | | 60 |
| Total Non-Personnel Expenses | 1,098 | 1,461 | 1,269 |
| TOTAL DEPARTMENT EXP. | 2,048 | 2,481 | 2,286 |

| SCALES | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|-------------------|-------------------|-------------------|
| Personnel Expenses | 533 | 612 | 486 |
| Non-personnel Expenses | | | |
| Contractual Services | 8 | 8 | |
| Office Expense | 17 | 39 | 12 |
| Operating Supplies | 6 | 6 | 2 |
| Other Expense | | | 0 |
| Professional Services | 140 | 140 | 100 |
| Repairs & Maintenance | | | 65 |
| Safety Equip/Supplies/Training | 11 | 7 | 2 |
| Taxes & Surcharges | 0 | 2 | 3 |
| Training/Meetings/Education | 3 | 3 | 2 |
| Total Non-Personnel Expenses | 185 | 205 | 185 |
| TOTAL DEPARTMENT EXP. | 718 | 817 | 671 |

Organics Management

| ORGANICS MANAGEMENT | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|------------------------------|-------------------|-------------------|-------------------|
| Personnel Expenses | | | |
| Non-personnel Expenses | | | |
| Recycling Services | 1,360 | 1,328 | 1,430 |
| Total Non-Personnel Expenses | 1,360 | 1,328 | 1,430 |
| TOTAL DEPARTMENT EXP. | 1,360 | 1,328 | 1,430 |

Landfill Gas to Energy

| LANDFILL GAS TO ENERGY | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| Personnel Expenses | 434 | 508 | 602 |
| Non-personnel Expenses | | | |
| Environmental Services | | | 178 |
| Gasoline, Oil & Fuel | | | 6 |
| Hazardous Waste Disposal | | | 1 |
| Office Expense | 3 | 2 | 1 |
| Operating Supplies | 700 | 38 | 215 |
| Professional Services | 100 | 45 | 90 |
| Repairs & Maintenance | 632 | 1,468 | 916 |
| Safety Equip/Supplies/Training | 32 | 3 | 10 |
| Taxes & Surcharges | | | 15 |
| Training/Meetings/Education | 2 | 10 | 15 |
| Utilities | | | 15 |
| Total Non-Personnel Expenses | 1,469 | 1,566 | 1,461 |
| TOTAL DEPARTMENT EXP. | 1,903 | 2,074 | 2,063 |

Last Chance Mercantile & Household Hazardous Waste

| LAST CHANCE MERCANTILE | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|-------------------|-------------------|-------------------|
| Personnel Expenses | 1,346 | 1,340 | 900 |
| Non-personnel Expenses | | | |
| Contractual Services | 80 | 40 | 0 |
| Gasoline, Oil & Fuel | | | 2 |
| Office Expense | | | 6 |
| Operating Supplies | 10 | 10 | 15 |
| Other Expense | | | 1 |
| Professional Services | 35 | 35 | 12 |
| Recycling Services | 270 | 300 | 15 |
| Repairs & Maintenance | | | 30 |
| Safety Equip/Supplies/Training | 10 | 10 | 10 |
| Training/Meetings/Education | | | 4 |
| Total Non-Personnel Expenses | 405 | 395 | 94 |
| TOTAL DEPARTMENT EXP. | 1,751 | 1,735 | 994 |

| HHW | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|-------------------|-------------------|-------------------|
| Personnel Expenses | 476 | 493 | 447 |
| Non-personnel Expenses | | | |
| Contractual Services | | | 1 |
| Gasoline, Oil & Fuel | | | 1 |
| Hazardous Waste Disposal | 280 | 310 | 250 |
| Office Expense | | | 1 |
| Operating Supplies | 22 | 20 | 6 |
| Repairs & Maintenance | 10 | 10 | 21 |
| Safety Equip/Supplies/Training | 10 | 10 | 13 |
| Training/Meetings/Education | 5 | 5 | 3 |
| Total Non-Personnel Expenses | 327 | 355 | 296 |
| TOTAL DEPARTMENT EXP. | 803 | 848 | 743 |

Equipment & MRF Maintenance

| EQUIPMENT MAINTENANCE | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| Personnel Expenses | 1,511 | 1,440 | 1,401 |
| Non-personnel Expenses | | | |
| Contractual Services | 34 | 29 | |
| Gasoline, Oil & Fuel | 150 | 150 | |
| Office Expense | 13 | 13 | 15 |
| Operating Supplies | 32 | 32 | 76 |
| Repairs & Maintenance | 661 | 913 | 1,030 |
| Safety Equip/Supplies/Training | 10 | 11 | 30 |
| Training/Meetings/Education | 5 | 10 | 12 |
| Utilities | | | 0 |
| Total Non-Personnel Expenses | 905 | 1,158 | 1,163 |
| TOTAL DEPARTMENT EXP. | 2,416 | 2,598 | 2,564 |

| MRF MAINTENANCE | FY18/19 Budget | FY19/20 Budget | FY20/21 Budget |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| Personnel Expenses | 916 | 980 | 916 |
| Non-personnel Expenses | | | |
| Contractual Services | | | 50 |
| Office Expense | 10 | 4 | 3 |
| Operating Supplies | 277 | 381 | 100 |
| Repairs & Maintenance | 61 | 142 | 514 |
| Safety Equip/Supplies/Training | 30 | 19 | 23 |
| Training/Meetings/Education | 5 | 10 | 12 |
| Total Non-Personnel Expenses | 383 | 556 | 701 |
| TOTAL DEPARTMENT EXP. | 1,299 | 1,536 | 1,616 |

Glossary

ADC – Alternative daily cover means cover material other than earthen material placed on the surface of the active face of a landfill at the end of each operating day to control vectors, fires, odors, blowing litter, and scavenging.

C&D – Construction and demolition debris typically processed in the MRF.

CIP - Capital improvement projects that are Infrastructure investment projects designed to improve existing District facilities or add material processing and handling capacity.

Cash Operating Reserve – Board policy that establishes a ‘rainy day’ cash reserve target 20% of cash-related operating reserves, calculated as Net Income (Change in Net Position), minus non-cash expenses such as depreciation, amortization and landfill closure and post-closure costs.

Contract Waste – Waste delivered to the District by contract. Generally, this term refers to material that is MRF residue from waste processed in San Jose and alternative daily cover and is delivered under contract with GreenWaste Recovery and Zanker Road Resource Management.

CRV – California Redemption/Refund Value. This refers to California’s Beverage Container Recycling Program run by CalRecycle, which provides a cash incentive to recover and recycle beverage containers.

FTE – Full time equivalent. FTE is a way to reflect the budget impact equal to a fully employed and funded position.

HHW – Household hazardous waste refers to leftover household products that can catch fire, react, or explode under certain circumstances, or that are corrosive or toxic. Products, such as paints, cleaners, oils, batteries, and pesticides can contain hazardous ingredients and require special care when disposed of. These materials are handled by the District’s HHW department.

LCM – Last Change Mercantile is the District’s reuse store that is stocked by donations from the public or items recovered by District staff determined to have additional useful life.

LFGTE – Landfill gas to energy facility. This is the District’s collection of engines used to burn recovered landfill gas for the purposes of generating electricity.

Mobile Equipment – The District’s Mobile Equipment includes both the heavy equipment used throughout operations for waste handling (often referred to by staff as the ‘Yellow Iron’) and the truck, cars and other vehicles used throughout the site.

MRF – Materials Recovery Facility used to sort and recover recyclable materials from the waste stream.

MSW – Municipal solid waste. Also known as refuse, garbage or household trash.

Organics – Biodegradable material that comes from either a plant or an animal. Organic materials currently specially managed by the District include food waste, yard waste and other wood waste.

Regional Waste - Waste delivered to the District by contract from communities in the Monterey Bay area. Generally, this term refers to waste delivered from Santa Cruz, Capitola, Watsonville